| 1      | MARY ANN SMITH  |  |  |
|--------|---|--|--|
| $_{2}$ | Deputy Commissioner   |  |  |
| 3      | SEAN ROONEY Assistant Chief Counsel   |  |  |
|        | MARLOU de LUNA (State Bar No. 162259)   |  |  |
| 4      | Senior Counsel  |  |  |
| 5      | Department of Business Oversight 320 W. 4th Street, Suite 750   |  |  |
| 6      | Los Angeles, CA 90013-2344 (213) 576-7606   |  |  |
| 7      | (213) 370 7000  |  |  |
| 8      | Attorneys for Complainant   |  |  |
| 9      | BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT   |  |  |
| 10     | OF THE STATE OF CALIFORNIA  |  |  |
| 11     |   |  |  |
| 12     | In the Matter of: ) NMLS ID NO.: 1371590  |  |  |
| 13     | THE COMMISSIONER OF BUSINESS  |  |  |
| 14     | OVERSIGHT,  |  |  |
| 15     | ) STATEMENT OF ISSUES   |  |  |
| 16     | Complainant, ) v. )   |  |  |
| 17     | )   |  |  |
|        | COREY EVANS, as an individual   |  |  |
| 18     | Respondent.   |  |  |
| 19     | <b>)</b>  |  |  |
| 20     | )   |  |  |
| 21     |   |  |  |
| 22     | Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), is informed                   |  |  |
| 23     | and believes, and based on such information and belief, alleges and charges Respondent Corey Evans      |  |  |
| 24     | (Evans) as follows:   |  |  |
| 25     | I.  |  |  |
| 26     | Jurisdiction and Venue  |  |  |
| 27     | 1. The Commissioner has jurisdiction over the licensing and regulation of persons engaged               |  |  |
| 28     | in the business of making or servicing residential mortgage loans, including mortgage loan originators, |  |  |
|        |   |  |  |

under the California Financing Law (CFL) (Fin. Code section 22000 et seq.) and the California Residential Mortgage Lending Act (CRMLA) (Fin. Code section 50000 et seq.). The Commissioner is authorized to administer the CFL and CRMLA and the rules and regulations promulgated in title 10 of the California Code of Regulations (CCR) that regulate the business and activities of CFL and CRMLA-licensed lenders and servicers.

2. Under the provisions of Financial Code sections 22109.1, subdivision (a)(3) and 50141, subdivision (a)(3), the Commissioner brings this action to deny the mortgage loan originator (MLO) license application submitted by Corey Evans (Evans), a convicted felon, because Evans has not demonstrated such financial responsibility, and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently as an MLO.

#### II.

### **Statement of Facts**

- 3. To become licensed by the Commissioner as an MLO, an individual must submit a uniform application form (known as the Form MU2 or MU4) through the Nationwide Mortgage Licensing System and Registry<sup>1</sup> (NMLS).
- 4. On December 5, 2019, Evans filed an application for an MLO license by filing a Form MU4 through NMLS. Evans did not have a sponsoring employer at the time of his application<sup>2</sup>.
- 5. A review of Evans' criminal background check disclosed that in September 2018, he pled guilty to "Operating a Vehicle as an Habitual Traffic Violator, Level 6 Felony" in the state of Indiana. Evans received 545 days in county jail, with two days executed and 543 days suspended. He was placed on probation for 543 days. Under the plea agreement, the Level 6 Felony would be downgraded to a class A misdemeanor if Evans meets certain conditions, including the successful completion of his "probation/community corrections without any violation being found and has paid

<sup>&</sup>lt;sup>1</sup> NMLS is a web-based platform for regulatory agencies to administer initial license applications and ongoing compliance requirements. NMLS is used by participating agencies to process the applications of companies and individuals looking to apply, renew, surrender or amend licenses for various industries. NMLS is used by Mortgage Lenders, Mortgage Loan Originators, Money Transmitters, Money Services including check cashing and currency exchange businesses, and more.

<sup>2</sup> At the time of Evans' application to the Department, Evans had the Temporary Authority Eligibility under section 106

of the Economic Growth, Regulatory Relief, and Consumer Protection Act.

all fines, fees, and he makes the request in writing within 90 days after successfully completing probation, "within a period not to exceed 3 years from sentencing." The three-year period expires on September 18, 2021.

- 6. Evans failed to disclose the 2018 conviction by answering "No" to the Disclosure Question F (1) in the MU4 that asked "[h]ave you ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony.
- 7. On or about December 6. 2019, the Department's special administrator sent Evans a notification, through NMLS, requesting he amend his response to the Disclosure Question F (1) in the MU4. Evans' response was due by December 13, 2019, but he failed to submit his response.
- 8. On or about January 14, 2020, Evans submitted a "Letter of Explanation" concerning his arrest on November 23, 2017, resulting in his felony conviction on September 2018. Evans also provided a copy of the plea agreement in which he pled guilty to "Operating a Vehicle as an Habitual Traffic Violator, Level 6 Felony". Evans also provided a letter from the Hamilton County Department of Probation Services stating that Evans has met the conditions of his probation. However, Evans has not provided any evidence that the Level 6 Felony has been downgraded to a class A misdemeanor.

#### III.

## Financial Responsibility, Character, and General Fitness

- 9. Under the provisions of Financial Code sections 22109.1 and 50141, an MLO applicant must demonstrate such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the MLO will operate honestly, fairly, and efficiently. (Fin. Code sections 22109.1(a)(3) and 50141(a)(3).)
- 10. As described in paragraphs 6 and 7, Evans was convicted in the state of Indiana of one count of "Operating a Vehicle as an Habitual Traffic Violator, Level 6 Felony" under a plea agreement in September 2018. The Level 6 Felony would be downgraded to a class A misdemeanor if Evans meets certain conditions, including the successful completion of his "probation/community corrections without any violation being found and has paid all fines, fees, and he makes the request in writing within 90 days after successfully completing probation, "within a period not to exceed 3 years

| from sentencing." The three-year period expires on September 18, 2021. Evans failed to disclose the    |
|--|
| 2018 conviction by answering "No" to the Disclosure Question F(1) in the MU4 that asked "[h]ave        |
| you ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or |
| military court to any felony.  |
|  |

- 11. As described in paragraph 9, Evans submitted a "Letter of Explanation" concerning his arrest on November 23, 2017 resulting in his felony conviction on September 2018. Evans also provided a copy of the plea agreement in which he pled guilty to "Operating a Vehicle as an Habitual Traffic Violator, Level 6 Felony". Evans also submitted a letter from the Hamilton County Department of Probation Services stating that Evans has met the conditions of his probation. Evans, however, did not provide any evidence that the Level 6 Felony has been downgraded to class A misdemeanor.
- 12. Thus, Evans has not demonstrated financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently as an MLO under Financial Code sections 22109.1, subdivision (a)(3) and 50141, subdivision (a)(3).

### IV.

# **Commissioner's Authority to Revoke**

- 13. Financial Code section 22109.1 provides in pertinent part:
  - (a) The commissioner shall deny an application for a mortgage loan originator license unless the commissioner makes, at a minimum, the following findings:

. . .

- (3) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division[.]
- 14. Financial Code section 50141 provides in relevant part:
  - (a) The commissioner shall deny an application for a mortgage loan originator license unless the commissioner makes at a minimum the following findings:

| 1  | 1  |   |  |  |
|----|--|---|--|--|
| 2  | (3) The applicant has demonstrated such financial responsibility,  |   |  |  |
| 3  | character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan     |   |  |  |
| 4  | originator will operate honestly, fairly, and efficiently within the purposes of this division.  |   |  |  |
| 5  |  |   |  |  |
| 6  | 15. Financial Code section 50513, provides in pertinent part:  |   |  |  |
| 7  | (a) The commissioner may do one or more of the following:  |   |  |  |
| 8  |  |   |  |  |
| 9  | (2) Deny, suspend, revoke, condition, or decline to renew a mortgage   |   |  |  |
| 10 | loan originator license if an applicant or licensee fails at any time to meet the requirements of Section 50141 or 50144, or withholds |   |  |  |
| 11 | information or makes a material misstatement in an application for a   |   |  |  |
| 12 | license or license renewal.  |   |  |  |
| 13 | VI.  |   |  |  |
| 14 | <u>Prayer</u>  |   |  |  |
| 15 | The Commissioner finds that by reason of the foregoing, Evans has not demonstrated the   |   |  |  |
| 16 | 16 financial responsibility, character, and general fitness rec  | financial responsibility, character, and general fitness required under Financial Code sections 22109 |  |  |
| 17 | 17 subdivision (a)(3) and 50513, subdivision (a)(2).   | subdivision (a)(3) and 50513, subdivision (a)(2).   |  |  |
| 18 | WHEREFORE IT IS PRAYED that the mortgag  | e loan originator license application filed by  |  |  |
| 19 | 19 Corey Evans be denied.  |   |  |  |
| 20 |  | D ALVADEZ   |  |  |
| 21 | 71   | P. ALVAREZ ner of Business Oversight  |  |  |
| 22 | 22   |   |  |  |
| 23 | 23   |   |  |  |
| 24 | By:  | OU de LUNA  |  |  |
| 25 | Senior Counsel   |   |  |  |
| 26 | 26 Enforce   | ement Division  |  |  |
| 27 | 27   |   |  |  |
| 28 | 28   |   |  |  |
|    |  |   |  |  |
|    |  |   |  |  |