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8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of: )  
 )  
12 THE COMMISSIONER OF FINANCIAL ) NMLS No.: 1924380  
13 PROTECTION AND INNOVATION, )  
 )  
14 Complainant, ) SPONSOR FILE No.: 60DBO-68282  
 )  
15 v. ) STATEMENT OF ISSUES  
 )  
16 SAUNDRA STAPP, )  
17 )  
18 Respondent. )  
 )

19  
20 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and  
21 believes, and based upon such information and belief, alleges and charges Respondent Sandra  
22 Stapp (Stapp) as follows:

23 **I.**

24 **Introduction**

25 1. The proposed order seeks to deny the issuance of a mortgage loan originator license  
26 to Stapp pursuant to Financial Code sections 22109.1 and 50141 in that Stapp has failed to  
27 demonstrate such financial responsibility, character, and general fitness as to command the

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1 confidence of the community and to warrant a determination that he will operate honestly, fairly, and  
2 efficiently.

3 **II.**

4 **The Application**

5 2. Financial Code sections 22105.1 and 50140 provide in pertinent part:

6 (a) An applicant for a mortgage loan originator license shall apply by submitting  
7 the uniform form prescribed for such purpose by the Nationwide Mortgage Licensing  
8 System and Registry. The commissioner may require the submission of additional  
information or supporting documentation to the department.

9 . . .

10 (c) In connection with an application for a license as a mortgage loan originator, the  
11 applicant shall, at a minimum, furnish to the Nationwide Mortgage Licensing System  
and Registry information concerning the applicant’s identity, including the following:

12 . . .

13 (2) Personal history and experience in a form prescribed by the Nationwide Mortgage  
14 Licensing System and Registry, including the submission of authorization for the  
15 Nationwide Mortgage Licensing System and Registry and the commissioner to obtain  
16 both of the following:

17 . . .

18 (B) Information related to any administrative, civil, or criminal findings by any  
19 governmental jurisdiction.

20 3. On or about February 24, 2020, Stapp filed an application for a mortgage loan  
21 originator license with the Commissioner pursuant to the California Financing Law (CFL) (Fin.  
22 Code § 22000 et. seq.) and the California Residential Mortgage Lending Act (CRMLA) (Fin. Code §  
23 50000 et. Seq.), in particular, Financial Code sections 22105.1 and 50140. The application was  
24 submitted to the Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing  
25 System (NMLS). On or about March 5, 2020, Stapp submitted a further Form MU4 to the  
26 Commissioner. Stapp signed the Form MU4s attesting that the answers were true and complete to  
27 the best of her knowledge.

28 3. Stapp answered “no” to all the disclosure questions on the February 24 and March 5,  
2020 MU4s except Disclosure Question (A)(3) which asks - Have you been the subject of a  
foreclosure action within the past 10 years?

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1           4.       A background investigation by Department of Financial Protection and Innovation -  
2 formerly Department of Business Oversight - (Department) staff disclosed that Stapp had been  
3 issued a Department of Real Estate (DRE) Salesperson License on January 26, 1990 and a DRE  
4 Broker License on June 24, 2002. The DRE website disclosed the status of Stapp’s DRE salesperson  
5 and broker licenses as “Surrendered in connection with a disciplinary action and/or an enforcement  
6 investigation.” The license surrenders were accepted by DRE via a formal Order Accepting  
7 Voluntary Surrender dated August 5, 2004 (DRE Order) pursuant to Business and Professions Code  
8 section 10100.2 and resulted from an accusation issued by DRE on or about October 24, 2003,  
9 which was later amended on February 25, 2004. The February 25, 2004 First Amended Accusation  
10 alleged that “Stapp intentionally, recklessly, and /or negligently devised, permitted, or ratified  
11 courses of conduct to qualify borrowers for HUD/FHA loan programs, and induced lenders, HUD,  
12 and FHA to qualify, approve and insure loans for borrowers or loans that might not otherwise  
13 qualify for the federal program criteria by preparing false documentation to verify that borrowers  
14 had adequate cash on hand or funds to close escrow. Stapp prepared false documentation that  
15 indicated licensed real estate brokers or salespersons interviewed borrowers in face to face  
16 interviews, submitted such documentation to Lenders and HUD, and intended lenders and HUD to  
17 approve, fund, and insure such loans under HUD/FHA insured loan programs.” DRE further alleged  
18 that “Stapp’s acts constitute fraud, dishonest dealing, cause for disciplinary action, and cause for  
19 suspension or revocation of Stapp’s licenses and/or license rights.”

20           5.       On or about May 19, 2020, the Department posted a license deficiency item in NMLS  
21 notifying Stapp that Form MU4 Form disclosure question (K)(6) should have been answered in the  
22 affirmative and requesting an amended filing with an explanation and documentation regarding the  
23 DRE Order. Disclosure question (K)(6) asks – Has any State or federal regulatory agency or foreign  
24 financial regulatory authority or self-regulatory organization (SRO) ever: (6) denied or suspended  
25 your registration or license or application for licensure, disciplined you, or otherwise by order,  
26 prevented you from associating with a financial services-related business or restricted your  
27 activities?

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1 6. On or about June 23, 2020, Stapp filed amended Form MU4s. However, the amended  
2 MU4s did not contain any disclosure updates.

3 7. On or about July 27, 2020, Stapp submitted a letter from her attorney dated July 22,  
4 2020 in support of her “no” response to Form MU4 disclosure question (K)(6).

5 8. On or about July 29, 2020, the Department updated the license deficiency item in  
6 NMLS to state that one or more of Form MU4 disclosure questions (K)(1-9) should have been  
7 answered affirmatively regarding the DRE Order.

8 9. On or about July 29, 2020, Stapp filed an amended Form MU4 wherein Stapp  
9 changed her “no” response to Form MU4 disclosure question (K)(6) to “yes”, uploaded the  
10 Accusation, First Amended Accusation, her Declaration and the DRE Order to NMLS regarding the  
11 DRE action, and added the following explanatory statement: *“As per Anthony Alvarez we changed  
12 our response to the question and uploaded supporting documents. Thank you.”* Anthony Alvarez is a  
13 Department examiner assigned to the Mortgage Loan Originator licensing division.

14 **III.**

15 **Material Misrepresentations and/or Omissions**

16 10. In the Form MU4s filed from February 24, 2020 to June 23, 2020, Stapp was required  
17 to respond “yes” to disclosure questions (K)(6) and (K)(9), which ask – Has any State or federal  
18 regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO)  
19 ever: (6) denied or suspended your registration or license or application for licensure, disciplined  
20 you, or otherwise by order, prevented you from associating with a financial services-related business  
21 or restricted your activities? and (9) entered an order concerning you in connection with any license  
22 or registration? in that Stapp had surrendered her DRE licenses pursuant to Business and Professions  
23 Code section 10100.2 in lieu of proceeding any further on the pending DRE action against her.  
24 Stapp did not accurately respond to disclosure question (K)(6) until prompted on at least 2 occasions  
25 by Department staff. Stapp has never accurately responded to disclosure question (K)(9).

26 11. MLO applicants are required to give detailed explanations for every disclosure  
27 answered in the affirmative along with submitting supporting documentation. Stapp’s explanation  
28 regarding the DRE Order, to wit: *“As per Anthony Alvarez we changed our response to the question*

1 and uploaded supporting documents. Thank you.” did not disclose the reasons for the DRE Order  
2 and exhibits contempt towards the regulatory licensing process.

3 IV.

4 **Licensing Requirements**

5 12. Financial Code sections 22109.1 and 50141 provide in relevant part:

6 (a) The commissioner shall deny an application for a mortgage loan  
7 originator license unless the commissioner makes, at a minimum, the  
8 following findings:

9 . . .

10 (3) The applicant has demonstrated such financial responsibility, character, and  
11 general fitness as to command the confidence of the community and to warrant  
12 a determination that the mortgage loan originator will operate honestly, fairly,  
13 and efficiently within the purposes of this division.

14 . . .

15 (6) The applicant is employed by, and subject to the supervision of, a residential  
16 mortgage lender or servicer that has obtained a license from the commissioner  
17 pursuant to this division.

18 13. California Code of Regulations, title 10, sections 1422.6.2 and 1950.12.5.2 provide in  
19 relevant part:

20 (a) The Commissioner's finding required by Section 22109.1(c) of the California  
21 Finance Lenders Law/Section 501414(c) of the California Residential Mortgage  
22 Lending Act relates to any matter, personal or professional, that may  
23 impact upon an applicant's propensity to operate honestly, fairly, and efficiently  
24 when engaging in the role of a mortgage loan originator.

25 . . .

26 (c) An applicant may be precluded from obtaining a mortgage loan originator  
27 license where his or her personal history includes:

28 (1) Any liens or judgments for fraud, misrepresentation, dishonest dealing,  
and/or mishandling of trust funds, or

(2) Other liens, judgments, or financial or professional conditions that indicate  
a pattern of dishonesty on the part of the applicant.

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V.

Conclusion

The Commissioner finds, by reason of the foregoing, that:

(1) On or about August 5, 2004, the DRE issued an Order Accepting Voluntary Surrender of Stapp’s DRE licenses pursuant to Business and Professions Code section 10100.2, which resulted from an accusation issued by DRE on or about October 24, 2003, which was later amended on February 25, 2004 alleging Stapp engaged in acts constituting fraud and dishonest dealing;

(2) Commencing on or about February 24, 2020 and continuing through June 23, 2020, Stapp made a false representation in her MLO license application by representing that no State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) had ever denied or suspended her registration or license or application for licensure, disciplined her, or otherwise by order, prevented her from associating with a financial services-related business or restricted your activities;

(3) Commencing on or about February 24, 2020 and continuing through July 29, 2020, Stapp made a false representation in her MLO license application by representing that no State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) had ever entered an order concerning her in connection with any license or registration;

(4) On or about July 29, 2020, Stapp failed to give a detailed explanation of the DRE Order; and

(5) Based upon the above, Stapp has failed to demonstrate the financial responsibility, character and fitness required of a mortgage loan originator under the California Financing Law and the California Residential Mortgage Lending Act.

THEREFORE, the Commissioner asserts that he is mandated under Financial Code sections 22109.1 and 50141 to deny the mortgage loan originator license application of Sandra Stapp.

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**VI.**

**Prayer**

WHEREFORE IT IS PRAYED that the mortgage loan originator license application filed by Sandra Stapp on February 24, 2020 be denied.

Dated: October 5, 2020  
Los Angeles, CA

MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation



By \_\_\_\_\_  
Judy L. Hartley  
Senior Counsel