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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:) NMLS NO.: 1448671
12 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) STATEMENT OF ISSUES
13)
14 Complainant,)
v.)
15 TIMOTHY STEWART CATELLIER,)
16 Respondent.)
17)

18
19 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
20 believes, and based upon such information and belief, alleges and charges Respondent as follows:

21 **I.**

22 **Jurisdiction**

- 23 1. The Commissioner has jurisdiction over the licensing and regulation of persons
24 engaged in the business of making or servicing residential mortgage loans, including mortgage loan
25 originators, under the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000
26 et seq.).
27 2. On July 10, 2020, Respondent Timothy Stewart Catellier (Catellier) applied to the
28 Commissioner for a mortgage loan originator (MLO) license under the CRMLA.

1 3. The Commissioner brings this action to deny the issuance of an MLO license to
2 Catellier under Financial Code sections 50141 and 50513 because Catellier: (1) withheld
3 information and made material misstatements in his application for a license and (2) has not
4 demonstrated such financial responsibility, character, and general fitness as to command the
5 confidence of the community and to warrant a determination that he will operate honestly, fairly,
6 and efficiently as an MLO.

7 II.

8 Statement of Facts

9 4. To become licensed by the Commissioner as an MLO, an individual must submit a
10 uniform application form (known as the MU2 or MU4 form) through the Nationwide Mortgage
11 Licensing System and Registry (NMLS).

12 5. On July 10, 2020, Catellier applied for an MLO license by filing a Form MU4
13 through NMLS. His application was sponsored by a lender licensed under the CRMLA.

14 6. Under the heading “Termination Disclosure,” Form MU4 questions (Q)(1) and
15 (Q)(2) asked:

16 Have you ever voluntarily resigned, been discharged, or permitted to resign after
17 allegations were made that accused you of:

18 (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?

19 (2) fraud, dishonesty, theft, or wrongful taking of property?

20 7. Catellier answered “No” to questions (Q)(1) and (Q)(2).

21 8. On July 14, 2020, the Commissioner placed items on Catellier’s NMLS account,
22 noting that Catellier may need to answer “Yes” to questions (Q)(1) and (Q)(2) to account for a
23 termination by his previous employer, JP Morgan Chase Bank, National Association (Chase), and
24 asking him to amend his application and to provide a written statement if he believed that he was
25 not required to respond “Yes” to questions (Q)(1) or (Q)(2).

26 9. On July 15, 2020, Catellier filed an amended Form MU4. Catellier did not amend
27 his answers to questions (Q)(1) or (Q)(2). Catellier, however, did provide an event explanation
28 detail in which he stated that he had been terminated by Chase for violating company policy when

1 he e-mailed personal client information to himself outside the Chase network. Catellier did not
2 provide any documentation regarding his termination from Chase.

3 10. On July 16, 2020, the Commissioner placed items on Catellier’s NMLS account,
4 noting that, despite his admission Chase had terminated him, he had not answered “Yes” to
5 questions (Q)(1) or (Q)(2), and did not provide any documentation regarding his termination. The
6 license item requested that Catellier: (a) amend his MU4; (b) provide a “Yes” response to the
7 termination disclosure question; and (c) upload any applicable legal documentation.

8 11. On July 24, 2020, Catellier filed an amended Form MU4. In this amended filing,
9 Catellier changed his answer to question (Q)(2) to “Yes” but maintained his “No” answer to
10 question (Q)(1). Catellier also uploaded a document titled “Recommendation for Termination”
11 from Chase, dated June 12, 2020, in which a Chase Vice President of Employee Relations
12 explained that Chase terminated Catellier for “employment misconduct” because Catellier had
13 “acted improperly with respect to theft of [Chase’s] proprietary information.” In a new event
14 explanation detail, Catellier explained that he changed his answer to “Yes” for question (Q)(2)
15 “based on the termination letter from [Chase].” Catellier explained that he did not change his
16 answer to question (Q)(1), however, because he was “terminated for acting improperly with respect
17 of [sic] theft of [Chase] proprietary information.”

18 12. To date, Catellier has not amended his answer to question (Q)(1) on Form MU4.

19 III.

20 **Withheld Information and Material Misstatements**

21 13. The Commissioner may deny an application for an MLO license if the applicant
22 withholds information or makes a material misstatement in the application. (Fin. Code § 50513,
23 subd. (a)(2).)

24 14. As described in paragraphs 6 through 12, Catellier withheld information regarding
25 his June 2020 termination from Chase for “theft of [Chase] proprietary information.” In Catellier’s
26 initial Form MU4 submission, dated July 10, 2020, he did not disclose that he had been recently
27 terminated from Chase for theft. After being presented with the opportunity to amend his
28 Form MU4 to change his answers to questions (Q)(1) and (Q)(2) to reflect his recent termination

1 from Chase for theft, Catellier refused to do so in the amended Form MU4 submission dated
2 July 15, 2020. And Catellier refused once again, in his second amended Form MU4 submission
3 dated July 26, 2020, to change his answer to question (Q)(1), despite his belated admission that
4 Chase terminated him for theft.

5 15. Catellier should have answered “Yes” to both question (Q)(1) and (Q)(2) from the
6 beginning. Question (Q)(1) asked if Catellier had ever been discharged from employment due to a
7 violation of statute, regulation, rule, or of an industry standard of conduct. Theft of company
8 property is a violation of criminal law and is an unacceptable practice under any industry standard
9 of conduct, including the mortgage banking industry. Question (Q)(2) asked if Catellier had ever
10 been discharged from employment due to “theft [or] wrongful taking of property.” From the date
11 he first submitted his MLO application, Catellier knew that Chase terminated him for theft in
12 violation of company policy.

13 16. Accordingly, Catellier withheld information and made material misstatements in his
14 application for a license. Under Financial Code section 50513, subdivision (a)(2), Catellier’s MLO
15 application should be denied.

16 IV.

17 **Financial Responsibility, Character, and General Fitness**

18 17. The Commissioner “shall deny” an application for an MLO license unless he makes,
19 at a minimum, specified findings, including that the applicant has demonstrated such financial
20 responsibility, character, and general fitness as to command the confidence of the community and to
21 warrant a determination that the applicant will operate honestly, fairly, and efficiently as a mortgage
22 loan originator. (Fin. Code, § 50141, subd. (a)(3).)

23 18. As described in paragraphs 8 through 11, Chase terminated Catellier’s employment
24 for “misconduct” due to his “theft of [Chase’s] proprietary information” in June 2020. Catellier’s
25 recent termination for theft of proprietary information militates against finding that he has
26 demonstrated the character and general fitness required for licensure as an MLO.

27 19. Further, as described in paragraphs 6 and 12, Catellier withheld information
28 regarding his termination by Chase for “theft of [Chase] proprietary information” by failing to

1 answer “Yes” to the applicable disclosure questions, initially failing to provide an explanation
2 regarding the termination, and initially failing to provide the underlying documents regarding the
3 termination. Thus, Catellier’s lack of candor in disclosing his past employment history further
4 weighs against a finding that he has the requisite character and fitness.

5 20. For all these reasons, Catellier has not demonstrated such financial responsibility,
6 character, and general fitness as to command the confidence of the community and to warrant a
7 determination that he will operate honestly, fairly, and efficiently as an MLO. Under Financial
8 Code section 50141, subdivision (a)(3), Catellier’s application must be denied.

9 **V.**

10 **Commissioner’s Authority to Deny Application**

11 21. Financial Code section 50141, subdivision (a), provides in relevant part:

12 (a) The commissioner shall deny an application for a mortgage loan
13 originator license unless the commissioner makes at a minimum the
14 following findings:

14 . . .

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

20 22. Financial Code section 50513, subdivision (a), provides in relevant part:

21 (a) The commissioner may do one or more of the following:

22 . . .

23 (2) Deny, suspend, revoke, condition, or decline to renew a mortgage
24 loan originator license if an applicant or licensee fails at any time to
25 meet the requirements of Section 50141 or 50144, or withholds
26 information or makes a material misstatement in an application for a
27 license or license renewal.

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VI.

Prayer

For the foregoing reasons, the Commissioner finds that Timothy Stewart Catellier withheld information and made material misstatements in his application within the meaning of Financial Code section 50513, subdivision (a)(2).

The Commissioner also finds that Catellier has not demonstrated the financial responsibility, character, and general fitness required under Financial Code section 50141, subdivision (a)(3).

Accordingly, the Commissioner must deny Catellier’s application for a mortgage loan originator license.

WHEREFORE, IT IS PRAYED that Catellier’s application for a mortgage loan originator license be denied.

Dated: November 23, 2020
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: _____
TAYLOR STEINBACHER
Counsel
Enforcement Division