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

In the Matter of: ) NMLS LICENSE NO.: 1815628  
)  
THE COMMISSIONER OF FINANCIAL ) STATEMENT OF ISSUES  
PROTECTION AND INNOVATION, )  
)  
Complainant, )  
)  
v. )  
)  
JAROD L. DUDLEY, )  
)  
Respondent. )  
)  
)  
)

Manuel P. Alvarez, the Commissioner of Financial Protection and Innovation  
(Commissioner), is informed and believes, and based on such information and belief, alleges and  
charges Respondent Jarod L. Dudley (Dudley) as follows.

**I.**  
**Jurisdiction**

1. The Commissioner has jurisdiction over the licensing and regulation of persons  
engaged in the business of making or brokering residential mortgage loans, including mortgage  
loan originators, under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.) and the

1 California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).

2 2. Respondent Dudley applied for a mortgage loan originator (MLO) license with  
3 the Commissioner.

4 3. Under the provisions of Financial Code sections 22109.1 and 22172 of the CFL  
5 and Financial Code sections 50141 and 50513 of the CRMLA, the Commissioner brings this  
6 action to deny Dudley's MLO license application because Dudley pleaded guilty to and was  
7 convicted of a felony and failed to disclose his felony conviction in the initial application he filed  
8 with the Commissioner.

## 9 II.

### 10 Statement of Facts

#### 11 *Felony Conviction*

12 4. On August 26, 2013, in the Superior Court of New Jersey, Bergen County,  
13 Dudley pleaded guilty to unlawful possession of a rifle in violation of New Jersey Statutes  
14 Annotated section 2C:39-5C(1), a crime in the third degree.

15 5. The court sentenced Dudley to three years' probation on October 25, 2013.

16 6. New Jersey's criminal statutes do not distinguish between felonies and  
17 misdemeanors. (See N.J.S.A., § 2C:1-4(a) ["Crimes are designated in this  
18 code as being of the first, second, third or fourth degree."].)

19 7. Under New Jersey law, Dudley's unlawful possession of a rifle conviction, a  
20 crime in the third degree, carried a maximum penalty of between three to five years  
21 imprisonment and/or fines or restitution of up to \$15,000.00. (N.J.S.A., §§ 2C:43-6 and 2C:43-  
22 3.)

23 8. Under the definition of the term "felony" provided by the Nationwide Licensing  
24 System and Registry (the NMLS), the system of record that administers the MLO licensing  
25 application process, "For states that do not distinguish between a felony and misdemeanor, a  
26 felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of  
27 at least \$1,000."

28 9. Dudley was convicted of a felony.

1 *2020 California Application*

2 10. In order to become licensed by the Commissioner as a MLO, an individual must  
3 submit a uniform application form (known as the MU4 or Form MU4) through the NMLS.

4 11. On August 30, 2020, Dudley applied for a MLO license by filing a Form MU4  
5 through the NMLS. Dudley's application lacked a CFL or CRMLA sponsor.

6 12. When Dudley applied for his license, Dudley failed to answer one of the questions  
7 posed, which asked Dudley if he had ever pleaded guilty to a felony.

8 13. Specifically, Dudley answered "No" to question F(1), which asked, "Have you  
9 ever been convicted of or pled guilty of nolo contendere ("no contest") in a domestic, foreign, or  
10 military court to any felony?"

11 14. Dudley executed his August 30 MU4 under penalty of perjury that his responses  
12 were "current, true, accurate, and complete[.]"

13 15. But a subsequent criminal background check disclosed Dudley's 2013 criminal  
14 conviction.

15 16. On September 10, the Commissioner sent Dudley a license item via the NMLS,  
16 requesting that he amend his MU4 application to disclose his 2013 criminal conviction and  
17 provide an explanation as to the circumstances surrounding the conviction.

18 17. On September 11, Dudley filed an amended MU4 application, and changed his  
19 response to question F(1) from "No" to "Yes."

20 18. Dudley subsequently provided the Commissioner with a copy of the Judgment of  
21 Conviction document he received from the Superior Court of New Jersey, Bergen County, which  
22 showed that Dudley had pleaded guilty to the unlawful possession of a rifle, a crime in the third  
23 degree, on August 26, 2013.

24 **III.**

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

26 19. The Commissioner must deny a MLO license if the licensee fails to meet the  
27 minimum criteria for licensure, which includes a requirement that the applicant "has  
28 demonstrated such financial responsibility, character and general fitness as to command the

1 confidence of the community and to warrant a determination that the [MLO] will operate  
 2 honestly, fairly, and efficiently within the purposes of this division.” (Fin. Code, § 22109.1,  
 3 subd. (a)(3) and Fin. Code, § 50141, subd. (a)(3).)

4 20. As described in paragraph 13, on August 30, Dudley answered “No” to question  
 5 F(1), which asked if he had ever pleaded guilty to a felony. But on August 26, 2013, Dudley  
 6 pleaded guilty in Bergen County Superior Court to the unlawful possession of a rifle, a felony.  
 7 Dudley withheld information and made a material misstatement in his MU4 application.

8 21. Thus, Dudley does not meet the minimum criteria for licensure under the CFL and  
 9 CRMLA, and his application must be denied.

#### 10 IV.

#### 11 Withheld Information and Material Misstatements

12 22. The CFL and CRMLA further provide that the Commissioner may deny a MLO  
 13 license if a licensee withholds information or makes a material misstatement in an application for  
 14 a license or license renewal. (Fin Code, § 22172, (a)(2) and Fin. Code, § 50513, subd. (a)(2).)

15 23. As described in paragraph 13, above, Dudley withheld information and made a  
 16 material misstatement in his application concerning his 2013 felony conviction by failing to  
 17 answer “Yes” to question F(1).

#### 18 V.

#### 19 Applicable Statutes

20 24. Financial Code section 22109.1 provides in pertinent part:

21 (a) The commissioner shall deny an application for a [MLO]  
 22 license unless the commissioner makes, at a minimum, the  
 23 following findings:

24 (3) The applicant has demonstrated such financial responsibility,  
 25 character, and general fitness as to command the confidence of the  
 26 community and to warrant a determination that the [MLO] will  
 27 operate honestly, fairly, and efficiently within the purposes of this  
 28 division[.]

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- 25. Financial Code section 22172 provides in pertinent part:
  - (a) The commissioner may do one or more of the following:
    - (2) Deny, suspend, revoke, condition, or decline to renew a [MLO] license if an applicant . . . fails at any time to meet the requirements of Section 22109.1 or withholds information or makes a material misstatement in an application for a license or license renewal[.]
  
- 26. Financial Code section 50141 provides in pertinent part:
  - (a) The commissioner shall deny an application for a [MLO] 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 [MLO] will operate honestly, fairly, and efficiently within the purposes of this division[.]
  
- 27. Financial Code section 50513 provides in pertinent part:
  - (a) The commissioner may do one or more of the following:
    - (2) Deny, suspend, revoke, condition, or decline to renew a [MLO] license if an applicant . . . fails at any time to meet the requirements of Section 50141 or 50144, or withholds information or makes a material misstatement in an application for a license or license renewal[.]

**VI.**

**Prayer**

For the reasons set forth above, the Commissioner finds that Dudley has not demonstrated the financial responsibility, character, and general fitness required under Financial Code section 22109.1, subdivision (a)(3) and Financial Code section 50141, subdivision (a)(3), when Dudley falsely answered “No” to question F(1) in his MU4, which asked if Dudley had ever been convicted of or pleaded guilty to a felony. Dudley was convicted of a felony in 2013.

1 The Commissioner also finds that Dudley withheld information and made a material  
2 misstatement in his application for a license under Financial Code sections 22172, subdivision  
3 (a)(2) and 50513, subdivision (a)(2).

4 Accordingly, the Commissioner has grounds for denying Dudley’s MLO license  
5 application.

6 WHEREFORE IT IS PRAYED that the MLO license application filed by Jarod L.  
7 Dudley be denied.

8 MANUEL P. ALVAREZ  
9 Commissioner of Financial Protection and  
10 Innovation

11 Dated: November 30, 2020  
12 Los Angeles, California

By \_\_\_\_\_  
13 BLAINE A. NOBLETT  
14 Senior Counsel  
15 Enforcement Division  
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