

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 SAMUEL J. PARK (State Bar No. 293902)
Counsel
4 Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
5 Los Angeles, California 90013
Telephone: (213) 576-7683
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

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

10 In the Matter of:) NMLS NO.: 2000568
11 THE COMMISSIONER OF FINANCIAL) STATEMENT OF ISSUES
12 PROTECTION AND INNOVATION,)
13 Complainant,)
14 v.)
15 CAROL VALENTINE COLCLASURE,)
16 Respondent.)

17
18 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
19 believes, and based upon such information and belief, alleges and charges Respondent as follows:

20 **I.**

21 **Jurisdiction**

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

25 2. On August 20, 2020, Respondent Carol Valentine Colclasure (Colclasure) applied to
26 the Commissioner for a mortgage loan originator (MLO) license under the CFL.

27 3. The Commissioner brings this action to deny the issuance of an MLO license to
28 Colclasure under Financial Code sections 22109.1 and 22172 because Colclasure: (1) withheld

1 information and made material misstatements in her application for a license and (2) has not
2 demonstrated such financial responsibility, character, and general fitness as to command the
3 confidence of the community and to warrant a determination that she will operate honestly, fairly,
4 and efficiently as an MLO.

5 **II.**

6 **Statement of Facts**

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

10 5. On August 20, 2020, Colclasure applied for an MLO license by filing a Form MU4
11 through NMLS. Her application was sponsored by a lender licensed under the CFL.

12 6. Form MU4 question (H)(1) asked: “Have you ever been convicted of or pled guilty
13 or nolo contendere (‘no contest’) . . . to committing or conspiring to commit a misdemeanor
14 involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false
15 statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii)
16 forgery, (viii) counterfeiting, or (ix) extortion?”

17 7. Colclasure answered “No” to question (H)(1).

18 8. On August 24, 2020, Colclasure filed an amended Form MU4 with minor clerical
19 changes. Her answer to question (H)(1) remained unchanged.

20 9. On October 1, 2020, the Commissioner placed a license item on Colclasure’s NMLS
21 account, noting two criminal actions that were discovered during a background check and
22 requesting that Colclasure file an amended application with any corrected responses to the
23 disclosure questions, provide a detailed explanation of the circumstances of each disclosable event,
24 and upload any applicable legal documents. The Commissioner also asked Colclasure to explain
25 why she did not disclose the events in her initial application.

26 10. That same day, on October 1, 2020, Colclasure filed an amended Form MU4 in
27 which she changed her answer to question (H)(1) from “No” to “Yes.” In the event explanation for
28 question (H)(1), Colclasure stated that she was “detained in early 2009 for two infractions of Petty

1 Theft.” Colclasure explained that she did not initially disclose the “citations” because she was
2 “under the impression that [she] was still underaged at the time that they occurred; being that the
3 incidents happened over a decade ago, [she] did not recall the exact dates.” Colclasure provided
4 supporting documents for her explanation, including the criminal complaint, guilty-plea form, and
5 judgment minutes for each of the criminal proceedings. The court clerk’s certification on the copies
6 was dated April 12, 2019.

7 11. Records obtained from Colclasure and the Commissioner’s investigation show that
8 on January 13, 2009, Colclasure pleaded guilty to misdemeanor petty theft of retail merchandise in
9 violation of Penal Code sections 484 and 490.5. On March 4, 2009, in a different proceeding,
10 Colclasure pleaded guilty to misdemeanor petty theft of retail merchandise in violation of Penal
11 Code sections 484 and 490.5.

12 III.

13 **Withheld Information and Material Misstatements**

14 12. The Commissioner may deny an application for an MLO license if the applicant
15 withholds information or makes a material misstatement in the application. (Fin. Code, § 22172,
16 subd. (a)(2).)

17 13. As described in paragraphs 5 to 11, Colclasure withheld information and made
18 material misstatements regarding her 2009 misdemeanor convictions. Colclasure did not disclose
19 the convictions in her initial application and eventually disclosed them in an amended application
20 only after the Commissioner discovered them and asked about them. Even though she eventually
21 disclosed the events, Colclasure misrepresented the misdemeanors as infractions and the
22 convictions as citations. In explaining why, she did not initially disclose the convictions, Colclasure
23 stated that because they occurred more than a decade earlier, she “did not recall the exact dates” and
24 believed that she was “still underaged” when the crimes occurred. But the clerk’s certification on
25 the copies provided by Colclasure, which was dated April 12, 2019, suggests that she knew about
26 the convictions when she filed her application. Moreover, according to the criminal complaints,
27 Colclasure committed the thefts in late 2008, when she was 19 years old.

28 14. Thus, Colclasure withheld information and made material misstatements in her

1 application for a license. Under Financial Code section 22172, subdivision (a)(2), Colclasure’s
2 application should be denied.

3 **IV.**

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

5 15. The Commissioner “shall deny” an application for an MLO license unless he makes,
6 at a minimum, specified findings, including that the applicant has demonstrated such financial
7 responsibility, character, and general fitness as to command the confidence of the community and to
8 warrant a determination that the applicant will operate honestly, fairly, and efficiently as a mortgage
9 loan originator. (Fin. Code, §§ 22109.1, subd. (a)(3).)

10 16. As described in paragraphs 10 and 11, Colclasure was convicted in 2009 of two
11 counts of misdemeanor petty theft, which is an act of dishonesty. (*People v. Wheeler* (1992) 4
12 Cal.4th 284, 297; *People v. Mireles* (2018) 21 Cal.App.5th 237, 247.) Colclasure’s criminal history
13 militates against finding that she has demonstrated the character and general fitness required for
14 licensure as an MLO.

15 17. Further, as described in paragraphs 5 to 11 and 13, Colclasure withheld information
16 and made material misstatements regarding her 2009 misdemeanor convictions by failing to
17 disclose them in her initial application and misrepresenting their nature and circumstances. Thus,
18 although the criminal convictions occurred some time ago, Colclasure’s lack of candor in disclosing
19 them further weighs against finding the requisite character and fitness.

20 18. For all these reasons, Colclasure has not demonstrated such financial responsibility,
21 character, and general fitness as to command the confidence of the community and to warrant a
22 determination that she will operate honestly, fairly, and efficiently as an MLO. Under Financial
23 Code section 22109.1, subdivision (a)(3), Colclasure’s application must be denied.

24 **V.**

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

26 19. Financial Code section 22109.1, subdivision (a), provides in relevant part:

27 The commissioner shall deny an application for a mortgage loan
28 originator license unless the commissioner makes, at a minimum, the
following findings:

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(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.

20. Financial Code section 22172, subdivision (a), provides in relevant part:

The commissioner may do one or more of the following:

...

(2) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license if an applicant or licensee fails at any time to meet the requirements of Section 22109.1 or 22109.4, or withholds information or makes a material misstatement in an application for a license or license renewal.

VI.

Prayer

For the foregoing reasons, the Commissioner finds that Carol Valentine Colclasure withheld information and made material misstatements in her application within the meaning of Financial Code section 22172, subdivision (a)(2).

The Commissioner also finds that Colclasure has not demonstrated the financial responsibility, character, and general fitness required under Financial Code section 22109.1, subdivision (a)(3).

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

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

Dated: January 20, 2021
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

By: _____
SAMUEL J. PARK
Counsel
Enforcement Division