

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 BLAINE A. NOBLETT (State Bar No. 235612)
4 Senior Counsel
5 Department of Financial Protection and Innovation
6 320 W. 4th Street, Suite 750
7 Los Angeles, California 90013-2344
8 Telephone: (213) 576-1396
9 Facsimile: (213) 576-7181
10 Email: blaine.noblett@dfpi.ca.gov
11 Attorneys for Complainant

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

14 In the Matter of:) NMLS LICENSE NO.: 1815628
15)
16 THE COMMISSIONER OF FINANCIAL) ORDER DENYING MORTGAGE LOAN
17 PROTECTION AND INNOVATION,) ORIGINATOR APPLICATION
18)
19 Complainant,)
20)
21 v.)
22)
23 JAROD L. DUDLEY,)
24)
25 Respondent.)
26)
27)
28)

21 The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

- 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.) and the California
25 Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).
26 2. Respondent Jarod L. Dudley (Dudley) applied for a mortgage loan originator (MLO)
27 license with the Commissioner.
28

1 3. On August 26, 2013, in the Superior Court of New Jersey, Bergen County, Dudley
2 pleaded guilty to unlawful possession of a rifle in violation of New Jersey Statutes Annotated section
3 2C:39-5C(1), a crime in the third degree.

4 4. The court sentenced Dudley to three years’ probation on October 25, 2013.

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

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

11 7. Under the definition of the term “felony” provided by the Nationwide Licensing
12 System and Registry (the NMLS), the system of record that administers the MLO licensing
13 application process, “For states that do not distinguish between a felony and misdemeanor, a felony is
14 an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least
15 \$1,000.”

16 8. Dudley was convicted of a felony.

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

19 10. On August 30, 2020, Dudley applied for a MLO license by filing a Form MU4
20 through the NMLS. Dudley’s application lacked a CFL or CRMLA sponsor.

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

23 12. Specifically, Dudley answered “No” to question F(1), which asked, “Have you ever
24 been convicted of or pled guilty of nolo contendere (“no contest”) in a domestic, foreign, or military
25 court to any felony?”

26 13. Dudley executed his August 30 MU4 under penalty of perjury that his responses were
27 “current, true, accurate, and complete[.]”

28 14. But a subsequent criminal background check disclosed Dudley’s 2013 criminal

1 conviction.

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

5 16. On September 11, Dudley filed an amended MU4 application, and changed his
6 response to question F(1) from “No” to “Yes.”

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

11 18. The Commissioner must deny a MLO license if the licensee fails to meet the
12 minimum criteria for licensure, which includes a requirement that the applicant “has demonstrated
13 such financial responsibility, character and general fitness as to command the
14 confidence of the community and to warrant a determination that the [MLO] will operate honestly,
15 fairly, and efficiently within the purposes of this division.” (Fin. Code, § 22109.1, subd. (a)(3) and
16 Fin. Code, § 50141, subd. (a)(3).)

17 19. As described in paragraph 12, on August 30, Dudley answered “No” to question F(1),
18 which asked if he had ever pleaded guilty to a felony. But on August 26, 2013, Dudley pleaded guilty
19 in Bergen County Superior Court to the unlawful possession of a rifle, a felony. Dudley withheld
20 information and made a material misstatement in his MU4 application.

21 20. Thus, Dudley did not meet the minimum criteria for licensure under the CFL and
22 CRMLA, and his application must be denied.

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

26 22. As described in paragraph 12, above, Dudley withheld information and made a
27 material misstatement in his application concerning his 2013 felony conviction by failing to answer
28 “Yes” to question F(1).

