

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) ORDER DENYING APPLICATION FOR
12 PROTECTION AND INNOVATION,) MORTGAGE LOAN ORIGINATOR LICENSE
13 Complainant,)
14 v.)
15 CAROL VALENTINE COLCLASURE,)
16 Respondent.)

17
18 The Commissioner of Financial Protection and Innovation (Commissioner) finds:

- 19 1. On August 20, 2020, Respondent Carol Valentine Colclasure (Colclasure) applied to
20 the Commissioner for a mortgage loan originator (MLO) license under the California Financing
21 Law (CFL) (Fin. Code, § 22000 et seq.).
- 22 2. Colclasure applied by filing a Form MU4 through the Nationwide Mortgage
23 Licensing System and Registry (NMLS).
- 24 3. As described in more detail below, the Commissioner denies the issuance of an MLO
25 license to Colclasure under Financial Code sections 22109.1 and 22172 because Colclasure: (1)
26 withheld information and made material misstatements in her application for a license and (2) has
27 not demonstrated such financial responsibility, character, and general fitness as to command the
28 confidence of the community and to warrant a determination that she will operate honestly, fairly,

1 and efficiently as an MLO.

2 4. On August 20, 2020, Colclasure applied for an MLO license by filing a Form MU4
3 through NMLS. His application was sponsored by a lender licensed under the CFL.

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

9 6. Colclasure answered “No” to question (H)(1).

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

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

18 9. That same day, on October 1, 2020, Colclasure filed an amended Form MU4 in
19 which she changed her answer to question (H)(1) from “No” to “Yes.” In the event explanation for
20 question (H)(1), Colclasure stated that she was “detained in early 2009 for two infractions of Petty
21 Theft.” Colclasure explained that she did not initially disclose the “citations” because she was
22 “under the impression that [she] was still underaged at the time that they occurred; being that the
23 incidents happened over a decade ago, [she] did not recall the exact dates.” Colclasure provided
24 supporting documents for her explanation, including the criminal complaint, guilty-plea form, and
25 judgment minutes for each of the criminal proceedings. The court clerk’s certification on the copies
26 was dated April 12, 2019.

27 10. Records obtained from Colclasure and the Commissioner’s investigation show that
28 on January 13, 2009, Colclasure pleaded guilty to misdemeanor petty theft of retail merchandise in

1 violation of Penal Code sections 484 and 490.5. On March 4, 2009, in a different proceeding,
2 Colclasure pleaded guilty to misdemeanor petty theft of retail merchandise in violation of Penal
3 Code sections 484 and 490.5.

4 **Withheld Information and Material Misstatements**

5 11. The Commissioner may deny an application for an MLO license if the applicant
6 withholds information or makes a material misstatement in the application. (Fin. Code, § 22172,
7 subd. (a)(2).)

8 12. As described in paragraphs 4 to 10, Colclasure withheld information and made
9 material misstatements regarding her 2009 misdemeanor convictions. Colclasure did not disclose
10 the convictions in her initial application and eventually disclosed them in an amended application
11 only after the Commissioner discovered them and asked about them. Even though she eventually
12 disclosed the events, Colclasure misrepresented the misdemeanors as infractions and the
13 convictions as citations. In explaining why, she did not initially disclose the convictions, Colclasure
14 stated that because they occurred more than a decade earlier, she “did not recall the exact dates” and
15 believed that she was “still underaged” when the crimes occurred. But the clerk’s certification on
16 the copies provided by Colclasure, which was dated April 12, 2019, suggests that she knew about
17 the convictions when she filed her application. Moreover, according to the criminal complaints,
18 Colclasure committed the thefts in late 2008, when she was 19 years old.

19 13. Thus, Colclasure withheld information and made material misstatements in her
20 application for a license. Under Financial Code section 22172, subdivision (a)(2), Colclasure’s
21 application should be denied.

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

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

28 15. As described in paragraphs 9 and 10, Colclasure was convicted in 2009 of two

1 counts of misdemeanor petty theft, which is an act of dishonesty. (*People v. Wheeler* (1992) 4
2 Cal.4th 284, 297; *People v. Mireles* (2018) 21 Cal.App.5th 237, 247.) Colclasure’s criminal history
3 militates against finding that she has demonstrated the character and general fitness required for
4 licensure as an MLO.

5 16. Further, as described in paragraphs 4 to 10 and 12, Colclasure withheld information
6 and made material misstatements regarding her 2009 misdemeanor convictions by failing to
7 disclose them in her initial application and misrepresenting their nature and circumstances. Thus,
8 although the criminal convictions occurred some time ago, Colclasure’s lack of candor in disclosing
9 them further weighs against finding the requisite character and fitness.

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

14 18. For the foregoing reasons, the Commissioner finds that Colclasure (1) withheld
15 information and made material misstatements in her application for a license and (2) has not
16 demonstrated such financial responsibility, character, and general fitness as to command the
17 confidence of the community and to warrant a determination that she will operate honestly, fairly,
18 and efficiently as an MLO.

19 19. On January 20, 2021, the Commissioner issued a Notice of Intention to Issue Order
20 Denying Application for Mortgage Loan Originator License, Statement of Issues, and
21 accompanying documents. The documents were served by certified mail at Colclasure’s latest
22 address on file on January 26, 2021.

23 20. Colclasure has not requested a hearing, and the time for doing so has expired.

24 ///

25 ///

26 ///

27 ///

28 ///

1 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the application
2 of Carol Valentine Colclasure for a mortgage loan originator license is denied. This Order is
3 effective immediately.

4
5 Dated: February 12, 2021
6 Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation



7
8 By: _____
9 MARY ANN SMITH
10 Deputy Commissioner
11 Enforcement Division
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28