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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.: 2063046
11	THE COMMISSIONER OF FINANCIAL	)	
12	PROTECTION AND INNVIATION,	)	CONSENT ORDER
13	Complainant,	)	
14	v.	)	
15	JOHN MICHAEL LEONE,	)	
16	Respondent.	)	

17  
18 This Consent Order is entered into between the Commissioner of Financial Protection and  
19 Innovation (Commissioner) and John Michael Leone (Leone), and is made with respect to the  
20 following facts:

21 **I.**

22 **Recitals**

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

26 B. On December 14, 2020, Leone applied to the Commissioner for a mortgage loan  
27 originator (MLO) license under the CFL.

28 C. In his initial application filing, Leone disclosed a 2015 regulatory action by the

1 Financial Industry Regulatory Authority (FINRA) and related employment termination and a 2016  
2 employment termination, as described in more detail below.

3 D. In 2015, Leone was an employee of a financial services firm and was subject to  
4 FINRA’s jurisdiction as a non-registered associated person. As a result of misconduct during his  
5 employment, including making a false statement or omission, Leone was terminated and entered  
6 into a settlement with FINRA, under which he was barred from associating with FINRA member  
7 firms.

8 E. In 2016, Leone was an employee of a non-financial-services firm and was terminated  
9 after allegations of theft.

10 F. The Commissioner finds that entering into this Consent Order is in the public interest  
11 and consistent with the purposes fairly intended by the policy and provisions of the CFL.

12 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set  
13 forth herein, the parties agree as follows.

14 **II.**

15 **Terms and Conditions**

16 1. Purpose. This Consent Order resolves the issues before the Commissioner in a  
17 manner that avoids the expense of a hearing and other possible court proceedings, protects  
18 consumers, is in the public interest, and is consistent with the purposes and provisions of the CFL.

19 2. Waiver of Hearing Rights. Leone acknowledges that the Commissioner is ready,  
20 willing, and able to proceed with the filing of an administrative enforcement action on the findings  
21 described in the recitals above. Leone hereby waives the right to any hearings and to any  
22 reconsideration, appeal, or other right to review which may be afforded by the CFL, the California  
23 Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or any other  
24 provision of law. By waiving such rights, Leone effectively consents to the finality of this Consent  
25 Order.

26 3. Probationary Period. Leone agrees that during the 36-month period from the  
27 effective date of this Consent Order as defined in paragraph 24 (Probationary Period), if the  
28 Commissioner finds that Leone has violated or is violating any provision of the CFL or any rule,

1 regulation, or law under the jurisdiction of the Commissioner, the state of California, the United  
2 States of America, or any state or foreign government or political subdivision thereof, the  
3 Commissioner may summarily revoke or deny any license held by or applied for by Leone. Leone  
4 hereby waives any notice and hearing rights to contest any such revocation or denial which may be  
5 afforded under the CFL, APA, CCP, or any other provision of law. Leone further waives any  
6 requirement for the filing of an accusation or statement of issues under Government Code section  
7 11415.60, subdivision (b), in connection with any revocation or denial under this paragraph.

8         4.       Reporting Requirement. During the Probationary Period, Leone shall report to the  
9 Commissioner any disciplinary investigation or action against him by any licensing agency; any  
10 criminal investigation, prosecution, or conviction; or any civil judgment against him no later than  
11 30 days after discovering such investigation, proceeding, action, or judgment. Leone is not required  
12 to report any traffic citations.

13         5.       Continuing Education. During the Probationary Period, Leone shall take at least four  
14 hours of continuing education per year in addition to the eight hours required under Financial Code  
15 section 22109.5. In accordance with section 22109.5, subdivision (b), courses and course providers  
16 must be approved by the Nationwide Mortgage Licensing System and Registry (NMLS). Leone  
17 shall submit three reports of compliance to the Commissioner as follows. The first report is due no  
18 later than December 31, 2021. The second report is due no later than December 31, 2022. The third  
19 report is due no later than December 31, 2023. If the reporting date falls on a Saturday, Sunday, or a  
20 state holiday, Leone must submit the report no later than the following business day.

21         6.       Remedy for Breach. Leone agrees that failure to satisfy the reporting or continuing-  
22 education requirements in paragraphs 4 and 5 is a breach and cause for the Commissioner to  
23 summarily revoke or deny any license held by or applied for by Leone. Leone hereby waives any  
24 notice and hearing rights to contest any such revocation or denial which may be afforded under the  
25 CFL, APA, CCP, or any other provision of law. Leone further waives any requirement for the filing  
26 of an accusation or statement of issues under Government Code section 11415.60, subdivision (b),  
27 in connection with any revocation or denial under this paragraph.

28         7.       Approval of Application. The Commissioner acknowledges that Leone's pending

1 MLO application is ready to be approved, and the Commissioner agrees to approve it on or around  
2 the effective date of this Consent Order as defined in paragraph 24.

3 8. Information Willfully Withheld or Misrepresented. This Consent Order may be  
4 rescinded, and the Commissioner may pursue any and all remedies available under law against  
5 Leone, if the Commissioner discovers that Leone knowingly or willfully withheld or  
6 misrepresented information used for and relied upon in this Consent Order.

7 9. Future Actions by Commissioner. If Leone fails to comply with any terms of this  
8 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
9 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions  
10 against Leone for any and all unknown violations of the CFL.

11 10. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s  
12 ability to assist any other government agency (city, county, state, or federal) with any  
13 administrative, civil, or criminal prosecution brought by that agency against Leone or any other  
14 person based upon any of the activities alleged in this matter or otherwise.

15 11. Headings. The headings to the paragraphs of this Consent Order are inserted for  
16 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
17 the provisions hereof.

18 12. Binding. This Consent Order is binding on all heirs, assigns, or successors in  
19 interest.

20 13. Reliance. Each of the parties represents, warrants, and agrees that in executing this  
21 Consent Order it has relied solely on the statements set forth herein and the advice of its own  
22 counsel. Each of the parties further represents, warrants, and agrees that in executing this Consent  
23 Order it has placed no reliance on any statement, representation, or promise of any other party, or  
24 any other person or entity not expressly set forth herein, or upon the failure of any party or any  
25 other person or entity to make any statement, representation, or disclosure of anything whatsoever.  
26 The parties have included this clause: (1) to preclude any claim that any party was in any way  
27 fraudulently induced to execute this Consent Order and (2) to preclude the introduction of parol  
28 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

1           14.    Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
2 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.  
3 The waiver of any provision of this Consent Order will not be deemed a waiver of any other  
4 provision. No waiver by either party of any breach of, or of compliance with, any condition or  
5 provision of this Consent Order by the other party will be considered a waiver of any other  
6 condition or provision or of the same condition or provision at another time.

7           15.    Full Integration. This Consent Order is the final written expression and the complete  
8 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
9 between the parties with respect to the subject matter hereof, and supersedes all prior or  
10 contemporaneous agreements, negotiations, representations, understandings, and discussions  
11 between and among the parties, their respective representatives, and any other person or entity, with  
12 respect to the subject matter covered hereby.

13           16.    Governing Law. This Consent Order will be governed by and construed in  
14 accordance with California law. Each of the parties consents to the jurisdiction of a court in  
15 California, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an  
16 inconvenient forum to the maintenance of such action or proceeding in such court.

17           17.    Counterparts. This Consent Order may be executed in one or more separate  
18 counterparts, each of which will be deemed an original when so executed. Such counterparts  
19 together will be deemed to constitute a single document.

20           18.    Mandatory Disclosure in Future Applications. Leone agrees to disclose this Consent  
21 Order in any application for a license, permit, or qualification under the Commissioner’s current or  
22 future jurisdiction.

23           19.    Effect Upon Future Proceedings. If Leone applies for any license, permit, or  
24 qualification under the Commissioner’s current or future jurisdiction or is the subject of any future  
25 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be  
26 admitted for the purpose of such application or action.

27           20.    Voluntary Agreement. Leone enters into this Consent Order voluntarily and without  
28 coercion and acknowledges that no promises, threats, or assurances have been made by the

1 Commissioner or any officer or agent thereof about this Consent Order. The parties each represent  
2 and acknowledge that he, she, or it is executing this Consent Order completely voluntarily and  
3 without any duress or undue influence of any kind from any source.

4 21. Notice. Any notice required under this Consent Order shall be provided to Leone at  
5 jleone@springeq.com or to the Commissioner at Samuel J. Park, Counsel, Department of Financial  
6 Protection and Innovation, 320 West 4th Street, Suite 750, Los Angeles, California 90013 and  
7 samuel.park@dfpi.ca.gov.

8 22. Signatures. A fax or electronic-mail signature will be deemed an original signature.

9 23. Public Record. Leone hereby acknowledges that this Consent Order is and will be a  
10 matter of public record.

11 24. Effective Date. This Consent Order shall become final and effective when signed by  
12 all parties and delivered by the Commissioner’s agent via electronic mail to Leone at  
13 jleone@springeq.com.

14 25. Authority to Sign. Each signatory hereto covenants that he or she possesses all  
15 necessary capacity and authority to sign and enter into this Consent Order and undertake the  
16 obligations set forth herein.

17  
18 Dated: May 18, 2021

MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation

19  
20 By: \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner

21  
22  
23 Dated: May 18, 2021

JOHN MICHAEL LEONE

24  
25 By: \_\_\_\_\_  
JOHN MICHAEL LEONE