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

10  
11 In the Matter of: )  
 )  
12 THE COMMISSIONER OF FINANCIAL ) CFL LICENSE No.: 60DB0-140686  
13 PROTECTION AND INNOVATION, )  
 )  
14 Complainant, ) STATEMENT OF ISSUES  
 )  
15 v. )  
 )  
16 CHANGEMYRATE.COM A MORTGAGE )  
17 CORPORATION, )  
 )  
18 Respondent. )

19  
20 The Acting Commissioner of Financial Protection and Innovation (Commissioner) is  
21 informed and believes, and based upon such information and belief, alleges and charges Respondent  
22 Changemyrate.com A Mortgage Corporation (CMR) as follows:

23 **I.**

24 **Introduction**

25 1. The proposed order seeks to deny the finance lender and/or broker license application  
26 of CMR pursuant to California Financial Code section 22109 (CFL) (Fin. Code § 22000 et. seq.) in  
27 that (i) CMR and its president and 100% shareholder have submitted a false statement(s) of material  
28 fact and/or omitted material information in the application of CMR, (ii) CMR and its president and

1 100% shareholder have committed violations of the CFL, (iii) CMR’s president and 100%  
2 shareholder has violated a similar regulatory scheme of the State of California, and (iv) CMR is not  
3 qualified to do business in California as its status in California is Franchise Tax Board forfeited.

4 **II.**

5 **Respondent**

6 2. CMR is a Nevada corporation incorporated on or about March 20, 2006. CMR has  
7 applied for a finance lender and/or broker license as more fully described below.

8 3. Jackie A. Graves (Graves) is the president, 100% shareholder and person in charge of  
9 CMR.

10 4. Lowell W. Anderson (Anderson) is the executive vice-president of CMR.

11 **III.**

12 **CFL License Application**

13 5. Financial Code section 22101 provides that an application for a CFL license shall be  
14 in the form and contain the information that the Commissioner may by rule require. California Code  
15 of Regulations, title 10, section 1422.4 requires corporate applicants to disclose to the Commissioner  
16 in the application all officers, directors, any person owning or controlling, directly or indirectly, 10%  
17 or more of the applicant, and all person(s) who would be in charge of the business. The application  
18 further requires various documentation, including a certificate of good standing from the California  
19 Secretary of State showing that the corporate applicant is qualified to do business in the State of  
20 California.

21 **CMR MU1s**

22 6. On or about April 27, 2021, CMR submitted an application for a finance lender  
23 and/or broker license with the Commissioner pursuant to the CFL, in particular, Financial Code  
24 section 22101 and California Code of Regulations, title 10, section 1422.4. The application was  
25 submitted to the Commissioner by filing Form MU1 through the Nationwide Mortgage Licensing  
26 System (NMLS). The address provided for CMR was 4320 Atlantic Avenue, #216, Long Beach,  
27 California 90807, but was changed on April 29, 2021 to 301 North Main Street, Downtown, Suite  
28 2200, Baton Rouge, Louisiana 70825. Graves signed the initial Form MU1 on behalf of CMR

1 attesting that the answers were true and complete to the best of his knowledge.

2 7. In its April 27, 2021 Form MU1, CMR responded “yes” to Regulatory Disclosure  
3 Questions (C)(3) and (E), which ask: “(C) In the past 10 years, has any State or federal regulatory  
4 agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever: (3)  
5 found the entity or a control affiliate to have been a cause of a financial services-related business  
6 having its authorization to do business denied, suspended, revoked or restricted?” and “(E) Is there a  
7 pending regulatory action proceeding against the entity or a control affiliate for any alleged violation  
8 described in (C) through (D)?” In the required event explanations for these disclosure questions,  
9 CMR stated Disclosure Question (C)(3) involved a surety bond issue in Louisiana and (E) involved  
10 an action by the California DRE (Department of Real Estate) but gave no further information. CMR  
11 did not submit the required supporting documentation regarding the California DRE action.

12 8. Between April 29, 2021 and July 29, 2021, CMR submitted 13 further Form MU1s.  
13 The further Form MU1s did not contain any changes relevant to this action beyond the change of  
14 address in the April 29, 2021 MU1. Graves and/or Anderson signed the 13 further Form MU1s on  
15 behalf of CMR attesting that the answers were true and complete to the best of their knowledge.

16 **Graves Form MU2s**

17 9. The application disclosed Graves as the president and 100% shareholder.  
18 Accordingly, Graves was required to, and did, submit a Form MU2 to the Commissioner on or about  
19 April 27, 2021. The Form MU2 submitted by Graves on or about April 27, 2021 in support of the  
20 CFL license application of CMR was a Form MU2 Graves had submitted to NMLS back on March  
21 18, 2021. Graves signed the Form MU2 attesting that the answers were true and complete to the best  
22 of his knowledge.

23 10. Form MU2 Disclosure Question (K) asked, in relevant part:

24 Has any State or federal regulatory agency or foreign financial  
25 regulatory authority or self-regulatory organization (SRO) ever:

26 (1) found you to have made a false statement or omission or been  
dishonest, unfair or unethical?

27 (2) found you to have been involved in a violation of a financial  
28 services-related business regulation(s) or statute(s)?

...

1 (4) entered an order against you in connection with a financial  
2 services-related activity?

3 (5) revoked your registration or license?

4 (6) denied or suspended your registration or license or application for  
5 licensure, disciplined you, or otherwise by order, prevented you from  
6 associating with a financial services-related business or restricted your  
7 activities?

8 (8) issued a final order against you based on violations of any law or  
9 regulations that prohibit fraudulent, manipulative, or deceptive  
10 conduct?

11 (9) entered an order concerning you in connection with any license or  
12 registration?

13 11. Graves answered “Yes” to questions (K) (1), (2), (4), (5), (6), (8), and (9) in his April  
14 27, 2021 Form MU2. Form MU2 filers are required to give detailed explanations for every  
15 disclosure answered in the affirmative and submit supporting documentation. In event explanations  
16 for these disclosure questions, Graves identified three regulatory actions: a 2007 cease-and-desist  
17 order issued by the Texas Department of Savings and Mortgage Lending for Disclosure Questions  
18 (K)(4), (6) and (9); and a 2010 revocation of his real-estate broker license by the California  
19 Department of Real Estate (DRE), and a 2013 DRE order denying reinstatement of his broker  
20 license, but granting a restricted salesperson license for Disclosure Questions (K)(1), (2), (4), (5),  
21 (6), (8), and (9).

22 12. Graves stated, in regard to the 2007 Texas cease-and-desist order, that he had failed to  
23 return to Texas for a scheduled audit because of a “misunderstanding on [his] part” that his broker’s  
24 license had not been renewed in 2006 for failing to meet the net-worth requirement. He had closed  
25 the office because he was unable to renew the license. Graves uploaded a copy of the 2007 Texas  
26 order and accompanying documents, along with post-issuance correspondence between Graves and  
27 the regulator and payment confirmations from 2019 showing payment of penalties.

28 13. Graves stated, in regard to the 2010 DRE revocation, that in 2008 the DRE completed  
an audit of his business and that he failed to open the letter containing the audit findings and to take  
corrective actions. In April 2010, he received the DRE’s order revoking his real-estate broker license  
“by default.” Graves uploaded a copy of the 2010 decision, but the copy was incomplete, omitting

1 the final page, which contained findings and the order of revocation.

2 14. Graves stated in regard to the 2013 DRE order denying reinstatement, that a year after  
3 his real-estate broker license was revoked, he petitioned the DRE for reinstatement and, in March  
4 2013, the DRE “approved [his] application” with two conditions: (1) he had to pass a state  
5 examination “for the [DRE] to issue a Restricted Salesperson’s License for two years” and (2) after  
6 holding the restricted salesperson license for two years, he would be “eligible to petition for  
7 reinstatement of [his] Broker’s license.” Graves uploaded a copy of the 2013 order.

8 15. Graves did not disclose any subsequent regulatory events in response to Form MU2  
9 Disclosure Question (K).

10 16. In the April 27, 2021 Form MU2, Graves answered “No” to Disclosure question (O).  
11 Form MU2 Disclosure Question (O) asks: “Based upon activities that occurred while you exercised  
12 control over an organization is there a pending regulatory action proceeding against any organization  
13 for any alleged violation described in (K) through (L)?”

14 17. From April 29, 2021 through July 29, 2021, Graves filed 14 further Form MU2s with  
15 no changes or minor clerical changes.

#### 16 **Anderson Form MU2s**

17 18. The application disclosed Anderson as the executive vice-president of CMR and a  
18 control person. Accordingly, Anderson was required to, and did through Graves, submit a Form  
19 MU2 to the Commissioner on or about April 27, 2021. The Anderson Form MU2 submitted on or  
20 about April 27, 2021 in support of the CFL license application of CMR was a Form MU2 Anderson  
21 had submitted to NMLS and attested to back on November 30, 2020. Anderson answered “no” to all  
22 the disclosure questions except Disclosure Question (D) which asks: “Do you have any unsatisfied  
23 judgments or liens against you?” Anderson had signed the Form MU2 attesting that the answers  
24 were true and complete to the best of his knowledge.

25 19. From April 29, 2021 through June 8, 2021, Anderson and/or Graves filed 8 further  
26 Form MU2s for Anderson with no changes or minor clerical changes.

27 20. On or about June 14, 2021, Anderson, through Graves, filed a further Form MU2  
28 wherein he responded “yes” to Disclosure Questions (K) (2) and (N), which ask - (K) (2) “Has any

1 State or federal regulatory agency or foreign financial regulatory authority or self-regulatory  
2 organization (SRO) ever: (2) found you to have been involved in a violation of a financial services-  
3 related business regulation(s) or statute(s)?: and (N) “Is there a pending regulatory action proceeding  
4 against you for any alleged violation described in (K) through (L)?” Anderson stated in the event  
5 explanations that it involved a DRE action, and a hearing was scheduled for September 14 and 15,  
6 2021. Anderson gave no further explanation, nor did he submit any documentation in support of the  
7 affirmative responses as required.

8 21. From June 18 through July 29, 2021, Anderson and/or Graves filed 7 further Form  
9 MU2s for Anderson with no changes or minor clerical changes.

#### 10 IV.

#### 11 **Texas Cease and Desist Order**

12 22. On or about August 1, 2007, the Texas Department of Savings and Mortgage Lending  
13 issued a cease-and-desist order against Graves after it was unable to schedule and conduct an  
14 examination of Graves’s mortgage-broker business. At all times relevant to the order, Graves was a  
15 licensed Texas mortgage broker. The order assessed an administrative penalty of \$2,500.00 for  
16 Graves’s failure to produce records. Graves did not pay the penalty until September 2019.

#### 17 V.

#### 18 **DRE Regulatory Matters**

19 23. On or about October 8, 2008, the DRE issued an accusation against Graves  
20 concerning his real-estate broker license. Graves failed to file a notice of defense. About a year and a  
21 half later, on or about March 10, 2010, the DRE issued a default order. In a decision that became  
22 effective on or about April 21, 2010, the DRE revoked Graves’s real-estate broker license. The DRE  
23 found cause to revoke the license based on violations arising from mortgage loan origination  
24 activity. In particular, the DRE found that Graves had committed several acts of fraud or dishonest  
25 dealing and violations of Division 1.7 of the Financial Code (§ 4970 et seq.), which regulates and  
26 prohibits predatory mortgage-lending practices.

27 24. On or about November 10, 2011, Graves filed with the DRE a petition for  
28 reinstatement of his real-estate broker license. In an order that became effective on or about April 30,

1 2013, the DRE denied his petition, finding that he had failed to demonstrate that he was sufficiently  
2 rehabilitated to warrant reinstatement. The DRE, however, granted the right to the issuance of a  
3 restricted real-estate salesperson license if he met certain conditions. On or about June 5, 2013, the  
4 DRE issued the restricted salesperson license to Graves.

5 25. Records obtained during the Commissioner’s investigation disclose that on or about  
6 June 25, 2015, Graves filed with the DRE a petition for removal of restrictions from his restricted  
7 real-estate salesperson license. In an order that became effective on or about June 19, 2017, the DRE  
8 denied his petition, finding that he had failed to demonstrate that he was sufficiently rehabilitated to  
9 warrant removal of restrictions. In particular, the DRE noted Graves’s lack of candor in failing to  
10 disclose unsatisfied judgments in his petition.

11 26. Records obtained during the Commissioner’s investigation disclose that on or about  
12 August 31, 2020, the DRE filed an accusation against CMR, and Anderson, its designated officer.  
13 Graves was not a named respondent, but at all relevant times was the sole shareholder and president  
14 of CMR, which was a licensed real-estate broker with a mortgage-loan-originator endorsement. In  
15 the accusation, the DRE alleged numerous violations of the Real Estate Law by CMR arising from  
16 mortgage loan origination activity, including mishandling of trust funds and making substantial  
17 misrepresentations to borrowers. The matter remains pending.

## 18 VI.

### 19 DFPI Regulatory Matter

20 27. On or about May 17, 2021, the Commissioner filed a statement of issues to deny the  
21 November 12, 2020 mortgage loan originator license application of Graves. The statement of issues  
22 alleges numerous regulatory actions that have been taken against Graves and/or CMR beginning in  
23 2007 and continuing to the present and that Graves has made material misrepresentations and/or  
24 omissions of material fact concerning these regulatory actions in his mortgage loan originator  
25 application. This matter remains pending.

## 26 VII.

### 27 Material Representations and/or Omissions

28 28. As described in paragraphs 6-8, CMR failed to provide a detailed explanation of the

1 pending DRE action against it or submit all supporting documentation in all its Form MU2 filings.

2 29. As described in paragraphs 9-11, 13, 17, and 23, Graves failed to submit all  
3 supporting documentation in all his Form MU2 filings concerning his 2010 DRE license revocation  
4 in that Graves did not submit the final page, which contained findings and the order of revocation.

5 30. As described in paragraphs 9-11, 14, 17, and 24 above, Graves misrepresented the  
6 circumstances of the 2013 DRE order denying his petition for reinstatement in all his Form MU2  
7 filings. Graves mischaracterized the order as an approval rather than a denial. Graves was granted  
8 the right to the issuance of a restricted real-estate salesperson license if he met certain conditions, but  
9 his petition for reinstatement of his real-estate broker license was denied.

10 31. As described in paragraphs 9-11, 15, 17, and 25 above, Graves failed to disclose the  
11 2017 DRE denial of his petition for removal of restrictions from his restricted real-estate salesperson  
12 license in all his Form MU2 filings.

13 32. As described in paragraphs 9-11, 16, 17, and 26 above, Graves was required, in all his  
14 Form MU2 filings, to respond “yes” to Disclosure Question (O) - “Based upon activities that  
15 occurred while you exercised control over an organization is there a pending regulatory action  
16 proceeding against any organization for any alleged violation described in (K) through (L)?” as the  
17 DRE had initiated disciplinary proceedings against CMR. The August 31, 2020 DRE action was  
18 based on activities that occurred while Graves exercised control over CMR as its sole shareholder  
19 and president.

20 33. As described in paragraphs 9-11, 17, and 27 above, Graves was required, in his Form  
21 MU2 filings after May 17, 2021 to respond “yes” to Disclosure Question (N) - “Is there a pending  
22 regulatory action proceeding against you for any alleged violation described in (K) through (L)?” as  
23 the DFPI had initiated an action to deny Graves MLO license application.

24 34. As described in paragraphs 18-21 above, Anderson failed to properly disclose the  
25 DRE action or submit the required documentation regarding the DRE action.

26 35. **CMR’s** failure to provide a detailed explanation of the pending DRE action against it  
27 or submit all supporting documentation in all its Form MU2s; **Graves** failure to (i) submit complete  
28 documentation on the 2010 DRE license revocation in all his Form MU2s ; (ii) accurately describe



1 the 2013 DRE order denying his petition for reinstatement in all his Form MU2s, (iii) disclose the  
2 2017 DRE denial of his petition for removal of restrictions from his restricted real-estate salesperson  
3 license in all his Form MU2s; and (iv) accurately respond to (a) Regulatory Disclosure Question (N)  
4 in his Form MU2s filed after May 17, 2021, and (b) Regulatory Disclosure Questions (O) in all of  
5 his Form MU2s; and **Anderson’s** failure to properly disclose the DRE action or submit the required  
6 documentation in his Form MU2s, constituted false statement(s) and/or omissions of material fact in  
7 the application of CMR; violations of Financial Code section 22170, subdivision (b) and is also  
8 grounds under Financial Code section 22019, subdivision (a)(1) and (3) to deny the CFL license  
9 application.

10 **VIII.**

11 **Not Qualified to do Business In California**

12 36. As previously described in Paragraph 5 above, CFL license applicants are required to  
13 submit an original certificate of qualification or good standing issued by the California Secretary of  
14 State (CA SOS). Foreign corporations, such as CMR, are required to first register and qualify the  
15 corporation to conduct business in California as a foreign corporation through CA SOS.

16 37. CMR has not submitted a certificate of qualification or good standing issued by the  
17 CA SOS and cannot submit such a certificate as CMR’s status in California has been forfeited for  
18 failure to meet Franchise Tax Board requirements.

19 **IX.**

20 **CFL Denial Statute**

21 38. Financial Code section 22109 provides in pertinent part:

22 (a) Upon reasonable notice and opportunity to be heard, the commissioner  
23 may deny the application for a finance lender, broker, or program administrator  
24 license for any of the following reasons:

25 (1) A false statement of a material fact has been made in the application.

26 (3) The applicant or an officer, director, general partner, person responsible for  
27 the applicant’s lending activities or administering PACE programs for the applicant in  
28 this state, or person owning or controlling, directly or indirectly, 10 percent or more  
of the outstanding interests or equity securities of the applicant has violated any

1 provision of this division or the rules thereunder or any similar regulatory scheme of  
2 the State of California. . . .

3 **X.**

4 **Conclusion**

5 39. The Commissioner finds, by reason of the foregoing, that:

6 (a) On or about August 1, 2007, the Texas Department of Savings and Mortgage Lending  
7 issued a cease-and-desist order against Graves after it was unable to schedule and conduct an  
8 examination of Graves’s mortgage-broker business. The order assessed an administrative penalty of  
9 \$2,500.00 for Graves’s failure to produce records, which Graves did not pay the penalty until  
10 September 2019;

11 (b) On or about April 21, 2010, Graves’s real-estate broker license was revoked by the  
12 DRE based on violations arising from mortgage loan origination activity involving several acts of  
13 fraud or dishonest dealing and violations of Division 1.7 of the Financial Code (§ 4970 et seq.),  
14 which regulates and prohibits predatory mortgage-lending practices;

15 (c) On or about April 30, 2013, the DRE denied Grave’s November 10, 2011 petition for  
16 reinstatement finding that he had failed to demonstrate that he was sufficiently rehabilitated to  
17 warrant reinstatement; instead granting the right to the issuance of a restricted real-estate salesperson  
18 license if certain conditions were met;

19 (d) On or about June 19, 2017, the DRE denied Grave’s June 25, 2015 petition for  
20 removal of restrictions from his restricted real-estate salesperson license finding that he had failed to  
21 demonstrate that he was sufficiently rehabilitated to warrant removal of restrictions noting  
22 specifically Graves’s lack of candor in failing to disclose unsatisfied judgments;

23 (e) CMR and Anderson are the subject of a pending DRE disciplinary proceeding. The  
24 proceeding involves allegations of mishandling of trust funds and making substantial  
25 misrepresentations to borrowers. The alleged violations occurred during mortgage loan origination  
26 activity, the same activity for which CMR now seeks a license from the Commissioner;

27 (f) Graves is the subject of a pending DFPI action to deny his MLO license application.  
28 The proceeding alleges numerous regulatory actions have been taken against Graves and/or CMR

1 beginning in 2007 and continuing to the present and that Graves has made material  
2 misrepresentations and/or omissions of material fact concerning these regulatory actions in his  
3 mortgage loan originator application;

4 (g) CMR, Graves and Anderson have made material misrepresentations and/or omitted  
5 material information from the CFL license application of CMR as described above; and

6 (h) CMR’s status in California has been forfeited for failure to meet Franchise Tax Board  
7 requirements.

8 **XI.**

9 **Prayer**

10 WHEREFORE IT IS PRAYED that the finance lender and/or broker license application filed  
11 by Changemyrate.com, A Mortgage Corporation on April 27, 2021 be denied.

12 Dated: August 13, 2021  
13 Los Angeles, CA

CHRISTOPHER S. SHULTZ  
Acting Commissioner of Financial Protection and Innovation

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By \_\_\_\_\_  
Judy L. Hartley  
Senior Counsel  
Enforcement Division