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

11 In the Matter of:)	
)	
12 THE COMMISSIONER OF FINANCIAL)	CFL LICENSE No.: 60DB0-140686
13 PROTECTION AND INNOVATION,)	
)	
14 Complainant,)	ORDER DENYING FINANCE LENDER
)	AND/OR BROKER LICENSE APPLICATION
15 v.)	
)	
16 CHANGEMYRATE.COM, A MORTGAGE)	
17 CORPORATION,)	
)	
18 Respondent.)	

19
20 The Acting Commissioner of Financial Protection and Innovation (Commissioner) finds that:

21 **I.**

22 **Introduction**

23 1. Changemyrate.com, A Mortgage Corporation (CMR) is a Nevada corporation
24 incorporated on or about March 20, 2006. Jackie A. Graves (Graves) is the president, 100%
25 shareholder and person in charge of CMR. Lowell W. Anderson (Anderson) is the executive vice-
26 president of CMR.

27 2. On April 27, 2021, CMR submitted an application for a finance lender and/or broker
28 license with the Commissioner pursuant to the CFL, in particular, Financial Code section 22101 and

ORDER DENYING FINANCE LENDER AND/OR BROKER LICENSE APPLICATION

1 California Code of Regulations, title 10, section 1422.4 (application). The application was
2 submitted to the Commissioner by filing Form MU1 through the Nationwide Mortgage Licensing
3 System (NMLS). The address provided for CMR was 4320 Atlantic Avenue, #216, Long Beach,
4 California 90807, but was changed on April 29, 2021 to 301 North Main Street, Downtown, Suite
5 2200, Baton Rouge, Louisiana 70825. Graves signed the initial Form MU1 on behalf of CMR
6 attesting that the answers were true and complete to the best of his knowledge. Between April 29,
7 2021 and July 29, 2021, CMR submitted 13 amended Form MU1s to upload required documentation
8 and/or make revisions. Graves and/or Anderson signed the 13 further Form MU1s on behalf of
9 CMR attesting that the answers were true and complete to the best of their knowledge.

10 II.

11 Findings Regarding the CFL Application

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

20 CMR MU1s

21 4. In its April 27, 2021 Form MU1, CMR responded “yes” to Regulatory Disclosure
22 Questions (C)(3) and (E), which ask: “(C) In the past 10 years, has any State or federal regulatory
23 agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever: (3)
24 found the entity or a control affiliate to have been a cause of a financial services-related business
25 having its authorization to do business denied, suspended, revoked or restricted?” and “(E) Is there a
26 pending regulatory action proceeding against the entity or a control affiliate for any alleged violation
27 described in (C) through (D)?” In the required event explanations for these disclosure questions,
28 CMR stated Disclosure Question (C)(3) involved a surety bond issue in Louisiana and (E) involved

1 an action by the California DRE (Department of Real Estate) but gave no further information. CMR
2 did not submit the required supporting documentation regarding the California DRE action.

3 5. Between April 29, 2021 and July 29, 2021, CMR submitted 13 further Form MU1s.
4 The further Form MU1s did not contain any changes relevant to this action beyond the change of
5 address in the April 29, 2021 MU1

6 Graves Form MU2s

7 6. The application disclosed Graves as the president and 100% shareholder.
8 Accordingly, Graves was required to, and did, submit an MU2 form to the Commissioner on April
9 27, 2021. The Form MU2 submitted by Graves on April 27, 2021 in support of the CFL license
10 application of CMR was a Form MU2 Graves had submitted to NMLS back on March 18, 2021.
11 Graves signed the Form MU2 attesting that the answers were true and complete to the best of his
12 knowledge.

13 7. Form MU2 Disclosure Question (K) asked, in relevant part:

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

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

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

20 . . .

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

23 (5) revoked your registration or license?

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

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

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

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

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

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

21 11. Graves stated in regard to the 2013 DRE order denying reinstatement, that a year after
22 his real-estate broker license was revoked, he petitioned the DRE for reinstatement and, in March
23 2013, the DRE “approved [his] application” with two conditions: (1) he had to pass a state
24 examination “for the [DRE] to issue a Restricted Salesperson’s License for two years” and (2) after
25 holding the restricted salesperson license for two years, he would be “eligible to petition for
26 reinstatement of [his] Broker’s license.” Graves uploaded a copy of the 2013 order.

27 12. Graves did not disclose any subsequent regulatory events in response to Form MU2
28 Disclosure Question (K).

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

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

7 Anderson Form MU2s

8 15. The application disclosed Anderson as the executive vice-president of CMR and a
9 control person. Accordingly, Anderson was required to, and did through Graves, submit a Form
10 MU2 to the Commissioner on April 27, 2021. The Anderson Form MU2 submitted on April 27,
11 2021 in support of the CFL license application of CMR was a Form MU2 Anderson had submitted
12 to NMLS and attested to back on November 30, 2020. Anderson answered “no” to all the disclosure
13 questions except Disclosure Question (D) which asks: “Do you have any unsatisfied judgments or
14 liens against you?” Anderson had signed the Form MU2 attesting that the answers were true and
15 complete to the best of his knowledge.

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

18 17. On June 14, 2021, Anderson, through Graves, filed a further Form MU2 wherein he
19 responded “yes” to Disclosure Questions (K) (2) and (N), which ask - (K) (2) “Has any State or
20 federal regulatory agency or foreign financial regulatory authority or self-regulatory organization
21 (SRO) ever: (2) found you to have been involved in a violation of a financial services-related
22 business regulation(s) or statute(s)?: and (N) “Is there a pending regulatory action proceeding
23 against you for any alleged violation described in (K) through (L)?” Anderson stated in the event
24 explanations that it involved a DRE action, and a hearing was scheduled for September 14 and 15,
25 2021. Anderson gave no further explanation, nor did he submit any documentation in support of the
26 affirmative responses as required.

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

1 Regulatory Actions

2 19. On August 1, 2007, the Texas Department of Savings and Mortgage Lending issued a
3 cease-and-desist order against Graves after it was unable to schedule and conduct an examination of
4 Graves's mortgage-broker business. At all times relevant to the order, Graves was a licensed Texas
5 mortgage broker. The order assessed an administrative penalty of \$2,500.00 for Graves's failure to
6 produce records. Graves did not pay the penalty until September 2019.

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

14 21. On November 10, 2011, Graves filed with the DRE a petition for reinstatement of his
15 real-estate broker license. In an order that became effective on April 30, 2013, the DRE denied his
16 petition, finding that he had failed to demonstrate that he was sufficiently rehabilitated to warrant
17 reinstatement. The DRE, however, granted the right to the issuance of a restricted real-estate
18 salesperson license if he met certain conditions. On June 5, 2013, the DRE issued the restricted
19 salesperson license to Graves.

20 22. On June 25, 2015, Graves filed with the DRE a petition for removal of restrictions
21 from his restricted real-estate salesperson license. In an order that became effective on June 19,
22 2017, the DRE denied his petition, finding that he had failed to demonstrate that he was sufficiently
23 rehabilitated to warrant removal of restrictions. In particular, the DRE noted Graves's lack of candor
24 in failing to disclose unsatisfied judgments in his petition.

25 23. On August 31, 2020, the DRE filed an accusation against CMR, and Anderson, its
26 designated officer. Graves was not a named respondent, but at all relevant times was the sole
27 shareholder and president of CMR, which was a licensed real-estate broker with a mortgage-loan-
28 originator endorsement. In the accusation, the DRE alleged numerous violations of the Real Estate

1 Law by CMR arising from mortgage loan origination activity, including mishandling of trust funds
2 and making substantial misrepresentations to borrowers. The matter remains pending.

3 24. On May 17, 2021, the Commissioner filed a statement of issues to deny the
4 November 12, 2020 mortgage loan originator license application of Graves. The statement of issues
5 alleges numerous regulatory actions that have been taken against Graves and/or CMR beginning in
6 2007 and continuing to the present and that Graves has made material misrepresentations and/or
7 omissions of material fact concerning these regulatory actions in his mortgage loan originator
8 application. This matter remains pending.

9 Material Representations and/or Omissions

10 25. Commencing on April 27, 2021 and continuing through July 29, 2021, CMR failed to
11 provide a detailed explanation of the pending DRE action against it or submit all supporting
12 documentation in its Form MU2 filings.

13 26. Commencing on April 27, 2021 and continuing through July 29, 2021, Graves failed
14 to submit all supporting documentation in his Form MU2 filings concerning his 2010 DRE license
15 revocation in that Graves did not submit the final page, which contained findings and the order of
16 revocation.

17 27. Commencing on April 27, 2021 and continuing through July 29, 2021, Graves
18 misrepresented the circumstances of the 2013 DRE order denying his petition for reinstatement in
19 his Form MU2 filings by mischaracterizing the order as an approval rather than a denial. Graves was
20 granted the right to the issuance of a restricted real-estate salesperson license if he met certain
21 conditions, but his petition for reinstatement of his real-estate broker license was denied.

22 28. Commencing on April 27, 2021 and continuing through July 29, 2021, Graves failed
23 to disclose the 2017 DRE denial of his petition for removal of restrictions from his restricted real-
24 estate salesperson license in his Form MU2 filings.

25 29. Commencing on April 27, 2021 and continuing through July 29, 2021, Graves made a
26 false representation in his Form MU2s as he was required to respond “yes” to Disclosure Question
27 (O) - “Based upon activities that occurred while you exercised control over an organization is there a
28 pending regulatory action proceeding against any organization for any alleged violation described in

1 (K) through (L)?” as the DRE had initiated disciplinary proceedings against CMR. The August 31,
2 2020 DRE action was based on activities that occurred while Graves exercised control over CMR as
3 its sole shareholder and president.

4 30. Commencing on May 17, 2021 and continuing through July 29, 2021, Graves made a
5 false representation in his Form MU2s as he was required to respond “yes” to Disclosure Question
6 (N) - “Is there a pending regulatory action proceeding against you for any alleged violation
7 described in (K) through (L)?” as the DFPI had initiated an action to deny Graves MLO license
8 application.

9 31. Commencing on April 27, 2021 through July 29, 2021, Anderson failed to properly
10 disclose the DRE action or submit the required documentation regarding the DRE action.

11 Not Qualified to do Business in California

12 32. CMR has not submitted a certificate of qualification or good standing issued by the
13 California Secretary of State and cannot submit such a certificate as CMR’s status in California has
14 been forfeited for failure to meet Franchise Tax Board requirements.

15 33. Grounds exist under Financial Code section 22019, subdivision (a)(1) and (3) to deny
16 the CFL license application of CMR as **CMR** failed to provide a detailed explanation of the pending
17 DRE action against it or submit all supporting documentation in its Form MU2s; **Graves** failed to (i)
18 submit complete documentation on the 2010 DRE license revocation in his Form MU2s; (ii)
19 accurately describe the 2013 DRE order denying his petition for reinstatement in his Form MU2s,
20 (iii) disclose the 2017 DRE denial of his petition for removal of restrictions from his restricted real-
21 estate salesperson license in all his Form MU2s; and (iv) accurately respond to (a) Regulatory
22 Disclosure Question (N) in his Form MU2s filed after May 17, 2021, and (b) Regulatory Disclosure
23 Questions (O) in his Form MU2s; and **Anderson’s** failure to properly disclose the DRE action or
24 submit the required documentation in his Form MU2s, which constitute false statement(s) and/or
25 omissions of material fact in the application of CMR in violation of Financial Code section 22170,
26 subdivision (b).

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III.

Administrative Action

34. On August 13, 2021, the Commissioner issued a Notice of Intention to Issue Order Denying Finance Lender and/or Broker License Application, Statement of Issues, and accompanying documents against CMR based upon the above (Denial Action).

35. On September 9, 2021, the Commissioner served CMR with the Denial Action via certified, return receipt mail at the address CMR provided as required in the license application. The Commissioner has received no request for a hearing from CMR and the time to request a hearing has expired.

IV.

Revocation Order

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the April 27, 2021 finance lender and/or broker license application of Changemyrate.com, A Mortgage Corporation is denied effective as of the date hereof.

Dated: October 6, 2021
Los Angeles, CA

CHRISTOPHER S. SHULTZ
Acting Commissioner of Financial Protection and Innovation



By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division