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

13 In the Matter of: ) NMLS ID: 1584944  
14 )  
15 THE COMMISSIONER OF FINANCIAL ) AMENDED STATEMENT OF ISSUES IN  
PROTECTION AND INNOVATION, ) SUPPORT OF NOTICE OF INTENTION TO  
16 ) ISSUE ORDER DENYING MORTGAGE LOAN  
Complainant, ) ORIGINATOR APPLICATION  
17 )  
18 v. ) (Financial Code sections 22109.1, 22172, 50141,  
50513)  
19 JONATHAN BENNETT, )  
20 )  
Respondent. )  
21 )

22 Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation  
23 (Commissioner), is informed and believes and based upon such information and belief, alleges and  
24 charges as follows:

25 I.

26 **Introduction**

27 1. The Commissioner licenses and regulates mortgage loan originators, finance lenders,  
28 and brokers under California Financing Law (Fin. Code, § 22000 et seq.) (CFL). The Commissioner

1 also licenses and regulates mortgage loan originators, residential mortgage lenders, and residential  
2 mortgage loan servicers under the California Residential Mortgage Lending Act (Fin. Code, § 50000  
3 et seq.) (CRMLA).

4 2. To become licensed by the Commissioner as a mortgage loan originator (MLO), an  
5 individual must submit a uniform application form (known as the MU2 or MU4 Form) through the  
6 Nationwide Multistate Licensing System & Registry (NMLS)<sup>1</sup>. The NMLS contains a detailed set of  
7 instruction for filing license applications, including a checklist of items to be completed by the  
8 applicant, who is fully responsible for all the requirements of the license.

9 3. Jonathan Bennett (Bennett) of Beverly Hills, California applied on March 11, 2019, to  
10 obtain an MLO license from the Commissioner (MLO Application).

11 4. The Commissioner shall deny an application for a MLO license unless the  
12 Commissioner makes, at a minimum, the following findings: that the applicant demonstrates such  
13 financial responsibility, character, and general fitness as to command the confidence of the community  
14 and to warrant a determination that he will operate honestly, fairly, and efficiently within the purposes  
15 of the MLO licensing laws. The Commissioner was not able to find that Bennett has responsibility,  
16 character, and general fitness as to command the confidence of the community and to warrant a  
17 determination that Bennett will operate honestly, fairly, and efficiently within the purposes of the  
18 MLO licensing laws, as required under Financial Code sections 22109.1 and 50141, and California  
19 Code of Regulations, title 10, section 1422.6.2.

20 5. In addition, the Commissioner may deny the issuance of an MLO license pursuant to  
21 Financial Code sections 22172 and 50513 if the applicant withholds information or makes a material  
22 misstatement in his or her MLO Application. The Commissioner seeks to deny Bennett's MLO  
23 application on these grounds as well.

24 6. A civil default judgment was entered against Bennett in Los Angeles County Superior  
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26  
27 <sup>1</sup> NMLS stands for Nationwide Multistate Licensing System & Registry and is the system of record for non-  
28 depository, financial services licensing or registration in participating agencies. including the District of  
Columbia and U.S. Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions,  
NMLS is the official system for companies and individuals seeking to apply for, amend, renew and  
surrender licenses authorities managed through NMLS.

1 Court on June 20, 2012 for, among other things, fraud, breach of oral contract, breach of fiduciary  
2 duty, and violation of unfair competition laws. The complaint in this case alleges Bennett made false  
3 representations in order to obtain Plaintiff's investment and attempted to unilaterally close a joint bank  
4 account containing Plaintiff's funds. The complaint also alleges Bennett breached his fiduciary duty  
5 by, among other things, embezzling and diverting payments for personal use, failing to account for  
6 payments received, closing a bank account after withdrawing funds, preventing shareholders from  
7 having access to corporate documents, information, and records, and falsifying Plaintiff's signature.  
8 The judge in this case granted the Plaintiff monetary relief of \$451,920 against Bennett (aka Jonathan  
9 Azarakhshi) and his co-defendant Sam Meyers (aka Kourosch Azarakhshi).

10 7. Bennett has previously held other licenses with the State of California which were  
11 revoked due to his misconduct. Bennett is or was the owner of Pacific Equity Business Corporation  
12 (Pacific Equity), previously licensed by the Commissioner pursuant to the CFL. This CFL license was  
13 revoked in 2021. Pacific Equity was previously licensed by the Department of Real Estate (DRE).  
14 This DRE license was revoked in 2015. Additionally, Bennett is or was the owner of Pacific Equity  
15 Food and Beverage Inc. (Pacific Equity Inc.). The Department of Financial Protection and Innovation  
16 (Department) issued a Desist and Refrain Order in 2019 against this entity for violations of the  
17 California Franchise Investment Law (FIL).

18 8. The Commissioner determines that Bennett made a material misstatement in his  
19 application by stating no regulatory agency or self-regulatory organization has ever issued a regulatory  
20 action against any organization based on activities that occurred while he exercised control. In fact,  
21 companies Bennett previously or currently owns and operates have been the subject of three previous  
22 regulatory actions. Bennett has still not corrected this misstatement.

## 23 II.

### 24 Civil Judgment

25 9. On or about August 26, 2011, a complaint was filed in Los Angeles County Superior  
26 Court naming Bennett as a Defendant. The complaint alleges eight causes of action against Bennett,  
27 including fraud, breach of oral contract, conversion, involuntary dissolution of corporation, breach of  
28 fiduciary duty, and unfair competition in violation of Business & Professions Code section 17200 et

1 seq. On or about April 2, 2012, a default was entered against Bennett in Los Angeles County Superior  
2 Court. Bennett did not appear for the hearing on the Plaintiff's application for default judgement. The  
3 records in the action show Bennett was properly served with the Summons and Complaint and  
4 Request for Default. On or about June 20, 2012, the court entered the default judgment against Bennett  
5 and his co-defendant and granted the Plaintiff relief in the amount of \$451,920.

### 6 III.

#### 7 Previous Regulatory History

8 10. On March 14, 2019, the Department issued a Desist and Refrain Order against Pacific  
9 Equity Inc., doing business as Attibassi. Bennett is or was the president of Pacific Equity Inc. The  
10 Commissioner found that in 2015, Pacific Equity Inc., doing business as Attibassi, offered franchises  
11 in California that were subject to registration under the FIL, without the offers being registered or  
12 exempt, in violation of Corporations Code section 31110. In 2015 and 2016 and in connection with the  
13 offers and sales of the franchises, Pacific Equity made untrue statements of material facts or omitted to  
14 state a material fact, in violation of Corporations Code section 31201. The material misrepresentations  
15 and omission included but were not limited to: overstating the profitability of the franchise;  
16 understating initial investment costs and expenses relating to consumables and equipment pricing; and  
17 exaggerating the success of the Attibassi franchise business model in California. Pacific Equity also  
18 promised a prospective franchisee a commercial loan to purchase a franchise in California, and after  
19 selling the franchise, Pacific Equity Inc. refused to provide the loan to the franchisee.

20 11. Bennett is listed as the sole owner, officer, and director of Pacific Equity. On  
21 September 25, 2015, the DRE revoked Pacific Equity's real estate corporate license (DRE Action).  
22 The DRE Action includes findings of fact and conclusions of law that caused the DRE to revoke  
23 Pacific Equity's DRE issued license. The decision was based on the finding that Pacific Equity failed  
24 to comply with statutory requirements to maintain a trust account and failed to return an earnest  
25 money deposit. The DRE found a customer entrusted his money to Pacific Equity, for Pacific Equity  
26 to keep in a safe escrow account, and instead, Pacific Equity's broker took the money and spent it. The  
27 DRE found the customer requested his money returned multiple times but was ignored by Bennett, and  
28 the customer had to sue and obtain a judgment against the company before Bennett finally returned the

1 money. As a result, the DRE cited protection of the public when it revoked Pacific Equity’s license.

2 12. Pacific Equity is a finance lender previously licensed by the Commissioner pursuant to  
3 the CFL, with CFL License No. 603-L032. On January 22, 2018, Pacific Equity filed an amendment  
4 to its existing license with the Commissioner and did not disclose the above-mentioned DRE Action  
5 on its amendment application as required. On March 24, 2019, the Department filed an Accusation to  
6 revoke Pacific Equity’s CFL license. The revocation was based on Bennett’s failure to disclose the  
7 DRE Action. Bennett filed the requisite forms with respect to his company’s CFL license, and he  
8 attested to their accuracy. However, the forms were inaccurate because they did not include  
9 information regarding the DRE license revocation. The revocation was also based on the Department’s  
10 own findings of dishonesty and misuse of client funds found in the DRE Action.

11 13. Pacific Equity filed a request to set a hearing in the CFL license revocation action but  
12 failed to appear at the hearing. The Administrative Law Judge issued a proposed ruling to revoke  
13 Pacific Equity’s CFL license, and the Commissioner adopted the Administrative Law Judge’s ruling.  
14 Pacific Equity later filed a petition for writ of mandate, requesting that the Superior Court compel the  
15 Commissioner to reconsider the decision to revoke Pacific Equity’s finance lender’s license. The court  
16 denied Pacific Equity’s petition.

17 **IV.**

18 **Application for MLO Licensure**

19 14. On March 11, 2019, Bennett filed his MLO Application with the Commissioner  
20 (NMLS file number 1584944) by submitting a Form MU4 through the Nationwide Multistate  
21 Licensing System and Registry (NMLS) pursuant to Financial Code sections 22109.6 and 50140.  
22 Subsequent amendments to the Form MU4 have been filed through NMLS, and has Bennett attested to  
23 the truthfulness of his full application in connection with these amendments.

24 15. In the original Form MU4 filed in March 2019 and the subsequent updates, Bennett  
25 answered “No” to Form MU4 Regulatory Action Disclosure Question (M). This question asks:

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27 ///

28 (M) Based upon activities that occurred while you exercised control over an  
organization, has any State or federal regulatory agency or foreign financial regulatory

1 authority or self-regulatory organization (SRO) ever taken any of the actions listed in  
2 (K) through (L) above against any organization?

3 16. Regulatory Action Disclosure Questions K(1) – K(9) ask, in relevant part:

4 (K) Has any State or federal regulatory agency or foreign financial regulatory authority  
5 or self-regulatory organization (SRO) ever:

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

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

10 (3) found you to have been a cause of a financial services-related business having its  
11 authorization to do business denied, suspended, revoked or restricted?

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

13 (5) revoked your registration or license?

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

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

17 17. To date, Bennet has not updated Form MU4 to disclose or upload additional  
18 documentation relating to the regulatory actions taken against Pacific Equity and Pacific Equity Inc.  
19 based on activities that occurred while he exercised control.

20 **V.**

21 **Grounds to Deny Bennett’s MLO License Application**

22 18. The CFL and CRMLA require the Commissioner to deny a mortgage loan originator  
23 license unless the Commissioner finds that the applicant has demonstrated such financial  
24 responsibility, character, and general fitness as to command the confidence of the community and to  
25 warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently  
26 within the purposes of the applicable law. (Fin. Code, §§ 22109.1, subd. (a)(3), 50141, subd. (a)(3).)

27 19. The Commissioner's finding required by section 22109.1, subdivision (c) of the  
28 California Financing Law relates to any matter, personal or professional, that may impact upon an  
applicant's propensity to operate honestly, fairly, and efficiently when engaging in the role of a



1 decline to issue an MLO license to Bennett. Such it is in the public interest, for the protection of the  
2 public, and consistent with the purposes of the CFL and CRMLA.

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Dated: February 24, 2022      CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By \_\_\_\_\_  
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