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

12 In the Matter of:) CFL PROPOSED LICENSE NO.: 60DB0-
13) 164771
14 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) ACCUSATION IN SUPPORT OF ORDER
15) BARRING JAMES RUDOLPH
Complainant,) CASTELLANOS FROM ANY POSITION OF
16 v.) EMPLOYMENT, MANAGEMENT OR
17 JAMES RUDOLPH CASTELLANOS,) CONTROL OF ANY FINANCE LENDER OR
18) BROKER PURSUANT TO FINANCIAL
Respondent.) CODE SECTION 22169
19)
20)

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22 The Commissioner of Financial Protection and Innovation (Commissioner) alleges and
23 charges as follows:

24 **I.**

25 **Introduction**

26 1. The Commissioner seeks to bar James Rudolph Castellanos, also known as Jim
27 Rudolph Castellanos, and/or J.C. (Castellanos), from any position of employment, management or
28 control of any finance lender or broker pursuant to section 22169 of the California Financing Law

1 (CFL) (Fin. Code, § 22000 et. seq.) on the grounds that: Castellanos has been the subject of an
2 administrative judgment by a public agency reasonably related to the qualifications, functions or
3 duties of a person engaged in the business of finance lending, and has committed or caused a
4 violation of this division or rule or order of the commissioner by failing to disclose his prior
5 disciplinary actions.

6 2. Castellanos was the managing member and sole owner of CascoFi Fund I, LLC,
7 which applied for a CFL license.

8 3. On March 16, 2022, Castellanos filed an incomplete application for a finance lending
9 license with the Commissioner (Application) for a different company pursuant to section 22101 of the
10 CFL. Castellanos submitted its Application to the Commissioner by filing a “Form MU1” disclosure
11 form through the Nationwide Mortgage Licensing System & Registry (NMLS).¹

12 **II.**

13 **Offense Reasonably Related to the Qualifications, Functions, or Duties of a Person Engaged in**
14 **the Business of Finance Lending or Brokering**

15 4. Financial Code section 22169, subdivision (a)(2) provides, in pertinent part:

16 (a) The commissioner may, after appropriate notice and opportunity for hearing,
17 by order, . . . bar a person, . . . from any position of employment with, or
18 management or control of, any finance lender, broker, program administrator, or
19 any other person, if the commissioner finds either of the following:

20 [¶] . . . [¶]

21 (2) That the person has been convicted of or pleaded nolo contendere to any
22 crime, or has been held liable in any civil action by final judgment, or any
23 administrative judgment by any public agency, if that crime or civil or
24 administrative judgment involved any offense involving dishonesty, fraud, or
25 deceit, or any other offense reasonably related to the qualifications, functions, or
26 duties of a person engaged in the business in accordance with the provisions of
27 this division.

28 ¹ NMLS is the system of record for non-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.

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- 5. Financial Code section 22705.1, provides:
 - (a) For any licensee, a disciplinary action taken by the State of California, another state, an agency of the federal government, or another country for an action substantially related to the activity regulated under this division may be grounds for disciplinary action by the commissioner. A certified copy of the record of the disciplinary action taken against the licensee by the State of California, other state, agency of the federal government, or other country shall be conclusive evidence of the events related therein.
 - (b) Nothing in this section shall preclude the commissioner from applying a specific statutory provision in this division providing for discipline against a licensee as a result of disciplinary action taken against a licensee by the State of California, another state, an agency of the federal government, or another country.

On January 15, 1992, the California Department of Real Estate (DRE) issued an Accusation against Castellanos, alleging several violations of real estate laws and regulations. After a hearing on the merits and underlying facts of the DRE Accusation against Castellanos, the Real Estate Commissioner found that Castellanos violated laws and regulations relating to salesperson employment and termination, review of instruments, control records, separate beneficiary records, and trust account reconciliation, and failed to exercise reasonable supervision and control of activities of his real estate corporation. The DRE revoked Castellanos' broker license pursuant to an order signed on April 20, 1993, effective May 24, 1993 (though Castellanos remained eligible for and eventually obtained a restricted DRE broker license).

6. On August 1, 2018, the DRE filed another action against Castellanos's DRE broker license. This action alleged violations, including but not limited to: attempting to procure license through fraud, failure to file a background statement for a broker, failure to file an annual report, failure to exercise control over a broker, and failure to exercise control over a company of which he was an officer. The DRE revoked Castellanos' broker license pursuant to an order signed on April 3, 2019, and adopted by the DRE on April 25, 2019 (though he again remained eligible for a restricted DRE broker license).

7. Based on the DRE orders, which the Commissioner deems conclusive evidence of the events related therein under Financial Code section 22705.1, the Commissioner finds that Castellanos

1 committed offenses reasonably related to the qualifications, functions, or duties of a person engaged
2 in the business of finance lending or brokering under the CFL.

3 **III.**

4 **Knowing Violation of Rule of the Commissioner**

5 8. Financial Code section 22161, subdivisions (a)(3) and (a)(7) provide, in pertinent
6 part:

7 (a) A person subject to this division shall not do any of the following:

8 . . .

9 (3) Advertise, print, display, publish, distribute, or broadcast, or cause or permit
10 to be advertised, printed, displayed, published, distributed, or broadcast in
11 any manner, any statement or representation with regard to the business
12 subject to the provisions of this division, including the rates, terms, or
13 conditions for making or negotiating loans, or for making or negotiating
14 assessment contracts, that is false, misleading, or deceptive, or that omits
15 material information that is necessary to make the statements not false,
16 misleading, or deceptive, or in the case of a licensee, that refers to the
17 supervision of the business by the state or any department or official of the
18 state.

16 . . .

17 (7) Commit an act that constitutes fraud or dishonest dealings.

18
19 9. Financial Code section 22169, subdivision (a)(1) provides, in pertinent part:

20 (a) The commissioner may, after appropriate notice and opportunity for hearing,
21 by order, . . . bar a person, . . . from any position of employment with, or
22 management or control of, any finance lender, broker, program administrator, or
23 any other person, if the commissioner finds either of the following:

24 (1) That the censure, suspension, or bar is in the public interest and that the
25 person has committed or caused a violation of this division or rule or order of
26 the commissioner, which violation was either known or should have been
27 known by the person committing or causing it or has caused material damage to
28 the finance lender, broker, program administrator, or mortgage loan originator,
or to the public.

1 10. On December 4, 2017, Castellanos entered into a settlement agreement with the
2 Department of Business Oversight (the “Department,” now the Department of Financial Protection
3 and Innovation) regarding CascoFi Fund I, LLC. In paragraph 9 of the settlement agreement,
4 Castellanos agreed to: “a summary bar from any position of employment, management or control of
5 any finance lender and/or broker if the Commissioner finds, after a hearing to be held before an
6 administrative law judge in accordance with the Administrative Procedure Act, Government Code
7 section 11500 et seq., that Castellanos... (ii) submits to the Department, in the future, any paperwork
8 with material misrepresentations and/or omissions.”

9 11. On March 16, 2022, Castellanos submitted an Application for a finance lender and/or
10 broker license with the Commissioner pursuant to the CFL. Castellanos answered “no” in response
11 to Regulatory Disclosure Questions (K)(4) and (9), which ask: “Has any State or federal regulatory
12 agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:

13 [¶] . . . [¶]

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

15 [¶] . . . [¶]

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

17 Castellanos signed the Form MU2 attesting that the answers were true and complete to the best of
18 his knowledge.

19 12. However, because the DRE issued orders in 1993 and 2019 related to Castellanos’
20 broker license, Castellanos was required to respond “yes” to Regulatory Disclosure Questions (K)(4)
21 and (9) in his MU2.

22 13. The Commissioner finds that Castellanos submitted paperwork with material
23 misrepresentations and/or omissions to the Department, thus distributing a statement or
24 representation that is false, misleading, and deceptive, and committing an act constituting fraud and
25 dishonest dealings, violating Financial Code section 22161, a rule of the Commissioner.

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IV.

Conclusion

The foregoing findings constitute grounds under Financial Code section 22169 for the Commissioner to bar James Rudolph Castellanos, also known as Jim Rudolph Castellanos, and/or J.C., from any position of employment, management or control of any finance lender or broker.

Dated: September 8, 2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By _____
Steven Vong
Counsel
Enforcement Division