

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 DANIEL P. O'DONNELL
Assistant Chief Counsel
4 STEVEN E. VONG (State Bar No. 311926)
Counsel
5 Department of Financial Protection and Innovation
2101 Arena Blvd
6 Sacramento, California 95834
Telephone: (916) 210-9007
7 Facsimile: (916) 928-7929
8 Attorneys for Complainant

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

12 In the Matter of:) NMLS ID: 937400
13 THE COMMISSIONER OF FINANCIAL) STATEMENT OF ISSUES IN SUPPORT OF
14 PROTECTION AND INNOVATION,) NOTICE OF INTENTION TO ISSUE ORDER
15 Complainant,) DENYING MORTGAGE LOAN
16 v.) ORIGINATOR APPLICATION (Financial
17 JOHN KENNETH LAWRENCE GLOVER,) Code sections 22109.1, 22172, and 50141)
18 Respondent.)
19)

20 This Commissioner of Financial Protection and Innovation (Commissioner) is informed and
21 believes, and based upon such information and belief, alleges and charges Respondent John Kenneth
22 Lawrence Glover (Glover) as follows:

23 I.

24 **Jurisdiction and Venue**

25 1. The Commissioner has jurisdiction over the licensing and regulation of persons
26 engaged in the business of making or servicing residential mortgage loans, including mortgage loan
27 originators, under the California Financing Law (CFL) (Fin. Code section 22000 et seq.) and the
28 California Residential Mortgage Loan Act (CRMLA) (§ 50000 et seq.). The Commissioner is

1 authorized to administer the CFL, CRMLA, and the rules and regulations promulgated in title 10 of
2 the California Code of Regulations (CCR) that regulate the business and activities of CFL and
3 CRMLA-licensed lenders and servicers.

4 2. Under the provisions of Financial Code sections 22109.1, subdivision (a)(3) and
5 50141, subdivision (a)(3), the Commissioner brings this action to deny the mortgage loan originator
6 (MLO) license application submitted by Glover because Glover has not demonstrated such financial
7 responsibility, character, and general fitness as to command the confidence of the community and to
8 warrant a determination that he will operate honestly, fairly, and efficiently as an MLO.

9 **II.**

10 **Statement of Facts**

11 3. To become licensed by the Commissioner as an MLO, an individual must submit a
12 uniform application form (Form MU4) through the Nationwide Mortgage Licensing System and
13 Registry (NMLS)¹.

14 4. On May 14, 2021, Glover filed an application for a California MLO license by filing
15 a Form MU4 through NMLS. In submitting his application, Glover attested under the penalty of
16 perjury that the answers were true and complete to the best of his knowledge.

17 5. Form MU4 question (D) asks: “Do you have any unsatisfied judgments or liens
18 against you?” Glover answered “no.”

19 a. A Westlaw search performed on Glover disclosed an unsatisfied judgment
20 with creditor Golfside Village Condominium in the amount of \$1,619.00 from May 13, 2011,
21 as well as an unsatisfied judgment with creditor Praise Credit Financial LLC in the amount of
22 \$10,610.00 from April 21, 2017.

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26 ¹ NMLS is a web-based platform for regulatory agencies to administer initial license applications and ongoing
27 compliance requirements. NMLS is used by participating agencies to process the applications of companies and
28 individuals looking to apply, renew, surrender, or amend licenses for various industries. NMLS is used by Mortgage
Lenders, Mortgage Loan Originators, Money Transmitters, Money Services including check cashing and currency
exchange businesses, and more.

1 b. On June 5, 2021, the Department’s special administrator sent Glover a
2 notification through NMLS that a license item² was placed on the application, requesting an
3 explanation of the unsatisfied judgments and of other disclosures in his MU4.

4 6. Form MU4 question (H)(1) asks: “Have you ever been convicted of or pled guilty or
5 nolo contendere (‘no contest’) in a domestic, foreign, or military court to committing or conspiring
6 to commit a misdemeanor involving: (i) financial services or a financial services-related business,
7 (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery,
8 (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion?” Glover answered “yes” to question
9 (H)(1), explaining that he “took funds from a cash drawer,” his employer fired him, and he agreed to
10 a bar from the financial services industry. Glover further explained that he “went to court and was
11 placed on 9 months [of] probation.” The Department’s Investigation found that:

12 a. Glover provided a Letter of Acceptance, Waiver and Consent (AWC) from the
13 Financial Industry Regulatory Authority (“FINRA³”) dated July 31, 2017. FINRA’s AWC
14 stated that Glover entered the securities industry in 2012, and in March 2016, Glover
15 registered as a Series 6 Investment Company Products/Variable Contracts Representative
16 with Citizens Securities, Inc. (“CSI”), a FINRA regulated broker-dealer.

17 b. On April 7, 2017, CSI filed a Uniform Termination Notice of Securities
18 Industry Registration (“Form U5”) stating that on March 31, 2017, CSI terminated Glover's
19 employment after CSI's affiliated bank discovered that Glover "stole \$1,535 in his role as a
20 banker" from his cash drawer at the affiliated bank. Specifically, Glover stole: \$535 on
21 December 31, 2016; \$100 on February 4, 2017; \$100 on March 4, 2017; \$70 on March 17,
22 2017; \$30 on March 18, 2017; and \$700 on March 20, 2017.

23 c. FINRA conducted an investigation into CSI’s termination of Glover and
24 found that CSI’s affiliated bank had not authorized Glover to take the funds for his personal
25

26 ² A “license item” is a request from a regulator such as DFPI on the NMLS website to a licensee or applicant to respond
27 to a question or take an action. The NMLS website automatically generates an email to the licensee or applicant
28 directing the person to check the NMLS website for the license item.

³ Financial Industry Regulatory Authority (FINRA) is a self-regulatory organization that oversees the licensure and
regulation of broker-dealers and investment advisers in the U.S. securities industry.

1 use. FINRA concluded that Glover violated FINRA Rule 2010, which requires associated
2 persons to "observe high standards of commercial honor and just and equitable principles of
3 trade," by an intentional and unauthorized conversion and using affiliated bank funds which
4 Glover neither owned nor was entitled to possess.

5 d. On July 13, 2017, Glover signed and executed the AWC. FINRA accepted the
6 AWC on July 31, 2017. The AWC stipulated that Glover violated FINRA Rule 2010, and
7 FINRA barred Glover from associating with any FINRA regulated broker-dealer in any
8 capacity.

9 7. Form MU4 question (Q)(1) asks: "Have you ever voluntarily resigned, been
10 discharged, or permitted to resign after allegations were made that accused you of: violating
11 statute(s), regulation(s), rule(s), or industry standards of conduct?" Glover answered "no" to
12 question (Q)(1). In fact, as stated in paragraph 6, Glover's employer terminated him for
13 misappropriating funds.

14 8. On June 5, 2021, the Department's special administrator sent Glover a notification
15 through NMLS that a license item⁴ was placed on the application, requesting an explanation of the
16 unsatisfied judgments, and why Glover did not answer "yes" to Question (Q)(1). To date, Glover has
17 not amended his responses.

18 III.

19 **Financial Responsibility, Character, and General Fitness**

20 9. The Commissioner "shall deny" an application for an MLO license unless she makes,
21 at a minimum, specified findings, including that the applicant has demonstrated such financial
22 responsibility, character, and general fitness as to command the confidence of the community and to
23 warrant a determination that the applicant will operate honestly, fairly, and efficiently as a mortgage
24 loan originator. (Fin. Code, §§ 22109.1, subd. (a)(3) and 50141, subd. (a)(3).) The finding of
25 financial responsibility, character, and general fitness "relates to any matter, personal or
26 _____

27 ⁴ A "license item" is a request from a regulator such as DFPI on the NMLS website to a licensee or applicant to respond
28 to a question or take an action. The NMLS website automatically generates an email to the licensee or applicant
directing the person to check the NMLS website for the license item.

1 professional, that may impact upon an applicant’s propensity to operate honestly, fairly, and
2 efficiently” as an MLO. (Cal. Code Regs., tit. 10, § 1950.122.5.2, subd. (a).)

3 10. As described above in paragraphs 4-8, Glover failed to disclose that he had
4 unsatisfied judgments to the Department, that he was terminated for stealing cash from his former
5 employer, and agreed to a bar from the financial services industry. Because Glover’s past conduct
6 involves dishonesty in the field of financial services, the Department cannot and does not find that
7 he has demonstrated the financial responsibility, character, and general fitness required for licensure
8 as an MLO.

9 11. Because Glover has not demonstrated financial responsibility, character, and general
10 fitness as to command the confidence of the community and to warrant a determination that he will
11 operate honestly, fairly, and efficiently as an MLO under Financial Code sections 22109.1,
12 subdivision (a)(3) and 50141, subdivision (a)(3), the Commissioner must deny his MLO application.

13 **IV.**

14 **Applicable Law**

15 12. Financial Code section 22109.1 provides in pertinent part:

16 (a) The commissioner shall deny an application for a mortgage loan originator license unless
17 the commissioner makes, at a minimum, the following findings:

18 ...

19 (3) The applicant has demonstrated such financial responsibility, character, and general
20 fitness as to command the confidence of the community and to warrant a determination that
21 the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes
of this division.

22 13. Financial Code section 50141 provides in pertinent part:

23 (a) The commissioner shall deny an application for a mortgage loan originator license unless
24 the commissioner makes, at a minimum, the following findings:

25 ...

26 (3) The applicant has demonstrated such financial responsibility, character, and general
27 fitness as to command the confidence of the community and to warrant a determination that
28 the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes
of this division.

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V.

Prayer

For the foregoing reasons, the Commissioner finds that Glover has not demonstrated the financial responsibility, character, and general fitness required under Financial Code sections 22109.1, subdivision (a)(3) and 50141, subdivision (a)(3).

Accordingly, the Commissioner must deny Glover’s application for a mortgage loan originator license. WHEREFORE, IT IS PRAYED that Glover’s application for a mortgage loan originator license be denied.

Dated: October 26, 2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By: _____
STEVEN VONG
Counsel
Enforcement Division