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

12 In the Matter of: )  
) NMLS ID: 2191655  
13 THE COMMISSIONER OF FINANCIAL )  
PROTECTION AND INNOVATION, ) STATEMENT OF ISSUES  
14 )  
15 Complainant, )  
)  
16 v. )  
)  
17 )  
18 INDEPENDENT MORTGAGE )  
BROKERS LLC, )  
19 )  
20 Respondent. )

21 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and  
22 believes, and based upon such information and belief, alleges and charges as follows:

23 **I.**

24 **Introduction**

25 1. The Commissioner has jurisdiction over the licensing and regulation of persons and  
26 entities engaged in the business of finance lending or brokering under the California Financing Law  
27 (CFL) (Fin. Code, § 22000 et seq.).

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1 MU1 Application under penalty of perjury and “that the information and statements contained  
2 herein, including exhibits attached hereto, and other information filed herewith, all of which are  
3 made a part of this application are current, true, accurate and complete[.]” The attestation contains  
4 the following admonition which Jennison acknowledged by signing the MU1 Application: “If an  
5 Applicant has knowingly made a false statement of material fact in this application or in any  
6 documentation provided to support the foregoing application, then the foregoing application may be  
7 denied.”

8 8. Attached to the MU1 Application Davis signed and filed on NMLS is a “California  
9 Execution Section” that included the following statements:

- 10 • That the applicant agrees that a license pursuant to the CFL permits only employees  
11 to work under the license.
- 12 • That the applicant agrees that a license issued pursuant to the California Financing  
13 Law does *not permit a licensee to authorize locations operated by persons other*  
14 *than employees of the licensee under some form of franchise or license agreement*  
15 *(e.g., net branching)* (emphasis added).
- 16 • That the applicant agrees to obtain a new license issued pursuant to the CFL for each  
17 additional location.

18 9. On or around October 19, 2023, Davis uploaded a signed “Letter of Explanation for  
19 Remote MLOs” and filed it with the MU1 Application. Davis made the following representations  
20 to the Commissioner:

- 21 • All individuals will only represent the business located at 6825 E Tennessee [sic]  
22 Suite 415 Denver CO 80224.
- 23 • All individuals will only engage in business under the name of Independent  
24 Mortgage Brokers LLC.
- 25 • All individuals will only provide letterhead, phone numbers, electronic e-mail  
26 addresses or other forms of communication that are in the name of, under the control  
27 of, and provided by IMBLLC.

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- 1 • All individuals will only engage in activities and transactions related to the making  
2 of loans subject to the supervision and oversight of Independent Mortgage Brokers  
3 LLC.

4 10. IMBLLC submitted a “Plan of Business” with its MU1 Application which describes  
5 “how the applicant plans to conduct business under this license.” The “Plan of Business” informed  
6 the Commissioner how IMBLLC planned to market the loans, any products or services offered or  
7 required in connection with the loans, and any cobranding or joint agreements with other  
8 organizations related to the making of the loans.

9 11. The “Business Plan” filed on NMLS discussed “Future Growth Plans” for IMBLLC.  
10 Davis and Jennison stated they want to continue to grow their presence in other states and that  
11 “IMB is continuing to provide opportunities to other MLO’s who want to run their own business.”

12 12. As part of IMBLLC’s Business Plan, Davis filed a signed “California Specific  
13 Statement” on NMLS. Davis represented that IMBLLC is a one-person operation and “[i]n the  
14 absence of Ryan Davis, who is the person in charge, the office will be closed and no CFL activities  
15 will take place until his/her return.” Davis also stated that “Independent Mortgage Brokers LLC  
16 assures that there will be no other business conducted other than performing any act as a broker  
17 under the authority of our CFLL License.”

18 13. Davis and Jennison also filed a “CA Specific Business Plan Addendum” with the  
19 MU1 Application. For its business location, IMBLLC represented to the Commissioner that it  
20 “does not share office space with any other entity.” IMBLLC indicated in the Addendum that it  
21 intends to market and offer various loans such as Conventional, FHA, VA, Rural Development  
22 Loans, Fannie Maie, Frannie Mae Home Ready, Freddie Mac, Freddie Mac Home Possible, and  
23 Jumbo Loans. Lastly, IMBLLC represented that “[n]o other activities other than performing any  
24 act as a broker under the authority of a CA Financing Law License will be performed.”

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III.

**Applicable Statutes**

- 14. Financial Code section 22109, provides in pertinent part:
  - (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for a finance lender, broker, or program administrator license for any of the following reasons:

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

- 15. Financial Code section 22151, provides in pertinent part:
  - (b) A license is not transferable or assignable. A license issued to a partnership or a limited partnership is not transferred or assigned, within the meaning of this section by the death, withdrawal, or admission of a partner, general partner, or limited partner, unless the death, withdrawal, or admission dissolves the partnership to which the license was issued.

IV.

**Material Misrepresentations and Omissions in the Application**

16. The Commissioner may deny an application for a CFL license if a false statement of material fact has been made in the application. (Fin. Code, § 22109, subd. (a)(1).)

17. The Commissioner conducted an independent investigation and found that IMBLLC made material misrepresentations and omissions in its MU1 Application. In NMLS, Davis and Jennison present a business plan where IMBLLC is the only entity that will conduct mortgage brokering activities under its CFL license. However, the Commissioner found that IMBLLC’s business plan disclosed in its MU1 Application contains false statements of material fact when compared to the business plan that IMBLLC markets and advertises to the public online.

18. IMBLLC’s website, <https://independentmortgagebrokers.com/>, advertises features and benefits such as branding your own company name or using IMBLLC’s entity name. The website states:

You can brand your own company name or use the Independent Mortgage Brokers name. i.e.- Ryan Davis brands himself and team as “Integrity Mortgage, powered by IMB.” Gives you the ability to uniquely brand yourself with the same company name, website, & email no matter what brokerage company you work under. Your realtors and clients would never know if you switched companies in the future.

1           19.     IMBLLC markets itself online as “a turnkey solution for loan officers who want to  
2 start their own business and not worry about the headaches of compliance, payroll, or reports.”  
3 IMBLLC describes its lending portal as “[y]our complete resource for everything mortgage.  
4 Everything you need to navigate the broker world in one spot.”

5           20.     In the “Contact Us” section of IMBLLC’s website, the business address identified  
6 online is the same as that listed in the MU1 Application. The website shows a map of the  
7 jurisdictions where IMBLLC is licensed and shows California as “coming soon.” Popular resources  
8 such as articles titled “How to Become an Independent Mortgage Broker” are highlighted and  
9 provide guidance to loan officers on how to operate an independent mortgage broker business using  
10 the license authority of IMBLLC.

11           21.     “Net branching” occurs when a licensed mortgage broker company allows unlicensed  
12 entities to conduct illegal mortgage broker activity by “using the license” held by the mortgage  
13 broker licensee. “Net branching,” also known as “rent a license” or “affiliate-branching,” of the  
14 mortgage business license causes confusion for consumers because they are unable to determine  
15 whether the entity or branch they are working with is connected with a licensed company.

16           22.     The Commissioner found that IMBLLC’s business plan on its website allows  
17 unlicensed entities to conduct unlicensed brokering activity by branding themselves under IMBLLC  
18 or by marketing the entities’ affiliation as “powered by IMBLLC” and allowing their entity to share  
19 the same office location and IMBLLC’s unique NMLS identification number. In essence,  
20 IMBLLC’s business plan as marketed and advertised online is a form of “net-branching.”

21           23.     IMBLLC’s Business Plan filed with its MU1 Application and the  
22 supplemental documents filed on NMLS, such as the “California Specific Statement” and  
23 “CA Specific Business Plan Addendum,” fail to disclose that IMBLLC solicits and markets  
24 its business to the public allowing loan officers to “brand your own company name or use  
25 the Independent Mortgage Brokers name.” Furthermore, IMBLLC failed to disclose to the  
26 Commissioner that its business model involves “net-branching” that makes it easy for loan  
27 officers to “start their own business” so that “clients would never know if you switched  
28 companies in the future.”

