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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Statement of Issues of THE) NMLS No: 287488
COMMISSIONER OF BUSINESS)
12 OVERSIGHT,) Sponsor File No.: 603-G833
13)
Complainant,) STATEMENT OF ISSUES
14)
15 vs.)
16 DAVID MEADE THOMAS,)
17 Respondent.)
18)
19)

20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I
23 INTRODUCTION

24 The proposed order seeks to deny the issuance of a mortgage loan originator license to David
25 Meade Thomas ("Thomas") pursuant to Financial Code section 22109.1 in that Thomas has failed to
26 demonstrate such financial responsibility, character, and general fitness as to command the
27 confidence of the community and to warrant a determination that he will operate honestly, fairly, and
28 efficiently.

II

THE APPLICATION

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3 On or about July 18, 2012, Thomas filed an application for a mortgage loan originator license
4 with the Commissioner of Business Oversight (“Complainant” or “Commissioner”) pursuant to the
5 Finance Lenders Law (“FLL”)(Financial Code § 22000 et. seq.), in particular, Financial Code
6 section 22105.1. The application was for employment or working on behalf of Data Mortgage, Inc.
7 doing business as Essex Mortgage, which has its principal place of business located at 1100 Town &
8 Country Road, Suite 100, Orange, California 92868. The application was submitted to the
9 Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing System (“NMLS”).
10 Thomas signed the Form MU4 swearing that the answers were true and complete to the best of his
11 knowledge.

12 Form MU4 at Question K asks: “Has any State or federal regulatory agency or foreign
13 financial regulatory authority or self-regulatory agency (SRO) ever: (1) found you to have made a
14 false statement or omission or been dishonest, unfair or unethical? (2) found you to have been
15 involved in a violation of a financial services-related business regulation(s) or statute(s)? . . . (4)
16 entered an order against you in connection with a financial service-related activity? (5) revoked your
17 registration or license? . . . (8) issued a final order against you based on violations of any law or
18 regulations that prohibit fraudulent, manipulative, or deceptive conduct? (9) entered an order
19 concerning you in connection with any license or registration?” Respondent answered “yes” to those
20 six questions.

21 In providing details, Thomas stated that “The Department of Insurance (DOI) found that I
22 acted in a dishonest manner during an incident that occurred in March 2000. A long-time insurance
23 client of my then-employer was unable to obtain auto insurance, yet the lien-holder on her vehicle
24 required she maintain such insurance. I listed myself as a member of her household and a driver of
25 her vehicle on the insurance renewal application so that she could obtain auto insurance. . . .”

26 On or about August 27, 2012, Thomas uploaded documents in NMLS regarding the
27 Department of Insurance (“DOI”) action. The documents uploaded by Thomas disclosed that on or
28 about May 2, 1997, the DOI brought an action to revoke Thomas’ Fire and Casualty broker-agent

1 license for falsely stating on his May 1, 1995 license application that he had not been convicted of
 2 any crimes, misdemeanor or felony. According to the DOI accusation, the revocation action was
 3 based upon three convictions in Riverside County against Thomas involving driving without a seat
 4 belt, driving under the influence, and driving on a suspended or revoked license, and failures to
 5 appear in each of those cases. On or about June 3, 1997, Thomas’ DOI license was restricted
 6 pursuant to a stipulation entered into between Thomas and the DOI wherein Thomas did not admit or
 7 deny any of the allegations.

8 However, at the time of Thomas’ license application with DOI, Thomas had also been
 9 convicted of two separate misdemeanor burglaries, one misdemeanor petty thefts, and three
 10 misdemeanor convictions of lying to a police officer.

11 The DOI documents further showed that Thomas’ DOI license was eventually revoked on or
 12 about June 15, 2001 for falsely filling out an application for automobile insurance for a client by
 13 stating on the application that he was a resident of the client’s household and a licensed driver of the
 14 client’s automobile. The DOI concluded that Thomas’ actions showed that he “had engaged in a
 15 fraudulent practice or act and had conducted his business in a dishonest manner in violation of
 16 Section 1688(i) of the California Insurance Code, that Respondent had acted incompetently and has
 17 shown untrustworthiness in the conduct of any business in violation of Section 1668(j) of the
 18 California Insurance Code, and that Respondent is lacking in integrity in violation of Section
 19 1668(e) of the California Insurance Code.”

20 III

21 LICENSING REQUIREMENTS

22 Financial Code section 22109.1 provides in relevant part:

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

26 . . .

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

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California Code of Regulations, title 10, section 1422.6.2 provides in relevant part:

(a) The Commissioner's finding required by Section 22109.1(c) of the California Finance Lenders 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 mortgage loan originator.

...

(c) An applicant may be precluded from obtaining a mortgage loan originator license where his or her personal history includes:

(1) Any liens or judgments for fraud, misrepresentation, dishonest dealing, and/or mishandling of trust funds, or

(2) Other liens, judgments, or financial or professional conditions that indicate a pattern of dishonesty on the part of the applicant.

IV

CONCLUSION

Complainant finds, by reason of the foregoing, that:

(1) Thomas had his DOI license restricted in 1997 for making a false statement in his May 1, 1995 DOI license application that he had never been convicted of any crime.

(2) Thomas had been convicted of other crimes at the time of his May 1, 1995 license application with the DOI, which were in addition to those convictions discovered by DOI.

(3) Thomas had his DOI license revoked on June 15, 2001 for engaging in a fraudulent practice or act, conducting his business in a dishonest manner, acting incompetently, displaying untrustworthiness in the conduct of a business, and lacking integrity.

(4) Thomas has failed to demonstrate the financial responsibility, character and fitness required of a mortgage loan originator under the Finance Lenders Law as demonstrated by his history of dishonest and deceptive acts.

THEREFORE, Complainant asserts that she is mandated under Financial Code section 22109.1 to deny Thomas' mortgage loan originator application.

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WHEREFORE IT IS PRAYED that the mortgage loan originator application filed by Thomas on or about July 18, 2012 be denied.

Dated: December 29, 2014
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Corporations Counsel