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8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Statement of Issues of THE) NMLS No.: 293804
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) Sponsor File No.: 603H846
14 Complainant,) STATEMENT OF ISSUES IN SUPPORT OF
15 vs.) NON-ISSUANCE OF MORTGAGE LOAN
16 RAUL MUNOZ CAMACHO, JR. aka Steven) ORIGINATOR LICENSE
17 Raul Camacho, Jr., aka Steven Camacho, aka)
18 Raul Camacho, Jr.)
Respondent.)

19 The California Corporations Commissioner, Complainant herein (hereinafter
20 “Commissioner” or “Complainant”), is informed and believes, and based upon such information and
21 belief, alleges and charges Respondent as follows:

22 I

23 INTRODUCTION

24 On or about August 16, 2010, Complainant determined not to issue a mortgage loan
25 originator license to Raul Munoz Camacho, Jr., also known as Steven Raul Camacho, Jr., also
26 known as Steven Camacho, and also known as Raul Camacho, Jr. (hereinafter "Respondent")

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1 pursuant to Financial Code section 22109.1¹, subsections (b) and (c). Respondent has made false
2 statements in his application to the Commissioner, has a history of criminal convictions, including
3 felonies for issuing checks with insufficient funds, as well as attempted grand theft, and has
4 previously filed for two separate bankruptcies. As such, Respondent was not issued the license
5 under section 22109.1(b) because Respondent’s felony convictions involve an act of fraud,
6 dishonesty or breach of trust. Additionally, Respondent was not issued the license because under
7 section 22109.1(c), Respondent cannot demonstrate such financial responsibility, character and
8 general fitness to command confidence, and to warrant a determination he will operate honestly,
9 fairly, and efficiently within the purposes of California Finance Lenders Law (hereinafter
10 “CFL”) (Financial Code sections 22000 et. seq.).

11 II

12 RESPONDENT’S FALSE STATEMENTS IN THE APPLICATION

13 On April 14, 2010, Respondent filed an application for a mortgage loan originator license
14 with the Commissioner pursuant to the CFL section 22105.1. The application was for
15 employment or working on behalf of First Guaranty Financial Corporation as a mortgage loan
16 originator, with a principal place of business for First Guaranty Financial Corporation located at
17 3 Hutton Centre Drive, Suite 150, Santa Ana, California 92707. The application was submitted
18 to the Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing System
19 (“NMLS”)

20 Question number 8(F)(1) of the form MU4, specifically asked:

21 “Have you ever been convicted of or pled nolo contendere (“no contest”)
22 in a domestic, foreign, or military court to committing or conspiring to
23 commit a misdemeanor involving: (i) financial services or a financial
24 services-related business, (ii) fraud, (iii) false statements or omissions, (iv)
theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery,
(viii) counterfeiting, or (ix) extortion?”

25 Respondent answered “no” to this question. Documents received by the Department during the
26 _____

27 ¹All further references are to the California Financial Code unless otherwise specified.
28

1 application process disclosed, however, that Respondent had been convicted on or about June 17,
2 1999 of a misdemeanor for making or delivering a check with insufficient funds in violation of
3 California Penal Code section 476a(b). In addition, on or about December 31, 1997, Respondent
4 pled no contest to a misdemeanor charge of petty theft in violation of Penal Code section 488, which
5 resulted in probation and one day in jail. Respondent made an oath, signing the Form MU4,
6 swearing that the answers were true and complete to the best of Respondent’s knowledge.

7 Respondent’s convictions for making checks with insufficient funds and for petty theft are
8 misdemeanors involving fraud, false statements or omissions, theft or wrongful taking of property.
9 Respondent’s denial of having been convicted of any such misdemeanors and his oath that his denial
10 is true, are therefore false statements to the Commissioner in his application for a mortgage loan
11 originator license.

12 III

13 RESPONDENT’S CRIMINAL CONVICTION AND BANKRUPTCIES

14 In addition to making false statements to the Commissioner, documentation obtained by the
15 Commissioner during the application process revealed that Respondent has a history of criminal
16 convictions and prior bankruptcies. Specifically, on or about June 17, 1999 in the Superior Court of
17 California, County of Kern, Respondent was convicted of a felony for making or delivering checks
18 with insufficient funds in violation of California Penal Code section 476a(a), and was also convicted
19 of a felony for attempted grand theft in violation of California Penal Code sections 664 and 487.1,
20 for which Respondent was sentenced to three years and 18 months in state prison, one year in county
21 jail, and five years parole.

22 Other Prior criminal convictions include in part: 1.) presenting false identification to a peace
23 officer on or about November 10, 1985, 2.) driving under the influence of drugs or alcohol on or
24 about August 2, 1997, 3.) use of a controlled substance on or about August 2, 1997 and July 2, 1998,
25 4.) inflicting corporal injury to a spouse on or about March 9, 1997, 5.) violating a court order to
26 prevent domestic violence on or about April 3, 1997 and May 28, 1997.

27 Documentation received by the Commissioner during the application process also revealed
28 that Respondent filed for a Chapter 7 bankruptcy in 2002, and a Chapter 13 bankruptcy in 2009.

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IV

THE LAW

Financial Code section 22109.1 provides in relevant part:

The commissioner shall not issue a mortgage loan originator license unless the commissioner makes, at a minimum, the following findings:

...

(b) The applicant has not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign, or military court, as follows:

...

(2) At any time preceding the date of application, if the felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering.

...

(c) The applicant has demonstrated such financial responsibility, character, and 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.

In addition, California Code of Regulations (“CCR”), 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.

Respondent’s prior felony convictions for making or delivering checks with insufficient funds and for attempted grand theft constitute felonies involving an act of fraud, dishonesty or breach of trust, and are grounds not to issue a license under section 22109.1(b)(2)

Further, Respondent’s history of numerous criminal convictions, bankruptcies, and false statements to the Commissioner in his application relating to his prior misdemeanor convictions

1 prevents Respondent under section 22109.1(c) from demonstrating the requisite financial
2 responsibility, character, and general fitness and does not warrant a determination that he will
3 operate honestly, fairly, and efficiently within the purposes of the CFLL. Respondent’s history is
4 relevant pursuant to CCR section 1422.6.2 because it involves violations of court orders,
5 convictions involving financial crimes, bankruptcies, and false statements to the Commissioner, all
6 of which relate to a personal matter that may impact upon Respondent’s propensity to operate
7 honestly, fairly, and efficiently when engaging in the role of a mortgage loan originator. In addition,
8 Respondent’s history concerns either judgments involving fraud, misrepresentation, dishonest
9 dealing, and are judgments or financial conditions that indicate a pattern of dishonesty.

10 As such, section 22109.1 of the CFLL prohibits the issuance of a mortgage loan originator
11 license to Respondent.

12 V

13 CONCLUSION

14
15 Complainant finds, by reason of the foregoing, that Respondent’s prior felony convictions
16 involving checks for insufficient funds and attempted grand theft violate the dictates of Financial
17 Code section 22109.1(b)(2), which prohibits the issuance of a mortgage loan originator license
18 where the applicant has been convicted of a felony involving an act of fraud, dishonesty or breach of
19 trust.

20 In addition, Respondent’s history of criminal convictions, bankruptcies, and false statements
21 to the Commissioner regarding his criminal past are matters under CCR section 1422.6.2(a) that may
22 impact upon Respondent’s propensity to operate honestly, fairly, and efficiently when engaging in
23 the role of a mortgage loan originator. Further, Respondent’s history concerns either judgments for
24 fraud, misrepresentation, dishonest dealing, or judgments or financial conditions that indicate a
25 pattern of dishonesty on the part of Respondent under CCR section 1422.6.2(c)(1) and (2). As such,
26 Respondent cannot meet the requirements of section 22109.1(c) which requires Respondent to
27 demonstrate financial responsibility, character, general fitness, and that he will operate honestly and
28 fairly, and within the purposes of the CFLL.

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Failing to meet the requirements of section 22109.1, subsections (b) and (c), mandates that Complainant not issue a mortgage loan originator license to Respondent under the CFLL.

WHEREFORE IT IS PRAYED that the determination of Complainant to not issue a mortgage loan originator license to Respondent in connection with Respondent’s May 17, 2010 application be upheld.

Dated: February 7, 2011
Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Lindsay B. Herrick
Corporations Counsel