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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of the Accusation of:) MLO License No.: 389291
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
14 Complainant,) **ACCUSATION IN SUPPORT OF**
15 v.) **REVOCAION OF MORTGAGE LOAN**
16 JOHN JEFFREY STANGE,) **ORIGINATOR LICENSE OF JOHN JEFFREY**
17 Respondent.) **STANGE PURSUANT TO CALIFORNIA**
18) **FINANCIAL CODE SECTIONS 50141, 50327**
19) **AND 50513**

20 **I.**

21 **INTRODUCTION**

22 Complainant, the Commissioner of Business Oversight ("Commissioner"), is informed and
23 believes, and based upon such information and belief, alleges and charges as follows:

24 This Accusation is submitted in support of the Commissioner’s Notice of Intent to Revoke
25 Residential Mortgage Lending Act¹ ("CRMLA") Mortgage Loan Originator License No. 389291
26 (“License”) issued to Respondent John Jeffrey Stange (“Respondent”) pursuant to Financial Code
27 sections 50141, 50301, 50327 and 50513. The Commissioner has continuous authority to exercise

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¹ Financial Code §50000 *et seq.*

1 powers granted pursuant to the CRMLA and make general rules, regulations, specific rulings,
2 demands, and findings for the enforcement of those laws. Cal. Fin. Code §§ 50146, 50301.
3 Without limitation, the functions, powers, and duties of the Commissioner include the power to
4 revoke any license with cause as provided by the CRMLA².

5 II.

6 PROCEDURAL AND FACTUAL HISTORY

7 On or about March 28, 2011, Respondent John Jeffrey Stange filed an application for a
8 mortgage loan originator (“MLO”) license with the Commissioner pursuant to the CRMLA, in
9 particular, Financial Code section 50140. The application was submitted to the Commissioner by
10 filing Form MU4 application through the Nationwide Mortgage Licensing System. Respondent
11 signed the Form MU4 swearing that the answers were true and complete to the best of
12 Respondent’s knowledge. On April 20, 2011, Respondent’s License application was approved.
13 The Commissioner granted Respondent MLO License No. 389291.

14 On or about January 23, 2013, Respondent filed an addendum disclosure to his original
15 application of March 28, 2011. NMLS Form MU4 at Section K(1), K(3), K(4), K(5) and K(8)
16 “Regulatory Action” of this January 23, 2013 disclosure specifically asked in relevant part:

17 *“Has any state or federal regulatory agency or foreign financial*
18 *regulatory authority or self-regulatory organization (SRO) ever: (1) found you*
19 *to have made a false statement or omission or been dishonest, unfair, or*
20 *unethical?... (3) found you to have been a cause of a financial services-related*
21 *business having its authorization to do business denied, suspended, revoked or*
22 *restricted?... (4) entered an order against you in connection with a financial*
services-related activity ... (5) revoked your registration or license? And ... (8)
issued a final order against you based on violations of any law or regulations
that prohibit fraudulent, manipulative, or deceptive conduct?”

23 Respondent answered “Yes” to each of these questions. The documentation received by the
24 Commissioner during the application process disclosed that Respondent was previously licensed
25 by the Bureau of Real Estate (“CBRE”) as a real estate salesperson (“CBRE License”) from
26 January 19, 2011 to December 14, 2012. The CBRE revoked the CBRE License on or about
27 October 23, 2012, effective November 15, 2012, pursuant to Business and Professions Code
28

² Pursuant to Financial Code §50301.

1 section 10177. The CBRE License was revoked subsequent to: (1) The CBRE issuing an
2 Accusation setting forth allegations against Respondent on or about March 10, 2011; (2)
3 Respondent being granted an opportunity to be heard at an administrative hearing on the merits;
4 and (3) an order issued by Ann Elizabeth Sarli, Administrative Law Judge, Office of
5 Administrative Hearings, State of California, effective November 15, 2012 (“Order”). A true and
6 correct copy of the Order is attached hereto and incorporated by reference as “**Exhibit 1.**”

7 According to the Order, the CBRE License was revoked because Respondent was found to
8 have engaged in activity (1) in violation of Business and Professions Code section 10177; (2)
9 constituting misrepresentation(s), fraud, deceit, and dishonest dealing; (3) constituting a willful
10 disregard of California Code of Regulations, title 10, section 2725; (4) in violation of Business and
11 Professions Code section 10085 and California Code of Regulations, title 10, section 2970; (5) in
12 violation of Business and Professions Code section 10117, subdivision (d), and 10130; and (6) in
13 violation of Business and Professions Code section 10131, subdivision (d).

14 As noted in the Order referenced herein as Exhibit 1, in or about January 2009, Respondent
15 was employed with HC Financial, a corporate real estate broker located in Roseville, California.
16 Stange was employed by HC Financial as a “Loan Negotiation Specialist.” In or about January
17 2009, HC Financial and Stange undertook the real estate loan modification of a California resident
18 with CitiMortgage. Stange worked with the resident and with CitiMortgage during the almost
19 yearlong undertaking regarding the loan modification, submittal, and approval process. Stange
20 was determined to be the HC Financial agent who handled this transaction and was the person
21 most knowledgeable of the work completed on this transaction.

22 As set forth in the Order, Stange was found to have engaged in the business of a real estate
23 brokerage without a license. Stange was also found to have made misrepresentations to this
24 resident during the modification. Moreover, Stange was found to have collected a fee of \$1,800 on
25 behalf of HC Financial from the resident based upon misrepresentations to induce the resident to
26 pay the fee, but did not place the fee in a trust account and the resident was never provided with an
27 accounting of these funds. Further, Stange was found to have engaged in fraud, deceit and
28 dishonest dealing. Finally, Stange represented to the resident that the loan modification had been

1 approved, when in fact, CitiMortgage had not approved a loan modification and had not yet
2 assigned a negotiator to discuss a loan modification proposal with the resident at the time of
3 Stange’s misrepresentation.

4 At the administrative hearing conducted by the CBRE and as referenced in the Order, the
5 Administrative Judge categorized Stange’s testimony throughout the hearing as evasive, and his
6 efforts to characterize his activities as merely clerical and administrative were readily impeached.
7 The Administrative Judge also found that Stange’s inability or unwillingness to acknowledge his
8 violations of real estate laws and his characterization of his conduct as appropriate unlicensed
9 activity rendered him unsuitable for a probationary license.

10 **III.**

11 **STATUTORY AUTHORITY**

12 Financial Code section 50141 in effect as of the time of the Respondent’s Original License
13 Application provides in pertinent part:

14 The commissioner shall not issue a mortgage loan originator license
15 unless the commissioner makes at a minimum the following findings:
16 (3) The applicant has demonstrated such financial responsibility,
17 character, and general fitness as to command the confidence of the
18 community and to warrant a determination that the mortgage loan
originator will operate honestly, fairly, and efficiently within the
purposes of this division.

19 Financial Code section 50301 provides in pertinent part:

20 Without limitation, the functions, powers, and duties of the commissioner
21 include the following:

22 (b) To revoke or suspend for cause any license as provided by this
23 division.

24 Financial Code section 50327 provides in pertinent part:

25 (a) The commissioner may, after notice and a reasonable opportunity
26 to be heard, suspend or revoke any license if the commissioner finds
27 that: (1) the licensee has violated any provision of this division or any
rule or order of the commissioner thereunder; or (2) any fact or condition
exists that, if it had existed at the time of the original application for the

28 license, reasonably would have warranted the commissioner in refusing
to issue the license originally.

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Financial Code section 50513 provides in pertinent part:

- (a) The commissioner may do one or more of the following:
 - (1) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license for a violation of this division, or any rules or regulations adopted thereunder.

IV.
CONCLUSION

Complainant finds that each and every above stated act by Respondent John Jeffrey Stange is reasonable and sufficient grounds to revoke the California mortgage loan originator License No. 389291 issued to John Jeffrey Stange, pursuant to Financial Code sections 50141, 50301, 50327 and 50513. The Commissioner also finds that facts exist that, if they had existed at the time of the original application for License, would reasonably have warranted the Commissioner in originally refusing to issue the License, pursuant to Financial Code section 50327, subdivision (a)(2).

WHEREFORE, IT IS PRAYED that the mortgage loan originator license issued to John Jeffrey Stange be revoked.

Dated: April 15, 2015

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARISA I. URTEAGA-WATKINS
Counsel