

July-2019

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FILED
NOV 13 2019
DEPT. OF REAL ESTATE
By Angela Dennis

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-41343 LA
12)
13 FIRST AMERICAN HOME LOANS INC.;) **FIRST AMENDED**
14) **ACCUSATION**
15 JOHN PAUL ROCK, individually and)
16 as designated officer of First American)
17 Home Loans Inc.; and)
18 MARK HENRY BRYAN,)
Respondents.)

19 *The Accusation filed on April 9, 2019 is amended in its entirety as follows:*

20 The Complainant, Chika Sunquist, a Supervising Special Investigator of the State
21 of California, for cause of Statement of Issues against FIRST AMERICAN HOME LOANS
22 INC; JOHN PAUL ROCK; and MARK HENRY BRYAN ("Respondents") is informed and
23 alleges as follows:
24

25 1.

26 The Complainant, Chika Sunquist, a Supervising Special Investigator of the State
27 of California, makes this Statement of Issues against Respondent in her official capacity.
28

2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

CALIFORNIA DEPARTMENT OF REAL ESTATE ("DRE") LICENSE HISTORY

3.

FIRST AMERICAN HOME LOANS INC. ("FAHLI")

A. FIRST AMERICAN HOME LOANS INC. ("FAHLI") is licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code ("Code") as a REB (corporation), DRE license ID 01299073. FAHLI was originally licensed as a REB on or about November 28, 2000.

B. FAHLI holds a Mortgage Loan Originator ("MLO") Endorsement, Nationwide Multistate Licensing System ("NMLS") ID 197155.¹

C. FAHLI's designated officer of record ("D.O.") is JOHN PAUL ROCK.

D. FAHLI has one broker associate, MARK HENRY BRYAN.

4.

According to DRE records to date, FAHLI's license history includes the following actions:

A. DRE Case No. H-37103 LA ("February 2012 DRE Revocation"): On or about February 17, 2012, in DRE Case No. H-37103 LA, FAHLI 's license was suspended for ninety (90) days for violation of Code Sections 10085; 10145; 10146; 10148; and 10159.5 and Regulations 2832.1; 2832; 2970; and 2972 as bases for discipline under Code Sections 10177(d) and 10177(g).

¹According to an August 3, 2017 Statement of Information ("SOI") filed by FAHLI (Corporate Number C2264915) with the California Secretary of State ("SoS") that updates its August 3, 2011 SOI, FAHLI is a mortgage broker and MARK HENRY BRYAN is the Chief Executive Officer ("CEO"), Secretary, and Chief Financial Officer ("CFO"), and the President and Agent for Service of Process.

1 B. DRE Case No. H-38638 LA ("December 2013 DRE Suspension"): On
2 or about December 23, 2013, in DRE Case No. H-38638 LA, FAHLI's license was suspended
3 for thirty (30) days, stayed for two (2) years, for violation of Code Section 10236.4(b) as the
4 basis for discipline under Code Section 10177(d).
5

6 5.

7 A. According to DRE records to date, FAHLI has three real estate salespersons
8 ("RES") under its employ.

9 B. FAHLI's DRE license will expire on June 16, 2022.

10 6.

11 JOHN PAUL ROCK

12 A. JOHN PAUL ROCK ("ROCK") is licensed and/or has license rights under the
13 Real Estate Law, Part 1 of Division 4 of the Business and Professions Code ("Code") as a REB
14 (corporation), DRE license ID 01061594. ROCK was originally licensed as a RES on or about
15 January 27, 1990 and as a REB on or about March 4, 1997 .

16 B. ROCK holds a Mortgage Loan Originator ("MLO") Endorsement, Nationwide
17 Multistate Licensing System ("NMLS") ID 869110.

18 C. ROCK is the D.O. of FAHLI until his officer expiration of June 16, 2022.

19 D. ROCK's DRE license will expire on March 3, 2021.

20 7.

21 According to DRE records to date, ROCK's license history includes the following
22 actions:

23 A. DRE Case No. H-36501 LA ("November 2011 DRE Suspension"): On or
24 about November 30, 2011, in DRE Case No. H-36501 LA, ROCK's license was suspended for
25 sixty (60) days pursuant to Code Section 10177(f) for acts [in the State of Washington] which
26 would have been violations of Code Sections 10240; 10176(i); and/or 10177(g); 10176(j);
27 10162; and Regulation 2843.
28

1 B. On or about August 5, 2009, the State of Washington Department of Financial
2 Institutions ("DFI") issued Consent Order No. C-06-248-09-CO01, which prohibited ROCK,
3 Greater Acceptance Mortgage Corporation ("GAMC"), of which ROCK was a principal owner,
4 and another principal owner, from participating in the conduct of the affairs of any consumer
5 lender licensed by the DFI, or any person subject to licensure or regulation by the DFO for thirty
6 (30) years from the date of entry of the Consent Order, in any capacity, including but not limited
7 to: (1) any financial capacity whether active or passive, or (2) as an officer, director, principal,
8 designated broker, employee or loan originator or (3) any management, control, oversight or
9 maintenance of any trust account(s) in any way related to any residential mortgage transaction or
10 (4) receiving, disbursing, managing, controlling in any way, consumer trust funds in any way
11 related to any residential mortgage transaction.
12

13 8.

14 MARK HENRY BRYAN

15 MARK HENRY BRYAN ("BRYAN") is licensed and/or has license rights under
16 the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code ("Code") as a
17 REB, DRE license ID 01177908.
18

19 9.

20 According to DRE records to date, BRYAN's license history is as follows:

21 A. On or about March 3, 1994, BRYAN was issued a RES license.

22 B. On or about August 25, 2000, Respondent was issued a REB license.

23 C. DRE Case No. H-37103 LA ("February 2012 DRE Revocation"): On or about
24 February 17, 2012, in DRE Case No. H-37103 LA, BRYAN's REB license was revoked and
25 BRYAN was granted the right to be apply for, and be issued a restricted RES license ("RRES")
26 pursuant to Code Section 10156.5, for violation of Code Sections 10085; 10145; 10146; 10148;
27 and 10159.5 and Regulations 2832.1; 2832; 2970; and 2972 as bases for discipline under Code
28 Sections 10177(d) and 10177(g). Also on February 17, 2012, BRYAN's RRES license was

1 suspended for ninety (90) days from the date of its issuance; this suspension was terminated on
2 March 27, 2012.

3
4 D. DRE Case No. H-38638 LA ("December 2013 DRE Suspension"): On or
5 about December 23, 2013, in DRE Case No. H-38638 LA, BRYAN's RRES license was
6 suspended for thirty (30) days, stayed for two (2) years, for violation of Code Section 10236.4(b)
7 as the basis for discipline under Code Section 10177(d).

8 E. DRE Case No. H-37103 LA ("September 2016 DRE Reinstatement"): On or
9 about September 19, 2016, BRYAN petitioned for reinstatement of his REB license. On or
10 about September 1, 2017, the DRE Commissioner ordered that BRYAN's petition for
11 reinstatement be granted and that a REB license be issued to BRYAN upon his satisfaction of the
12 terms of the Commissioner's Order.

13 F. According to DRE records to date, BRYAN is a broker associate for FAHLI.

14 G. BRYAN's REB license will expire on February 1, 2022.

15 10.

16 NATIONWIDE MULTISTATE LICENSING SYSTEM ("NMLS") HISTORY - BRYAN

17 BRYAN's Nationwide Multistate Licensing System ("NMLS") Mortgage Loan
18 Originator ("MLO") license endorsement (NMLS ID 213441) history is as follows:

19 A. Arizona (Approved): BRYAN presently holds a MLO license in the State of
20 Arizona (License ID 0935804), originally issued May 10, 2016 and renewed through 2019.
21 Respondent is authorized to conduct business and represent FAHLI (NMLS ID 197155).

22 B. California (Expired): BRYAN held a MLO endorsement in the State of
23 California through his DRE RES license, originally issued November 2, 2012. Respondent was
24 authorized to represent FAHLI until January 1, 2019.

25 C. Florida (Approved): BRYAN presently holds a MLO license in the State of
26 Florida (License ID LO35698), originally issued June 22, 2016 and renewed through 2019.
27 Respondent is authorized to represent FAHLI.
28

1 D. Oregon (Approved): BRYAN holds a MLO license in the State of Oregon (no
2 license ID), originally issued August 22, 2016 and renewed through 2019. BRYAN is
3 authorized to represent FAHLI.
4

5 E. Texas (Denied) – MLO License: On or about July 20, 2017, in the State of
6 Texas Department of Savings & Mortgage Lending denied BRYAN's application for a MLO
7 license for failure to satisfy the requirement of Financial Code Section 157.012(c)(1) that an
8 applicant be of good moral character (demonstrating honesty, trustworthiness and integrity) to
9 the satisfaction of the Department of Savings & Mortgage Lending commissioner due to
10 BRYAN's license discipline before the DRE that stemmed from trust fund handling violations
11 (DRE Case No. H-37103 LA) ("July 2017 Texas denial").
12

11.

13 FAHLI: FAHLI's license endorsement (NMLS ID 197155) history is as follows:

14 A. Arizona (Approved): FAHLI presently holds a mortgage broker license in the
15 State of Arizona (License ID 0935245), originally issued June 2, 2016 and renewed through
16 2019. BRYAN is authorized to conduct business.
17

18 B. California (Approved): FAHLI presently holds a MLO endorsement in the
19 State of California through its DRE REB (corporation) license, originally issued December 14,
20 2010. BRYAN is authorized conduct business.
21

22 C. California (Denied) – Finance Broker License: On or about October 12, 2016,
23 in The Commissioner of Business Oversight vs. First American Home Loans, Inc., the California
24 Department of Business Oversight ("DBO") issued its Order Denying Application for California
25 Finance Broker License and denied FAHLI's Finance Lenders Application pursuant to Financial
26 Code section 22109(a)(3). BRYAN, as the authorized individual of FAHLI and as part of
27 FAHLI's license application process, had submitted the NMLS Individual Form ("Form MU4")
28 and did not disclose DRE regulatory action on his Form MU4 ((1) the DRE's Accusation in Case

1 No. H-38638 LA and (2) the December 23, 2013 suspension order for thirty (30) days (“October
2 2016 DBO denial”).

3
4 D. Colorado (Approved): FAHLI presently holds a mortgage company
5 registration in the State of Colorado (no license ID), originally issued January 15, 2016.
6 BRYAN is authorized conduct business.

7 E. Florida (Approved): FAHLI presently holds a mortgage broker license in the
8 State of Florida (License ID MBR2062), originally issued July 15, 2016 and renewed through
9 2017. BRYAN is authorized to conduct business through the present.

10 F. Oregon (Approved): FAHLI holds a mortgage lending license in the State of
11 Oregon (License ID ML-5454), originally issued August 22, 2016 and renewed through 2019.
12 BRYAN is authorized to conduct business.

13 G. Oregon (Disciplinary Action - Cease And Desist Order) (“February 2018
14 Oregon Order”): On or about February 15, 2018, the State of Oregon Department of Consumer
15 and Business Services Division of Financial Regulation, in Case No. M-17-0128 issued its Order
16 to Cease And Desist, Order Assessing Civil Penalty, and Consent To Entry of Order against
17 FAHLI for violation of Oregon Mortgage Lender Law, namely Oregon Administrative Rules
18 (“OAR”) 441-0040(1) and Oregon Revised Statutes (“ORS”) 86A.095 for unlicensed activities
19 by individuals not properly licensed in the State of Oregon (“February 2018 Oregon order”).
20

21 12.

22 A. There is no record that FAHLI reported the February 2018 Oregon order to the
23 DRE.

24 B. There is no record that ROCK, as D.O. of FAHLI, reported the February 2018
25 Oregon order to the DRE.

26 C. There is no record that BRYAN, as broker associate of FAHLI, reported the
27 February 2018 Oregon order to the DRE.

28 ///

1 MORTGAGE LOAN ORIGINATOR LICENSE ENDORSEMENT APPLICATIONS

2 ATTESTED AND SUBMITTED BY BRYAN AND/OR ROCK

3
4 13.

5 BRYAN MU4

6 On or about February 27, 2018, BRYAN attested to and submitted under penalty
7 of perjury his online individual application ("MU4") to the NMLS with a "Transaction
8 Requested" for a REB MLO license endorsement.

9 14.

10 BRYAN MU4 - Question (K)(6) Regulatory Action

11 A. At the section regarding Regulatory Action, Question (K)(6), to wit: "Has any
12 State or federal regulatory agency or foreign financial regulatory authority or self-regulatory
13 organization (SRO) ever denied or suspended your registration or license or application for
14 licensure, disciplined you, or otherwise by order, prevented you from associating with a financial
15 services-related business or restricted your activities?" BRYAN answered "Yes" and in the
16 section allotted for Disclosure Explanations disclosed the July 2017 Texas denial.

17 B. However, BRYAN did not in his response to Question (K)(6) disclose:

- 18 1) the December 2013 DRE suspension of his license pursuant to DRE
19 Case No. H-38638 LA, or
20 2) the December 2013 DRE suspension of FAHLI's license pursuant to
21 DRE Case No. H-38638 LA.
22

23 15.

24 BRYAN MU4 - Question (M) Regulatory Action

25 A. At the section regarding Regulatory Action, Question (M) to wit: "Based upon
26 activities that occurred while you exercised control over an organization, has any State or federal
27 regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO)
28 ever taken any of the actions listed in (K) through (L) above against any organization?" BRYAN

1 answered "Yes" and in the section allotted for Disclosure Explanations disclosed the February
2 2012 DRE revocation of his REB license pursuant to DRE Case No. H-37103 LA.

3
4 B. However, BRYAN did not in his response to Question (M) disclose the
5 following:

6 1) the December 2013 DRE suspension of FAHLI's license pursuant to
7 DRE Case H-38638 LA;

8 2) the October 2016 DBO denial of FAHLI's financial broker license
9 application; or

10 3) the February 2018 order to cease and desist against FAHLI pursuant to
11 Oregon Case No. M-17-0128.

12 16.

13 FAHLI MU1

14 On or about October 17, 2018, ROCK attested to and submitted under penalty of
15 perjury an online application on behalf of FAHLI ("MU1") for a MLO license endorsement
16 (10/17/18 MU1").

17 17.

18 FAHLI MU1 - Question (C)(4) Regulatory Action Disclosure

19 A. At the section regarding Regulatory Action Disclosure, Question (C)(4), to wit:
20 "In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory
21 authority or self-regulatory organization (SRO) ever entered an order against the entity or a
22 control affiliate in connection with a financial services-related activity?" ROCK answered "Yes"
23 on the 10/8/18 MU1 and 10/17/18 MU1, respectively and in the section allotted for Disclosure
24 Explanations disclosed BRYAN's "relinquishment" of his REB license (February 2012 DRE
25 revocation).

26 B. However, ROCK, in response to Question (C)(4), did not disclose the February
27 2018 Oregon order against FAHLI pursuant to Case No. M-17-0128.
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18.

FAHLI MU1 - Question (C)(5) Regulatory Action Disclosure

A. At the section regarding Regulatory Action, Question (C)(5) to wit: "In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever denied, suspended, or revoked the entity's or a control affiliate's registration or license or otherwise, by order, prevented it from associating with a financial services-related business or restricted its activities?" ROCK answered "Yes" on the 10/8/18 MU1 and 10/17/18 MU1, respectively and in the section allotted for Disclosure Explanations disclosed the October 2016 DBO denial of FAHLI's Finance Broker License.

B. However ROCK, in his response to Question (C)(5), did not disclose:

- 1) the December 2013 DRE suspension of BRYAN's license pursuant to DRE Case No. H-38638 LA;
- 2) the December 2013 DRE suspension of FAHLI's license pursuant to DRE Case No. H-38638 LA; or
- 3) the July 2017 Texas denial of BRYAN's MLO license application.

APPLICABLE SECTIONS OF THE REAL ESTATE LAW

19.

Grounds for Denial, Suspension or Revocation - Code Section 10166.051

Pursuant to Code Section 10166.051 *Grounds for Denial, Suspension or Revocation*: "In addition to any penalties authorized by regulations adopted pursuant to Section 10166.05, the commissioner may do one or more of the following, after appropriate notice and opportunity for hearing:

(a) Deny, suspend, revoke, restrict, or decline to renew a mortgage loan originator license endorsement for violation of this article, or any rules or regulations adopted hereunder.

1 (b) Deny, suspend, revoke, condition, or decline to renew a mortgage loan
2 originator license endorsement, if an applicant or endorsement holder fails at any time to meet
3 the requirements of Section 10166.05 or 10166.09, or withholds information or makes a material
4 misstatement in an application for a license endorsement or license endorsement renewal.
5

6 (c) Issue orders or directives to licensees who hold mortgage loan
7 originator license endorsements, as follows:

8 (1) Order or direct persons subject to this article to desist and
9 refrain from conducting business, including immediate temporary orders to desist and refrain.

10 (2) Order or direct persons subject to this article to cease any
11 harmful activities or violations of this article, including immediate temporary orders to desist and
12 refrain.

13 (3) Enter immediate temporary orders to cease business under a
14 license endorsement if the commissioner determines that the license endorsement was
15 erroneously granted or the endorsement holder is currently in violation of this article.

16 (4) Order or direct any other affirmative action the commissioner
17 deems necessary.”

18
19 20.

20 Further Grounds for Disciplinary Action – Code Section 10177

21 Pursuant to Code Section 10177 *Further Grounds for Disciplinary Action*: “The
22 commissioner may suspend or revoke the license of a real estate licensee, delay the renewal of a
23 license of a real estate licensee, or deny the issuance of a license to an applicant, who has done
24 any of the following, or may suspend or revoke the license of a corporation, delay the renewal of
25 a license of a corporation, or deny the issuance of a license to a corporation, if an officer,
26 director, or person owning or controlling 10 percent or more of the corporation’s stock has done
27 any of the following:
28

1
2 (a) Procured, or attempted to procure, a real estate license or license renewal, for
3 himself or herself or a salesperson, by fraud, misrepresentation, or deceit, or
4 by making a material misstatement of fact in an application for a real estate
5 license, renewal, or reinstatement.

6 ...
7 (f) Acted or conducted himself or herself in a manner that would have warranted
8 the denial of his or her application for a real estate license, or either had a
9 license denied or had a license issued by another agency of this state, another
10 state, or the federal government revoked or suspended for acts that, if done by
11 a real estate licensee, would be grounds for the suspension or revocation of a
12 California real estate license, if the action of denial, revocation, or suspension
13 by the other agency or entity was taken only after giving the licensee or
14 applicant fair notice of the charges, an opportunity for a hearing, and other
15 due process protections comparable to the Administrative Procedure Act
16 (Chapter 3.5 (commencing with Section 11340), Chapter 4 (commencing with
17 Section 11370), and Chapter 5 (commencing with Section 11500) of Part 1 of
18 Division 3 of Title 2 of the Government Code), and only upon an express
19 finding of a violation of law by the agency or entity.
20

21 ...
22 (j) Engaged in any other conduct, whether of the same or a different character
23 than specified in this section, that constitutes fraud or dishonest dealing..."

24 21..

25 Reporting of Convictions, Indictments and License Disciplinary Actions – Code Section 10186.2

26 Pursuant to Code Section 10186.2 *Reporting of Convictions, Indictments and*

27 *License Disciplinary Actions:*

28 "(a)(1) A licensee shall report any of the following to the bureau:

1 (A) The bringing of an indictment or information charging a felony
2 against the licensee.

3
4 (B) The conviction of the licensee, including any verdict of guilty, or
5 plea of guilty or no contest, of any felony or misdemeanor.

6 (C) Any disciplinary action taken by another licensing entity or
7 authority of this state or of another state or an agency of the
8 federal government. (2) The report required by this subdivision
9 shall be made in writing within 30 days of the date of the bringing
10 of the indictment or the charging of a felony, the conviction, or
11 the disciplinary action.

12 (b) Failure to make a report required by this section shall constitute a cause for
13 discipline.

14 VIOLATIONS OF THE REAL ESTATE LAW - CAUSES FOR DISCIPLINE

15 22.

16 The facts alleged in Paragraphs 11C., 11G., 13, 14, 15, 16, 17, and 18, above,
17 constitute cause for discipline of the licenses and license rights of Respondents **MARK HENRY**
18 **BRYAN** and **FIRST AMERICAN HOME LOANS INC.** pursuant to **Code Sections**
19 **10166.051(a), 10166.051(b), 10177(a), 10177(f), and 10177(j).**

20 23.

21 The facts alleged in Paragraphs 11C., 11G., 16, 17, and 18, above, constitute
22 cause for discipline of the license and license rights of Respondent **JOHN PAUL ROCK**
23 pursuant to **Code Sections 10166.051(a), 10166.051(b), 10177(a), 10177(f), and 10177(j).**

24 24.

25 The facts alleged in Paragraph 12, above, constitute cause for discipline of the
26 licenses and license rights of Respondents' **FIRST AMERICAN HOME LOANS INC., JOHN**
27 **PAUL ROCK, and MARK HENRY BRYAN** pursuant to **Code Sections 10186.2.**

1
2 COSTS


25.

3 Code Section 10106 provides, in pertinent part, that in any order issued in
4 resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the
5 administrative law judge to direct a licensee found to have committed a violation of this part to
6 pay a sum not to exceed the reasonable costs of investigation and enforcement of the case.
7

8 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
9 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
10 action against all the licenses and license rights of Respondents FIRST AMERICAN HOME
11 LOANS INC., JOHN PAUL ROCK, and MARK HENRY BRYAN under the Real Estate Law
12 (Part I of Division 4 of the Business and Professions Code), and for such other and further relief
13 as may be proper under other applicable provisions of law.
14

15 Dated at Sacramento, California

16
17 this 31st day of October, 2019.

18
19
20 
21 Chika Sunquist
22 Supervising Special Investigator
23
24

25 cc: FIRST AMERICAN HOME LOANS INC.
26 JOHN PAUL ROCK
27 MARK HENRY BRYAN
28 Chika Sunquist
Sacto.