

FILED

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DEPT. OF REAL ESTATE

By 

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Application of)	No. H-42638 LA
)	
WILLIAM RONALD MCMAHAN,)	
)	<u>STATEMENT OF ISSUES</u>
)	
Respondent.)	Mortgage Loan Originator
)	License Endorsement
)	

The Complainant, Ruth Corral, a Supervising Special Investigator of the State of California, for cause of Statement of Issues against WILLIAM RONALD MCMAHAN (Respondent) alleges as follows:

1.

The Complainant, Ruth Corral, Supervising Special Investigator of the State of California, makes this Statement of Issues against Respondent in her official capacity.

2.

All references to the "Code" are to the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, of the California Code of Regulations.

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STATEMENT OF ISSUES

1 3.

2 Respondent is presently licensed and/or has license rights under the Code as a
3 real estate broker with Department of Real Estate (Department) license ID 01700464.

4 Respondent's license is set to expire on February 28, 2027, unless renewed.

5 4.

6 On or about November 15, 2021, Respondent submitted an "MU2" application
7 to the Department for an individual mortgage loan originator (MLO) license endorsement
8 associated to AMIP Lending, LLC and attested to the statements contained therein, under
9 penalty of perjury.

10 FACTUAL ALLEGATIONS

11 (CIVIL JUDGEMENT)

12 5.

13 On or about January 10, 2018, in the Superior Court of California, County of
14 Los Angeles, Case No. BC626018, in *Fundamental Credit Recovery Fund LP, et al. v. William*
15 *Ronald McMahan, et al.*, a judgment was entered against Respondent and co-defendants for
16 fraudulent transfer in violation of Cal. Civ. Code sections 3439, *et seq.*, breach of fiduciary
17 duty, and aiding and abetting breach of fiduciary duty. The court ordered Respondent and co-
18 defendants, jointly and severally, to pay the plaintiff \$850,000.00 plus prejudgment interest of
19 \$139,376.71, and costs of \$17,932.00. Respondent and co-defendants satisfied the judgment on
20 or about December 3, 2020. As more fully set forth in the Complaint, Respondent and co-
21 defendants caused the transfer of property belonging to the plaintiffs to themselves with the
22 intent to hinder, delay and defraud the plaintiffs. Plaintiffs entered a contract with Respondent
23 and co-defendants to invest \$3 million in a limited partnership. Defendants breached the
24 contract and the dispute was submitted to binding arbitration. In 2014, the arbitrator found in
25 favor of the plaintiffs and awarded money damages and equitable relief. As of June 2015, the
26 remaining asset of the limited partnership was a promissory note that was secured by real
27 property located in Los Angeles, California. The defendants attempted to liquidate the note

1 through a foreclosure sale. The sale, however, was postponed and, later, defendants concealed
2 the liquidation of the note and the transfer of the proceeds to themselves.

3 (WITHHELD INFORMATION OR MADE MATERIAL MISSTATEMENTS)

4 6.

5 In response to Question (J)(1) in the section entitled "Civil Judicial Disclosure" under
6 "Disclosure Questions" of Respondent's MLO license endorsement application submitted on
7 November 15, 2021, to wit: "Has any domestic or foreign court ever: (b) found that you were
8 involved in a violation of any financial services-related statute(s) or regulation(s)?"
9 Respondent answered "No," which constitutes the withholding of information or the making of
10 a material misstatement as to the civil judgment as described in Paragraph 5, above.

11 7.

12 In response to Question (P) in the section entitled "Customer Arbitration/Civil
13 Litigation Disclosure" under "Disclosure Questions" of Respondent's MLO license
14 endorsement application submitted on November 15, 2021, to wit: "Have you ever been named
15 as a respondent/defendant in a financial services-related consumer-initiated arbitration or civil
16 litigation which: (2) resulted in an arbitration award or civil judgment against you, regardless of
17 amount, or that required corrective action?" Respondent answered "No," which constitutes the
18 withholding of information or the making of a material misstatement as to the civil judgment as
19 described in Paragraph 5, above.

20 8.

21 The facts alleged above constitute cause for the denial of Respondent's
22 application for an MLO license endorsement under Code sections 10166.05(c), and
23 10166.051(b) and Regulations section 2758.3(a).

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GROUND FOR DENIAL OF MLO LICENSE ENDORSEMENT

9.

Section 10166.05 of the Code provides, “Notwithstanding any other provision of law, the commissioner shall not issue a license endorsement to act as a mortgage loan originator to an applicant unless the commissioner makes all of the following findings:

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

10.

Section 10166.051 of the Code provides, "...the commissioner may do one or more of the following, after appropriate notice and opportunity for hearing:

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

11.

Section 2758.3(a) of the Regulations provides, “The Commissioner's finding required by Section 10166.05(c) of the Business and Professions Code 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 fiduciary role of a mortgage loan originator...

(a) The applicant may be precluded from obtaining a mortgage loan originator license endorsement 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.”

12.

These proceedings are brought under the provisions of Section 10100, Division 4 of the Business and Professions Code of the State of California and Sections 11500 through 11528 of the California Government Code.

WHEREFORE, the Complainant prays that the above-entitled matter be set for hearing and, upon proof of the charges contained herein, that the Commissioner refuse to authorize the issuance of and deny the issuance of an MLO license endorsement to Respondent WILLIAM RONALD MCMAHAN and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Sacramento, California this 18th day of August, 2023.


Ruth Corral
Supervising Special Investigator

cc: WILLIAM RONALD MCMAHAN
Ruth Corral
Sacto.

STATEMENT OF ISSUES