

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 MIRANDA LEKANDER (State Bar No. 210082)
Senior Counsel
4 Department of Business Oversight
5 1515 K Street, Suite 200
Sacramento, California 95814
6 Telephone: (916) 322-8730
7 Facsimile: (916) 455-6985
8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) File No. 60DBO-46027
13)
14 THE COMMISSIONER) STATEMENT OF ISSUES IN SUPPORT
OF BUSINESS OVERSIGHT,) OF DENIAL OF CALIFORNIA FINANCE
15) LENDERS LICENSE
Complainant,)
16)
OAKTREE CAPITAL CORPORATION,)
17)
Respondent.)
18)

19 The Complainant, the Commissioner of Business Oversight (Commissioner), is informed and
20 believes and, based upon that information and belief, alleges and charges Oaktree Capital
21 Corporation (Respondent) as follows:

22 I.
23 INTRODUCTION

24 1. The Commissioner seeks to deny the issuance of a finance lenders license to Respondent
25 pursuant to section 22109 of the California Finance Lenders Law (CFLL)(Fin. Code, § 22000 et seq.)
26 on the grounds that an officer of the applicant has violated a similar regulatory scheme of the State of
27 California.
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

II.

THE APPLICATION

2. On September 16, 2015, Respondent filed an application for a finance lender license with the Commissioner (hereafter “Application”) pursuant to section 22101 of the CFL. Respondent submitted its application to the Commissioner by filing Form MU1 through the Nationwide Mortgage Licensing System & Registry. The application stated that Respondent has its principal place of business located at 640 Baily Road, Suite 188, Pittsburg, California, 94565.

3. In the “Contact Employee Information” section of the Form MU1, Richard Charles Judson (Judson) was identified as the “Primary Company Contact” and “CEO” of Respondent.

III.

VIOLATION OF SIMILAR REGULATORY SCHEME

4. Financial Code section 22109, subdivision (a)(3) provides:

(a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for a finance lender or broker license for any of the following reasons:

. . . (3) The applicant or an officer, director, general partner, person responsible for the applicant’s lending activities in this state, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a foreign jurisdiction.

5. Information obtained by the Commissioner during the application process revealed that Judson, an “officer” or “person responsible for the applicant’s lending activities in this state,” violated a similar regulatory scheme of the State of California.

6. On April 24, 2009, the California Bureau of Real Estate (BRE; formerly, the Department of Real Estate) issued an Accusation to discipline Judson on the grounds of misrepresentation, fraud and dishonest dealing, and negligence. The Accusation alleged that Judson, individually and as the designated officer of Palm Tree Financial & Realty, Inc., in representing a buyer in four transactions during May and June of 2006, had represented that each property would be the buyer’s primary residence, in violation of Business and Professions Code section 10176, subdivisions (a), (b), (c), and

1 (i), and/or section 10177, subdivisions (g) and/or (j). In connection with these transactions, Judson
2 further represented that a deposit of \$2,000.00 had been received from the buyer when, in fact, the
3 check had not yet been written or received in escrow, in violation of Business and Professions Code
4 section 10176, subdivisions (a) and (i), and section 10177, subdivisions (g) and/or (j). Again in
5 January and February of 2007, Judson misrepresented that a buyer in two transactions was purchasing
6 a property for use as a primary residence. Further, the Accusation alleged that Judson had failed to
7 exercise reasonable supervision over his unlicensed employees and had compensated five of them to
8 perform activities that require a real estate license, in violation of Business and Professions Code
9 sections 10130 and 10137.

10 7. On January 28, 2010, the BRE entered into a Stipulation and Agreement in Settlement and
11 Order in Case No. H-10658 SF (Stipulation), whereby Judson admitted the factual allegations of the
12 Accusation and agreed to an order revoking his real estate broker's license effective March 1, 2010.

13 8. On June 24, 2010, the BRE issued a restricted real estate sales license to Judson pursuant to
14 terms and conditions set forth in the Stipulation.

15 9. On February 23, 2011, the BRE suspended Judson's restricted real estate sales license due to
16 failure to submit satisfactory proof of compliance with continuing education requirements pursuant to
17 the terms of the Stipulation. The suspension was terminated on March 22, 2011.

18 10. Judson is identified on the finance lender Application as the "CEO" of Respondent and, thus,
19 is an "officer" or "person responsible for the applicant's lending activities" under the meaning of
20 Financial Code section 22109, subdivision (a)(3).

21 11. The provision of the Business and Professions Code regulating real estate license holders,
22 particularly sections 10166 and 10177, constitutes a similar regulatory scheme of the State of
23 California within the meaning of Financial Code section 22109, subdivision (a)(3).

24 12. Accordingly, the Commissioner finds that Judson, an "officer" or "person responsible for the
25 applicant's lending activities in this state," violated a "similar regulatory scheme of the State of
26 California" when the BRE revoked his real estate broker's license for misrepresentation, fraud and
27 dishonest dealing, and negligence committed in violation of sections 10166 and 10177 of the
28

1 Business and Professions Code.

2 IV.

3 CONCLUSION

4 13. The foregoing findings constitute grounds under Financial Code section 22109 for the
5 Commissioner to deny the issuance of a finance lender license to Respondent.

6 WHEREFORE the Commissioner prays that the finance lender license application filed by
7 Oaktree Capital Corporation on September 16, 2015 be denied.

8
9 DATED: December 1, 2015
10 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

11
12 By _____
13 MIRANDA LEKANDER
14 Senior Counsel
15 Enforcement Division
16
17
18
19
20
21
22
23
24
25
26
27
28