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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In re Mortgage Loan Originator
License Renewal Application of:

COLEY RAY RAU,
NMLS ID No. 256481,

Applicant.

Docket No. 2022-16-23

**ORDER DENYING MORTGAGE LOAN
ORIGINATOR LICENSE APPLICATION AND
NOTICE OF THE OPPORTUNITY TO
REQUEST A HEARING**

The Director of the State of Idaho, Department of Finance (Director), pursuant to the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 et seq. (the Act), and in particular §§ 26-31-306(1)(d) and (h) and 26-31-313(1)(a) and (b) of the Act, hereby issues the following Findings of Fact, Conclusions of Law, and Order Denying Mortgage Loan Originator License Application, and Notice of the Opportunity for a Hearing (Order).

FINDINGS OF FACT

1. The Applicant, Coley Ray Rau, a resident of the state of Ohio, applied for an Idaho Mortgage Loan Originator (MLO) license by filing an individual Form MU4 through the online Nationwide Mortgage Licensing System and Registry (NMLSR), a.k.a. Nationwide Multistate

Licensing System (NMLS) under NMLS No. 256481. This application was attested to by the Applicant and submitted by Kane Anderson of CrossCountry Mortgage, LLC, NMLS No. 3029, on November 17, 2021.

2. The application Form MU4 seeks information about an individual applicant's qualifications to be licensed as a mortgage loan originator. A section of the application is entitled "Disclosure Questions" and consists of a series of questions that inquire into an applicant's history regarding financial, criminal, civil, judicial, and regulatory matters.

3. Pertinent to the Applicant's qualifications are questions in (K) involving regulatory actions, including, but not limited to "(K) Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever: [. . .] (2) found you to have been involved in a violation of a financial services-related business regulation(s) or statute(s)?" The applicant responded, "No" to these questions.

4. Consistent with normal practice, a Department examiner conducted an assessment of the Applicant using various sources of public information to determine if the Applicant demonstrates sufficient financial responsibility, character, and general fitness in order to be licensed as a mortgage loan originator.¹

5. The examiner obtained a public record background information report through LexisNexis that reflected the Applicant had a regulatory action. The examiner obtained verification of the regulatory action. The regulatory action consisted of a Settlement Agreement between Applicant and the Ohio Department of Commerce, Division of Financial Institutions

¹ Conducted pursuant to Part 3 of the Act titled "The Idaho Secure and Fair Enforcement for Mortgage Licensing Act" (Idaho S.A.F.E. Mortgage Licensing Act), Idaho Code § 26-31-306.

(Case No. 022520-2006CE), dated April 30, 2010. The regulatory action involved the violation of a financial services-related business regulation or statute regarding continuing education requirements.

6. The Department has no evidence indicating that the regulatory action did not require disclosure.

7. The Applicant's negative response to the Form MU4 application disclosure questions in (K) is a material misrepresentation, and the failure to disclose and provide the details of the regulatory action as of the date of the application constitutes a material omission.

8. On March 30, 2022, the Department provided the Applicant notice of an intent to deny the application within approximately one month based on the information set forth above unless the Applicant was able to provide documentation to satisfy the Department that the noted item did not require disclosure. The notice alternatively provided the Applicant the opportunity to withdraw the application. The Applicant failed to provide the requisite documentation or withdraw the application by the stated deadline.

FINDINGS AND CONCLUSIONS OF LAW

9. The allegations set forth in paragraphs 1 through 8 above are fully incorporated herein by this reference.

10. Idaho Code § 26-31-304 provides that an individual shall not engage in the business of a mortgage loan originator without first obtaining, and maintaining annually, a license.

11. Idaho Code § 26-31-305(1) provides that an applicant for a mortgage loan originator license must apply through the NMLSR in a form required by the Director of the Idaho Department of Finance (Director).

12. Idaho Code § 26-31-306(1)(d) provides that the Director shall not issue a mortgage loan originator license under the Act unless the Director makes a finding that an applicant has demonstrated financial responsibility, character, and general fitness sufficient 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 the Act.

13. Pursuant to Idaho Code § 26-31-306(1)(h), before an application for license can be approved, an applicant must provide all information on the application as required per Idaho Code § 26-31-305. Idaho Code § 26-31-305(10) further provides that an applicant shall make complete disclosure of all information as set forth in the application.

14. Pursuant to Idaho Code § 26-31-313(1)(a) and (b), the Director may deny a license if an applicant violates the Act and/or withholds information or makes a material misstatement in an application for a license.

15. The Applicant made a material misstatement of fact in his application, which is grounds to deny his application for licensure. He answered a question inaccurately and failed to disclose the regulatory action. The false answer to disclosure questions in (K) and failure to disclose the regulatory action prohibits the Director from issuing a license to the Applicant pursuant to Idaho Code § 26-31-306(1)(d) and (h) and § 26-31-313(1)(a) and (b).

16. The Director finds it appropriate to deny the application because the Applicant's failure to provide complete information on the Form MU4 regarding the regulatory action demonstrates that the Applicant lacks the appropriate character and fitness sufficient 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 the Act.

Because the Director cannot make the requisite findings under Idaho Code § 26-31-306(1)(d), it is appropriate to deny the Applicant's request for an Idaho mortgage loan originator license, pursuant to Idaho Code § 26-31-313(1).

ORDER

NOW, THEREFORE, BASED ON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND PURSUANT TO IDAHO CODE §§ 26-31-313(1)(a) and (b), IT IS HEREBY ORDERED THAT THE APPLICATION FOR A MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION ATTESTED TO BY COLEY RAY RAU, NMLS NO. 256481, AND SUBMITTED BY KANE ANDERSON OF CROSSCOUNTRY MORTGAGE, LLC, NMLS NO. 3029, ON NOVEMBER 17, 2021, IS DENIED.

NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING

17. The Applicant is HEREBY NOTIFIED that the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION is a final order of the Director denying the license application, subject to the Applicant's right to timely file a request for a hearing on the question of his qualifications for a mortgage loan originator license under the Act, pursuant to Idaho Code § 26-31-305(6)(a). Such request for a hearing must be in writing and submitted to the Department within fifteen (15) days after the service of this Order. A copy of the request for hearing shall be served on the following:

Attn: Lisa Baker
Assistant to the Director
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of the request for contested case and hearing shall also be served on the Department's counsel in this matter:

Erick M. Shaner
Deputy Attorney General
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

Alternatively, the Applicant may email the request for hearing to: CFLegal@finance.idaho.gov.

18. If the Applicant timely requests a hearing, the Director of the Department, or a Hearing Officer acting on the Director's behalf, will notify the Applicant of further steps including the date, time, and place of the hearing.

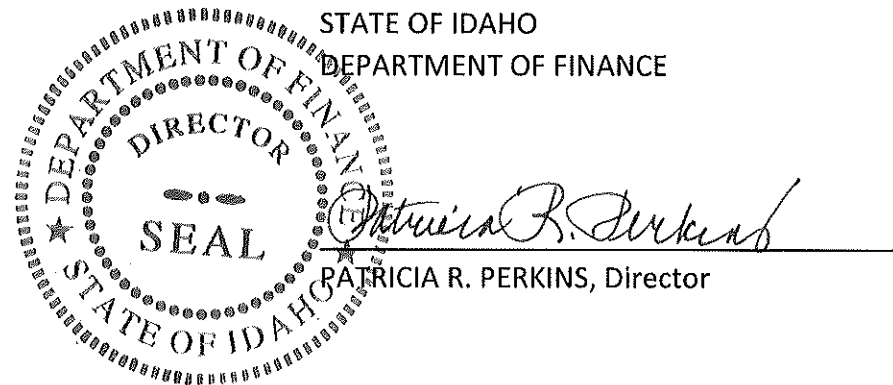
19. Any hearing and subsequent proceedings in this matter will be conducted in accordance with the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.* and the Idaho Rules of Administrative Procedure (IDAPA 04.11.01).

20. Pursuant to Idaho Code § 26-31-305(6), if a hearing is held, the Applicant shall reimburse, pro rata, the Director for her reasonable and necessary expenses incurred as a result of the hearing.

IT IS SO ORDERED.

DATED this 19th day of May 2022.

STATE OF IDAHO
DEPARTMENT OF FINANCE
DEPARTMENT OF FINANCE
DIRECTOR
SEAL
PATRICIA R. PERKINS, Director

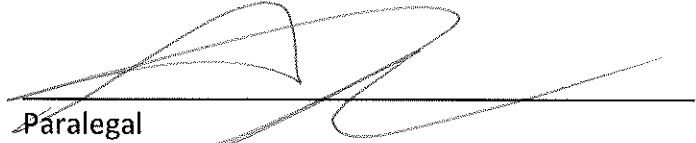
The seal is circular with a double-line border. The outer ring contains the text "STATE OF IDAHO" at the top and "DEPARTMENT OF FINANCE" at the bottom, separated by a star on the left. The inner ring contains the text "DEPARTMENT OF FINANCE" at the top and "DIRECTOR" at the bottom, also separated by a star on the left. In the center of the seal, the word "SEAL" is written in a bold, serif font, with a small emblem above it. To the right of the seal, there is a handwritten signature in cursive that reads "Patricia R. Perkins". A horizontal line is drawn across the signature, and the text "PATRICIA R. PERKINS, Director" is printed below it.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of May 2022, I caused a true and correct fully-executed copy of the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION AND NOTICE OF THE OPPORTUNITY FOR A HEARING to be served on the following by the designated means:

Coley Ray Rau
318 Dublin Lane
Bryan, OH 43506

- U.S. mail, postage prepaid
- certified mail
- facsimile _____
- email: cole.y.rau@myccmortgage.com



Paralegal