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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of: ) NMLS ID: 1153513  
 )  
12 THE COMMISSIONER OF BUSINESS ) ACCUSATION  
13 OVERSIGHT, )  
 )  
14 Complainant, )  
 )  
15 v. )  
 )  
16 HARRY BASSON, )  
17 )  
18 Respondent. )  
 )

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22 The Complainant is informed and believes and based upon such information and belief,  
23 alleges and charges the Respondent as follows:

24  
25 **I.**  
26 **Introduction**

27 1. Harry Basson (Respondent) received a mortgage loan originator (MLO) license on  
28 or around March 30, 2015, pursuant to the California Residential Mortgage Lending Act (Fin. Code

1 § 50000 et seq.) (CRMLA). On January 1, 2018, Respondent’s MLO license expired because  
2 Respondent did not meet the requirements for renewal under Financial Code section 50144.

3 2. The proposed order seeks to decline to renew and suspend the currently inactive  
4 MLO license of Respondent pursuant to Financial Code section 50513 because Respondent (i)  
5 made material misrepresentations of facts and withheld information in his original application for  
6 an MLO license, and (ii) no longer meets the requirements of Financial Code section 50141 and  
7 50144 for continued licensure.

8 3. Moreover, the Department of Business Oversight’s (Department) discovery of  
9 Respondent’s criminal conviction that Respondent failed to disclose in the original application, as  
10 well as the revocation of Respondent’s Bureau of Real Estate (BRE) salesperson license after  
11 Respondent’s MLO license was granted, constitute facts or conditions that, if they had existed at the  
12 time of the original application, reasonably would have warranted the Commissioner in refusing to  
13 issue the license originally, under Financial Code section 50327.

## 14 II.

### 15 **The Original Application Contained Material Misrepresentations of Facts**

16 4. On March 6, 2015, Respondent filed an application for an MLO license with the  
17 Commissioner by submitting a Form MU4 through the Nationwide Mortgage Licensing System  
18 (NMLS) (hereinafter, Application) pursuant to Financial Code section 50140.

19 5. Respondent answered “No” to Question (H)(1) regarding criminal disclosures on the  
20 Application: “Have you ever been convicted of or pled guilty or nolo contendere (‘no contest’) in a  
21 domestic, foreign, or military court to committing or conspiring to commit a misdemeanor  
22 involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false  
23 statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii)  
24 forgery, (viii) counterfeiting, or (ix) extortion?”

25 6. In fact, on October 7, 2011, the Los Angeles City Attorney charged Respondent with  
26 eight misdemeanor counts, and on or around March 6, 2013, he pled no contest to Count I (Penal  
27 Code section 182(a)(1), conspiracy to commit any crime); Count II (Penal Code section 186.10(a),  
28 money laundering); and Count VI (Business and Professions Code section 7028(a), engaging in the

1 business of or acting in the capacity of a contractor within this state without having a license) in the  
2 complaint in *The People of the State of California v. Harry Basson a.k.a. Hertzell Bass dba KLM*  
3 (Case No. 1CA01190) (Misdemeanor Case).

4 7. Respondent also answered “No” to Question (N) regarding pending regulatory  
5 actions on the Application: “Is there a pending regulatory action proceeding against you for any  
6 alleged violation described in (K) through (L)?” Question (K) on the Application states, in relevant  
7 part: “(K) Has any State or federal regulatory agency . . . ever: . . . (1) found you to have made a  
8 false statement or omission or been dishonest, unfair or unethical? . . . .” Respondent answered  
9 “No.”

10 8. In fact, on March 3, 2015, or three days before Respondent filed the Application on  
11 NMLS with the Commissioner, the BRE initiated a regulatory proceeding, *In the Matter of the*  
12 *Accusation of Harry Basson* (No. H-39758 LA), against Respondent by issuing an Accusation  
13 charging violations of the Business and Professions (B&P) Code, including but not limited to:  
14 section 10186.2 (failing to report to the BRE within 30 days any conviction, plea of guilty or no  
15 contest, of any felony or misdemeanor); and section 10177, subdivision (a) (procurement of a real  
16 estate license or license renewal by fraud, misrepresentation, or deceit, or by making a material  
17 misstatement of fact in an application) (March 2015 BRE Accusation).

18 9. In the Application’s section entitled, “Attestation,” Respondent swore, agreed to, and  
19 represented that “the information and statements contained herein . . . are current, true, accurate and  
20 complete and are made under the penalty of perjury, or un-sworn falsification to authorities, or  
21 similar provisions as provided by law . . . ***To keep the information contained in this form current***  
22 ***and to file accurate supplementary information on a timely basis . . . .***” (Emphasis added.)

23 10. Despite receiving notice of March 2015 BRE Accusation and filing his Notice of  
24 Defense with the BRE on March 13, 2015, Respondent failed to amend his Application to disclose  
25 the pending regulatory proceeding until June 2, 2015, or 81 days after he had notice.

26 11. On June 2, 2015, Respondent amended his Application by changing his previous  
27 “No” answers in Questions (H)(1) regarding criminal disclosures, (N) regarding pending regulatory  
28 actions, and (K) regarding findings of false statements by a regulatory agency, to “Yes.” He

1 provided the following explanation for the three “Yes” answers, in the section, “Disclosure  
2 Explanations:”

3 I told the bre (sic) before I file with nmls (sic) and I believe that you have  
4 this information from the bre. That (sic) why I said no to the question  
5 because no new information to tel (sic) you after this conviction that I told  
6 the bre. I don’t try to hide I know you will find this on my background  
7 check but I truly believed that you know through the bre and I am sorry  
8 for my misunderstanding. This conviction was on job that I did back in  
9 about 02/2006 and customer complained on about 10/2011 that the job not  
10 don (sic) right and because I work with no lic. the (sic) a complain .(time  
11 laps (sic) to old for complain 2006 to 2011) I am 65 years old I don’t have  
12 any criminal in all my life except this that I work with no lic. for Q N I  
13 have a hearing with the bre for no telling them on my convaction, (sic)

14 12. On or around July 13, 2015, or at least 122 days after he had been served with the  
15 March 2015 BRE Accusation, Respondent submitted to the Commissioner the March 2015 BRE  
16 Accusation by uploading it as a supporting file onto NMLS.

17 13. On or around July 13, 2015, Respondent also submitted for the first time information  
18 regarding his past criminal history by uploading onto NMLS a 10-page case history report dated  
19 12/18/13 for Case No. 1CA01190, which disclosed that on October 7, 2011, the Los Angeles City  
20 Attorney charged Respondent with eight misdemeanor counts, and on or around March 6, 2013 he  
21 pled no contest to Count I (Penal Code section 182(a)(1), conspiracy to commit any crime); Count  
22 II (Penal Code section 186.10(a), money laundering); and Count VI (B&P Code section 7028(a),  
23 engaging in the business of or acting in the capacity of a contractor within this state without having  
24 a license). Respondent did not submit any additional documentation regarding his criminal or  
25 regulatory history.

26 14. On or around August 27, 2015, the Department directed Respondent to update the  
27 Department once there was a final disposition in the pending March 2015 BRE Accusation.

28 15. On January 24, 2017, Respondent updated his Form MU4 to disclose that on  
February 22, 2016 the BRE revoked his real estate salesperson license. Respondent waited 1.5  
years to update the Department of the final disposition in the March 2015 BRE Accusation.

16. On or around February 17, 2017, the Department directed Respondent to submit by  
uploading as a supporting file onto NMLS the final disposition of the March 2015 BRE Accusation.

1 To date, Respondent has not uploaded the final disposition of the March 2015 BRE Accusation as  
2 required.

3 **III**  
4 **Respondent Withheld Information from the Department in the Original Application**

5 17. The Department’s own investigation revealed that on March 6, 2013, two years prior  
6 to his filing the Application, Respondent signed a Stipulation to Sentencing Order and Sentencing  
7 Order whereby Respondent pled “No Contest” to the following: “P.C. 182(a)(1); P.C. 186.10(a);  
8 B.P. 7028(a).”

9 18. The complaint in the Misdemeanor Case to which Respondent pled “No Contest”  
10 provided in pertinent part:

11 Count I, a misdemeanor violation of Penal Code section 182(a),  
12 conspiracy to commit the following: “a) Grand Theft . . . b) Forgery . . . c)  
13 Financial Elder Abuse . . . d) Misrepresented License Number . . . a  
14 contractor’s license . . . e) Diversion of Funds . . . f) Money Laundering . .  
..”

15 Count II, a misdemeanor violation of Penal Code section 186.10 by  
16 “conduct[ing] a transaction or more than one transaction within a seven-  
17 day period involving a monetary instrument or instruments of a total value  
18 exceeding five-thousand dollars (\$5,000) through one or more financial  
19 institutions, knowing that the monetary instrument or instruments  
20 represented the proceeds of, or was derived directly from the proceeds of,  
21 criminal activity . . . in the amount of \$19,675.00 pursuant to a reverse  
22 mortgage loan . . . obtained by theft, fraud and deception . . .”

23 Count VI, a misdemeanor violation of Business and Professions Code  
24 section 7028(a) by “engag[ing] in the business of or act[ing] in the  
25 capacity of a contractor within this state without having a license.”

26 19. From the date of the Application (March 6, 2015) through at least June 2, 2015,  
27 when Respondent amended his Application by changing “No” answers to “Yes,” Respondent  
28 withheld the existence of his criminal conviction from the Commissioner, even though the 10-page  
print out he submitted on July 13, 2015 discloses that on 11/30/11 “A copy of the complaint and the  
arrest report [was] given to Defendants Counsel.”

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**IV.**  
**BRE Revocation and Failure to Promptly File Changed Information**  
**Provide Grounds for Discipline Under the CRMLA**

20. California Code of Regulations, title 10, section 1950.122.9 provides in pertinent part:

(a) Each licensed residential mortgage lender, mortgage servicer, residential mortgage lender and servicer, or mortgage loan originator shall, upon any change in the information contained in its application for license (other than financial information contained therein), ***promptly*** file an amendment to such application setting forth the changed information. .

(c) A mortgage loan originator shall file changed information contained in its Form MU4, and any exhibits thereto, through NMLS in accordance with its procedures for transmission to the Commissioner ***within twenty (20) days of changes to the information***. Any change that cannot be submitted through NMLS shall be filed directly with the Commissioner. ***A mortgage loan originator may not renew his or her license under Section 1950.122.5.3 of Subchapter 11.5 of these rules until all changes to the information contained in his or her Form MU4 are filed with the Commissioner as provided in this section.*** (Emphasis added.)

21. Financial Code section 50316, subdivision (a), provides in pertinent part:

(a) For any licensee, a disciplinary action taken by the State of California . . . for any action substantially related to the activity regulated under this law may be a ground for disciplinary action by the commissioner . . . .

22. Financial Code section 50327 provides:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, deny, decline to renew, suspend, or revoke any license if the commissioner finds that:

(1) The licensee has violated any provision of this division or any rule or order of the commissioner thereunder.

(2) Any fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

(b) The power of investigation and examination by the commissioner is not terminated by the denial, nonrenewal, surrender, suspension, or revocation of any license issued by him or her.

1           23.     Respondent failed to file a change of information within twenty days to his Form  
2 MU4 after the BRE revoked his real estate salesperson license on February 22, 2016, and instead  
3 waited 337 days to amend his Form MU4, in violation of California Code of Regulations, title 10,  
4 section 1950.122.9(c).

5           24.     BRE’s revocation of Respondent’s real estate salesperson license for violations of  
6 the B&P Code and the Los Angeles City Attorney’s Misdemeanor Case on behalf of the People of  
7 the State of California constitute disciplinary actions by the State of California for actions that are  
8 substantially related to the activity regulated under the CRMLA, providing grounds for disciplinary  
9 action by the Commissioner pursuant to Financial Code section 50316.

10          25.     Moreover, the BRE’s revocation of Respondent’s real estate salesperson license on  
11 February 22, 2016, Respondent’s continuing failure since February 17, 2017 to the present date to  
12 upload supporting documentation of the final revocation order, and Respondent’s failure to disclose  
13 his criminal conviction that occurred more than two years prior to the Application, constitute facts  
14 or conditions that, “if [they] had existed at the time of the original application for the license,  
15 reasonably would have warranted the commissioner in refusing to issue the license originally,”  
16 under Financial Code section 50327(a)(2).

17                                 V.

18           **Respondent No Longer Meets the Requirements of Financial Code section 50141 and 50144**

19          26.     Financial Code section 50513, subdivision (a), provides in pertinent part:

20                 (a) The commissioner may do *one or more* of the following:

21                     (1) Deny, suspend, revoke, condition, or decline to renew a mortgage loan  
22 originator license for a violation of this division, or any rules or  
23 regulations adopted thereunder.

24                     (2) Deny, suspend, revoke, condition, or decline to renew a mortgage loan  
25 originator license if an applicant or licensee fails at any time to meet the  
26 requirements of Section 50141 or 50144, or withholds information or  
27 makes a material misstatement in an application for a license or license  
28 renewal . . . . (Emphasis added.)

              27.     Financial Code section 50141 provides in pertinent part:

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(a) The commissioner shall deny an application for a mortgage loan originator license unless the commissioner makes at a minimum the following findings . . .

(3) The applicant has demonstrated such financial responsibility, character, and general fitness as 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 this division . . . .

28. Financial Code section 50144 provides in pertinent part:

(b) The minimum standards for license renewal for mortgage loan originators shall include the following:

(1) The mortgage loan originator continues to meet the minimum standards for license issuance under Section 50141 . . . .

**VI.**  
**Conclusion**

The Commissioner finds that Respondent misrepresented material facts and withheld information in his original application to the Commissioner for a mortgage loan originator license, failed to promptly amend his original application to reflect the March 2015 BRE Accusation while the original application was pending, and failed to make amendments to his Form MU4 after being granted an MLO license, which are grounds to suspend, revoke, condition, or decline to renew the MLO license pursuant to Financial Code section 50513. Moreover, Respondent’s revocation by BRE and his previously undisclosed plea of no contest to misdemeanor offenses involving actions that are substantially related to the activity regulated under the CRMLA constitute facts or conditions that, if they had existed at the time of the original application, reasonably would have warranted the Commissioner in refusing to issue the license originally, pursuant to Financial Code section 50327.

Lastly, Respondent’s continued failure since on or around February 17, 2017 to the present date, constituting at least 375 days, to upload as a supporting file onto NMLS the final disposition of the March 2015 BRE Accusation that resulted in the revocation of his BRE salesperson license, indicates that Respondent has not demonstrated the requisite “financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that



1 the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this  
2 division,” as required under Financial Code sections 50327, 50141, and 50144.

3 By reason of the foregoing, pursuant to Financial Code sections 50513, 50327, 50316, 50141,  
4 and 50144, the Commissioner shall decline to renew and suspend the mortgage loan originator  
5 license of Respondent for a period of five years.

6 WHEREFORE IT IS PRAYED that the mortgage loan originator license of Harry Basson be  
7 suspended and not renewed for a period of five years.

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9 Dated: February 27, 2018  
10 Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

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By \_\_\_\_\_  
12 Sophia C. Kim  
13 Senior Counsel  
14 Enforcement Division

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