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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 NO.: 346678  
12 THE COMMISSIONER OF BUSINESS ) ACCUSATION  
13 OVERSIGHT, )  
14 Complainant, )  
15 v. )  
16 LORENZO FLORES NAVA, )  
17 Respondent. )  
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21 The Complainant, the Commissioner of Business Oversight (Commissioner) of the  
22 Department of Business Oversight (Department) is informed and believes and based upon such  
23 information and belief, alleges and charges the Respondent as follows:

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

26 1. Lorenzo Flores Nava (Nava) is a mortgage loan originator (MLO) licensed by the  
27 Commissioner on or around May 10, 2016, pursuant to the California Residential Mortgage  
28 Lending Act (Fin. Code, § 50000 *et seq.*) (CRMLA).





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3. I affirm/attest that I am abiding by all terms and conditions of any order or disciplinary agreement in effect in any jurisdiction.

4. I acknowledge that I understand and will comply with the laws and regulations pertaining to the conduct of the business for which the Licensee/Registrant is requesting the renewal of such license or registration.

5. I affirm/attest that I have **updated the documents on file** with the jurisdiction(s) to disclose **any new event or proceeding** requiring an affirmative answer to **any Disclosure Question which has occurred since submission of my license/registration application or renewal application** to the applicable jurisdiction(s). Any documents explaining affirmative answers to any Disclosure Questions previously submitted to each jurisdiction(s) remain true and accurate . . . . (Emphasis added.)

**IV.**  
**Nava’s 2019 Renewal Application Misrepresented and Omitted Material Facts**

16. As of the date of the Renewal Application, Nava’s documents on file with the Commissioner included the following: (i) Nava’s MU4, last amended on April 6, 2018; (ii) Nava’s MU2, last amended on April 6, 2018; and (iii) Zenith’s MU1, last amended on November 26, 2018.

17. As of the date of the Renewal Application, Nava’s MU4 and MU2, both updated on April 6, 2018, answered “No” to Question (H)(1) regarding criminal disclosures:

Have you ever been convicted of or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion?

18. On March 28, 2018, the Ventura County District Attorney charged Nava in *The People of the State of California v. Lorenzo Flores Nava* (Case No. 2016022120) with the following: (i) Count 1, Grand Theft, a felony in violation of Penal Code section 487(a), alleging that Nava “did unlawfully take money and personal property of a value exceeding Nine Hundred Fifty Dollars (\$950), to wit \$3,000 . . .” and (ii) Count 2, Unlawful Act of Foreclosure Consultant, a

1 felony in violation of Civil Code section 2945.4(a),<sup>2</sup> alleging that Nava “did willfully and  
 2 unlawfully claim, demand, charge, collect, and receive compensation before said defendant had  
 3 fully performed each and every service said defendant contracted to perform and represented that  
 4 said defendant would perform . . . .” (Criminal Case).

5 19. On June 4, 2018, Nava pleaded guilty to Count 2, Unlawful Act of Foreclosure  
 6 Consultant.

7 20. On July 9, 2018, Count 2 was reduced from a felony to a misdemeanor and Nava  
 8 was sentenced to Conditional Revocable Release for 36 months subject to conditions, including, but  
 9 not limited to, a prohibition from “participating, in any manner . . . real estate loan modification . . .  
 10 loss litigation; foreclosures rescue; short sale consulting; forensic loan audits; counseling,  
 11 preparation, filing, or consulting regarding bankruptcy actions; counseling, anticipated or actual  
 12 litigation on behalf of a residential loan borrower against lender(s) or servicer(s) of their loans . . . .”

13 21. To date, Nava has not amended or updated his MU4 or MU2 since his last  
 14 amendment on April 6, 2018.

15 22. On July 13, 2018, Nava filed an amendment to Zenith’s MU1, changing his previous  
 16 answers of “No” to “Yes” in response to Questions (A)(1) and (A)(2) regarding criminal  
 17 disclosures: “Has the *entity* or a *control affiliate* ever: (1) been convicted of or pled guilty or nolo  
 18 contendere (“no contest”) in a domestic, foreign, or military court to any felony? (2) been charged  
 19 with any felony?” (Emphasis added.)

20 23. In fact, the Criminal Case did not charge or convict Zenith, and Zenith had no  
 21 affiliates.

22 24. In the section entitled, “Disclosure Explanations” of Zenith’s MU1, Nava provided  
 23 an explanation in a letter entitled, “Letter to Regulators,” dated July 13, 2018, stating: “On June 4<sup>th</sup>,  
 24 2018, I pleaded guilty to a misdemeanor for Unlawful Act of Foreclosure that took place on July  
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26 <sup>2</sup> “It shall be a violation for a foreclosure consultant to: (a) Claim, demand, charge, collect, or receive any compensation  
 27 until after the foreclosure consultant has fully performed each and every service the foreclosure consultant contracted to  
 28 perform or represented that he or she would perform . . . .” (Civ. Code, § 2945.4(a).) A “Foreclosure consultant” means  
 “any person who makes any solicitation, representation, or offer to any owner to perform for compensation . . . any of the  
 following: (1) Stop or postpone the foreclosure sale. (2) Obtain any forbearance from any beneficiary or mortgagee. (3)  
 Assist the owner to exercise the right of reinstatement provided in Section 2924c. (4) Obtain any extension of the period  
 within which the owner may reinstate his or her obligation . . . .” (Civ. Code, § 2945.1(a).)

1 28<sup>th</sup>, 2015 . . . .” (Letter to Regulators). Nava’s Letter to Regulators disclosed that he collected  
2 \$5,800.00 in upfront fees from a California resident for a loan modification that did not occur,  
3 resulting in foreclosure to their home. Nava stated that the \$5,800.00 collected from victims was  
4 paid back in restitution.

5 25. Nava did not amend or update his MU2 or MU4 to reflect the changed information  
6 contained in Question (H)(1) regarding whether he was convicted of or pled guilty to a  
7 misdemeanor involving “(i) financial services or a financial services-related business, (ii) fraud, (iii)  
8 false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury,  
9 (vii) forgery, (viii) counterfeiting, or (ix) extortion.” To date, Nava’s answer to Question (H)(1)  
10 remains “No.”

11 26. Nava did not provide pertinent and material information and documentation  
12 regarding the Criminal Case, such as the charges filed, current disposition, and any outstanding  
13 orders by the Court prohibiting him from participating in activities substantially related to the  
14 business of an MLO or CFL broker. Specifically, Nava’s Letter to Regulators omitted material  
15 facts, including but not limited to the following:

16 (i) On March 28, 2018, the Ventura County District Attorney filed a Felony  
17 Complaint in the Superior Court of California in the County of Ventura charging him with Grand  
18 Theft and Unlawful Act of Foreclosure Consultant, both felonies;

19 (ii) On June 4, 2018, Nava signed a Felony Disposition Statement in which he  
20 pleaded guilty to Count 2, Civil Code section 2945.4(a), Unlawful Act of Foreclosure Consultant;

21 (iii) At the time of sentencing on July 9, 2018, the felony count was reduced to a  
22 misdemeanor and the Court released him on Conditional Revocable Release for 36 months, subject  
23 to multiple conditions, including but not limited to the following:

24 You are to obey all laws, city, county, state and federal . . . You are  
25 prohibited from participating, in any manner, whether or not for  
26 commercial gain, real estate loan modification, or bankruptcy services,  
27 including, but not limited to, soliciting, advertising, offering, engaging,  
28 referring or providing services. This includes, but is not limited to, the  
following services: loan modification; loss litigation; foreclosures rescue;  
short sale consulting; forensic load audits; counseling, preparation, filing,  
or consulting regarding bankruptcy actions; counseling, anticipated or  
actual litigation on behalf of a residential loan borrower against lender(s)

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or servicer(s) of their loans . . . You are directed to pay victim restitution . . . The amount is to be determined by further order of the Court . . . .

27. From July 13, 2018 to the present, Nava’s amendment to Zenith’s MU1 indicates that the entity, Zenith, or a control affiliate was charged with and pleaded guilty to a felony, when in fact Zenith was neither charged nor convicted, and Zenith has no affiliates.

**V.**  
**Nava Withheld Information Regarding His Loan Modification Activities from the Department During the Regulatory Examination of Zenith**

28. On or around February 27, 2018, the Department commenced a regulatory examination of Zenith pursuant to Financial Code section 22701 of the CFL (Regulatory Exam). The Department requested that Nava provide information regarding the loan modification assistance provided to borrowers going back to 2013, including names, dates, commissions collected, and services performed to justify the commission.

29. Nava responded to the Department’s request in a letter dated April 25, 2018, stating:

We are unable to provide the information requested regarding Loan Modification Assistance dating back to 2013. *I, Lorenzo Flores, was the one doing Loan Modifications before we Incorporated Zenith Financial & Insurance Solutions Inc. I completely stopped doing Loan Modification in 2014 altogether* and it’s been such a long time now. The Lap Top that I used when working Loan Modifications overheated in 2015, therefore I had to get a new computer. I never worked on a cloud drive like I do now, so all the information was lost when the Lap Top overheated. Thank you. (Emphasis added.)

30. In fact, the Felony Complaint against Nava was filed on March 28, 2018, and as of at least April 18, 2018, Nava had notice of the pending criminal charges regarding his loan modification activities occurring in or around July 2015, when he appeared at the arraignment proceeding in the Criminal Case.

**VI.**  
**Criminal Conviction and CRMLA Violations Provide Grounds to Revoke under Section 50327**

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

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(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.)

32. Financial Code section 50316 provides:

(a) For any licensee, a disciplinary action taken by the **State of California**, another state, any agency of the federal government, or another country for **any action substantially related to the activity regulated under this law** may be a ground for disciplinary action by the commissioner. A certified copy of the record of the disciplinary action taken against a licensee by the State of California, another state, any agency of the federal government, or another country shall be **conclusive evidence of the events related therein**.

(b) Nothing in this section shall preclude the commissioner from applying a specific statutory provision in this division providing for discipline against a licensee as a result of disciplinary action taken against a licensee by the State of California, another state, an agency of the federal government, or another country. (Emphasis added.)

33. 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.



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(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.

34. From June 4, 2018, the date that Nava pleaded guilty to Count 2 of the Felony Complaint, to December 21, 2018, the date that Nava submitted his Renewal Application for his MLO license, 200 days had elapsed during which Nava failed to file a change of information to his Form MU4, which was last amended on April 6, 2018, in violation of California Code of Regulations, title 10, section 1950.122.9(c). To date, Nava has not amended his Form MU4.

35. Nava’s actions in or around July 28, 2015 to which he pleaded guilty in the Criminal Case are substantially related to the activities regulated under the CRMLA, which regulates the origination and servicing of residential mortgage loans and brokerage services by an MLO.

36. Nava’s criminal sentence on July 9, 2018 to Conditional Revocable Release for 36 months, subject to multiple conditions, including but not limited to obeying all laws, city, county, state and federal, and prohibition from participating in, among other things, real estate loan modification, constitute facts or conditions that, if they had existed at the time of his original Application for an MLO license, reasonably would have warranted the Commissioner in refusing to issue the license originally under Financial Code section 50327(a)(2).

**VII.**  
**Nava’s Failure to Meet the Requirements of Sections 50141 and 50144 and Withholding Information Each Provide Grounds to Revoke Under Section 50513**

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

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

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

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

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- 38. Financial Code section 50141 provides in pertinent part:
  - (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 . . . .

- 39. 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 . . . .

40. Nava’s MU2 and MU4 contain material misstatements in his answer to Question (H)(1) and omit material facts regarding the Criminal Case. Nava’s amendment to Zenith’s MU1 contain material misstatements in his answers to Questions (A)(1) and (A)(2). Nava’s Letter to Regulators in the Disclosure Explanations section of Zenith’s MU1 omit material facts regarding the felony charges filed against Nava and the Court’s placing him on Conditional Revocable Release for 36 months during which he is prohibited from participating in, among other things, real estate loan modifications, and ordering him to pay restitution to victims.

41. The foregoing actions belie the requisite 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 the CRMLA under Financial Code sections 50141 and 50144.

**VII.**  
**Conclusion**

The Commissioner finds that Nava (i) violated California Code of Regulations, title 10, section 1950.122.9; (ii) misrepresented and omitted material facts in his 2019 Renewal Application for an MLO license; and (iii) no longer meets the requirements of Financial Code sections 50141

1 and 50144 for continued licensure, each constituting an independent ground to revoke Nava’s MLO  
2 license pursuant to Financial Code section 50513.

3 Furthermore, Nava’s criminal conviction on June 4, 2018 for violating Civil Code section  
4 2945.4(a) (unlawful act of foreclosure consultant) and sentencing order on July 9, 2018 prohibiting  
5 him for at least 36 months from, among other things, participating in real estate loan modification  
6 services, including, but not limited to, soliciting, advertising, offering, engaging, referring or  
7 providing services (such services including but not limited to loan modification, loss litigation,  
8 foreclosures rescue, short sale consulting, forensic loan audits, counseling, preparation, filing, or  
9 consulting regarding bankruptcy actions, and counseling, anticipated or actual litigation on behalf  
10 of a residential loan borrower against lender(s) or servicer(s) of their loans) constitute facts or  
11 conditions that, if they had existed at the time of the original application, reasonably would have  
12 warranted the Commissioner in refusing to issue an MLO license originally under Financial Code  
13 section 50327.

14 Lastly, the material misstatements and omissions in Nava’s MU2, MU4, and Zenith’s MU1  
15 in Nava’s Renewal Application for 2019, and the Court’s Conditional Revocable Release for at  
16 least 36 months prohibiting Nava from participating in real estate loan modifications and ordering  
17 him to pay restitution to victims each belie the requisite financial responsibility, character, and  
18 general fitness as to command the confidence of the community and to warrant a determination that  
19 the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the  
20 CRMLA, as required under Financial Code sections 50513, 50141, and 50144.

21 By reason of the foregoing, pursuant to Financial Code sections 50513, 50327, 50316,  
22 50141, and 50144, the Commissioner shall revoke the mortgage loan originator license of  
23 Nava.

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WHEREFORE IT IS PRAYED that the mortgage loan originator license of Lorenzo Flores  
Nava be revoked.

Dated: April 19, 2019  
Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
Sophia C. Kim  
Senior Counsel  
Enforcement Division