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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
12 OF THE STATE OF CALIFORNIA

14 In the Matter of: ) NMLS ID.: 359663  
15 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) STATEMENT OF ISSUES IN SUPPORT OF  
16 ) NOTICE OF INTENTION TO ISSUE ORDER  
Complainant, ) DENYING MORTGAGE LOAN  
17 ) ORIGINATOR APPLICATION  
v. ) (Financial Code sections 22109.1 and 50141)  
18 )  
19 DAVID GEORGE DANIEL, )  
Respondent. )

21 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), is informed  
22 and believes and based upon such information and belief, alleges and charges as follows:

23 I.

24 **Introduction**

25 The proposed order seeks to deny the issuance of a mortgage loan originator license to David  
26 George Daniel (Daniel) pursuant to Financial Code sections 22109.1 and 50141, in that Daniel fails  
27 to demonstrate the requisite financial responsibility, character, and general fitness required for  
28 issuance of a license.

**II.****Statement of Facts**

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3 1. On March 20, 2019, Daniel filed an application on NMLS<sup>1</sup> for a mortgage loan  
4 originator license with the Commissioner pursuant to Financial Code sections 22109.1 and  
5 50140. The application was submitted to the Commissioner by filing Form MU4 through the  
6 Nationwide Mortgage Licensing System & Registry (NMLS).

7 2. The documentation received by the Commissioner during the application process  
8 disclosed that Daniel was previously licensed by the California Department of Real Estate (DRE)  
9 (formerly the Bureau of Real Estate) as a real estate broker (“DRE license”) starting January 9,  
10 1996.

11 3. On March 11, 2015, the DRE filed an Accusation against Daniel, Redwood  
12 Realty, Inc. (Redwood), and Ali Hasnain Ali (Ali). On December 9, 2016, the DRE filed the  
13 First Amended Accusation against Daniel and the other respondents. Redwood was licensed by  
14 the DRE as a corporate real estate broker under the Real Estate Law. Daniel was the designated  
15 broker/officer of Redwood from December 17, 2010 through March 25, 2012.

16 4. Daniel and Redwood accepted or received trust funds in the course of their real  
17 estate activities. The DRE found that Daniel committed various trust fund handling violations  
18 including: 1) the failure to maintain control records for the trust account, which resulted in an  
19 inability by the auditor to determine the balance of the trust account; 2) the failure to deposit the  
20 advance fees they collected from clients into a trust account; 3) the failure to designate the bank  
21 account as a trust account; 4) the failure to maintain separate records for each beneficiary of the  
22 trust account; 5) the failure to perform and maintain records of required monthly reconciliations  
23 for the trust account; 6) the failure to perform and maintain records of required monthly  
24 reconciliations for the trust account; 7) the failure to furnish a verified accounting with respect to  
25

26 <sup>1</sup> NMLS stands for Nationwide Multistate Licensing System & Registry and is the system of record for non-depository,  
27 financial services licensing or registration in participating agencies, including the District of Columbia and U.S.  
28 Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions, NMLS is the official system for  
companies and individuals seeking to apply for, amend, renew and surrender licenses authorities managed through  
NMLS.

1 advance fees to the principals of the trust account at the end of each quarter and when each  
2 contract was completely performed; 8) allowing a non-licensee to be a signatory on the trust  
3 account; and 9) co-mingling trust funds with non-trust funds in the trust account.

4 5. The DRE also found that Daniel unlawfully claimed, demanded charged,  
5 collected, and/or received advance fees in connection with loan modification services.

6 6. The DRE further found that Redwood unlawfully performed loan modification  
7 activities without first obtaining a real estate license endorsement as a Mortgage Loan Originator  
8 (MLO). These activities took place during a period in which Daniel was the designated broker  
9 officer for Redwood.

10 7. Finally, the DRE found that Daniel was the designated broker officer for  
11 Redwood and was therefore responsible for the supervision and control of the activities  
12 conducted on behalf of Redwood by its officers and employees for the period of February 2,  
13 2011, through April 12, 2012. Daniel failed to exercise reasonable supervision and control over  
14 the property management activities of Redwood. In particular, Daniel permitted, ratified and/or  
15 caused the conduct in the previous causes of action to occur, and failed to take reasonable steps,  
16 including the handling of trust funds, supervision of employees and the implementation of  
17 policies, rules, procedures and systems to ensure the compliance with the Real Estate Law.

18 8. Daniel did not contest the DRE’s findings and, instead, surrendered his DRE  
19 license, effective October 2, 2017.

20 9. In response to the MU4 question inquiring about any personal bankruptcy  
21 petitions within the past 10 years, Daniel disclosed that he had filed a Chapter 7 bankruptcy  
22 petition on October 26, 2009.

23 **III.**

24 **Applicable Law**

25 10. Financial Code section 50141 provides in relevant part:

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

(3) The applicant has demonstrated such financial responsibility,

1 character, and general fitness as to command the confidence of the  
2 community and to warrant a determination that the mortgage loan  
3 originator will operate honestly, fairly, and efficiently within the  
4 purposes of this division.

5 11. Financial Code section 22109.1 provides in relevant part:

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

9 (3) The applicant has demonstrated such financial responsibility,  
10 character, and general fitness as to command the confidence of the  
11 community and to warrant a determination that the mortgage loan  
12 originator will operate honestly, fairly, and efficiently within the  
13 purposes of this division.

14 12. California Code of Regulations, title 10, section 1422.6.2, provides  
15 in relevant part:

16 (a) The Commissioner's finding required by Section 22109.1(c) of  
17 the California Finance Lenders Law relates to any matter, personal  
18 or professional, that may impact upon an applicant's propensity to  
19 operate honestly, fairly, and efficiently when engaging in the role  
20 of a mortgage loan originator.

21 (c) An applicant may be precluded from obtaining a mortgage loan  
22 originator license where his or her personal history includes:

23 (1) Any liens or judgments for fraud, misrepresentation, dishonest  
24 dealing, and/or mishandling of trust funds, or

25 (2) Other liens, judgments, or financial or professional conditions  
26 that indicate a pattern of dishonesty on the part of the applicant.

27 **IV.**

28 **Conclusion**

The Commissioner finds, by reason of the foregoing, that Daniel's extensive misconduct which led to the surrender of his real estate broker license, along with his previous bankruptcy, fails to demonstrate such character and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently as a mortgage loan originator.

THEREFORE, the Commissioner is mandated under Financial Code sections 50141 and 22109.1 to deny David George Daniel's mortgage loan originator license application.

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WHEREFORE IT IS PRAYED that the mortgage loan originator application filed by David George Daniel be denied.

Dated: August 22, 2019  
Sacramento, California

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

By \_\_\_\_\_  
TREVOR J. CARROLL  
Counsel