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

11 In the Matter of:)	OAH CASE NO.: 2019060129
)	
12 THE COMMISSIONER OF BUSINESS)	AGENCY CASE NO.: 346678
13 OVERSIGHT,)	
)	
14 Complainant,)	ORDER REVOKING MORTGAGE LOAN
)	ORIGINATOR LICENSE
15 v.)	
)	
16 LORENZO FLORES NAVA,)	TRIAL DATES: November 12-14, 2019
)	TRIAL TIME: 9:00 a.m.
17 Respondent.)	ASSIGNED TO: Unassigned
)	

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20 The Complainant, the Commissioner of Business Oversight (Commissioner) of the
21 Department of Business Oversight (Department) finds that:

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

25 2. At all relevant times, Nava is the president and 100% owner of Zenith Financial &
26 Insurance Solutions, Inc. (Zenith), a finance broker licensed by the Commissioner on or around
27 February 19, 2016, pursuant to the California Financing Law¹ (Fin. Code, § 22000 *et seq.*) (CFL).

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¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California

1 3. Nava’s and Zenith’s business address on file with the Commissioner is 119 East
2 Alton Avenue, Suite F1, Santa Ana, California 92707.

3 4. On or around August 7, 2014, Nava filed an application for an MLO license with the
4 Commissioner by submitting a Form MU4 through the Nationwide Mortgage Licensing System
5 (NMLS) pursuant to Financial Code section 50140 (hereinafter, Nava’s MU4 or Application). The
6 Form MU4 is the standard application for an individual to request an MLO license from a state
7 regulator through NMLS.

8 5. On or around November 13, 2015, Nava, as the president and a Control Person of
9 Zenith, filed an application on behalf of Zenith for a CFL broker license by submitting a Form MU1
10 through NMLS (hereinafter, Zenith’s MU1 or Zenith’s CFL Broker Application). The Form MU1
11 is the uniform application form that a company or sole proprietorship applying for any company
12 license must complete and submit through NMLS.

13 6. Nava also submitted a Form MU2 through NMLS in connection with Zenith’s MU1
14 (Nava’s MU2). Each Control Person, Qualifying Individual, or a Branch Manager identified in the
15 Form MU1 must complete and submit a Form MU2, which contains biographical, employment, and
16 disclosure information for such individuals.

17 7. Under California Code of Regulations, title 10, section 1950.122.9(c), an MLO is
18 required to file changed information contained in its Form MU4 through NMLS within 20 days of
19 changes to the information and may not renew his or her license under section 1950.122.5.3 until all
20 changes in the Form MU4 are filed with the Commissioner through NMLS.

21 8. Under California Code of Regulations, title 10, section 1950.122.10 and
22 1950.122.5.3, an MLO shall be renew his or her license annually through NMLS.

23 9. On December 21, 2018, Nava filed a request to renew his MLO license for the year
24 2019 through NMLS (Renewal Application).

25 10. Nava’s Attestation to the Renewal Application stated in pertinent part:

26 I, Lorenzo Flores Nava, swear (or affirm) on 12/21/2018 that to the best of
27 my knowledge and belief the information contained in my online record,
28 including jurisdiction specific requirements where I am licensed or

Financing Law means the California Finance Lenders Law before October 4, 2017 and the California Financing Law on and after that date. (Fin. Code, § 22000.)

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registered, is true, accurate and complete in accordance with the appropriate jurisdiction’s law. Additionally, I acknowledge that I have a duty and agree to expediently update and correct the information as it changes.

I understand that submitting any false or misleading information, or omitting pertinent or material information, may be grounds for administrative action and/or criminal action. As part of this request for license/registration renewal, I swear (or affirm) to the following: . . .

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.)

11. 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.

12. 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?

13. 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

1 following: (i) Count 1, Grand Theft, a felony in violation of Penal Code section 487(a), alleging that
2 Nava “did unlawfully take money and personal property of a value exceeding Nine Hundred Fifty
3 Dollars (\$950), to wit \$3,000 . . .” and (ii) Count 2, Unlawful Act of Foreclosure Consultant, a
4 felony in violation of Civil Code section 2945.4(a),² alleging that Nava “did willfully and
5 unlawfully claim, demand, charge, collect, and receive compensation before said defendant had
6 fully performed each and every service said defendant contracted to perform and represented that
7 said defendant would perform . . .” (Criminal Case).

8 14. On June 4, 2018, Nava pleaded guilty to Count 2, Unlawful Act of Foreclosure
9 Consultant.

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

16 16. As of at least April 19, 2019, Nava had not amended or updated his MU4 or MU2
17 since his last amendment on April 6, 2018.

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

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

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26 ² “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 19. In the section entitled, “Disclosure Explanations” of Zenith’s MU1, Nava provided
2 an explanation in a letter entitled, “Letter to Regulators,” dated July 13, 2018, stating: “On June 4th,
3 2018, I pleaded guilty to a misdemeanor for Unlawful Act of Foreclosure that took place on July
4 28th, 2015” (Letter to Regulators). Nava’s Letter to Regulators disclosed that he collected
5 \$5,800.00 in upfront fees from a California resident for a loan modification that did not occur,
6 resulting in foreclosure to their home. Nava stated that the \$5,800.00 collected from victims was
7 paid back in restitution.

8 20. As of at least April 19, 2019, Nava had not amended or updated his MU2 or MU4 to
9 reflect the changed information contained in Question (H)(1) regarding whether he was convicted
10 of or pled guilty to a misdemeanor involving “(i) financial services or a financial services-related
11 business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v)
12 bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion.” As of at least April 19,
13 2019, Nava’s answer to Question (H)(1) remained, “No.”

14 21. As of at least April 19, 2019, Nava had not provided pertinent and material
15 information and documentation regarding the Criminal Case, such as the charges filed, current
16 disposition, and any outstanding orders by the Court prohibiting him from participating in activities
17 substantially related to the business of an MLO or CFL broker. Specifically, Nava’s Letter to
18 Regulators omitted material facts, including but not limited to the following:

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

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

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

27 You are to obey all laws, city, county, state and federal . . . You are
28 prohibited from participating, in any manner, whether or not for

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commercial gain, real estate loan modification, or bankruptcy services, including, but not limited to, soliciting, advertising, offering, engaging, 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) 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

22. From July 13, 2018 to at least April 19, 2019, Nava’s amendment to Zenith’s MU1 indicated 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.

23. 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.

24. 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.)

25. 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.

26. 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.)

27. 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.)

28. 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.

29. 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). As of at least April 19, 2019, Nava had not amended his Form MU4.

30. 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.

31. 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).

32. 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

33. 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

34. 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

35. Nava’s MU2 and MU4 contained material misstatements in his answer to Question (H)(1) and omit material facts regarding the Criminal Case. Nava’s amendment to Zenith’s MU1 contained 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.

36. 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.

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

38. Furthermore, Nava’s criminal conviction on June 4, 2018 for violating Civil Code section 2945.4(a) (unlawful act of foreclosure consultant) and sentencing order on July 9, 2018

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

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

17 40. On April 19, 2019, the Commissioner issued to Nava a Notice of Intention to Issue
18 Order Revoking Mortgage Loan Originator License, Statement to Respondent, Accusation,
19 Government Code Sections 11507, 11507.6, and 11507.7 relating to discovery, and blank Notice of
20 Defense (Accusation), which is incorporated herein by this reference.

21 41. On or around April 29, 2019, the Commissioner served upon Nava the Accusation
22 via certified mail, return receipt requested.

23 42. On or around May 13, 2019, the Commissioner received Nava’s timely written
24 Notice of Defense dated May 13, 2019.

25 43. On or around June 4, 2019, a request to set the matter for hearing was filed with the
26 Office of Administrative Hearings (OAH) and the matter was assigned hearing dates of November
27 12 – 14, 2019, at the Los Angeles regional office of OAH (OAH Case No. 2019060129).

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44. On or around August 29, 2019, Nava submitted to the Commissioner a written withdrawal of his Notice of Defense dated August 29, 2019.

NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the mortgage loan originator license of Lorenzo Flores Nava be revoked. This order is effective as of the date hereof.

Dated: September 3, 2019
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division