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

11 In the Matter of: ) NMLS ID.: 359663  
12 THE COMMISSIONER OF BUSINESS )  
13 OVERSIGHT, ) ORDER DENYING MORTGAGE LOAN  
14 Complainant, ) ORIGINATOR LICENSE APPLICATION  
15 v. )  
16 DAVID GEORGE DANIEL, )  
17 Respondent. )  
18 \_\_\_\_\_ )

19  
20 The Complainant, the Commissioner of Business Oversight (Commissioner), of the  
21 Department of Business Oversight (Department), finds that:

- 22 1. On March 20, 2019, Daniel filed an application for a mortgage loan originator license  
23 with the Commissioner pursuant to Financial Code sections 22109.1 and 50140. The application was  
24 submitted to the Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing  
25 System & Registry (NMLS).  
26 2. The documentation received by the Commissioner during the application process  
27 disclosed that Daniel was previously licensed by the California Department of Real Estate (DRE)  
28 (formerly the Bureau of Real Estate) as a real estate broker (“DRE license”) starting January 9, 1996.

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

6           4.       Daniel and Redwood accepted or received trust funds in the course of their real estate  
7 activities. The DRE found that Daniel committed various trust fund handling violations including: 1)  
8 the failure to maintain control records for the trust account, which resulted in an inability by the  
9 auditor to determine the balance of the trust account; 2) the failure to deposit into a trust account the  
10 advance fees collected from clients; 3) the failure to designate the bank account as a trust account; 4)  
11 the failure to maintain separate records for each beneficiary of the trust account; 5) the failure to  
12 perform and maintain records of required monthly reconciliations for the trust account; 6) the failure  
13 to furnish a verified accounting with respect to advance fees to the principals of the trust account at  
14 the end of each quarter and when each contract was completely performed; 7) allowing a non-  
15 licensee to be a signatory on the trust account; and 8) co-mingling trust funds with non-trust funds in  
16 the trust account.

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

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

23           7.       Finally, the DRE found that Daniel was the designated broker officer for Redwood  
24 and was therefore responsible for the supervision and control of the activities conducted on behalf of  
25 Redwood by its officers and employees for the period of February 2, 2011, through April 12, 2012.  
26 Daniel failed to exercise reasonable supervision and control over the property management activities  
27 of Redwood. In particular, Daniel permitted, ratified and/or caused the conduct in the DRE's  
28 accusation to occur, and failed to take reasonable steps, including the handling of trust funds,

1 supervision of employees and the implementation of policies, rules, procedures and systems to  
2 ensure the compliance with the law.

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

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

8 10. The Commissioner finds that Daniel’s misconduct leading to the surrender of his real  
9 estate broker license in 2017, along with his previous bankruptcy, fails to demonstrate such financial  
10 responsibility, character, and general fitness as to command the confidence of the community and to  
11 warrant a determination that he will operate honestly, fairly, and efficiently as a mortgage loan  
12 originator.

13 11. Based on the foregoing findings, pursuant to Financial Code sections 22109.1 and  
14 50141, the Commissioner is, therefore, mandated to deny Daniel’s application for a mortgage loan  
15 originator license.

16 12. On August 22, 2019, the Commissioner issued a Notice of Intention to Deny  
17 Application for Mortgage Loan Originator License, Statement of Issues, and accompanying  
18 documents (Notice of Intention to Deny) based on the above findings.

19 13. On October 9, 2019, the Commissioner served Daniel with the Notice of Intention to  
20 Deny by personal delivery. Daniel did not request a hearing and the time to do so has expired.

21 NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the Application  
22 filed by David George Daniel for a mortgage loan originator license is denied. This order is  
23 effective as of the date hereof.

24 Dated: October 29, 2019

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

25  
26 By \_\_\_\_\_  
27 MARY ANN SMITH  
28 Deputy Commissioner  
Enforcement Division