

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 UCHE L. ENENWALI (State Bar No. 235832)
Senior Counsel
4 Department of Business Oversight
320 West 4th Street, Suite 750
5 Los Angeles, California 90013
Telephone: (213) 576-7586
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

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

11 In the Matter of:) NMLS ID: 253626
) ORG NO.: 147471
12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,) STATEMENT OF ISSUES IN SUPPORT OF
) ORDER DENYING PETITION FOR
14 Complainant,) REINSTATEMENT OF FINANCE LENDER'S
) LICENSE
15 v.)
)
16 AMERICAN FRONTIER FINANCIAL)
17 GROUP AND SULIMAN A. SULIMAN,)
)
18 Respondents.)
)
19)
20)

21 The Commissioner of the Department of Business Oversight (Commissioner or DBO)
22 alleges and charges Respondents American Frontier Financial Group (American) and Suliman A.
23 Suliman (Suliman) (collectively American or Suliman) as follows:

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

26 1. The Commissioner licenses and regulates mortgage loan originators, finance lenders,
27 and brokers under the California Financing Law (Fin. Code, § 22000 et seq.) (CFL).¹

28 ¹ All further references are to the CFL unless otherwise indicated.

1 2. American is a California corporation incorporated on July 9, 1993, with its principal
2 place of business located at 215 S Baldwin Avenue, Apartment C, Arcadia California 91007.
3 According to the California Secretary of State’s website, American’s registration is suspended by the
4 Franchise Tax Board as of July 31, 2020.

5 3. At all relevant times, Suliman is, or was, the chief executive officer and sole owner of
6 American.

7 4. To become licensed by the Commissioner as a finance lender, an individual must
8 submit an application for a finance lender or broker's license under the CFL to the
9 Commissioner (Application). The Application contains a set of detailed instructions for filing
10 license applications, including a checklist of items to be completed by the applicant, who is fully
11 responsible for all the requirements of the license.

12 5. On November 7, 2005, the Commissioner issued a CFL license no. 603B457 to
13 American. On May 2, 2012 the Commissioner revoked American’s license after American failed to
14 maintain a surety bond as required by section 22112.

15 6. On May 29, 2012, the Commissioner received a letter from American requesting
16 reinstatement of its CFL license.

17 7. On July 19, 2018, American applied for a CFL license (file number 253626) with the
18 Commissioner by submitting an Application to the Commissioner through the National Mortgage
19 Licensing System (NMLS).

20 8. The Commissioner seeks to deny American’s request for reinstatement of its CFL
21 license and Application pursuant to section 22109.1, subdivisions (a) (1) (3) and (4) on the basis that
22 Suliman and American violated provisions of the CFL, or the rules thereunder or a similar regulatory
23 scheme by making false and/or misleading statements on their Application. American and Suliman
24 failed to disclose an Order issued by the Commissioner of the California Department of Real Estate
25 (formerly Bureau of Real Estate) (DRE) revoking Suliman and American’s real estate broker
26 licenses effective April 21, 2016, for negligent misrepresentation, fraud, and breach of fiduciary
27 duties. Further, American did not list any individuals who qualified as a DBO or DRE licensed
28 Mortgage Loan Originator (MLO) at the licensed location.

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II.
Statement of Facts

A. DRE’s Revocation of American and Suliman’s Broker License

9. On or about May 16, 2011, the DRE filed an accusation against American and Suliman in, *In the Matter of the Accusation of American Frontier Financial Group doing business as New Century Realty; and Suliman A. Suliman, individually, and as designated officer of American Frontier Financial Group*, Case No. H-37278-LA (BRE action) alleging “Six Causes of Accusation” against American and Suliman for violations of the California Business and Professions Code, (Code), and California Code of Regulations, title 10 (Regulations).

10. The First Cause of the Accusation alleged that American: (1) failed to keep a trust account for particular resale or short sales transactions in violation of Code section 10145 and Regulation 2831; (2) misrepresented to sellers that American held the earnest money deposits for buyers when in fact they did not, in violation of Code section 10176(a); (3) falsely represented itself as both the listing and selling agent on the purchase agreement in violation of Code sections 10176 (a), 10176 (i) 10177 (j); (4) failed to retain salesperson license certificates of salespersons Isidora Rivera and Mohamed Mustafa, in violation of Code section 10160 and Regulation 2753; and (5) Suliman failed to exercise reasonable control and supervision over the activity of American in full compliance with Real Estate Law, including but not limited to, trust fund handling, misrepresenting receipt of earnest money depositions and mortgage loan disclosures, in violation of Code sections 10159.2, 10177(h) and Regulation 2725.

11. The Second Cause of the Accusation alleged that American violated numerous sections of the Financial Code, including but not limited to: (1) the failing to maintain true and correct copies of DRE approved Mortgage Loan Disclosure Statements in violation of Code section 10240); (2) failing to disclose yield spread premiums for lenders on the approved Mortgage Loan Disclosure Statement, in violation of Code section 10240; (3) employing and compensating Jennifer Perez (Suliman's wife) as a real estate agent for performing acts for which a real estate license is required despite the fact that Suliman knew she was not licensed by the DRE as a real estate agent, in violation of Code section 10137; and (4) failing to maintain all records of American's activity

1 during the audit period required for a broker's license, including but not limited to, credit reports and
2 appraisal fee records, bank statements, records and transactions filed related to mortgage and loan
3 activities in violation of Code section 10148.

4 12. The Third Cause of the Accusation alleged that American and Suliman operated a
5 fraudulent scheme to generate sales. American was not permitted by the lender to be either a list
6 and/or selling agent for short sales, and fraudulently represented to funding lenders that a real estate
7 broker other than American was the lending or selling agent, in violation of Code section 10176,
8 subdivisions (b) and (c).

9 13. The Fourth Cause of the Accusation alleged that the overall conduct of American and
10 Suliman “constitutes negligence and negligent misrepresentation. This conduct and violation are
11 cause for discipline of the real estate license and license rights of Respondents AFGG and
12 SULIMAN pursuant to Code Section 10177(g).”

13 14. The Fifth Cause of the Accusation alleged that American and Suliman breached their
14 fiduciary duties in violation of Code section 10177, subdivision (g).

15 15. The Sixth Cause of the Accusation alleged that Suliman failed to exercise reasonable
16 supervision and control over the licensed activities of American as required by Code section 10159.2
17 and that such violations are a cause for discipline of the real estate license and license rights of
18 Suliman pursuant to Code sections 10177, subdivision (d), (h) and (g).

19 16. American and Suliman filed a Notice of Defense denying the allegations and
20 requesting a hearing on the DRE Accusation.

21 17. A hearing on the Accusation was held on July 22-24, and October 30, 2015, at the
22 Office of Administrative Hearings, Los Angeles.

23 18. On January 22, 2016, the Hon. Eric Sawyer entered a “Proposed Decision” (Proposed
24 Decision), finding that American and Suliman’s licenses were subject to discipline for the following:

- 25 a) First Cause of the Accusation - Dishonest dealings and making
26 substantial misrepresentations in violation of Code sections 10176
subdivisions (a), (i) and sections 10177 subdivision (j).

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- b) Second Cause of the Accusation - failing to comply with the Real Estate Law and the Commissioner’s regulations, by failing to use the Commissioner's approved MLDS forms in violation of Code section 10240 and Regulation 2840; and failure to state respondents' license numbers on MLDS forms, in violation of Code section 10236.4, subdivision (b).

- c) Third Cause of the Accusation - for making false promises of a character likely to influence, persuade or induce, in violation of Code section 10176 subdivision (b), including engaging in a continued and flagrant course of misrepresentations and false promises through real estate agents and salespersons, including, knowingly using Mr. Hai, an employee and a licensed broker, to carry out the purpose of procuring commissions for respondents, by obtaining his agreement to complete requisite forms and submit them to escrow that falsely represented him as the sole sales broker on two transactions, and by not disclosing that he was respondents' employee or that respondents would receive commissions on the transactions, in violation of Code section 10176, subdivision (c).

19. The Proposed Decision determined that American and Suliman’s licenses were not subject to discipline with regard to the fourth, fifth, and sixth causes of action alleged in the DRE action.

20. The Proposed Decision ordered that “all licenses and licensing rights” of American and Suliman under the real estate law “... are revoked; provided, however, a restricted real estate broker license shall be issued to respondents pursuant to Section 10156.5 of the Business and Professions Code....”

21. On or about February 12, 2016, the DRE issued an Order adopting the Proposed Decision as the Decision of the Real Estate Commissioner (Decision). The Decision suspended or revoked American and Suliman’s licenses, with a restricted status effective March 10, 2016.

22. On March 3, 2016, the DRE entered an Order extending the effective date of the suspension or revocation of American and Suliman’s licenses to April 11, 2016. On or about April 11, 2016, the DRE issued an Order further extending the effective date of the suspension or revocation of American and Suliman’s licenses from April 11, 2016 to April 21, 2016.

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1 B. The Commissioner’s Revocation of American’s CFL License

2 23. On May 2, 2012, the Commissioner revoked American's CFL license no. 603B457
3 for failure to maintain a surety bond as required by section 22112.

4 24. On May 29, 2012, the Commissioner received a letter from American dated May 29,
5 2012 requesting reinstatement of its CFL license. American’s May 29, 2012 letter explained the
6 circumstances surrounding its failure to maintain a surety bond.

7 25. On July 12, 2012, the Commissioner informed American by email that its license
8 would be reinstated upon American’s payment of a penalty of \$2,500.00 that the Commissioner
9 assessed against it for failing to maintain a surety bond, in violation of section 22112.

10 26. On July 26, 2012, the Commissioner sent a certified letter to American informing it
11 that its CFL license would not be reinstated because the DBO, through his independent investigation
12 discovered the DRE’s action and neither Suliman nor American disclosed the DRE’s action to the
13 Commissioner. The Commissioner’s letter was returned undelivered because American relocated to
14 a different address without notifying the Commissioner of its new address.

15 27. On or about November 29, 2018, American forwarded a letter to the Commissioner
16 requesting the reinstatement of its CFL license. American stated in its November 29, 2018 letter that
17 it had previously submitted an application through the NMLS on July 19, 2018.

18 **III.**
19 **American’s CFL Application**

20 28. American submitted its Application with the Commissioner on July 19, 2018 and
21 Suliman verified the Application as correct and true under penalty of perjury.

22 29. American answered “No” to the Regulatory Action Disclosure Question C,
23 subsections 1, 2, 4 and 5 which ask, in pertinent part:

24 (C) In the past 10 years, has any State or federal regulatory agency or foreign
financial regulatory authority or self-regulatory organization (SRO) ever:

- 25 (1) found the entity or a control affiliate to have made a false
26 statement or omission or been dishonest, unfair, or
27 unethical?

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- 2) found the entity or a control affiliate to have been involved in a violation of a financial services-related regulation(s) or statute(s)?
- ...
- 4) entered an order against the entity or a control affiliate in connection with a financial services-related activity?
- 5) denied, suspended, or revoked the entity's or a control affiliate's registration or license or otherwise, by order, prevented it from associating with a financial services-related business or restricted its activities?

30. American answered “Yes” to the Regulatory Action Disclosure Question C, subsection (3) which asks, in pertinent part:

(C) In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:

(3) found the entity or a control affiliate to have been a cause of a financial services-related Yes business having its authorization to do business denied, suspended, revoked or restricted?

31. American provided the following explanation in response to the Regulatory Action Disclosure Question C:

BRE license was order [sic] to be restricted, because in [sic] administrative action alleged that the company management failed to answer to accusation of a commission paid to the company without disclosing the commission to the paying lender in fact, the lender was notified however, the lender went out of business and there was no way to get a hold of the lender management (we attempted to get a hold of the lender bank to proof our point in every possible way including hiring a private investigator company why wrote a statement to the court acknowledging such facts....

32. On or about June 29, 2010, American filed an updated MU1 in which it answered “No” to the Regulatory Action Disclosure Question C, subsections 1, 2, 3, 4 and 5 described herein in paragraphs 29 and 30 above.

33. The Commissioner investigates each CFL license application it receives. The

1 Commissioner discovered the DRE action upon further investigation of American’s Application.
2 Neither American nor Suliman disclosed the DRE action in the NMLS or advised the Commissioner
3 of the regulatory actions undertaken by DRE while American and Suliman were licensed under the
4 CFL as a lender.

5 34. Additionally, in order for an entity to conduct activity under the CFL that involves
6 making or brokering consumer purpose real estate secured loans, the entity is required to employ a
7 DBO or BRE licensed MLO at its licensed location. American engaged in activity involving making
8 or brokering consumer purpose real estate secured loans. American did not list any individuals who
9 qualified as a MLO at the licensed location and as such, has violated section 22109(a)(4).

10 **IV.**
11 **Authority to Deny American’s Request for Reinstatement and Application for a CFL License**

12 35. Paragraphs 1-34 are hereby realleged and incorporated herein by reference as if set
13 forth in their entirety.

14 36. Section 22109.1 of the CFL provides in relevant part:

15 (a) Upon reasonable notice and opportunity to be heard, the commissioner
16 may deny the application for a finance lender, broker, or program
17 administrator license for any of the following reasons:

18 (1) A false statement of a material fact has been made in the application.

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20 (3) The applicant or an officer, director, general partner, person
21 responsible for the applicant's lending activities in this state, or person
22 owning or controlling, directly or indirectly, 10 percent or more of the
23 outstanding interests or equity securities of the applicant has violated any
24 provision of this division or the rules thereunder or any similar regulatory
25 scheme of the State of California or a foreign jurisdiction.

26 (4) The applicant employs a mortgage loan originator who is not licensed,
27 or has not initiated an application to become licensed, pursuant to this
28 division.

29 **American made a false statement of a material fact in its Application**

30 37. Paragraphs 1-36 are hereby realleged and incorporated herein by reference as if set
31 forth in their entirety.

1 38. Based on the foregoing facts, the Commissioner finds that American and Suliman
2 made a false statement of a material fact in their Application and have violated provisions of the
3 CFL or the rules thereunder or similar regulatory scheme of the State of California.

4 39. The underlying purposes and policies of the CFL include the protection of borrowers
5 against unfair practices by unscrupulous lenders and the protection of property owners from
6 deceptive and misleading practices. (See Cal. Fin. Code, §22001) Honesty, truthfulness, and
7 integrity are important qualifications necessary to perform the functions and duties of a mortgage
8 loan originator or finance lender consistent with the policies and purposes of the CFL.

9 40. The California Supreme Court observed when discussing the qualifications of real
10 estate professionals:

11 Where the occupation is one wherein those following it act as the
12 agents and representatives of others and in a more or less confidential
13 and fiduciary capacity, it certainly can be fairly said that those
14 pursuing it should have in a particular degree the qualifications of
15 honesty, truthfulness, and good reputation. (*Riley v. Chambers* (1919)
16 181 Cal. 589, 594 [185 P. 855]; accord, *Golde v. Fox* (1979) 98
17 Cal.App.3d 167, 176 [“(T)here is more to being a licensed professional
18 than mere knowledge and ability. Honesty and integrity are deeply and
19 daily involved in various aspects of the practice.”].)

20 41. In *Gee v. California State Personnel Bd.* (1970) 5 Cal.App.3d 713, the appellate court
21 expressed that “dishonesty” connotes a disposition to deceive. (Citation.) It ... denotes an absence of
22 integrity; a disposition to cheat, deceive or defraud[.]” (Id. at pp. 718-719.) Courts have held
23 integrity to mean “soundness of moral principle and character, as shown by a person’s dealings with
24 others in the making and performance of contracts, in fidelity and honesty in the discharge of trusts.
25 In short, it is used as a synonym for probity, honesty, and uprightness in business relations with
26 others.” (See *In re Estate of Gordon* (1904) 142 Cal.125 quoting, *In re Bauquier* (1891) 88 Cal.307.)

27 42. In *Harrington vs. Dept of Real Estate* (1989) 214 Cal.App.3d 394, the court stated
28 that lack of candor in completing a license application is itself sufficient to sustain a finding that the
applicant does not yet appreciate the need to speak honestly about and to accept responsibility for
one’s actions.

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1 43. As alleged in paragraphs 29 and 30 above, in the MUI American submitted on July
2 19, 2018, American answered “No” to the Regulatory Action Disclosure Question C, subsections 1,
3 2, 4 and 5 which ask whether in the past 10 years, any state, federal or foreign financial regulatory
4 authority or self-regulatory organization ever: (1) found him or his entity to have made a false
5 statement or omission or been dishonest, unfair or unethical; (2) found Suliman or an entity or a
6 control affiliate to have been involved in a violation of a financial services-related regulation(s) or
7 statute(s); (4) entered an order against the entity or a control affiliate in connection with a financial
8 services-related activity and (5) denied, suspended, or revoked the Suliman or American’s
9 registration or license or otherwise, by order, prevented it from associating with a financial services-
10 related business or restricted its activities.

11 44. American should have answered “Yes” to the Regulatory Action Disclosure Question
12 C, subsections 1, 2, 4 and 5 since Suliman and American were named as respondents in a financial
13 services related BRE action that alleged multiple instances of fraud and dishonest dealings and
14 resulted in the revocation of Suliman and American’s real estate broker licenses. Accordingly,
15 American’s response to Regulatory Action Disclosure Question C, subsections 1, 2, 4 and 5 was
16 false.

17 45. As alleged in paragraph 32, on June 29, 2010, American filed an amended MUI
18 changing its answer to Regulatory Action Disclosure Question C subsection (3) from “Yes” to “No.”
19 Regulatory Action Disclosure Question C subsection (3) asks whether any SRO ever found
20 American or Suliman to have been a cause of a financial services-related business having its
21 authorization to do business denied, suspended, revoked or restricted. Suliman’s updated response
22 from “Yes” to “No” is a false statement.

23 46. Even if American argues that its failure to properly respond “Yes” to Regulatory
24 Action Disclosure Question C subsections (1)(2)(3)(4) and (5) resulted from negligence, ignorance
25 or mistake – American’s conduct with respect to its completion of its Applications evidences its
26 unfitness for the finance lender industry. (See *Corporations Commissioner v. Maspero* (2003) OAH

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1 Case L2002090534, p.82 [denial of an escrow officer application] citing *Handeland v. Department*
2 *of Real Estate* (1976) 58 Cal.App.3d 513, 518.)

3 47. In addition, the DRE's action against Suliman and American and the facts upon
4 which it is based further demonstrates American and Suliman's unfitness for the CFL industry. As
5 alleged in paragraphs 18 and 20 above, the DRE's Decision established that American and Suliman
6 engaged in dishonest dealings and made substantial misrepresentations in violation of the Real
7 Estate Law, including, failing to use the DRE's approved forms and failing to stat their license
8 numbers on the approved forms; making false promises of a character likely to influence, persuade
9 or induce; engaging in a continued and flagrant course of misrepresentations and false promises
10 through real estate agents and salespersons, including, knowingly using an employee and a licensed
11 broker, to procure commissions for American and Suliman.

12 48. Based on the foregoing facts, American and Suliman have not shown they can operate
13 honestly and fairly as finance lenders. American and Suliman's conduct in completing their
14 Application and the facts surrounding the DRE's action against American and Suliman demonstrate
15 their unfitness for the finance lender industry.

16 American employed an unlicensed mortgage loan originator in its business

17 49. To conduct activity under the CFL license that involves the making or brokering of
18 consumer purpose real estate secured loans, a licensee must employ a California DBO or DRE
19 licensed Mortgage Loan Originator (MLO) employed at the licensed location pursuant to section
20 22109 (a)(4).

21 50. American and Suliman listed "zero individuals registered" at the licensed location on
22 its Application filed in NMLS, demonstrating that they employed a mortgage loan originator who is
23 not licensed or has initiated an application to become licensed, in violation of section 22109 (a)(4).

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25 ² Designated as a "Precedent Decision" by the Department, under Government Code section 11425.60. In *Maspero*, the
26 Respondent failed to disclose in her Application that she pled guilty to violation of Health and Safety Code section
27 11352 (transport for sale of a narcotic/controlled substance) and the Respondent claimed her failure to disclose her
28 conviction was a mistake. (*Corporations Commissioner v. Maspero* (2003) OAH Case L200209053, p.4.) The *Maspero*
Court concluded that "even assuming the truth of Respondent's explanation that her mistake on the Statement of Identity
and Employment Application was one of 'negligence' and 'ignorance' triggered by her failure to read the question
carefully, Respondent's conduct with respect to her completion of the application evidences her unfitness for the
employment she seeks." (*Id.* at p. 8.)

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Conclusion

51. The Commissioner finds, by reason of the foregoing, that American and Suliman violated the provisions of the CFL by making a false statement of material fact in their letter of May 29, 2012 requesting reinstatement of their license and Application filed through NMLS on July 19, 2018, in violation of section 22109.1, subdivision (a) (1). In addition, American and Suliman employed an unlicensed mortgage loan originator in its business in violation of section 22109, subdivision (a)(4). Further, American and Suliman have violated a similar regulatory scheme of the state of California or a foreign jurisdiction by engaging in dishonest dealings and making substantial misrepresentations while conducting business as real estate brokers in violation of the Real Estate Law, in violation of section 22109.1 subdivision (a) (2). American and Suliman’s violations of the Real Estate Law resulted in the DRE’s revoking of American and Suliman’s real estate broker licenses with restrictions.

The findings set forth above constitute grounds under California Financial Code section 22109, subdivision (a), to deny the issuance of a finance lender license to American and Suliman.

WHEREFORE, the Commissioner prays that American Frontier Financial Group and Suliman A. Suliman’s request for reinstatement submitted to the Commissioner in a letter dated May 29, 2012 and Application filed through NMLS on July 19, 2018, be denied.

Dated: August 4, 2020
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Uche L. Enenwali
Senior Counsel
Enforcement Division