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7  
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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) NMLS LICENSE NO. 1891629  
13 )  
14 THE COMMISSIONER OF BUSINESS ) STATEMENT OF ISSUES  
OVERSIGHT, )  
15 )  
16 Complainant, )  
v. )  
17 RAHUL MAHENDRA PANDEY, )  
18 Respondent. )  
19 )  
20 )  
21 )

22 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), is informed  
23 and believes, and based on such information and belief, alleges and charges Respondent Rahul  
24 Mahendra Pandey (Pandey) as follows.

25 I.

26 **Jurisdiction**

27 1. The Commissioner has jurisdiction over the licensing and regulation of persons  
28

1 engaged in the business of making, servicing, or brokering residential mortgage loans, including  
2 mortgage loan originators, under both the California Financing Law (CFL) (Fin. Code, § 22000 et  
3 seq.) and the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).  
4 The Commissioner is authorized to administer the CFL and CRMLA and the rules and regulations  
5 promulgated in title 10 of the California Code of Regulations (CCR).

6 2. Respondent Pandey applied for a mortgage loan originator (MLO) license with the  
7 Commissioner.

8 3. Under the provisions of Financial Code sections 22109.1 and 22172 of the CFL and  
9 Financial Code sections 50141 and 50513 of the CRMLA, the Commissioner brings this action to  
10 deny Pandey’s MLO license application because: (1) Pandey is not employed by, and subject to the  
11 supervision of, a CFL or CRMLA-licensed lender, servicer, or broker, and therefore does not meet  
12 the minimum criteria to receive a MLO license; and (2) Pandey has failed to demonstrate that he is a  
13 citizen of the United States or a qualified alien, nonimmigrant alien under the Immigration and  
14 Nationality Act (INA), or an alien paroled into the United States for less than one year (qualified  
15 alien), and, therefore, he does not satisfy the requirements of 10 CCR sections 250.60 and 250.61  
16 imposed upon all applicants seeking to obtain a CFL or CRMLA license pursuant to CCR sections  
17 1422.7.1 and 1950.122.7.

18 **II.**

19 **Statement of Facts**

20 *2020 California Application*

21 4. To become licensed by the Commissioner as a MLO, an individual must submit a  
22 uniform application form (known as the MU4) through the Nationwide Mortgage Licensing System  
23 and Registry (the NMLS).

24 5. On January 14, 2020, Pandey first applied for an MLO license by filing his Form  
25 MU4 through the NMLS.

26 6. Pandey holds an Indian passport and, according to his MU4, currently resides in  
27 Hamilton, New Zealand.

28 7. Pandey’s application lacked sponsorship and Pandey is not employed by a CFL-

1 licensed lender or broker or a CRMLA-licensed lender or servicer.

2 8. Pandey's application lists his current employer as the Ravenshield Corporation located  
3 at 2019 West 42nd Street, Los Angeles, California.

4 9. On April 11, the Commissioner's staff reviewed Pandey's MU4. Included with the  
5 application was a copy of Pandey's Indian passport. The examiner noted deficiencies with Pandey's  
6 application, including Pandey's failure to provide acceptable legal documentation to establish his  
7 eligibility to obtain an MLO license.

8 10. That same day, April 11, the examiner placed a license item on Pandey's NMLS  
9 account, requesting Pandey provide acceptable supporting documentation to establish his United  
10 States citizenship or his qualified alien status.

11 11. On April 13, Pandey filed an amended MU4 in which he provided the Commissioner  
12 with a copy of his B-2 tourist visa issued by the U.S. Department of State. A B-2 tourist visa allows a  
13 foreign national to visit the United States for pleasure. A B-2 tourist visa does not authorize a foreign  
14 national to obtain employment in the United States. Neither document satisfies the citizenship or  
15 alienage requirements of the CFL and CRMLA under 10 CCR sections 1422.7.1 and 1950.122.7 and  
16 10 CCR sections 250.60 and 250.61.

17 12. On April 14, Pandey sent department staff an email. Pandey asserted that because he  
18 does not reside in the United States, he is not required to submit a work authorization to the  
19 Commissioner. In his email, Pandey claimed that he planned to work remotely from New Zealand by  
20 telephone and video conferencing.

21 13. On April 16, department staff directed Pandey to the CFL and CRMLA regulations  
22 that require an MLO applicant submit a completed Statement of Citizenship, Alienage, and  
23 Immigration Status form (Statement of Citizenship) and accompanying documentation. (10 CCR, §§  
24 1422.7.1 and 1950.122.7, citing 10 CCR, §§ 250.60 and 250.61)

25 14. Pandey responded to the Commissioner's examiner that same day, asserting that 10  
26 CCR section 250.60 provides an exception to the citizenship and qualified alien requirements of the  
27 CFL and CRMLA pursuant to the federal Personal Responsibility and Work Opportunity  
28 Reconciliation Act of 1996 (the PRWORA) (8 U.S.C. § 1621 et seq.). Specifically, Pandey claimed

1 that because he is a foreign national and not physically present in the United States, Pandey is entitled  
2 to obtain an MLO license issued by the Commissioner under the exception provided at 8 U.S.C.  
3 section 1621(c)(2)(C) of the PRWORA.

4 15. Under the PRWORA, a non-qualified alien is prohibited from receiving a state or local  
5 public benefit, subject to certain exceptions. (8 U.S.C. sections 1621(a) and (b).) A state-issued  
6 license, such as an MLO license, is a state or local public benefit. (See 8 U.S.C. § 1621(c).) Section  
7 1621(c)(2)(C) of the PRWORA, the applicable statute Pandey cited in his email to department staff,  
8 exempts from the definition of state or local public benefit, “the issuance of a professional license to,  
9 or the renewal of a professional license by, a foreign national not physically present in the United  
10 States.”

### 11 III.

#### 12 Failure to Meet Minimum Criteria for License

13 16. The Commissioner must deny a MLO license if the licensee fails to meet the  
14 minimum criteria for licensure, which includes a requirement that the applicant be employed by, and  
15 subject to the supervision of, a licensed CFL or CRMLA lender, servicer, or broker. (Fin. Code, §§  
16 22109.1, subd. (a)(6) and 50141, subd. (a)(6).)

17 17. As described in paragraph 7, above, Pandey is not employed and sponsored by a CFL-  
18 licensed lender or broker nor a CRMLA-licensed lender or servicer.

19 18. Thus, Pandey does not meet the minimum criteria for licensure under either the CFL  
20 or CRMLA, and his application must be denied.

### 21 IV.

#### 22 Violations of CFL and CRMLA

23 19. The CFL and CRMLA provide at Financial Code sections 22105.1, subdivision (a)  
24 and 50140, subdivision (a), that an applicant for an MLO license must submit his application through  
25 the NMLS and the commissioner may request additional information and supporting documentation  
26 from the applicant.

27 20. 10 CCR sections 1422.7.1 and 1950.122.7, provide that an applicant for an MLO  
28 license under both the CFL and CRMLA must submit to the department a completed Statement of

1 Citizenship and accompanying documentation in accordance with 10 CCR sections 250.60 and  
2 250.61.

3 21. CCR section 250.60, subdivision (a) applies to MLO applicants seeking licensure  
4 under the CFL or CRMLA or both.

5 22. Subdivision (c) of CCR section 250.60 provides, pursuant to Section 411 of the  
6 PRWORA, that “aliens who are not qualified aliens, nonimmigrant aliens under the [INA] . . . , or  
7 aliens paroled into the United States . . . . for less than one year, are not eligible to receive a license or  
8 certificate [under the CFL or CRMLA], except as provided in 8 U.S.C. 1621(c)(2).”

9 23. 10 CCR 250.60, subdivision (f) requires any individual applying for an MLO license  
10 complete the Statement of Citizenship and submit relevant supporting documentation, *e.g.*, a United  
11 States passport or birth certificate establishing U.S. citizenship or relevant documents establishing the  
12 applicant’s qualified alien status.

13 24. As described in paragraphs 9 through 11, above, Pandey completed and uploaded to  
14 the NMLS his Statement of Citizenship and provided his relevant citizenship and immigration  
15 documents. The Statement of Citizenship Pandey uploaded shows that he holds an Indian passport.  
16 Pandey also holds a B-2 tourist visa issued by the U.S. Department of State. But the documents  
17 Pandey provided to the Commissioner do not establish nor satisfy the citizenship or alienage  
18 requirements of 10 CCR sections 250.60 and 250.61, and thus Pandey is unable to meet the  
19 requirements of the CFL or CRMLA to obtain an MLO license.

20 25. Pandey contends that he is excepted from the requirements of sections 250.60 and  
21 250.61 and is thus entitled to the license under section 1621(c)(2)(C) of the PRWORA, because he is  
22 a foreign national residing outside the United States. But the exception Pandey cites does not apply to  
23 Pandey’s MLO license application, as Pandey has failed to demonstrate that the MLO license he  
24 seeks under the CFL or CRMLA is a “professional license” for purposes of the PRWORA. Therefore,  
25 Pandey cannot show that he qualifies for the exception provided at section 1621(c)(2)(C) of the  
26 PRWORA.

27 26. Thus, Pandey violated 10 CCR sections 1422.7.1 and 1950.122.7 and 250.60 and  
28 250.61, and Pandey’s MLO license application must be denied under Financial Code section 22172,

1 subdivision (a)(1) and Financial Code section 50513, subdivision (a)(1), as he violated rules and  
2 regulations adopted under the CFL and CRMLA.

3 V.

4 **Applicable Statutes**

5 27. Financial Code section 22109.1 provides in pertinent part:

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

9 . . . .

10 (6) The applicant is employed by, and subject to the supervision of, a  
11 finance lender or broker that has obtained a license from the  
12 commissioner pursuant to this division.

13 28. Financial Code section 22172 provides in pertinent part:

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

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

18 (2) Deny, suspend, revoke, condition, or decline to renew a mortgage  
19 loan originator license if an applicant or licensee fails at any time to  
20 meet the requirements of Section 22109.1 or 22109.4, or withholds  
21 information or makes a material misstatement in an application for a  
22 license or license renewal.

23 29. Financial Code section 50141, provides in pertinent part:

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

27 . . . .

28 (6) The applicant is employed by, and subject to the supervision of, a  
residential mortgage lender or servicer that has obtained a license from  
the commissioner pursuant to this division[.]

30. Financial Code section 50513, provides in pertinent part:

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

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(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.

**VI.**

**Prayer**

For the reasons set forth above, the Commissioner finds that Pandey does not meet the minimum requirements for the issuance of a MLO license as provided by Financial Code sections 22109.1, subdivision (a)(6) and 50141, subdivision (a)(6), when Pandey lacks an employing sponsor licensed under either the CFL or CRMLA or both. The Commissioner also finds that Pandey has violated the CFL and CRMLA in that he failed to satisfy the requirements of 10 CCR sections 1422.7.1 and 1950.122.7 and 250.60 and 250.61. Accordingly, the Commissioner has grounds to deny Pandey’s MLO license application under Financial Code section 22172, subdivisions (a)(1) and (2) and Financial Code section 50515, subdivisions (a)(1) and (2).

WHEREFORE IT IS PRAYED that the MLO license application filed by Rahul Mahendra Pandey be denied.

Dated: August 7, 2020  
Los Angeles, California

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

By: \_\_\_\_\_  
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