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8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of: )  
 ) NMLS NO.: 1989590  
12 THE COMMISSIONER OF FINANCIAL )  
PROTECTION AND INNOVATION, ) SPONSOR FILE NO.: N/A  
13 )  
14 Complainant, ) STATEMENT OF ISSUES  
 )  
15 v. )  
 )  
16 BASSEM M. BTADDINI, )  
17 )  
18 Respondent. )

19 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and  
20 believes, and based upon such information and belief, alleges and charges Respondent Bassem M.  
21 Btaddini (Btaddini) as follows:

22 I.

23 **Introduction**

24 1. The proposed order seeks to deny the issuance of a mortgage loan originator license  
25 to Btaddini pursuant to Financial Code sections 22109.1 and 50141in that Btaddini has failed to  
26 demonstrate such financial responsibility, character, and general fitness as to command the  
27 confidence of the community and to warrant a determination that he will operate honestly, fairly, and  
28

1 efficiently.

2 **II.**

3 **The Application**

4 2. Financial Code sections 22105.1 and 50140 provide in pertinent part:

5 (a) An applicant for a mortgage loan originator license shall apply by submitting  
6 the uniform form prescribed for such purpose by the Nationwide Mortgage Licensing  
7 System and Registry. The commissioner may require the submission of additional  
information or supporting documentation to the department.

8 ...  
9 (c) In connection with an application for a license as a mortgage loan originator, the  
applicant shall, at a minimum, furnish to the Nationwide Mortgage Licensing System  
and Registry information concerning the applicant’s identity, including the following:

10 ...  
11 (2) Personal history and experience in a form prescribed by the Nationwide Mortgage  
12 Licensing System and Registry, including the submission of authorization for the  
Nationwide Mortgage Licensing System and Registry and the commissioner to obtain  
both of the following:

13 ...  
14 (B) Information related to any administrative, civil, or criminal findings by any  
governmental jurisdiction.

15 3. On or about November 10, 2020, Btaddini filed an application for a mortgage loan  
16 originator (MLO) license with the Commissioner pursuant to the California Financing Law (CFL)  
17 (Fin. Code § 22000 et. seq.) and the California Residential Mortgage Lending Act (CRMLA) (Fin.  
18 Code § 50000 et. Seq.), in particular, Financial Code sections 22105.1 and 50140. The application  
19 was submitted to the Commissioner by filing Form MU4 through the Nationwide Mortgage  
20 Licensing System (NMLS). On or about November 12, 2020, Btaddini submitted an amended Form  
21 MU4 to the Commissioner with minor revisions. Btaddini signed the Form MU4s attesting that the  
22 answers were true and complete to the best of his knowledge.

23 4. Form MU4 at Disclosure Question (H) (1) asks: “Have you ever been convicted of or  
24 pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to committing  
25 or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-  
26 related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of  
27 property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion?” Btaddini  
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1 answered “no” to this question.

2 5. Form MU4 at Disclosure Question (K) (5) asks: “Has any State or federal regulatory  
3 agency or foreign financial regulatory agency or self-regulatory organization (SRO) ever: (5)  
4 revoked your registration or license?” Btaddini answered “yes” to this question.

5 6. MLO applicants are required to give detailed explanations for every disclosure  
6 answered in the affirmative and submit supporting documentation. Btaddini’s detailed explanation  
7 regarding his affirmative responses to Form MU4 question (K)(5) was “my life insurance license  
8 was suspended on feb 27 2003 for violating dept of corporation code 25540a misdemeanor settled on  
9 feb 16 2006. all charges were dismissed on feb 09 2007 pursuant to 1203.4. never contested the  
10 suspension or parcticed (sic) insurance again.” Btaddini did not file any supporting documentation.

11 7. On or about December 21, 2020, Btaddini submitted and attested to a further  
12 amended MU4 in which he continued to answer “no” to Form MU4 Question (H)(1). Btaddini did  
13 provide a little more detailed explanation for his “yes” response to Form MU4 Question (K)(5) and  
14 uploaded an explanatory letter regarding the suspension of his insurance license and a court docket  
15 for a criminal case from 2006. The court docket, which does not identify the name of the defendant,  
16 disclosed that on February 16, 2006 in the Los Angeles Superior Court, the unnamed defendant pled  
17 nolo contendere to five misdemeanor counts of violating California Corporations Code section  
18 25540(A). The unnamed defendant was sentenced to twelve-month’s probation and ordered to make  
19 restitution in the amount of \$150,287.00. The court docket also disclosed that the unnamed  
20 defendant had satisfied the terms of probation and the case was considered dismissed pursuant to  
21 section 1203.4 penal code in February 2007. According to the explanation letter uploaded by  
22 Btaddini on December 21, 2020, the criminal case was against him, and the securities violations  
23 involved the sale of “6 promissory notes for startup companies within the USA, 5 of these  
24 companies went belly up. . . . I never knew I needed a specific license for the sale of promissory  
25 notes . . .”

26 8. Btaddini did not submit any supporting documentation regarding the criminal matter  
27 nor the insurance license suspension action other than six pages of the court docket discussed in  
28 paragraph 7 above.

1           9.       On or about December 21, 2020, after reviewing Btaddini’s MU4 filings, Department  
2 of Financial Protection and Innovation (Department) staff notified Btaddini by way of license item  
3 postings in NMLS that (i) his MU4s revealed that an amended MU4 with correct responses to  
4 disclosure questions may be in order; (ii) further explanation and documentation was required for his  
5 current event explanation detail; and (iii) any court/police department documents for each case was  
6 required along with an explanation for why he had not disclosed his criminal case. Btaddini was  
7 further informed that a Penal Code section 1203.4 “Order of Dismissal” did not apply to his license  
8 application as the provisions of Penal Code section 1203.4 provide: “The order shall state, and the  
9 probationer shall be informed, that the order does not relieve him or her of the obligation to disclose  
10 the conviction in response to any direct question contained in any questionnaire or application for  
11 public office, for licensure by any state or local agency, or for contracting with the California State  
12 Lottery.”

13           10.       Thereafter, on or about January 5, 2021, Btaddini submitted and attested to a further  
14 amended MU4 wherein he continued to answer “no” to Form MU4 Disclosure Question (H)(1). As  
15 to supporting documentation, Btaddini just added a duplicate copy of the December 21, 2020  
16 explanatory letter and the previously filed pages of a criminal court docket.

17           11.       On or about January 6, 2021, Btaddini submitted and attested to two further amended  
18 MU4s. The MU4’s contained minor revisions, but Btaddini continued to answer “no” to Form MU4  
19 Disclosure Question (H)(1).

20           12.       On or about January 7, 2021, Btaddini submitted and attested to a further amended  
21 MU4. In the January 7, 2021 MU4, Btaddini added minor revisions to his explanatory letters  
22 regarding the criminal matter and the Department of Insurance license suspension. Btaddini  
23 continued to respond “no” to Form MU4 Disclosure Question (H)(1).

24           13.       On or about February 4, 2021, Btaddini submitted and attested to a further amended  
25 MU4. In the February 4, 2021 MU4, Btaddini deleted any documents uploaded prior to January 5,  
26 2021. Btaddini continued to respond that he had never “been convicted of or pled guilty or nolo  
27 contendere (“no contest”) in a domestic, foreign, or military court to committing or conspiring to  
28 commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii)

1 fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi)  
2 perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion.”

3 14. On or about February 10, 2021, Btaddini emailed the Department concerning the lack  
4 of decision with respect to his MLO license application. On or about February 11, 2021, Btaddini  
5 was informed by Department staff that “[a]n order of dismissal under PC 1203.4 does not apply to  
6 your license application with this agency. The disclosure questions specifically ask if the applicant  
7 has ever been convicted of, pled guilty, or no contest to any felony or to committing or conspiring to  
8 commit any misdemeanor involving: (i) financial services or a financial services-related business,  
9 (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery,  
10 (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion. You have not answered yes to  
11 Criminal Disclosure Question H (1) or explained the case in your MU4 as required. You have not  
12 uploaded official documentation regarding the Department of Insurance case or provided sufficient  
13 explanation as to the details of the case as required. We will refer your application to our  
14 enforcement division for further consideration.”

15 15. To date, Btaddini has never truthfully responded to Disclosure Question H (1) nor  
16 uploaded the required supporting documentation for the criminal conviction or the Department of  
17 Insurance license suspension.

18 **III.**

19 **Criminal Conviction**

20 16. On or about February 16, 2006, Btaddini pled nolo contendere to five misdemeanor  
21 counts of violating California Corporations Code section 25540(A) (unqualified sales of securities)  
22 in Los Angeles Superior Court and was sentenced to twelve-month’s probation and ordered to make  
23 restitution in the amount of \$150,287.00

24 **IV.**

25 **Administrative Action**

26 17. On or about February 27, 2003, the California Department of Insurance issued an  
27 order immediately suspending Btaddini’s (his name is spelled Btadini in the order) life insurance  
28

1 license. The suspension was the result of Btaddini’s arrest due to selling promissory notes without  
2 qualification. The suspension remains in place.

3 **V.**

4 **Material Omissions**

5 18. In the MU4s filed on November 10 and 12, and December 21, 2020, January 5, 6 and  
6 7 and February 4, 2021, Btaddini was required to respond “yes” to Criminal Disclosure Question H  
7 (1) - “Have you ever been convicted of or pled guilty or nolo contendere (“no contest”) in a  
8 domestic, foreign, or military court to committing or conspiring to commit a misdemeanor  
9 involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false  
10 statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii)  
11 forgery, (viii) counterfeiting, or (ix) extortion?” “Has any domestic or foreign court ever enjoined  
12 you in connection with any financial services-related activity?” as Btaddini had pled nolo contendere  
13 to five misdemeanor counts of violating California Corporations Code section 25540(A) (unqualified  
14 sales of securities) and the Penal Code section 1203.4 expungement did not relieve Btaddini from  
15 disclosing the conviction on an application for a state license. Btaddini has never accurately  
16 responded to Criminal Disclosure Question H (1).

17 19. Btaddini failed to submit all supporting documentation concerning the criminal  
18 conviction and the Department of Insurance license suspension notwithstanding numerous prompts  
19 from Department staff. Btaddini has never submitted any supporting paperwork except a partial  
20 court docket for the criminal matter.

21 **VI.**

22 **Licensing Requirements**

23 20. Financial Code sections 22109.1 and 50141 provide in relevant 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:

26 . . .

27 (3) The applicant has demonstrated such financial responsibility, character, and  
28 general fitness as to command the confidence of the community and to warrant

1 a determination that the mortgage loan originator will operate honestly, fairly,  
2 and efficiently within the purposes of this division.

3  
4 21. California Code of Regulations, title 10, sections 1422.6.2 and 1950.12.5.2 provide in  
5 relevant part:

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

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

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

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

16 **VII.**

17 **Conclusion**

18 Complainant finds, by reason of the foregoing, that:

19 (1) On or about February 27, 2003, the California Department of Insurance suspended  
20 Btaddini's life insurance license, which suspension remains in place;

21 (2) On or about February 16, 2006, Btaddini pled nolo contendere to five misdemeanor  
22 counts of violating California Corporations Code section 25540(A) (unqualified sales of securities)  
23 in Los Angeles Superior Court and was sentenced to twelve-month's probation and ordered to make  
24 restitution in the amount of \$150,287.00;

25 (3) Btaddini has made material misrepresentations and/or omitted material information  
26 from his MLO applications regarding the California Department of Insurance license suspension and  
27 the misdemeanor criminal conviction; and as a result of the above,

28 (4) Btaddini has failed to demonstrate the financial responsibility, character and fitness  
required of a mortgage loan originator under the California Financing Law and the California

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Residential Mortgage Lending Act.

THEREFORE, the Commissioner asserts that he is mandated under Financial Code sections 22109.1 and 50141 to deny the mortgage loan originator application of Bassem M. Btaddini.

**VIII.**

**Prayer**

WHEREFORE IT IS PRAYED that the mortgage loan originator application filed by Bassem M. Btaddini on November 10, 2020 be denied.

Dated: June 9, 2021  
Los Angeles, CA

MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation



By \_\_\_\_\_  
Judy L. Hartley  
Senior Counsel  
Enforcement Division