

1 MARY ANN SMITH  
Deputy Commissioner  
2 DANIEL P. O'DONNELL  
Assistant Chief Counsel  
3 NOAH M. BEAN (State Bar No. 257657)  
4 Senior Counsel  
5 Department of Financial Protection and Innovation  
6 2101 Arena Boulevard  
7 Sacramento, California 95834  
8 Telephone: (916) 936-7478  
9 Facsimile: (916) 928-7929  
10 Email: noah.bean@dfpi.ca.gov  
11 Attorneys for Complainant

12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
13 OF THE STATE OF CALIFORNIA

14 In the Matter of: ) NMLS ID NO.: 339605  
15 )  
16 THE COMMISSIONER OF FINANCIAL ) STATEMENT OF ISSUES IN SUPPORT OF  
17 PROTECTION AND INNOVATION, ) NOTICE OF INTENTION TO ISSUE ORDER  
18 ) DENYING MORTGAGE LOAN ORIGINATOR  
19 Complainant, ) APPLICATION  
20 )  
21 v. ) (Financial Code sections 22109.1, 22172)  
22 )  
23 DANIEL ALLEN NILSEN, )  
24 )  
25 Respondent. )  
26 )  
27 )  
28 )

29 Manuel P. Alvarez, the Commissioner of Financial Protection and Innovation  
30 (Commissioner), is informed and believes, and based on such information and belief, alleges and  
31 charges Respondent Daniel Allen Nilsen (Nilsen) as follows.

32 ///  
33 ///  
34 ///  
35 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

I.

**Jurisdiction**

1. The Commissioner has jurisdiction over the licensing and regulation of persons engaged in the business of making or brokering or servicing residential mortgage loans, including mortgage loan originators, under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).

2. To become licensed by the Commissioner as a mortgage loan originator (MLO), an individual must submit a uniform application form (known as the MU2 or MU4 Form) through the Nationwide Mortgage Licensing System & Registry (NMLS)<sup>1</sup>. The NMLS contains a detailed set of instruction for filing license applications, including a checklist of items to be completed by the applicant, who is fully responsible for all the requirements of the license.

3. Nilsen applied for a mortgage loan originator (MLO) license with the Commissioner. The Commissioner intends to deny the issuance of an MLO license to Nilsen pursuant to Financial Code sections 22109.1 and 22172 because (1) Nilsen fails to meet the minimum threshold requirement that he demonstrate such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently within the purposes of the MLO licensing laws and (2) Nilsen withheld information or made a material misstatement in his application for an MLO license.

4. The Commissioner determines that Nilsen withheld information in his MLO application by failing to disclose a disciplinary action and license revocation by the California Department of Real Estate (DRE). The Commissioner also determines that Nilsen made material misstatements in his amended MLO application by falsely stating that he had appealed the DRE’s decision, that the DRE license was merely suspended, and that it would be reinstated this year.

---

<sup>1</sup> NMLS stands for Nationwide Multistate Licensing System & Registry and is the system of record for non-depository, financial services licensing or registration in participating agencies, including the District of Columbia and U.S. Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions, NMLS is the official system for companies and individuals seeking to apply for, amend, renew and surrender licenses authorities managed through NMLS.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

II.

**Statement of Facts**

*Disciplinary Action by the DRE*

5. On March 21, 2019, the DRE initiated a disciplinary action against Nilsen by issuing an Accusation to revoke his real estate salesperson license.

6. On January 9, 2020, the Office of Administrative Hearings (OAH) heard the matter, and Nilsen appeared and testified at the hearing.

7. On January 31, 2020, Administrative Law Judge Sean Gavin issued a proposed decision. In the proposed decision, the ALJ found the documents and testimony presented at the hearing to be clear and convincing evidence that Nilsen issued a mortgage pre-approval letter to a client in 2017 on his former employer’s letterhead without a license, an MLO endorsement, or his former employer’s authority. The ALJ also found that Nilsen’s “conduct involved substantial misrepresentation, fraud, and dishonesty,” “demonstrated negligence or incompetence,” and “represented a willful disregard for the laws governing DRE licensees.” The ALJ further found that Nilsen’s conduct “violate[d] the Real Estate Law” and “endangered the public,” and that Nilsen failed to demonstrate contrition or “appreciate the severity of his wrongdoing.” As a result, the ALJ determined that such findings warranted revocation.

8. On March 5, 2020, the DRE issued a decision adopting the ALJ’s proposed decision and thereby revoked Nilsen’s DRE license and MLO endorsement.

*2020 California Application*

9. To become licensed by the Commissioner as an MLO, an individual must submit a uniform application form (known as the MU4 or Form MU4) through the NMLS.

10. On December 29, 2020, Nilsen applied for a MLO license by filing a Form MU4 through the NMLS. Nilsen’s application is sponsored by his employer, Citilines Financial, Inc. – a CFL-licensed lender.

11. When Nilsen applied for his license, he provided false answers to several of the disclosure questions regarding regulatory actions and license revocations.

- 1 12. Form MU4 question (K) asks, in relevant part:  
 2 Has any State or federal regulatory agency or foreign financial  
 3 regulatory authority or self-regulatory organization (SRO) ever:  
 4 (1) found you to have made a false statement or omission or been  
 5 dishonest, unfair or unethical?  
 6 (2) found you to have been involved in a violation of a financial  
 7 services-related business regulation(s) or statute(s)?  
 8 (4) entered an order against you in connection with a financial services-  
 9 related activity?  
 10 (5) revoked your registration or license?  
 11 (8) issued a final order against you based on violations of any law or  
 12 regulations that prohibit fraudulent, manipulative, or deceptive  
 13 conduct?  
 14 (9) entered an order concerning you in connection with any license or  
 15 registration?

16 13. Nilsen answered “No” to questions (K)(1), (2), (4), (5), (8), and (9).

17 14. On December 29, 2020, Nilsen executed his MU4 under penalty of perjury that his  
 18 responses were “current, true, accurate, and complete[.]”

19 15. The Commissioner’s subsequent review of Nilsen’s MU4 application disclosed the  
 20 DRE disciplinary action and the resulting revocation of Nilsen’s DRE license and MLO endorsement.

21 16. On March 24, 2021, the Commissioner placed license items<sup>2</sup> on Nilsen’s NMLS  
 22 account, requesting that he amend his application, provide a detailed explanation concerning the DRE  
 23 disciplinary action and license revocation, and further asked that he upload all relevant documents  
 24 related to the DRE disciplinary action and license revocation.

25 \_\_\_\_\_  
 26  
 27 <sup>2</sup> A “license item” is a request from a regulator such as DFPI on the NMLS website to a licensee or applicant to respond  
 28 to a question or take an action. The NMLS website automatically generates an email to the licensee or applicant directing  
 the person to check the NMLS website for the license item.

1 17. Nilsen amended his MU4 on March 29, 2021. In the amended MU4, he failed to  
2 change his “no” response to Questions (K)(1), (2), (4), (8), and (9).

3 18. In the amended MU4, he correctly answered “Yes” to question (K)(5), which asks the  
4 applicant if a state regulatory agency has ever “revoked your registration or license?” But in the  
5 disclosure explanation section of the MU4 application, which asks the applicant to provide a more  
6 detailed explanation about his “Yes” response, Nilsen falsely stated that his license was merely  
7 suspended, that he was appealing the decision, and that the DRE would be reinstating his license  
8 within this year. Nilsen provided no documents in support of his explanation with the amended MU4.

9 19. The DRE is aware of no pending appeal or petition for writ of mandate, and the  
10 deadline to file a petition for writ of mandate should have passed over a year ago.

11 20. On March 29, 2021, Nilsen executed his amended MU4 under penalty of perjury that  
12 his responses were “current, true, accurate, and complete[.]”

13 **III.**

14 **Financial Responsibility, Character, and General Fitness**

15 21. The Commissioner must deny a MLO license if the licensee fails to meet the  
16 minimum criteria for licensure, which includes a requirement that the applicant “has demonstrated  
17 such financial responsibility, character and general fitness as to command the confidence of the  
18 community and to warrant a determination that the [MLO] will operate honestly, fairly, and  
19 efficiently within the purposes of [the CFL].” (Fin. Code, § 22109.1, subd. (a)(3).)

20 22. As described in paragraphs 9.-13., under penalty of perjury, on December 29, 2020,  
21 Nilsen falsely answered “No” to Regulatory Action disclosure questions (K)(1), (2), (4), (5), (8), and  
22 (9), which asked Nilsen if a regulator had ever found he made a false statement or omission, found he  
23 was dishonest, found he violated a financial services-related business regulation or statute, entered an  
24 order against him in connection with a financial services-related activity, revoked his license, issued a  
25 final order against him based on fraudulent conduct, or entered an order against him involving a  
26 license. In his March 29, 2021 amended MU4, correctly changed his response to question (K)(5)  
27 regarding license revocation, but he again falsely answered “No” to questions (K)(1), (2), (4), (8),  
28

1 and (9). Additionally, in response to the disclosure question (K)(5), which asked Nilsen if a regulator  
2 had ever *revoked* his license, he correctly indicated “Yes,” but in the explanation section for that  
3 “Yes” answer, he falsely stated that the DRE merely “suspended” his license, that he is appealing the  
4 order, and that the DRE will be reinstating his license this year.

5 23. In each of the above examples, Nilsen withheld required information and made  
6 material misstatements in his MU4 application and his amended MU4 application. Moreover, the  
7 nature of the information he withheld shows that he lacks the “character and general fitness” required  
8 of an MLO license applicant under Financial Code section 22109.1, subdivision (a)(3).

9 24. Thus, Nilsen does not meet the minimum criteria for licensure under the CFL, and his  
10 application must be denied.

11 **IV.**

12 **Withheld Information and Material Misstatements**

13 25. The CFL further provides that the Commissioner may deny a MLO license if a  
14 licensee withholds information or makes a material misstatement in an application for a license or  
15 license renewal. (Fin Code, § 22172, (a)(2).)

16 26. As described in paragraphs 9.-20., above, Nilsen withheld information and made  
17 material misstatements in his MU4 application and amended MU4 application concerning the DRE  
18 disciplinary action and the DRE license revocation by failing to answer “Yes” to questions (K)(1),  
19 (2), (4), (5), (8), and (9). Nilsen further falsely stated in response to question (K)(5) that the DRE  
20 merely “suspended” his license, that he was appealing the order, and that the DRE will be reinstating  
21 his license this year.

22 **V.**

23 **Applicable Statutes**

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

25 (a) The commissioner shall deny an application for a mortgage loan  
26 originator license unless the commissioner makes, at a minimum, the  
27 following findings:  
28 . . .

(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 [MLO] will operate honestly, fairly, and efficiently within the purposes of this division.

28. Financial Code section 22172 provides in pertinent part:

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

(2) Deny, suspend, revoke, condition, or decline to renew a [MLO] license if an applicant or licensee fails at any time to meet the requirements of Section 22109.1 or 22109.4, 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 Nilsen has not demonstrated the financial responsibility, character, and general fitness required under Financial Code section 22109.1, subdivision (a)(3), because he falsely answered “No” to questions (K)(1),(2), (4), (5), (8), and (9) in his MU4 application and amended MU4 application regarding whether he had ever been disciplined by a regulator. Furthermore, Nilsen falsely stated in response to question (K)(5) that the DRE merely “suspended” his license, that he was appealing the order, and that the DRE will be reinstating his license this year.

The Commissioner also finds that Nilsen withheld required information and made material misstatements in his application for a license under Financial Code section 22172, subdivision (a)(2).

///

///

///

///

///

///

1           Accordingly, the Commissioner has grounds for denying Nilsen’s MLO license application.  
2 WHEREFORE IT IS PRAYED that the MLO license application filed by Daniel Allen Nilsen be  
3 denied.

4  
5 Dated: June 2, 2021  
6           Sacramento, California



7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation

By: \_\_\_\_\_  
Noah M. Bean  
Senior Counsel  
Enforcement Division