

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

10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) NMLS ID NO.: 339605
13)
14 THE COMMISSIONER OF FINANCIAL) ORDER DENYING MORTGAGE LOAN
PROTECTION AND INNOVATION,) ORIGINATOR LICENSE APPLICATION
15)
16 Complainant,)
17)
18 v.)
19 DANIEL ALLEN NILSEN,)
20)
Respondent.)
21)

22 The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

- 23 1. The Commissioner has jurisdiction over the licensing and regulation of persons
24 engaged in the business of making or brokering or servicing residential mortgage loans, including
25 mortgage loan originators, under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).
26 2. Respondent Daniel Allen Nilsen (Nilsen) applied for a mortgage loan originator
27 (MLO) license with the Commissioner on December 29, 2020.
28

1 3. Under the provisions of Financial Code sections 22109.1 and 22172 of the CFL, the
2 Commissioner brought an action to deny Nilsen’s MLO license application on two grounds:

3 (1) Nilsen fails to meet the minimum threshold requirement that he demonstrate such
4 financial responsibility, character, and general fitness as to command the
5 confidence of the community and to warrant a determination that he will operate
6 honestly, fairly, and efficiently within the purposes of the MLO licensing laws,
7 and

8 (2) Nilsen withheld information in his application by failing to disclose a disciplinary
9 action and license revocation by the California Department of Real Estate (DRE),
10 and then made material misstatements in his amended application by falsely
11 stating that he had appealed the DRE’s decision, that the DRE license was merely
12 suspended, and that it would be reinstated this year.

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

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

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

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

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

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

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

8 11. Form MU4 question (K) asks, in relevant part:

9 Has any State or federal regulatory agency or foreign financial
10 regulatory authority or self-regulatory organization (SRO) ever:

11 (1) found you to have made a false statement or omission or been
12 dishonest, unfair or unethical?

13 (2) found you to have been involved in a violation of a financial
14 services-related business regulation(s) or statute(s)?

15 (4) entered an order against you in connection with a financial services-
16 related activity?

17 (5) revoked your registration or license?

18 (8) issued a final order against you based on violations of any law or
19 regulations that prohibit fraudulent, manipulative, or deceptive
20 conduct?

21 (9) entered an order concerning you in connection with any license or
22 registration?

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

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

26 14. The Commissioner’s subsequent review of Nilsen’s MU4 application disclosed the
27 DRE disciplinary action and the resulting revocation of Nilsen’s DRE license and MLO endorsement.
28

1 15. On March 24, 2021, the Commissioner placed license items¹ on Nilsen’s NMLS
2 account, requesting that he amend his application, provide a detailed explanation concerning the DRE
3 disciplinary action and license revocation, and further asked that he upload all relevant documents
4 related to the DRE disciplinary action and license revocation.

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

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

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

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

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

22 21. As described in paragraphs 9.-13., under penalty of perjury, on December 29, 2020,
23 Nilsen falsely answered “No” to Regulatory Action disclosure questions (K)(1), (2), (4), (5), (8), and
24 (9), which asked Nilsen if a regulator had ever found he made a false statement or omission, found he
25 was dishonest, found he violated a financial services-related business regulation or statute, entered an
26 _____

27 ¹ 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 order against him in connection with a financial services-related activity, revoked his license, issued a
2 final order against him based on fraudulent conduct, or entered an order against him involving a
3 license.

4 22. As described in paragraphs 16.-19., under penalty of perjury, in his March 29, 2021
5 amended MU4, Nilsen correctly changed his response to question (K)(5) regarding license
6 revocation, but he again falsely answered “No” to questions (K)(1), (2), (4), (8), and (9).
7 Additionally, in response to the disclosure question (K)(5), which asked Nilsen if a regulator had ever
8 *revoked* his license, he correctly indicated “Yes,” but in the explanation section for that “Yes”
9 answer, he falsely stated that the DRE merely “suspended” his license, that he is appealing the order,
10 and that the DRE will be reinstating his license this year.

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

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

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

20 26. As described in paragraphs 9.-19., above, Nilsen withheld information and made
21 material misstatements in his MU4 application and amended MU4 application concerning the DRE
22 disciplinary action and the DRE license revocation by failing to answer “Yes” to questions (K)(1),
23 (2), (4), (5), (8), and (9). Nilsen further falsely stated in response to question (K)(5) that the DRE
24 merely “suspended” his license, that he was appealing the order, and that the DRE will be reinstating
25 his license this year.

26 27. On June 2, 2021, the Commissioner issued Nilsen his notice of intention to deny
27 Nilsen’s MLO license application, statement of issues, and other supporting pleadings (collectively,
28 Statement of Issues).

1 28. On June 4, 2021, the Commissioner served Nilsen by certified mail with the Statement
2 of Issues at his address of record on file with the Commissioner. On June 30, 2021, the Post Office
3 returned to the Commissioner the unclaimed and unopened Statement of Issues.

4 29. On July 19, 2021, Nilsen provided a new mailing address via email to enforcement
5 counsel. On July 21, 2021, the Commissioner served Nilsen by certified mail with the Statement of
6 Issues at the new address.

7 30. On August 4, 2021, Nilsen wrote to enforcement counsel by email, acknowledging
8 that he had received and read the Statement of Issues.

9 31. Nilsen did not file his notice of defense with the Commissioner within the time
10 required, and the time to file his hearing request concerning the Statement of Issues has now expired.

11 32. For the reasons set forth above, the Commissioner finds that Nilsen has not
12 demonstrated the financial responsibility, character, and general fitness required under Financial
13 Code section 22109.1, subdivision (a)(3) when Nilsen falsely answered “No” to questions (K)(1),(2),
14 (4), (5), (8), and (9) in his MU4, which asked Nilsen if he had ever been disciplined by a SRO. Nilsen
15 further falsely answered questions (K)(1), (2), (4), (8), and (9) in his amended MU4. Finally, Nilsen
16 falsely stated in response to question (K)(5) that the DRE merely “suspended” his license, that he was
17 appealing the order, and that the DRE will be reinstating his license this year.

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

21 ///
22 ///
23 ///
24 ///
25 ///
26 ///
27 ///
28 ///

1 NOW GOOD CAUSE APPEARING THEREFORE, IT IS HEREBY ORDERED that the
2 application for an MLO license of Daniel Allen Nilsen is denied. This order is effective immediately.

3
4 Dated: September 8, 2021
5 Sacramento, California



6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
CHRISTOPHER S. SHULTZ
Acting Commissioner
Department of Financial Protection and Innovation

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division