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

11 In the Matter of:) NMLS NO.: 2122666
12 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) CONSENT ORDER
13 Complainant,)
14 v.)
15 REGINALD DARNELLE BROWN,)
16 Respondent.)
17

18 This Consent Order is entered into between the Commissioner of Financial Protection and
19 Innovation (Commissioner) and Reginald Darnelle Brown (Brown), and is made with respect to the
20 following facts:

21 **I.**

22 **Recitals**

23 A. The Commissioner has jurisdiction over the licensing and regulation of persons
24 engaged in the business of making or brokering residential mortgage loans, including mortgage loan
25 originators, under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.), and California
26 Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).

27 B. On March 26, 2021, Brown submitted a Mortgage Loan Originator License
28 application (MU4) through the Nationwide Multistate Licensing System and Registry (NMLS) to

1 the Department of Financial Protection and Innovation (Department).

2 C. A review of Brown’s MU4 filing dated March 26, 2021, revealed a “Yes” response
3 to the regulatory action question, K (5), which asks whether any state or federal regulatory agency
4 or foreign financial regulatory authority or self-regulatory organization ever revoked the applicant’s
5 registration or license.

6 D. Brown included a brief description in the disclosure event/explanation section about
7 the revocation of his Department of Real Estate (DRE) broker’s license. Brown did not upload a
8 copy of the DRE revocation action or provide sufficient explanation regarding the action until he
9 was prompted to do so.

10 E. On May 20, 2021, a deficiency license item was created in the NMLS system
11 requiring Brown to respond to the rest of the regulatory action disclosure questions, provide a
12 detailed explanation for each disclosure, and upload supporting documents through the NMLS.

13 F. On May 21, 2021, Brown filed an amended filing in the NMLS providing a “Yes”
14 response to the regulatory action disclosure questions (K) (1, 3, 4, 5, & 8) and submitted an
15 explanation.

16 G. On May 26, 2021, the Department requested Brown to amend his MU4 to include the
17 DRE revocation action. On June 2, 2021, Brown amended his MU4 and uploaded the DRE
18 revocation action into the NMLS system.

19 H. The Department also obtained a copy of the DRE revocation action.

20 I. On July 7, 2009 and February 18, 2010, the DRE filed an accusation and amended
21 accusation against Brown and other respondents for violations of the laws under the jurisdiction of
22 the DRE.

23 J. The DRE accused Brown of failing to exercise reasonable supervision and control of
24 the activities of the corporation and its agents, compensating an unlicensed person, abandoning of
25 license location, willfully disregarding or violating the Real Estate Law, using an unauthorized
26 fictitious business, and negligently or incompetently performing an act for which a license is
27 required.

28 ///

1 K. Brown requested a hearing. On August 3, 2010, a hearing was held, and oral and
2 documentary evidence was received by the Administrative Law Judge (ALJ).

3 L. On October 21, 2010, the DRE adopted the ALJ’s proposed decision finding that
4 cause existed to revoke Brown’s broker license for failing to exercise reasonable supervision and
5 control of the activities of the corporation and its agents, abandoning of license location, willfully
6 disregarding or violating the Real Estate Law, negligently or incompetently performing an act for
7 which a license is required, among other findings.

8 M. In or about May of 2020, Brown filed a petition with the DRE seeking to reinstate his
9 real estate license. The DRE is reviewing Brown’s petition.

10 N. The Department further discovered several judgements that Brown initially did not
11 disclose in his MU4, claiming that he was unaware of the judgments.

12 O. In September of 2014, Marbella Property Owners Association entered a judgement
13 against Brown in the amount of \$13,741.95. On September 3, 2021, Brown settled the matter, and
14 Marbella Property Owners Association agreed to accept \$3,500.00 as payment in full.

15 P. In June of 2011, SAG-AFTRA Federal Credit Union was awarded a small claims
16 judgment against Brown in the amount of \$760.00. The balance was paid in August of 2021. Brown
17 stated that he was unaware of this judgment at the time of filing the MU4.

18 Q. On June 21, 2019, the Internal Revenue Service (IRS) recorded a tax lien in the
19 amount of \$14,493.00. Brown provided a letter from the IRS dated September 2, 2021, stating that
20 Brown met the payment provisions for his offer of compromise.

21 R. The Department also discovered that Brown was convicted of a misdemeanor crime
22 of carrying a concealed weapon in a vehicle, in 1992.

23 S. The Commissioner has grounds to deny or condition Brown’s MLO license
24 application under Financial Code section 22109.1, subdivision (a)(3), section 22172, subdivision
25 (a)(2), section 50141, subdivision (a)(3), and section 50513, subdivision (a)(2) because of (1) the
26 DRE license revocation for failing to exercise reasonable supervision and control of the activities of
27 the corporation and its agents, abandoning of license location, willfully disregarding or violating the
28 Real Estate Law, and negligently or incompetently performing an act for which a license is required;

1 and (2) Brown’s prior financial and criminal history.

2 T. The Commissioner finds that entering into this Consent Order is in the public interest
3 and consistent with the purposes fairly intended by the policy and provisions of the CFL and
4 CRMLA.

5 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set
6 forth herein, the parties agree as follows.

7 **II.**

8 **Terms and Conditions**

9 1. Purpose. This Consent Order resolves the issues before the Commissioner set forth
10 in paragraphs A through T, above, in a manner that avoids the expense of a hearing and other
11 possible court proceedings, protects consumers, is in the public interest, and is consistent with the
12 purposes and provisions of the CFL and CRMLA.

13 2. Waiver of Hearing Rights. Reginald Darnelle Brown acknowledges that the
14 Commissioner is ready, willing, and able to proceed with the filing of an administrative
15 enforcement action on the findings described in the recitals above. Brown hereby waives the right
16 to any hearings and to any reconsideration, appeal, or other right to review which may be afforded
17 by the CFL and CRMLA, the California Administrative Procedure Act (APA), the California Code
18 of Civil Procedure (CCP), or any other provision of law. By waiving such rights, Brown effectively
19 consents to the finality of this Consent Order.

20 3. Probationary Period. Reginald Darnelle Brown agrees that during the 24-month
21 period from the effective date of this Consent Order as defined in paragraph 23 (Probationary
22 Period), if the Commissioner finds that Brown has violated or is violating any provision of the CFL,
23 CRMLA or any rule, regulation, or law under the jurisdiction of the Commissioner, the state of
24 California, the United States of America, or any state or foreign government or political subdivision
25 thereof, the Commissioner may summarily revoke or deny any license held by or applied for by
26 Brown. Brown hereby waives any notice and hearing rights to contest any such revocation or denial
27 which may be afforded under the CFL, CRMLA, APA, CCP, or any other provision of law. Brown
28 further waives any requirement for the filing of an accusation or statement of issues under

1 Government Code section 11415.60, subdivision (b), in connection with any revocation or denial
2 under this paragraph.

3 4. Reporting Requirement. During the Probationary Period, Reginald Darnelle Brown
4 shall report to the Commissioner any disciplinary investigation or action against him by any
5 licensing agency; any criminal investigation, prosecution, or conviction; or any civil judgment
6 against him no later than 30 days after discovering such investigation, proceeding, action, or
7 judgment. Brown is not required to report any traffic citations.

8 5. Remedy for Breach. Reginald Darnelle Brown agrees that failure to satisfy the
9 reporting requirement in paragraph 4 is a breach and cause for the Commissioner to summarily
10 revoke or deny any license held by or applied for by Brown. Brown hereby waives any notice and
11 hearing rights to contest any such revocation or denial which may be afforded under the CFL,
12 CRMLA, APA, CCP, or any other provision of law. Brown further waives any requirement for the
13 filing of an accusation or statement of issues under Government Code section 11415.60, subdivision
14 (b), in connection with any revocation or denial under this paragraph.

15 6. Approval of Application. The Commissioner acknowledges that Reginald Darnelle
16 Brown’s pending MLO application is ready to be approved, and the Commissioner agrees to
17 approve it on or around the effective date of this Consent Order as defined in paragraph 23.

18 7. Information Willfully Withheld or Misrepresented. This Consent Order may be
19 rescinded, and the Commissioner may pursue any and all remedies available under law against
20 Brown, if the Commissioner discovers that Brown knowingly or willfully withheld or
21 misrepresented information used for and relied upon in this Consent Order.

22 8. Future Actions by Commissioner. If Brown fails to comply with any terms of this
23 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
24 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
25 against Brown for any and all unknown violations of the CFL and CRMLA.

26 9. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
27 ability to assist any other government agency (city, county, state, or federal) with any
28 administrative, civil, or criminal prosecution brought by that agency against Brown, or any other

1 person based upon any of the activities alleged in this matter or otherwise.

2 10. Headings. The headings to the paragraphs of this Consent Order are inserted for
3 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
4 the provisions hereof.

5 11. Binding. This Consent Order is binding on all heirs, assigns, or successors in
6 interest.

7 12. Reliance. Each of the parties represents, warrants, and agrees that in executing this
8 Consent Order it has relied solely on the statements set forth herein and the advice of its own
9 counsel. Each of the parties further represents, warrants, and agrees that in executing this Consent
10 Order it has placed no reliance on any statement, representation, or promise of any other party, or
11 any other person or entity not expressly set forth herein, or upon the failure of any party or any
12 other person or entity to make any statement, representation, or disclosure of anything whatsoever.
13 The parties have included this clause: (1) to preclude any claim that any party was in any way
14 fraudulently induced to execute this Consent Order and (2) to preclude the introduction of parol
15 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

16 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
17 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
18 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
19 provision. No waiver by either party of any breach of, or of compliance with, any condition or
20 provision of this Consent Order by the other party will be considered a waiver of any other
21 condition or provision or of the same condition or provision at another time.

22 14. Full Integration. This Consent Order is the final written expression and the complete
23 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
24 between the parties with respect to the subject matter hereof, and supersedes all prior or
25 contemporaneous agreements, negotiations, representations, understandings, and discussions
26 between and among the parties, their respective representatives, and any other person or entity, with
27 respect to the subject matter covered hereby.

28 15. Governing Law. This Consent Order will be governed by and construed in

1 accordance with California law. Each of the parties consents to the jurisdiction of a court in
2 California, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an
3 inconvenient forum to the maintenance of such action or proceeding in such court.

4 16. Counterparts. This Consent Order may be executed in one or more separate
5 counterparts, each of which will be deemed an original when so executed. Such counterparts
6 together will be deemed to constitute a single document.

7 17. Mandatory Disclosure in Future Applications. Brown agrees to disclose this Consent
8 Order in any application for a license, permit, or qualification under the Commissioner’s current or
9 future jurisdiction.

10 18. Effect Upon Future Proceedings. If Brown applies for any license, permit, or
11 qualification under the Commissioner’s current or future jurisdiction or is the subject of any future
12 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
13 admitted for the purpose of such application or action.

14 19. Voluntary Agreement. Brown enters into this Consent Order voluntarily and without
15 coercion and acknowledges that no promises, threats, or assurances have been made by the
16 Commissioner or any officer or agent thereof about this Consent Order. The parties each represent
17 and acknowledge that he, she, or it is executing this Consent Order completely voluntarily and
18 without any duress or undue influence of any kind from any source.

19 20. Notice. Any notice required under this Consent Order shall be provided to each
20 party at the following addresses:

21 To Respondent: Reginald Darnelle Brown
22 8860 Corbin Ave., #327
23 Northridge, California 91324
rbrown8858@aol.com

24 To the Commissioner: Afsaneh Eghbaldari, Senior Counsel
25 Department of Financial Protection and
26 Innovation
1455 Frazee Road, Suite 315
27 San Diego, California 92108
28 Affi.eghbaldari@dfpi.ca.gov

1 21. Signatures. A fax or electronic-mail signature will be deemed an original signature.

2 22. Public Record. Brown hereby acknowledges that this Consent Order is and will be a
3 matter of public record.

4 23. Effective Date. This Consent Order shall become final and effective when signed by
5 all parties and delivered by the Commissioner’s agent via electronic mail to Brown at
6 rbrown8858@aol.com.

7 24. Authority to Sign. Each signatory hereto covenants that he or she possesses all
8 necessary capacity and authority to sign and enter into this Consent Order and undertake the
9 obligations set forth herein.

10 Dated: September 27, 2021

CHRISTOPHER S. SHULTZ
Acting Commissioner of Financial Protection and
Innovation

11
12 By: _____
13 MARY ANN SMITH
14 Deputy Commissioner

15 Dated: September 24, 2021

REGINALD DARNELLE BROWN

16
17 By: _____
18 REGINALD DARNELLE BROWN
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