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FILED
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DEPT. OF REAL ESTATE
By John Garcia

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7
8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Application of
12 DANIEL JOHN YSAIS,
13 Respondent.

DRE No. H-41339 LA

STATEMENT OF ISSUES

Mortgage Loan Originator (MLO)
License Endorsement

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15
16 The Complainant, Chika Sunquist, a Supervising Special Investigator of the State of
17 California, for cause of Statement of Issues against DANIEL JOHN YSAIS (Respondent),
18 alleges as follows:

19 1.

20 The Complainant, Chika Sunquist, a Supervising Special Investigator of the Department
21 of Real Estate¹ (Department), State of California, makes this Statement of Issues in her official
22 capacity.

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¹ Between July 1, 2013 and July 1, 2018, the Department of Real Estate operated as the Bureau of Real Estate under the Department of Consumer Affairs.

1 2.

2 Respondent is presently licensed and/or has license rights under the Real Estate Law,
3 Part 1 of Division 4 of the Business and Professions Code (Code) as a real estate broker.

4 3.

5 On or about January 19, 1999, the Department issued a broker license to Respondent
6 License ID 01251879.

7 4.

8 Prior License Disciplinary Actions

9 Department Case No. H-35553 LA

10 On December 18, 2008, the Department filed an Accusation against Crown Lending
11 Corporation, doing business as Crown Realty Company and Respondent, individually and as
12 designated officer for Crown Lending Corporation, in Department Case No. H-35553 LA. On
13 or about June 14, 2010, the Department and Respondents entered into a Stipulation and
14 Agreement for Case No. H-35553 LA, whereby Crown Lending Corporation's license was
15 revoked outright and Respondent's broker license was suspended for sixty (60) days, based on
16 violations of Code sections 10162, 10177, subdivision (d), and Regulation 2715. Said
17 suspension was stayed subject to certain terms and conditions. On or about December 06, 2010,
18 the suspension of Respondent's broker license was terminated.

19 5.

20 Department Case No. H-36769 LA

21 On or about January 26, 2009, Respondent submitted an application for the issuance of a
22 corporate real estate license to the Department as the intended designated officer for Modified
23 Mortgage Solutions ("MMS"), a California corporation. In the application, Respondent failed to
24 disclose the (then) pending disciplinary action filed against Respondent in Department Case No.
H-35553 LA. On August 18, 2010, the Department filed a Statement of Issues against MMS

1 and Respondent based on alleged violations of Code sections 475, subdivision (a)(1), 480,
2 subdivision (c), and 10177, subdivision (a), in Department Case No. H-36769 LA. On March
3 29, 2011, the Department filed an Order denying the MMS application for a license in
4 Department Case No. H-36769 LA.

5 6.

6 Civil Judgments against Respondent

7 Case No. 30-2008-00101292

8 On June 6, 2008, before the Superior Court of California, for Orange County, in Case
9 No. 30-2008-00101292, a judgment by default was entered against Respondent and in favor of
10 plaintiff Chase Bank USA for \$37,777.68. Respondent has failed to provide any proof that the
11 judgment has been satisfied.

12 7.

13 Case No. 30-2008-00059819

14 On or about June 9, 2008, before the Superior Court of California, for Orange County, in
15 Case No. 30-2008-00059819, a judgment by default was entered against Respondent and in
16 favor of plaintiff Rancho Madrina Community Association for \$3,474.30. Respondent has
17 failed to provide any proof that the judgment has been satisfied.

18 8.

19 Case No. 30-2008-000445068

20 On September 11, 2008, before the Superior Court of California, for Orange County, in
21 Case No. 30-2008-000445068, a judgment by default was entered against Respondent and in
22 favor of plaintiff Marlin Leasing Corporation for \$25,728.60. Respondent has failed to provide
23 any proof that the judgment has been satisfied.

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1 9.

2 Case No. 07CC08490

3 On February 20, 2009, before the Superior Court of California, for Orange County, in
4 Case No. 07CC08490, following a jury trial, a judgment was entered against Crown Lending
5 Corp. and in favor of plaintiff C.B. Everett for \$52,000.00. Respondent has failed to provide
6 any proof that the judgment has been satisfied.

7 10.

8 Case No. 30-2009-00324977

9 On December 24, 2009, before the Superior Court of California, for Orange County, in
10 Case No. 30-2009-00324977, a judgment was entered against Respondent and a co-defendant
11 and in favor of plaintiff Esone, LLC for \$6,680.09. Respondent has failed to provide any proof
12 that the judgment has been satisfied.

13 11.

14 Case No. 30-2010-00364405

15 On May 06, 2010, before the Superior Court of California, for Orange County, in Case
16 No. 30-2010-00364405, a judgment was entered against Respondent and a co-defendant and in
17 favor of plaintiff Paper Scratchers Investments, LLC for \$2,166.73. Respondent has failed to
18 provide any proof that the judgment has been satisfied.

19 12.

20 Case No. 30-2011-00488624

21 On July 28, 2011, before the Superior Court of California, for Orange County, in Case
22 No. 30-2011-00488624, a judgment by default was entered against Respondent and in favor of
23 plaintiff Dana Industries for \$3,206.50. Respondent has failed to provide any proof that the
24 judgment has been satisfied.

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13.

Case No. 1:17-cv-20164

On March 8, 2017, before the United States District Court, Southern District of Florida, in Case No. 1:17-cv-20164, a default final judgment was entered against Respondent and Respondent's company, Fast Track Media Solutions, and in favor of plaintiff The Affiliate Network, Inc. for \$109,403.00. Respondent has failed to provide any proof that the judgment has been satisfied.

14.

MLO Applications

State of Idaho

On or about October 15, 2018, Respondent submitted an application for an Idaho Mortgage Loan Originator ("MLO") license by filing a Form MU4 through the Nationwide Mortgage Licensing System and Registry ("NMLS"). On or about December 13, 2018, the Department of Finance for the State of Idaho ("DFI") filed and served to Respondent, a Notice of Intent to Issue an Order of Denial of Mortgage Loan Originator License Application and Notice of Opportunity to Request a Hearing. DFI's notice alleged that Respondent failed to disclose foreclosure actions against two properties owned by Respondent and Respondent's failure to disclose a license denial by the Department. On or about December 31, 2018, DFI filed a Final Order denying Respondent's application for a MLO license.

15.

State of California

Between January 8, 2018 and October 15, 2018, Respondent submitted approximately nineteen (19) MU4 applications through NMLS for a MLO license endorsement with the Department. The applications were submitted on the following dates: 01/08/2018, 01/09/2018 at 12:19 p.m., 01/09/2018 at 1:03 p.m., 03/16/2018 at 3:51 p.m., 03/16/2018 at 3:53 p.m.,

1 04/17/2018 at 12:48 p.m., 04/17/2018 at 12:53 p.m., 05/23/2018, 06/06/2018, 08/02/2018,
2 08/08/2018, 08/09/2018, 08/13/2018, 08/15/2018, 08/21/2018, 08/24/2018, 10/01/2018,
3 10/10/2018, and 10/15/2018.

4 16.

5 The "Disclosure Questions" section of the MU4 application contains the following
6 questions:

7 Financial Disclosure

8 (A)(1) "Have you filed a personal bankruptcy petition or been the subject of an
9 involuntary bankruptcy petition within the past 10 years?"

10 (D) "Do you have any unsatisfied judgments?"

11 Regulatory Action

12 (K)(6) "Has any State or federal regulatory agency or foreign financial regulatory
13 authority or self-regulatory organization (SRO) ever denied or suspended your registration or
14 license or application for licensure, disciplined you, or otherwise by order, prevented you from
15 associating with a financial services-related business or restricted your activities?"

16 (M) "Based upon activities that occurred while you exercised control over an
17 organization, has any State or federal regulatory agency or foreign financial regulatory authority
18 or self-regulatory organization (SRO) ever taken any of the actions listed in (K) through (L)
19 above against any organization?"

20 17.

21 In some of the nineteen (19) MLO license endorsement applications that Respondent
22 submitted, Respondent failed to disclose the judgments noted in Paragraphs 6 through 13, above.
23 Respondent also failed to disclose the denial of the Respondent's application for the MMS
24 license, as described in Paragraph 5, above.

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18.

In some of the nineteen (19) MLO license endorsement applications, Respondent failed to disclose his 2017 bankruptcy in response to Question (A)(1).

19.

In some of the nineteen (19) MLO license endorsement applications, Respondent failed to disclose the revocation of Crown Lending Corporation in Department Case No. H-35553 LA in response to Question (M).

20.

On or about May 17, 2018, in response to form RE 515, Respondent claimed that Respondent had no past due debts, judgments, outstanding judgments and that Respondent, nor any entity for which he had an ownership interest, held an officer title or exercised control over, had ever been a defendant in a civil action.

21.

Respondent's failure to disclose material facts including, but not limited to, prior disciplinary actions, and Respondent's outstanding debts and judgments in Respondents MLO applications, as described in Paragraphs 15 through 20, above, constitutes withholding information and/or making a material misstatement in an application for a MLO license endorsement.

22.

Respondent has prior financial and professional conditions that impact Respondent's ability to meet the requirements of Code section 10166.05, subdivision (c), and Regulation 2758.3 including, but not limited, to, bankruptcy filing, past due debts, judgments, and outstanding judgments, as described above in Paragraphs 4 through 20.

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1 Causes for Denial

2 23.

3 The facts alleged in Paragraphs 3 through 22, above, constitute cause for denial of
4 Respondent's application for a MLO license endorsement under Code sections 480, subdivision
5 (c) (financial responsibility, character, and general fitness), 10166.051, subdivision (a) (violation
6 of Article 2.1 or any rules or regulations adopted thereunder), and 10166.051, subdivision (b)
7 (failure to meet the requirements of section 10166.05, or withholds information or makes a
8 material misstatement in an application for a license endorsement or license endorsement
9 renewal), and Regulation 2758.3, in that Respondent has failed to demonstrate such financial
10 responsibility, character and general fitness as to command the confidence of the community and
11 to warrant a determination that the mortgage loan originator will operate honestly, fairly, and
12 efficiently within the purposes of Article 2.1 of the Real Estate Law.

13 WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this
14 Statement of Issues, and that upon proof thereof, a decision be rendered that the Commissioner
15 refuse to authorize the issuance of, and deny the issuance of, an MLO license endorsement to
16 Respondent DANIEL JOHN YSAIS and for such other and further relief as may be proper under
17 the provisions of law.

18 Dated at Sacramento, California this 21st day of March, 2019.

19
20 
21 Chika Sunquist
Supervising Special Investigator

22 cc: Daniel John
23 Chika Sunquist
24 Sacto.