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**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In re Mortgage Loan Originator
License Renewal Application of:

DANIEL JOSEPH VADNAIS,
NMLS ID No. 1505607,

Applicant.

Docket No. 2021-16-61

**ORDER DENYING MORTGAGE LOAN
ORIGINATOR LICENSE APPLICATION AND
NOTICE OF THE OPPORTUNITY TO
REQUEST A HEARING**

The Director of the State of Idaho, Department of Finance (Director), pursuant to the Idaho Residential Mortgage Practices Act, Idaho Code § 26-31-101 et seq. (the Act), and in particular §§ 26-31-306(1)(d) and (h) and 26-31-313(1)(a) and (b) of the Act, hereby issues the following Findings of Fact, Conclusions of Law, and Order Denying Mortgage Loan Originator License Application, and Notice of the Opportunity for a Hearing (Order).

FINDINGS OF FACT

1. The Applicant, DANIEL JOSEPH VADNAIS, a resident of the state of New York, holds NMLS number 1505607 and applied for an Idaho Mortgage Loan Originator (MLO) license by filing

an individual Form MU4 through the online Nationwide Mortgage Licensing System and Registry (NMLSR or NMLS). This application was attested to by the Applicant on April 20, 2021, and submitted on the Applicant's behalf by Karlene Dunkley of PHH Mortgage Corporation on the same date.

2. The application Form MU4, seeks information about an applicant's qualifications to be licensed as a mortgage loan originator. Section 6 of the application form is entitled "Disclosure Questions" and it consists of a series of questions that inquire into an applicant's history regarding financial, criminal, civil, judicial and regulatory matters. Pertinent to the Applicant's qualifications is disclosure question (A)(1) of the application, which asks: "Have you filed a personal bankruptcy petition or been the subject of an involuntary bankruptcy petition within the past 10 years?" The Applicant responded with a "no" response to this question.

3. Consistent with normal practice, a Department examiner conducted an assessment of the Applicant using various sources of public information to determine if the Applicant demonstrates sufficient financial responsibility, character, and general fitness in order to be licensed as a mortgage loan originator.¹

4. The examiner obtained a public record background information report through LexisNexis, which reflected that the Applicant filed a Chapter 7 bankruptcy in 2020. The examiner then obtained a Voluntary Petition for Individuals Filing for Bankruptcy that the Applicant filed but did not disclose in his application. This Voluntary Petition was filed in the United States

¹ Conducted pursuant to Part 3 of the Act titled "The Idaho Secure and Fair Enforcement for Mortgage Licensing Act" (Idaho S.A.F.E. Mortgage Licensing Act), Idaho Code § 26-31-306.

Bankruptcy Court for Arizona, Case Number 2:20-bk-10957-MCW, on September 29, 2020, which was then discharged on January 12, 2021.

5. The Applicant's negative responses to the Form MU4 application disclosure question (A)(1) is a material misrepresentation, and the failure to provide the details of the bankruptcy filing described above constitutes a material omission.

6. On August 23, 2021 the Department provided the Applicant notice of an intent to deny the application within approximately one month based on the information set forth above unless the Applicant was able to provide documentation to satisfy the Department that disclosure of the bankruptcy filing was not required. The notice alternatively provided the Applicant the opportunity to withdraw the application. The Applicant failed to provide the requisite documentation or withdraw the application by the stated deadline.

FINDINGS AND CONCLUSIONS OF LAW

7. The allegations set forth in paragraphs 1 through 6 above are fully incorporated herein by this reference.

8. Idaho Code § 26-31-304 provides that an individual shall not engage in the business of a mortgage loan originator without first obtaining, and maintaining annually, a license.

9. Idaho Code § 26-31-305(1) provides that an applicant for a mortgage loan originator license must apply through the Nationwide Mortgage Licensing System (NMLS), in a form required by the Director of the Idaho Department of Finance (Director).

10. Pursuant to Idaho Code § 26-31-306(1)(h), before an application for license can be approved, an applicant must provide all information on the application as required per Idaho

Code § 26-31-305. Idaho Code § 26-31-305(10) further provides that an applicant shall make complete disclosure of all information as set forth in the application.

11. Idaho Code § 26-31-306(1)(d) provides that the Director shall not issue a mortgage loan originator license under the Act unless the Director makes a finding that an applicant has demonstrated financial responsibility, character and general fitness sufficient to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the Act.

12. Pursuant to Idaho Code § 26-31-313(1)(b), the Director may deny a license if an applicant withholds information or makes a material misstatement in an application for a license.

13. The Applicant made a material misstatement of fact in his application, which is grounds to deny his application for licensure. He answered a question inaccurately and failed to disclose the bankruptcy filing. The false answer to disclosure question (A)(1) and failure to disclose the bankruptcy filing prohibits the Director from issuing a license to the Applicant pursuant to Idaho Code § 26-31-306(1)(d) and (h).

14. The Director finds it appropriate to deny the application because the Applicant's failure to provide complete and accurate information on the Form MU4 regarding the bankruptcy filing demonstrates that the Applicant lacks the appropriate character and fitness sufficient to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the Act and demonstrate a failure to provide complete information in the application as required by Idaho Code § 26-31-305. Because the Director cannot make the requisite findings under Idaho Code §

26-31-306(1)(d) and (h), it is appropriate to deny the Applicant's request for an Idaho mortgage loan originator license, pursuant to Idaho Code § 26-31-313(1).

ORDER

NOW, THEREFORE, BASED ON THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, AND PURSUANT TO IDAHO CODE §§ 26-31-313(1)(a) and (b), IT IS ORDERED THAT THE APPLICATION FOR A MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION ATTESTED TO BY DANIEL JOSEPH VADNAIS, NMLS #1505607, ON APRIL 20, 2021, AND SUBMITTED ON HIS BEHALF BY KARLENE DUNKLEY OF PHH MORTGAGE CORPORATION THE SAME DATE, IS HEREBY DENIED.

NOTICE OF THE OPPORTUNITY TO REQUEST A HEARING

15. The Applicant is HEREBY NOTIFIED that the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION is a final order of the Director denying the license application, subject to the Applicant's right to timely file a request for a hearing on the question of his qualifications for a mortgage loan originator license under the Act, pursuant to Idaho Code § 26-31-305(6)(a). Such request for a hearing must be in writing and submitted to the Department within fifteen (15) days after the service of this Order. A copy of the request for hearing shall be served on the following:

Erin Van Engelen
Consumer Finance Bureau Chief
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

A copy of the request for contested case and hearing shall also be served on the Department's counsel in this matter:

Thomas A. Donovan
Deputy Attorney General
Idaho Department of Finance
P.O. Box 83720
Boise, Idaho 83720-0031

Alternatively, the Applicant may email the request for hearing to: CFLegal@finance.idaho.gov.

16. If the Applicant timely requests a hearing, the Director of the Department, or a Hearing Officer acting on the Director's behalf, will notify the Applicant of the date, time and place of the hearing, as well as the name and contact information of the presiding officer.

17. Any hearing and subsequent proceedings in this matter will be conducted in accordance with the Idaho Administrative Procedure Act, Idaho Code § 67-5201 *et seq.* and the Idaho Rules of Administrative Procedure (IDAPA 04.11.01).

18. Pursuant to Idaho Code § 26-31-305(6), if a hearing is held, the Applicant shall reimburse, pro rata, the Director for his reasonable and necessary expenses incurred as a result of the hearing.

IT IS SO ORDERED.

DATED this 12th day of October 2021.



STATE OF IDAHO
DEPARTMENT OF FINANCE

A handwritten signature in cursive script, appearing to read "Patricia R. Perkins".

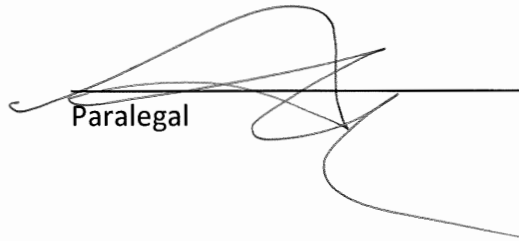
PATRICIA R. PERKINS, Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12th day of October 2021, I caused a true and correct fully-executed copy of the foregoing ORDER DENYING MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION AND NOTICE OF THE OPPORTUNITY FOR A HEARING to be served on the following by the designated means:

Daniel Vadnais
4677 Setting Sun Terrace
Syracuse, NY 13215

- U.S. mail, postage prepaid
- certified mail
- facsimile _____
- email: dan.vadnais@mortgagefamily.com



Paralegal