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SPECIAL REPORT

A troubled past

Couple behind millions in pledges has history of financial, legal problems

By Todd Milbourn, Bee Staff Writer

Tony and Nansi Masihi Daniloo, the Turlock couple behind millions of dollars in pledges to Emanuel Medical Center and California State University, Stanislaus, have a history of financial and legal troubles, including bankruptcies, late payments and accusations of fraud.

The Daniloos and Modesto-based DreamLife Financial made headlines in recent months by pledging \$4.5 million for a cancer center and other projects at Emanuel, and \$1 million for athletics at the university.

Emanuel and Stanislaus State happily accepted and publicly acknowledged the pledges. But neither Turlock institution did a background check on the donors.

Here are some of the items The Bee discovered:

When the pledges were announced, the Daniloos were involved in a Chapter 7 bankruptcy filed in Oakland, the third Nansi Masihi Daniloo had filed since 1998, the year before the couple married.

The couple in recent years has been slow to pay tens of thousands of dollars in credit card and tax bills, resulting in liens as well as lawsuits being filed against them, according to a search of property and court records.

Tony Daniloo is facing several lawsuits in Alameda County, where he worked as a mortgage lender and broker before joining DreamLife Financial in 2003.

Pending cases involve allegations of breach of contract and fraud.

One lawsuit alleges that a 71-year-old San Francisco woman did not receive \$50,000 due her at the close of a loan.

Another case contends that a Contra Costa County couple lost more than \$300,000 because Daniloo convinced them to make loans to a person he presented as a potential home buyer, but who turned out to be a relative who had no interest in the property.

What's more, four people said they have been questioned about Danilo's business dealings by investigators from the Alameda County district attorney's office. Bill Denny, head of the DA office's real estate fraud unit, said he could neither confirm nor deny whether a criminal investigation of Danilo was under way.

In an interview at DreamLife's headquarters on Standiford Avenue in Modesto, Tony Danilo, 30, declined to discuss the bankruptcies, liens and lawsuits.

Later, however, he issued a statement through a public relations firm that read in part:

"I'm young and made some mistakes in my life. However, I've learned from them and have tried to correct any wrongdoings. I'm not proud of my past, but I am proud I made the most of a second chance."

And he pledged to follow through on the gifts he has promised Emanuel and Stanislaus State.

Largest pledge in hospital's history

The Danilos' and DreamLife Financial's \$4.5 million pledge is the largest in Emanuel Medical Center's 87-year history. Officials at the Turlock hospital say \$3 million is to help fund the DreamLife Cancer Center. The other \$1.5 million, a personal gift from the Danilos, is to be used to remodel the pediatric wing, which the hospital plans to name after Nansi Masihi Danilo.

In November — about a month after the Emanuel pledges were announced — DreamLife announced a \$1 million pledge to Stanislaus State. University officials said they plan to use the donation — the largest to the university's athletics department and one of the largest ever for an athletics program at a Division II school — for scholarships, equipment and coaches' salaries.

In exchange, the college's athletics arena has been renamed DreamLife Arena, and the school is planning to place the corporation's logos throughout its athletics complex.

A Stanislaus State committee that included President Marvalene Hughes reviewed DreamLife's request for naming rights, said Clara Potes-Fellow, a CSU spokeswoman. The committee, which recommended the application for approval by the Board of Trustees in November, considered the amount of the pledge and the support for a change of the arena's name.

Emanuel and Stanislaus State officials say they are confident they will receive the money — even though neither organization conducted a background check on the Danilos or on DreamLife or were aware of any inconsistencies in the couple's or company's past.

"I like to try to take donors at their word," said Bill Ruud, Stanislaus State's vice president for development and university relations. "How would you feel if you came

in and offered \$1 million and I made you fill out a 20-page statement" about your finances?

Pennie Rorex, an Emanuel spokeswoman, said, "We never investigate the generosity of any donor."

Officials familiar with the ethical and practical considerations of accepting donations said institutions are obligated to research an individual or company that pledges large amounts of money, especially when that donor isn't established in the community or hasn't given money before.

"Ensuring that a donor is above-board is crucial for the integrity and credibility of the institution," said Rick Cohen, executive director of the National Committee for Responsible Philanthropy, a group based in Washington, D.C. "Who you accept money from reflects your values as an institution."

At University of the Pacific in Stockton, officials typically screen large donors who are new to the community or are first-time donors, said Jonathan Meer, UOP's vice president of university advancement.

"If somebody approaches you and says he wants to donate millions and have his name put on a university center and (the university) had no prior involvement with him, I could see doing some research," such as examining past philanthropy and business dealings, said Meer.

Kirk O. Hanson, executive director of the Markkula Center for Applied Ethics at Santa Clara University, said it's common sense for institutions to check the background of unfamiliar donors before agreeing to name facilities in their honor.

"The last thing you want is to wake up and find yourself in bed with a certified bad person," he said.

Daniloo says he learned from arrest

A background check of the Daniloos would have turned up the bankruptcies, liens, lawsuits and other information. It also likely would have uncovered Tony Daniloo's arrest in 1997 on suspicion of rolling back odometers at his former Modesto car dealership, according to Stanislaus County court records. The charges were dropped.

In a statement, Daniloo attributed the arrest to youthful indiscretion and said he learned from the experience.

"This is an excellent example where I've learned from past mistakes," the statement said. "Now I run my businesses morally right."

Nansi Masihi Daniloo, 29, filed for Chapter 7 bankruptcy in 1998, 2001 and most recently in 2002, with the latest filing naming Tony Daniloo as a codebtor.

Chapter 7 is the most common type of bankruptcy filed by individuals, said Ann Marie Friend, a Modesto bankruptcy attorney. The filing of a Chapter 7 bankruptcy prevents creditors from seeking to collect their debts directly from the individual.

Under bankruptcy law, someone who wants to file a Chapter 7 case must not have filed a previous Chapter 7 and received a discharge within the prior six years, said Friend. Even though Nansi Masihi Daniloos received a Chapter 7 discharge in November 1998, and filed again unsuccessfully in 2001, the U.S. trustee opted not to file for a dismissal in the 2002 filing. Instead, the trustee seized the Daniloos' nonexempt assets and liquidated them to pay debts.

The latest case, which was scheduled for a final meeting Dec. 9, lists \$1.15 million in assets and \$346,270 in liabilities. It includes a judgment against the Daniloos for allegedly transferring a Tracy home within one year prior to filing bankruptcy, according to bankruptcy records.

In a prepared statement, Tony Daniloos said his wife was "swept into" the latest bankruptcy because she co-signed a mortgage for a cousin, who became ill and was unable to make payments.

"We just recently learned of the bankruptcy and are offering assistance to Nansi's cousin," said Daniloos.

But Friend, who reviewed the case at The Bee's request, questioned that explanation, noting that Nansi Masihi Daniloos initiated the bankruptcy and her signature appears on the original filing.

There are indications the Daniloos have struggled to pay their bills on time.

In the most recent bankruptcy case, creditors include the Internal Revenue Service, which claims it is owed nearly \$50,000, and the state Franchise Tax Board, which claims it is owed more than \$13,000.

In October, Tony Daniloos was sued in Alameda County by a law firm that claims he owes more than \$14,000. The Pleasanton firm of James G. Schwartz alleges in the lawsuit that Daniloos has failed to pay legal bills accrued over two years.

In 2002, the state Board of Equalization released two liens against Daniloos and his former company, D&T Auto Sales, which he co-owned with his father, David. The liens were placed in the late 1990s for allegedly failing to pay more than \$52,000 in taxes to the state.

That same year, Wells Fargo Bank released a lien that it filed in 1997, for Tony Daniloos's failure to pay a nearly \$30,000 MasterCard bill.

Also, Stanislaus County placed a lien against Nansi Daniloos in 1997, claiming she failed to pay for treatment at Stanislaus Medical Center. That lien has been released.

Natives of Iran

Tony Danilo and Nansi Masihi were born in Iran. Both came as youngsters to the United States in about 1980, during the Iranian revolution. Their families eventually settled in Turlock, which has a large Assyrian community.

Both graduated from Turlock High School; Tony in 1992 and Nansi Masihi in 1994. In a biography prepared for The Bee and in an interview, Tony Danilo said he attended Arizona State University. But ASU officials said they have no record of his enrollment. Danilo later said he "misspoke."

The couple was married in Stanislaus County in 1999.

During his years in the Bay Area, Tony Danilo worked for a number of firms, including Residential Credit Corp., Park Place Capital, Sprint Funding Corp., Wausau Mortgage Corp., United American Mortgage and Ameriquest, according to court documents.

The Danilos returned to Turlock from the Bay Area in 2002, the same year DreamLife Investments Inc. was founded.

Today, they live in a two-story home on a cul-de-sac on Carriage Court in Turlock that has been assessed at nearly \$1 million. According to Stanislaus County records, the home is listed under the name of Nobella Masihi, a 24-year-old student and Nansi Masihi Danilo's younger sister.

A year ago, Tony Danilo joined DreamLife Investments Inc., which operates as DreamLife Financial. He is chief executive officer and president of DreamLife Investments.

Among the principals of the company is Chief Financial Officer Paul Ovro, the husband of Karmela Ovro, Danilo's sister.

Nansi Masihi Danilo is not involved with the company, Tony Danilo said.

DreamLife provides a range of services, but focuses on loans to aspiring homeowners with poor credit. The firm says it gears its services toward low-income and minority groups.

DreamLife is growing fast. In one year, it has expanded to eight branches, which are spread throughout the San Joaquin Valley. Danilo said the firm is eager to open more, including a branch in Las Vegas.

"Our goal is to hit \$1 billion (in loans) a year by 2005," he said.

The company has been aggressive in its publicity efforts, stating on its Web site a desire to become "a household name."

In addition to the pledges to Emanuel and Stanislaus State, the firm has sponsored numerous events in the area. Last summer, DreamLife offered motorists gas for 99 cents a gallon during a spike in gas prices. The firm sponsored downtown Modesto's

holiday parade. DreamLife also has partnered with the San Francisco 49ers in a sweepstakes promotion.

DreamLife has not been named in any lawsuits in Stanislaus County and has a satisfactory record with the Better Business Bureau.

Since 2001, Tony Danilo has been accused in at least six civil lawsuits of committing fraud and engaging in acts of predatory lending that cost borrowers hundreds of thousands. It is alleged in some of the lawsuits that Nansi Masihi Danilo helped her husband.

The couple denies any wrongdoing in those cases.

In a statement, Danilo attributed the number of lawsuits to the nature of his lending specialty: sub-prime loans.

"Often, these loans are more likely to lead to lawsuits," the statement said. "As a senior officer in the mortgage companies, I was named in the suits, which typically name all senior officers. I personally did no wrongdoing, and I am no longer involved with the firms named in the suits."

One case, which ended in a judgment of \$45,000 against Danilo, was filed in 2002 by a Tracy couple, Veronica and Perry Gaa.

According to the complaint, the Gaas approached Danilo, a family friend, for a residential loan and he quoted them a rate he never delivered.

Acting on the belief that the loan would lower their monthly payments, the Gaas embarked on home improvement projects, including the installation of a swimming pool.

Instead, the loan they received boosted monthly payments to \$3,200 from \$2,200, according to the lawsuit. As a result, the Gaas started falling behind on payments to other creditors.

Court papers indicate that when Danilo failed to live up to a settlement agreement, a default judgment was entered against him in May for \$45,000.

Veronica Gaa said she hasn't received any money.

"You wouldn't believe the stress this has put us through," said Gaa, 31. "We had to put off having kids. We haven't been able to take a vacation in three years."

In a case pending in Alameda County Court, a Contra Costa county couple alleged in 2003 that Danilo duped them out of more than \$300,000 while serving as their broker. The couple, Sharon and Enrique Pillado, wanted to sell their individual homes and buy one together.

According to the lawsuit, Danilo told the Pillados he had found a buyer for both properties, but there was a catch: The buyers needed second loans to make the deals work.

The arrangement, the Pillados contend, was to be structured this way:

The Pillados provided \$310,000 — \$170,000 to the buyer of one of their homes, \$140,000 to the buyer of the other. Those loans were to be secured through equity in the houses. The loans were to be repaid within a year with 14 percent interest.

The Pillados contend in their lawsuit that they did not receive equity, repayment or interest.

The lawsuit also alleges that one of the loan recipients wasn't a legitimate buyer, but was Daniloo's sister, Karmela Ovro of Turlock. The buyer for the other home never was identified.

Ovro declined to comment.

Michael Meadows, the Pillados' attorney, said the case has caused the couple a "considerable amount of anguish."

In another case, a 71-year-old San Francisco woman, Carol Hull, sued Tony Daniloo in 2003 in Alameda County claiming she did not receive \$50,000 due her at the close of a loan. Hull also has filed a request for a \$150,000 default judgment, claiming she hasn't received the money.

A Tracy woman, Evelyn Perilla, 57, said she couldn't afford to hire a lawyer to sue Tony Daniloo, who she says is responsible for her losing the Union City home her family lived in for 25 years.

According to a report filed with the Dublin Police Department, Perilla approached Daniloo about refinancing her home loan in April or May 2001. The terms stated that Perilla would have access to \$38,000 in cash when she wanted it.

After being laid off from her job, Perilla requested the money.

Daniloo said he would get her the funds, but it would take some time. In the meantime, he encouraged Perilla to give him the mortgage coupons for her loan, telling her that he would make the payments, according to the report.

Perilla said she did as Daniloo asked.

Eventually, Perilla began receiving late notices. Daniloo assured Perilla there had been a mistake and he would fix it, according to the report.

Then, in September 2002, Perilla received a phone call from her 76-year-old mother who lived at the home, saying the Sheriff's Department was evicting the family because the mortgage had not been paid.

The family was forced to live in hotels for three weeks, she said.

Perilla said the experience was devastating.

"I was 50 years old and I had nothing, no house, no money. I had to start all over," she said. "I didn't understand how he can do this to our family."

Daniloo maintains that he did nothing wrong in those cases. He also said any past actions should not be held against him.

"Judge me on what I'm doing today and the future good I plan to do," Daniloo said.

Emanuel talks up cancer center

Emanuel and Stanislaus State are counting on the Daniloos and the DreamLife pledges.

Emanuel officials have touted the cancer center as a great addition to the community hospital, one that will allow patients to receive treatment without having to drive to Modesto or farther. Stanford University, a partner with Emanuel in the project, has agreed to provide physicians for the new center, which is scheduled to begin construction in early 2005.

The hospital agreed to cover about half of the center's estimated \$6 million price tag, using DreamLife's gift to fund the rest.

Under the arrangement, the hospital expects a \$1 million payment at the end of each of three years, beginning Dec. 31. The money will be used largely for radiology equipment, said Emanuel spokeswoman Rorex.

The \$1.5 million pledge for the pediatric wing was made as a personal gift from the Daniloos. Those payments are due by the end of 2008, according to the agreement. The donations are tax-deductible.

Rorex said the hospital had planned to build the cancer center and remodel the pediatric wing before learning of the Daniloos' interest in donating. But the hospital moved up construction of the cancer center because of the pledge, she said.

Rorex noted that the agreement with DreamLife allows the hospital to terminate the naming rights if the donors fail to uphold the mission and values of the hospital.

At Stanislaus State, university officials are hoping the pledge will help invigorate the athletics program. University workers already have put DreamLife's name on the face of the arena, and the school is planning to re-name its track, and baseball, softball and soccer fields after the company.

Ruud said the university received \$250,000 after a November ceremony. The rest of the money is due in \$250,000 installments at the end of each of the next three years. The arrangement gives DreamLife naming rights for five years, with an option to work out an extension.

Ruud said he believes "in the good faith and integrity of the donors" and is confident Daniloo will make good on his pledge.

If concerns over a donor's finances or ethics arise, the university would "sit down and talk about it" with the donor, Ruud said.

In a prepared statement, Danilo said he is committed to following through on his promises.

"The Emanuel and CSUS pledges are over a period of years, and my business plans allow for these installment payments," the statement said. "I have the money from previous business and personal ventures. Like most people, it's in several different portfolio, stock and investment accounts."

Danilo did not respond to requests for a more detailed assessment.

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A Chronology

JUNE 1992 — Tony Danilo graduates from Turlock High School.

JUNE 1994 — Nansi Masihi graduates from Turlock High School.

MARCH 1997 — Stanislaus County files a lien against Masihi for failing to pay for treatment at Stanislaus Medical Center. The lien eventually is released.

MARCH 1997 — Danilo is sued in Stanislaus County by Wells Fargo for nearly \$30,000 for failing to pay a MasterCard bill. The case results in a lien, which isn't released until 2002.

MAY 1997 — The California Board of Equalization files a lien against Danilo and his Modesto company, D&T Auto Sales, for \$8,000 in owed taxes. The lien is released in 2002.

DECEMBER 1997 — Danilo is arrested by a Department of Motor Vehicles investigator on suspicion of rolling back odometers in a scheme to sell cars at inflated prices. The charge later is dropped.

JULY 1998 — Masihi files for Chapter 7 bankruptcy in Modesto. The case is discharged in November 1998.

MAY 1999 — The Board of Equalization places a lien against Danilo and D&T Auto Sales for nearly \$39,000. The lien is released in 2002.

JULY 1999 — Danilo and Masihi are married in Stanislaus County.

SEPTEMBER 2000 — The Danilos are sued in Alameda County for failing to turn over rents on a property owned with Moraga Road Corp. Moraga Road eventually wins a judgment against the Danilos for \$15,000.

APRIL 2001 — Nansi Masihi Daniloo files unsuccessfully for Chapter 7 bankruptcy in Oakland. The case is dismissed in May 2001.

AUGUST 2001 — Tony Daniloo is sued in Alameda County by a Gilroy couple who allege Daniloo promised a loan he never delivered. The case, filed by Ronald and Patricia Ann Colla, sought \$300,000 in general damages and \$1 million in punitive damages. It was dismissed without prejudice in December 2003.

FEBRUARY 2002 — Tony Daniloo is sued in Alameda County by a Tracy couple who claim Daniloo promised a loan at a rate he never delivered. The couple, Veronica and Perry Gaa, reached a settlement with Daniloo, but he never paid, said Veronica Gaa. A default judgment for \$45,000 was entered against him in May. Gaa said the couple has not collected any money from Daniloo.

MARCH 2002 — The Daniloos are sued in Alameda County by New Century Title Co. for allegedly diverting more than \$440,000 from escrow accounts for personal use. The case alleges that Tony Daniloo re-routed checks to his wife and another woman. The case was dismissed without prejudice in July 2002.

MARCH 2002 — Stewart Title Guaranty Co. issues an alert advising agents not to close any transactions with the Daniloos.

MAY 2002 — Nansi Masihi Daniloo files for Chapter 7 bankruptcy in Oakland. Tony Daniloo is listed as a co-debtor in the case. Among the creditors are the Internal Revenue Service, which claims it is owed nearly \$50,000, and the state Franchise Tax Board, which claims it is owed \$13,000.

JANUARY 2003 — The Dublin Police Department files a report that includes allegations that Daniloo was responsible for a Union City woman losing the house in which she lived for 25 years. The woman, Evelyn Perilla, told an officer that Daniloo promised to make her mortgage payments while she waited for cash due her from a loan with Daniloo.

According to the report, Perilla never received the money and Daniloo did not make the mortgage payments. Perilla and her family, including her 76-year-old diabetic mother, were evicted and forced to live in hotels for three weeks.

FEBRUARY 2003 — Tony Daniloo is sued in Alameda County by a Contra Costa County couple alleging that Daniloo, serving as their broker, cheated them out of \$300,000. The couple, Sharon and Enrique Pillado, alleges he did this in part by convincing them to make loans to a person they believed to be a potential home buyer but who turned out to be Daniloo's sister. The case is pending.

APRIL 2003 — A judgment in Bankruptcy Court in Oakland is entered against the Daniloos for fraudulently transferring property within one year before filing Chapter 7.

APRIL 2003 — Tony Daniloo is sued in Alameda County by a Hayward couple who allege they lost \$100,000 because of a Daniloo loan. The couple, Nuevo and Cecilia Talaue, allege in part that Daniloo diverted \$30,000 from their escrow account for personal use. The case was dismissed without prejudice.

JUNE 2003 — Tony Daniloo is sued in Alameda County by Carol Hull, a 71-year-old San Francisco woman who claims Daniloo failed to pay \$50,000 due her at the end of a loan. Hull's attorney has requested a default judgment of \$150,000 be entered because Daniloo hasn't responded to the complaint.

DECEMBER 2003 — Tony Daniloo opens DreamLife Financial, a division of DreamLife Investments Inc., a Modesto mortgage lending firm that specializes in loans to people with poor credit.

SEPTEMBER 2004 — DreamLife Financial and the Daniloos pledge \$4.5 million for projects at Emanuel Medical Center, the largest donation in the Turlock hospital's 87-year history.

OCTOBER 2004 — Tony Daniloo is sued in Alameda County by a Pleasanton law firm that claims he owes more than \$14,000 in legal bills accrued over two years. The case is pending.

NOVEMBER 2004 — DreamLife Financial pledges \$1 million for naming rights to a basketball arena and several athletic fields at California State University, Stanislaus. The school plans to use the money for scholarships and coaches' salaries, among other things.

Source: Bee research

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