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8
9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) NMLS ID. 1858184
)
12 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) ORDER BARRING AND REVOKING
13 Complainant,) MORTGAGE LOAN ORIGINATOR LICENSE
) OF HUGO FABIAN FLORES FLORES
14)
15 v.) (Fin. Code, §§ 22155(a), 22161(a)(7), 22712,
) 22109.1(a)(3), 22169(a)(1), 22170(b),
16 HUGO FABIAN FLORES FLORES,) 50141(a)(3), 50513(a), 50318(a)(1), 50327(a))
)
17)
18 Respondent.)
19)

20 The Commissioner of the Department of Financial Protection and Innovation
21 (Commissioner) finds that:

22 1. Hugo Fabian Flores Flores (Flores) holds a mortgage loan originator license issued by
23 the Commissioner on July 1, 2024, pursuant to the California Financing Law (Fin. Code, § 22000-
24 22780.1)¹ (CFL) and California Residential Mortgage Lending Act (Fin. Code, § 50000-50707)
25 (CRMLA). Through the Nationwide Mortgage Licensing System (NMLS), Flores is registered with
26 the unique identifier NMLS ID 1858184 pursuant to section 50003(z).

27 2. Valley Grove Financial is a company located at 1971 Ritchey Street, Santa Ana,
28

¹ Unless otherwise indicated, all further statutory references are to the Financial Code.

1 California 92705. Valley Grove Financial owned and maintained a website located at
2 www.valleygrovefinancial.com. On its website, Vally Grove Financial offers free consultations to
3 refinance mortgages, lower monthly payments, and consolidate debt. At all relevant times, Flores
4 was the registered owner and the CEO of Valley Grove Financial. On or around July 28, 2020,
5 Flores filed a Fictitious Business Name (FBN) Statement with the Orange County Clerk-Recorder’s
6 Office. Flores stated in the FBN Statement that Valley Grove Financial began conducting its
7 business on July 3, 2019.

8 **A. Licensing History**

9 3. On or around August 19, 2019, Flores filed an application for an MLO license with
10 the Commissioner by filing a Form MU4 (Application) on NMLS pursuant to section 22105.1.
11 Flores registered with NMLS ID 1858184 pursuant to Cal. Code Regs., title 10, section
12 1950.122.5(a)(1).

13 4. In submitting his Application, Flores was required to sign an oath and attestation
14 agreeing “to keep the information contained in this [Application] form current and to file accurate
15 supplementary information on a timely basis” pursuant to Cal. Code Regs., title 10, section
16 1422.5(d).

17 5. Based on the information provided in his Application and his agreement to keep the
18 information current or to supplement it as necessary, the Commissioner issued Flores an MLO
19 license on November 12, 2019. Flores was first licensed as an MLO with the Commissioner from
20 November 12, 2019 through January 1, 2023.

21 6. Golden Water Funding, Inc. (Golden Water) is registered with the Commissioner as a
22 finance lender under license number 60DBO-90124. On or around January 2020, Golden Water
23 sponsored and employed Flores as an MLO.

24 7. The MLO license must be renewed each year between November 1 and December 31.
25 MLOs must meet all criminal, financial and background requirements at all times. FBI
26 checks and credit checks may be required at the time of renewal. All licensees must submit a
27 renewal request through NMLS by December 31. Flores failed to renew his MLO license by
28 December 31, 2022 and he allowed his MLO license to lapse in 2023.

1 8. On or around March 2, 2023, Flores re-applied for an MLO license with the
2 Commissioner (2023 Application). Flores submitted five supplemental filings for his 2023
3 Application but failed to complete his 2023 Application within 90 days and abandoned this
4 application.

5 9. On or around March 6, 2024, Flores re-applied for an MLO license and was approved
6 for MLO licensure on July 1, 2024. Flores has maintained his MLO license since July 1, 2024 and at
7 all relevant times, has been sponsored by Golden Water.

8 **B. Facts Surrounding Escrow Transaction No. 19-2535-JO, Loan No. 1903MR**

9 10. On or around July 2022, the Commissioner discovered complaints filed with the
10 California Department of Real Estate (DRE) involving Flores. The Commissioner learned that in or
11 around November 2019 that Flores approached M.R, a licensed DRE broker. Flores requested
12 assistance with facilitating a business loan for his Client F.V. Flores and M.R. worked in the same
13 building but did not have any preexisting business relationship.

14 11. The Commissioner retrieved documents from DRE’s investigation that showed
15 Flores’ involvement in the transaction at issue, Escrow No. 19-2535-JO, Loan Number 1903MR.
16 According to M.R., Flores gave him the required documents for Flores’ Client F.V. to qualify for a
17 hard-money loan. M.R. completed the necessary due diligence and found an investor to fund the
18 loan. Flores told M.R. that his client worked in the evenings so Flores would handle getting Client
19 F.V. to sign and notarize the loan documents.

20 12. In late November 2019, Nation One Real Estate Inc. dba South Coast Escrow
21 received the executed loan documents and the Buyer Borrower Disbursement of Funds
22 (Disbursement of Funds) for Escrow No. 19-2535-JO, Loan Number 1903MR. The Disbursement of
23 Funds instructed Nation One Real Estate Inc. dba South Coast Escrow to wire transfer funds to Bank
24 of America, N.A. account ending in 5861 (BOA Acct. 5861) held in the name of Valley Grove
25 Financial. On or around November 26, 2019, Nation One Real Estate Inc. dba South Coast Escrow
26 sent through wire transfer an amount of \$22,022.88 to BOA Acct. 5861.

27 13. On or around January 2020, Client F.V. contacted Nation One Real Estate Inc. dba
28 South Coast Escrow and informed them that he never signed the loan documents nor received the

1 funds associated with Escrow No. 19-2535-JO, Loan Number 1903MR. Client F.V. discovered that
2 the investor had placed a lien on his residential home in Pomona. Nation One Real Estate Inc. dba
3 South Coast Escrow contacted M.R. and informed him of these issues. M.R. was unaware that Client
4 F.V. had not authorized the loan documents.

5 14. M.R. immediately invited Client F.V. to meet him in his office with Spanish
6 translators to address Client F.V.'s allegations concerning Escrow No. 19-2535-JO, Loan Number
7 1903MR. M.R. worked with Client F.V. to have Flores remove the lien on his residential property.
8 From that point, M.R. assisted Client F.V. with filing a police report with the Pomona Police
9 Department and complaints with DRE regarding the above-described incident.

10 15. M.R. cooperated with DRE in its investigation of Escrow No. 19-2535-JO, Loan
11 Number 1903MR, Valley Grove Financial and Flores. On or around February 2020, Client F.V.
12 informed DRE that the lien on his residential property was removed and Client F.V. formally
13 withdrew his complaint against M.R. DRE issued a separate disciplinary action against M.R. for his
14 involvement with Flores and Valley Grove Financial.

15 16. Section 22161(a) states "a person subject to this division shall not do any of the
16 following . . . (7) commit an act that constitutes fraud or dishonest dealings."

17 17. Flores' failure to disclose his business Valley Grove Financial on his applications, his
18 involvement with Escrow No. 19-2535-JO, Loan Number 1903MR and his use of Valley Grove
19 Financial to engage in unlicensed brokering is a violation of section 22161(a)(7).

20 **C. Flores Failed to Disclose Valley Grove Financial in His Applications**

21 18. On its website, Valley Grove Financial advertised in Spanish offering free
22 consultations to refinance mortgages, lower monthly payments, and consolidate debt. Valley Grove
23 Financial encouraged California residents to contact their experts at (949) 767-4101 and Flores'
24 unique NMLS ID 1858184 was advertised on the website associated with Valley Grove Financial.

25 19. The Commissioner's investigator found that Valley Grove Financial and Flores
26 advertised on social media platforms Instagram and Facebook offering similar financial services.
27 Flores and Valley Grove Financial advertised themselves as mortgage brokers that "help
28

1 homeowners with mortgage solutions” and cited Flores’ unique NMLS ID 1858184. Social media
2 accounts advertised Valley Grove Financial’s website and contact information for free consultations.

3 20. Section 22170(b) states:

4 It is unlawful for any person to knowingly make an untrue statement to
5 the commissioner or the Nationwide Mortgage Licensing System and
6 Registry during the course of licensing, investigation, or examination,
7 with the intent to impede, obstruct, or influence the administration or
8 enforcement of any provision of this division.

9 21. Flores did not disclose Valley Grove Financial in his employment history in his
10 MLO applications filed with the Commissioner. The Commissioner retrieved the bank records for
11 Valley Grove Financial which confirmed Flores was a co-owner of the BOA Acct. 5861 and his
12 signature was on the account signature card dated July 17, 2019. Thus, Flores knowingly failed to
13 disclose his outside business Valley Grove Financial and his role as its CEO in his applications filed
14 on NMLS in violation of section 22170(b).

14 **D. Valley Grove Financial Engaged in Unlicensed Finance Broker Activity**

15 22. Section 22100(a) states “[n]o person shall engage in the business of a finance lender
16 or broker without obtaining a license from the commissioner.”

17 23. Flores and Valley Grove Financial are not licensed by the Commissioner to engage in
18 the business of a finance broker. Flores and Valley Grove Financial are not exempt from the
19 licensing requirement of section 22100.

20 24. Documents obtained from DRE showed that Flores and Valley Grove Financial
21 received fees in the amount of \$2,000.00 for originating Escrow No. 19-2535-JO, Loan Number
22 1903MR. Bank records show Flores and Valley Grove Financial received the wire transfer in the
23 amount of \$22,022.88 from Nation One Real Estate Inc. dba South Coast Escrow on or around
24 November 26, 2019. A copy of check number 001932 dated November 26, 2019, issued by Nation
25 One Real Estate Inc. dba South Coast Escrow in the amount of \$2,000.00, appears to be the
26 origination fee paid to Flores. Check number 001932 included the reference “Escrow No. 19-2535-
27 JO.”

28 25. Documents obtained from DRE showed that Flores and Valley Grove Financial

1 received fees in the amount of \$2,000.00 for originating Escrow No. 19-2799-JO, Loan Number
 2 1902MR. M.R. disclosed to DRE that he was involved with Flores and Valley Grove Financial to
 3 facilitate this loan transaction.

4 26. An examiner with the Department of Financial Protection and Innovation found that a
 5 second bank account for Valley Grove Financial, BOA Acct. 5963, was used to facilitate Escrow
 6 No. 19-2799-JO, Loan Number 1902MR. Flores was listed as a co-owner of the second account and
 7 signed the account signature card for that account on July 17, 2019. The examiner confirmed on
 8 November 12, 2019 that Valley Grove Financial and Flores received a wire transfer in the amount of
 9 \$14,060.00 from Nation One Real Estate Inc. dba South Coast Escrow for the real property in
 10 Escrow No. 19-2799-JO, Loan Number 1902MR.

11 27. Copies of checks associated with BOA Acct. 5963 show that Nation One Real Estate
 12 Inc. dba South Coast Escrow and First Fidelity Escrow paid fees to Flores. The amounts written on
 13 the checks range from \$250.00 to \$2000.00, the memo line of the checks references the following
 14 transactions: Escrow No. 19-2535-JO, Escrow No. 19-2799-JO, and Escrow No. 4630-JG. Flores
 15 and Valley Grove engaged in unlicensed finance brokering in violation of section 22100.

16 28. Pursuant to Cal. Code. Regs. title 10, section 1950.122.5(h), a “mortgage loan
 17 originator may not engage in business under any name other than a name approved by the
 18 Commissioner for use by the sponsor of the mortgage loan originator.”

19 29. Section 22155(a) states:

20 A finance lender, broker, *mortgage loan originator*, . . . *shall not*
 21 *transact the business licensed or make any loan . . . provided for by*
 22 *this division under any other name or at any other place of business*
 23 *than that named in license* except pursuant to a currently effective
 written order of the commissioner authorizing the other name or place
 of business . . .

24 (Emphasis is added.)

25 30. The Commissioner has only approved Flores’ MLO sponsorship with Golden Water.
 26 Flores’ unlicensed broker activity through Valley Grove Financial is not authorized by the
 27 Commissioner. Flores’ use of his company is a violation of Cal. Code Regs., title 10, section
 28 1950.122.5(h) and section 22155(a).

1 **E. MLO Revocation Order**

2 31. Section 22172(a)(1) authorizes the Commissioner to revoke an MLO license “for a
3 violation of this division, or any rules or regulations adopted thereunder.”

4 32. Section 50327(a)(1) authorizes the Commissioner to revoke any license if he finds
5 that “licensee has violated any provision of this division or any rule or order of the commissioner
6 thereunder.”

7 33. Section 50513(a)(1) authorizes the Commissioner to revoke an MLO license “for a
8 violation of this division, or any rules or regulations adopted thereunder.”

9 34. Section 22172(a)(2) authorizes the Commissioner to revoke an MLO license under
10 the CFL if a “licensee fails at any time to meet the requirements of Section 22109.1.”

11 35. Section 50327(a)(2) authorizes the Commissioner to revoke an MLO license under
12 the CRMLA if he finds “[a]ny fact or condition exists that, if it had existed at the time of the original
13 application for the license, reasonably would have warranted the commissioner in refusing to issue
14 the license originally.”

15 36. Section 50513(a)(2) authorizes the Commissioner to revoke an MLO license under the
16 CRMLA, if a “licensee fails at any time to meet the requirements of Section 50141.”

17 37. Section 22109.1 of the CFL and section 50141 of the CRMLA provide in relevant part:

18 (a) The commissioner shall deny an application for a mortgage loan
19 originator license unless the commissioner makes, at a minimum, the
20 following findings:

21 . . .

22 (3) The applicant has demonstrated such financial responsibility,
23 character, and general fitness as 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 this division.

24 (Fin. Code, §§ 22109.1 and 50141)

25 38. The Commissioner finds that Flores violated section 22100, section 22155(a), section
26 22161(a)(7), section 22170(b), and Cal. Code Regs., title 10, section 1950.122.5(h). The
27 Commissioner’s findings set forth above constitute grounds under section 22172(a)(1), section
28 50327(a)(1), and section 50513(a)(1) to revoke the Flores’ MLO license. The Commissioner’s

1 findings also constitute grounds under section 22172(a)(2), section 50327(a)(2), and section
2 50513(a)(2) to revoke Flores’ MLO license for his failure to demonstrate the requisite financial
3 responsibility, character, and general fitness for an MLO license.

4 **F. Bar Order**

5 39. Section 22170(b) states in relevant part:

6 It is unlawful for any person to knowingly make an untrue statement to
7 the commissioner or the Nationwide Mortgage Licensing System and
8 Registry during the course of licensing, investigation, or examination,
9 with the intent to impede, obstruct, or influence the administration or
10 enforcement of any provision of this division.

11 40. Section 22169(a)(1) of the CFL and section 50318(a)(1) of the CRMLA
12 provide in relevant part:

13 (a) The commissioner may, after appropriate notice and opportunity
14 for hearing, by order, censure or suspend for a period not exceeding 12
15 months, or bar a person, including a mortgage loan originator, from
16 any position of employment with, or management or control of, any
17 finance lender, broker, program administrator, or any other person, if
18 the commissioner finds either of the following:

19 (1) That the censure, suspension, or bar is ***in the public interest and
20 that the person has committed or caused a violation of this division
21 or rule or order of the commissioner, which violation was either
22 known or should have been known by the person committing or
23 causing it*** or has caused material damage to the finance lender, broker,
24 program administrator, or mortgage loan originator, or to the public.

25 (Emphasis added.)

26 41. The Commissioner found that Flores failed to disclose his company Valley Grove
27 Financial in his applications. By attesting to the accuracy of each application, Flores violated section
28 22170(b) because each attestation contained an untrue statement to the Commissioner or the NMLS
during the course of licensing with the intent to impede, obstruct, or influence the administration or
enforcement of any provision of the CFL and CRMLA. Flores knew or should have known he was
making that untrue statement. The Commissioner’s findings constitute grounds to bar Flores
pursuant to section 22169(a)(1) and section 50318(a)(1).

42. The Commissioner also found that Flores and Valley Grove Financial engaged in

1 unlicensed finance broker activity in violation of section 22100. Flores knew or should have known
2 he and his company Valley Grove Financial needed licenses to broker finance loans. The
3 Commissioner’s findings constitute grounds to bar Flores pursuant to section 22169(a)(1) and
4 section 50318(a)(1).

5 43. The Commissioner found that Flores and Valley Grove Financial violated section
6 22161(a)(7) by his dishonest dealings with Escrow No. 19-2535-JO, Loan Number 1903MR and
7 Escrow No. 19-2799-JO, Loan Number 1902MR. Flores knew or should have known his
8 involvement constitutes a failure to demonstrate the requisite financial responsibility, character, and
9 general fitness for an MLO license pursuant to section 22109.1(a)(3) and section 50141(a)(3). The
10 Commissioner’s findings constitute grounds to bar Flores pursuant to section 22169(a)(1) and
11 section 50318(a)(1).

12 44. The Commissioner found that Flores used Valley Grove Financial, a name not
13 authorized by the Commissioner in violation of Cal. Code Regs., title 10, section 1950.122.5(h) and
14 section 22155(a). Flores knew or should have known that using Valley Grove Financial without the
15 Commissioner’s prior approval was not permitted. The Commissioner’s findings constitute grounds
16 to bar Flores under section 22169(a)(1) and section 50318(a)(1).

17 45. By reason of the foregoing, the Commissioner finds that it is in the public interest to
18 bar Flores from any position of employment with, or management or control of, any finance lender,
19 broker, or program administrator pursuant to section 22169(a)(1).

20 46. By reason of the foregoing, the Commissioner finds that it is in the public interest to
21 bar Flores from any position of employment, management, or control of any residential mortgage
22 lender, residential mortgage loan servicer, or MLO pursuant to section 50318(a)(1).

23 47. On September 19, 2025, the Commissioner issued the Accusation to Revoke MLO
24 License and Bar Hugo Fabian Flores Flores (Accusation). On January 27, 2026, the Commissioner
25 personally served the Notice of Intention, Accusation, Statement to Respondent, and accompanying
26 documents on Flores Flores. The time to request a hearing has expired.

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NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the MLO license of Hugo Fabian Flores Flores is revoked and Hugo Fabian Flores Flores is barred from the financial services industry. This Order is necessary, in the public interest, for the protection of consumers, and consistent with the purposes, policies, and provisions of the CFL and CRMLA. This order is effective as of the date hereof.

Dated: February 19, 2026

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division