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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

11	In the Matter of:)	NMLS ID: 1841978
12	THE COMMISSIONER OF BUSINESS)	STATEMENT OF ISSUES IN SUPPORT OF
13	OVERSIGHT,)	ORDER DENYING MORTGAGE LOAN
14	Complainant,)	ORIGINATOR LICENSE APPLICATION
15	v.)	
16)	
17	RAUL DY PARRADO,)	
18	Respondent.)	
19)	
20)	

21 The Commissioner of Business Oversight (Commissioner) alleges and charges Respondent
22 as follows:

23 **I.**
24 **Introduction**

25 1. The Commissioner seeks to deny the issuance of a mortgage loan originator license
26 (MLO) to Raul Dy Parrado (Parrado) under Financial Code section 22109.1, subdivision (a)(3), of
27 the California Financing Law (Fin. Code, § 22000 et seq.) (CFL), and Financial Code section 50141,
28 subdivision (a)(3), of the California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.)

1 (CRMLA) in that Parrado has not demonstrated such financial responsibility, character, and general
2 fitness as to command the confidence of the community and to warrant a determination that Parrado
3 will operate honestly, fairly, and efficiently within the purposes of the CFL and CRMLA.

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5 **II.**
6 **Application**

7 2. On or around June 10, 2019, Parrado filed an application for an MLO license with the
8 Commissioner by submitting a Form MU4 (Application) through the Nationwide Mortgage
9 Licensing System (NMLS) under Financial Code section 50140.

10 3. Parrado answered “Yes” to Regulatory Action Question K (5), which asks, in
11 pertinent part:

12 (K) Has any State or federal regulatory agency or foreign financial
13 regulatory authority or self-regulatory organization (SRO) ever:

14

15 (5) revoked your registration or license...?

16 4. In further response to Regulatory Action Question K (5), Parrado uploaded
17 documentation which revealed that on or about April 5, 2019 the California Department of Social
18 Services (CDSS) revoked Parrado’s Residential Care for the Elderly Administrator license (RCFE)
19 for abandoning a residential care facility under his care.

20 5. Parrado provided the following explanation in response to Regulatory Action
21 Question K (5): “I was owner/operator of a 200 bed assisted living facilities. After being there for 12
22 years, one of the owner’s son wanted someone else in the building. He wanted me to release them of
23 the lease agreement, when I refused, he threatened to hire an [sic] law firm to have my license
24 revoke [sic]. He then hired a law firm to build a case against me to have my license revoke [sic]....”

25 6. Parrado answered “No” to Customer Arbitration/Civil Litigation Disclosure question
26 (P), which asks in pertinent part:

27 (P) Have you ever been named as a respondent/defendant in a financial services-
28 related consumer-initiated arbitration or civil litigation which:

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(1) is still pending?

(2) resulted in an arbitration award or civil judgment against you, regardless of amount, or that required corrective action?

(3) was settled for any amount?

7. Parrado signed his Application on June 10, 2019 under penalty of perjury, attesting that “the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part of this application are current, true, accurate and complete[.]” The attestation contains the following admonition to which Parrado agreed: “If an Applicant has made a false statement of material fact in this application or in any documentation provided to support the foregoing application, then the foregoing application may be denied.”

8. The Department investigates each mortgage loan originator license application it receives. The Department’s investigation disclosed that on or about December 2018, a civil action was filed against Parrado in the California Superior Court, County of Los Angeles, in the matter of *DF & RW, Inc. a California corporation, dba F&W Foodservices v. Seville Circle, Inc., dba Le Bleu Chateau, and Raul Paraddo, an individual*, case number 18STCV00257 (hereafter *DF & RW v. Paraddo*).

9. On or around June 21, 2019, the Commissioner created a license item in NMLS instructing Parrado to submit an amended application updating his response to Customer Arbitration/Civil Litigation Disclosure Question (P)(1), along with “detailed explanations of the circumstances and upload applicable legal documents” for Questions P(1).

10. On July 2, 2019, Parrado filed an amended MU4 and amended his response to Customer Arbitration/Civil Litigation Disclosure question (P)(3) from “No” to “Yes.” Parrado uploaded the caption page of a “Request for Entry of Default Judgment” that was filed against him in *DF & RW v. Paraddo*. Parrado did not provide any explanation regarding the circumstances that led to the lawsuit.

11. On October 8, 2019, Parrado filed an amended MU4, further updating his response to Customer Arbitration/Civil Litigation Disclosure question (P). Parrado responded “No” to

1 Questions P (1) and (2) which ask whether the applicant has ever been named as a respondent or
2 defendant in a financial services-related consumer-initiated arbitration or civil litigation which is still
3 pending or resulted in an arbitration award or civil judgment against the applicant. Parrado
4 responded “Yes” to the Question P (3) which asks whether the applicant has ever been named as a
5 respondent or defendant in a financial services-related consumer-initiated arbitration or civil
6 litigation which was settled for any amount.

7 12. To date Parrado has not provided an explanation or documentation regarding the civil
8 action filed against him in *DF & RW v. Paraddo*.

9 13. Parrado also provided the following amended explanation to his response to Question
10 K (5), which asks whether any SRO has ever revoked Parrado’s registration or license:

11 I was owner/operator of a 200 bed assisted living facilities. After being
12 there for 12 years. one of the owner's son wanted someone else in the
13 building. He wanted me to release them of the lease agreement, when I
14 refuse he threatened to hire an law firm to have my license revoke. He
15 then hired a law firm to build a case against me to have my license revoke
16 With this explanation are documents that supports my claim. 1.) Lease
17 termination that he wanted me to sign. 2.) The letter to the license to
18 initiate to have my license revoke I had a meeting with my landlord. Jack
19 Silverman. I had asked him that the business can no longer be sustainable
20 due to the high rent that I was paying. Mr. Silverman refused to lower the
21 rent. Mr. Silverman and I then agreed that I will return the facility back to
22 him. I sent an email to the Dept. of Social Services' supervisor informing
23 her of the transition/transfer of operation and license. I told licensing that I
24 will still be the over seer of the facility while Mr. Silverman is applying
25 for his license. During this time I was unemployed, no income coming in
26 and it was a very stressful time. My wife was 4 months pregnant and we
27 had a 1 year old child. My wife was shaking uncontrollably. and we were
28 afraid that we were going to lose the baby. Because of this circumstances.
I overlook filling a change or ownership/license to the Dept. of Social
Services. which is a violation.... Mr. Silverman had previously owned
multiple nursing homes, assisted living. He was more than qualified to
take over the facility. I did not defend myself on the allegation of
abandoning the facility due to the fact that I had no means to hire an
attorney to defend myself and the allegation. The only wrong that I did
was not give proper notice/filling of change of ownership.

14. On or about December 5, 2018, the CDSS filed an accusation against Parrado in, *The
matter of Dodjie LLC dba Santa Monica Pavilion 12001 Santa Monica Blvd. Los Angeles, CA*

1 90025, *Raul Parrado*,” Case No. 6218362301 (CDSS Accusation) seeking to:

2 (i) revoke the residential care facility for the elderly license issued to Dodjie LLC,
3 a California limited liability company owned or controlled by Parrado;

4 (ii) prohibit Parrado for the remainder of his life from being a licensee, owning a
5 beneficial ownership interest of 10 percent or more in a licensed facility, or being an administrator,
6 officer, director, member, or a manager of a licensee or entity controlling a licensee, and further
7 from employment in, presence in, and from contact with clients of, any facility licensed by the
8 Department or certified by a licensed foster family agency, or any resource family home;” and

9 (iii) revoke or deem forfeited Parrado’s administrator certificate for residential
10 care facilities for the elderly.

11 15. The CDSS Accusation alleged that Dodjie LLC was licensed to operate a residential
12 care facility for the elderly at 12001 Santa Monica Boulevard, Los Angeles, California 90025
13 (Facility). The CDSS Accusation further alleged that “Parrado is employed by/was employed
14 by/sought employment with/sought to volunteer with/resides in the facility of or has contact with the
15 clients of the residential care facility for the elderly.... And Parrado was certified on January 10,
16 2006 to be a residential care facility for the elderly administrator.”

17 16. The CDSS Accusation stated that on or about November 8, 2018, Parrado abandoned
18 the Facility and residents in his care “resulting in an immediate and substantial threat to the health
19 and safety of the abandoned residents in violation of the Health and Safety Code section 1590(d).”

20 17. The CDSS Accusation further alleged that Parrado engaged in “conduct that is
21 inimical to the health, morals, welfare, or safety of either an individual in or receiving services from
22 the facility, or the people of the State of California...,” and as such, “has demonstrated a lack of
23 knowledge of and ability to confirm to the applicable laws, rules and regulations and ... has failed to
24 demonstrate good character and a continuing reputation of personal integrity as required of an
25 administrator.”

26 18. On or about December 14, 2019, Parrado filed a Notice of Defense requesting a
27 hearing on the CDSS Accusation, however on or about March 5, 2019, Parrado withdrew his Notice
28 of Defense thereby waiving his right to contest the merits of the CDSS Accusation.

1 19. On April 5, 2019, Shirley D. Ramirez, Assistant Chief Counsel, Legal Division,
2 entered a “Decision and Order” (Decision) finding that the factual allegations which are set forth in
3 the CDSS Accusation constitute violations of Health and Safety Code sections 1569.17, 1569.50,
4 1569.58, 1569.50 (c), 1569.58(a)(2), 1569.616(h)(2), and California Code of Regulations, title 22,
5 sections 87405(d)(2) and (5), 87408(a)(3) and 6, 87409(a)(2). The Decision ordered that Dodjie
6 LLC’s license to operate a residential care facility for the elderly located at 12001 Santa Monica
7 Boulevard, Los Angeles, California 90025 be revoked, and that Parrado be “prohibited from
8 employment in... and contact with clients of any facility licensed by the facility, or being an
9 administrator, officer.... of a licensee.... or any resource family home.” The Decision further
10 ordered that “Parrado’s administrator certificate for residential care facilities for the elderly be
11 revoked or deemed forfeited.”

12 20. On or around December 7, 2018, the plaintiffs in *DF & RW* filed a complaint for
13 breach of contract against Parrado and an entity owned or controlled by Parrado – Seville Circle, Inc.
14 dba Le Bleu Chateau Plaza 1, Le Bleu Chateau Santa Monica Pavilion, Santa Monica Pavilion Plaza,
15 and Dodjie, LLC dba Santa Monica Pavilion, and Santa Monica Pavilion Plaza (Complaint).

16 21. The Complaint alleged that on or about August 1, 2007, Parrado and his entities
17 entered into an agreement with the plaintiff in which plaintiff agreed to “sell and provide to
18 Defendant Seville... certain goods consisting of food and food supplies, and Defendants agreed to
19 pay for said goods at Plaintiff’s standard rates from time to time....”

20 22. The Complaint further alleged that plaintiff performed all terms and conditions and
21 promises required on its part to be performed under the terms of the agreement, however the
22 defendant Parrado, for over four years, failed and refused to pay plaintiff the agreed upon charges for
23 the goods sold and delivered to defendant despite repeated request by plaintiff that payment be
24 made. The Complaint stated that “within the past four years... Defendants and each of them,
25 became indebted to Plaintiff on an open book account for money due in the net sum of \$140,169.25
26 with interests for goods sold and delivered by Plaintiff to Defendants Seville at the Le Bleu Facility,
27 at Defendants’ special instance and request, and for which Defendants agreed to pay said sum.”
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1 forth in their entirety.

2 28. Based on the foregoing facts, the Commissioner finds that Parrado has failed to
3 demonstrate such financial responsibility, character, and general fitness as to command the
4 confidence of the community and to warrant a determination that the mortgage loan originator will
5 operate honestly, fairly, and efficiently within the purposes of the CFL, a requirement for licensure
6 under Financial Code section 22109.1, subdivision (a)(3).

7 29. The underlying purposes and policies of the CFL include the protection of borrowers
8 against unfair practices by unscrupulous lenders and the protection of property owners from
9 deceptive and misleading practices. (See Cal. Fin. Code, §22001) Honesty, truthfulness, and
10 integrity are important qualifications necessary to perform the functions and duties of a mortgage
11 loan originator consistent with the policies and purposes of the CFL.

12 30. The California Supreme Court observed when discussing the qualifications of real
13 estate professionals:

14 Where the occupation is one wherein those following it act as the
15 agents and representatives of others and in a more or less confidential
16 and fiduciary capacity, it certainly can be fairly said that those
17 pursuing it should have in a particular degree the qualifications of
18 honesty, truthfulness, and good reputation. (*Riley v. Chambers* (1919)
19 181 Cal. 589, 594 [185 P. 855]; accord, *Golde v. Fox* (1979) 98
20 Cal.App.3d 167, 176 [“(T)here is more to being a licensed professional
21 than mere knowledge and ability. Honesty and integrity are deeply and
22 daily involved in various aspects of the practice.”].)

23 31. In *Gee v. California State Personnel Bd.* (1970) 5 Cal.App.3d 713, the appellate court
24 expressed that “dishonesty” connotes a disposition to deceive. (Citation.) It ... denotes an absence of
25 integrity; a disposition to cheat, deceive or defraud[.]” (*Id.* at pp. 718-719.) Courts have held
26 integrity to mean “soundness of moral principle and character, as shown by a person’s dealings with
27 others in the making and performance of contracts, in fidelity and honesty in the discharge of trusts.
28 In short, it is used as a synonym for probity, honesty, and uprightness in business relations with
29 others.” (See *In re Estate of Gordon* (1904) 142 Cal.125 quoting, *In re Bauquier* (1891) 88 Cal.307.)

30 32. In *Harrington vs. Dept of Real Estate* (1989) 214 Cal.App.3d 394, the court stated
31 that lack of candor in completing a license application is itself sufficient to sustain a finding that the

1 applicant does not yet appreciate the need to speak honestly about and to accept responsibility for
2 one's actions.

3 33. As alleged in paragraph 6 above, Parrado answered "No" to Customer Arbitration/
4 Civil Litigation Disclosure questions (P), which ask whether he has ever been named as a
5 respondent/defendant in a financial services-related consumer-initiated arbitration or civil litigation
6 which (1) is still pending; (2) resulted in an arbitration award or civil judgment against him,
7 regardless of amount, or that required corrective action; and (3) was settled for any amount.

8 34. Parrado should have answered "Yes" to the Customer Arbitration/Civil Litigation
9 Disclosure question (P) since he was named as a defendant in a financial services related consumer-
10 initiated civil litigation in *DF & RW v. Paraddo* that resulted in the award of monetary judgment
11 totaling \$210,959.70 against Parrado and his entities. Accordingly, Parrado's response to Customer
12 Arbitration/Civil Litigation Disclosure question (P) was false.

13 35. In the first amended MU4 Parrado filed on July 2, 2019, Parrado updated his answer
14 from "No" to "Yes" to Customer Arbitration/Civil Litigation Disclosure question (P) (3) which asks
15 whether he has ever been named as a respondent/defendant in a financial services-related consumer-
16 initiated arbitration or civil litigation which was settled for any amount. However, Parrado did not
17 update his answers to question P (1) and (2) which ask whether he has ever been named as a
18 respondent/defendant in a financial services-related consumer-initiated arbitration or civil litigation
19 which was pending or resulted in an arbitration award or civil judgment against him. Parrado
20 incorrectly answered "No" to questions P (1) and (2).

21 36. Further, in the second amended MU4 Parrado filed on October 8, 2019, Parrado
22 updated his answer from "No" to "Yes" to Customer Arbitration/Civil Litigation Disclosure question
23 (P) (1) which asks whether he has ever been named as a respondent/defendant in a financial services-
24 related consumer-initiated arbitration or civil litigation which is still pending. However, Parrado did
25 not update his answers to questions P (2) and (3) which ask whether he has ever been named as a
26 respondent/defendant in a financial services-related consumer-initiated arbitration or civil litigation
27 which resulted in an arbitration award or civil judgment against him, or was settled for any amount.
28 Parrado incorrectly answered "No" to questions P (2) and (3).

1 and 22109.1. Based on the foregoing, the Commissioner is required under Financial Code section
2 50141, 50513, and 22109.1, to deny the issuance of a mortgage loan originator license to Raul Dy
3 Parrado.

4 WHEREFORE IT IS PRAYED, by reason by the foregoing, under Financial Code sections
5 22109.1, 50513, and 50141 that the MLO application filed by Raul Dy Parrado be denied.

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7 Dated: July 16, 2020
8 Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

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10 By _____
11 Uche L. Enenwali
12 Senior Counsel
13 Enforcement Division

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