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12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
13 OF THE STATE OF CALIFORNIA

14 In the Matter of:) NMLS ID: 1943291
15)
16 THE COMMISSIONER OF FINANCIAL) STATEMENT OF ISSUES IN SUPPORT OF
17 PROTECTION AND INNOVATION,) NOTICE OF INTENTION TO ISSUE ORDER
18) DENYING MORTGAGE LOAN ORIGINATOR
19 Complainant,) APPLICATION
20)
21 v.) (Financial Code sections 22109.1, 22172, 50141,
22) 50513)
23 ARNOLD LOPEZ MAGPANTAY,)
24)
25 Respondent.)
26)

27 Manuel P. Alvarez, the Commissioner of Financial Protection and Innovation, is informed and
28 believes and based upon such information and belief, alleges and charges as follows:

29 **I.**

30 **Introduction**

31 1. The Commissioner licenses and regulates mortgage loan originators, finance lenders,
32 and brokers under California Financing Law (Fin. Code, § 22000 et seq.) (CFL). The Commissioner
33 also licenses and regulates mortgage loan originators, residential mortgage lenders, and residential
34 mortgage loan servicers under the California Residential Mortgage Lending Act (Fin. Code, § 50000

1 et seq.) (CRMLA).

2 2. To become licensed by the Commissioner as a mortgage loan originator (MLO), an
3 individual must submit a uniform application form (known as the MU2 or MU4 Form) through the
4 Nationwide Mortgage Licensing System & Registry (NMLS). The NMLS contains a detailed set of
5 instruction for filing license applications, including a checklist of items to be completed by the
6 applicant, who is fully responsible for all the requirements of the license.

7 3. The Commissioner intends to deny the issuance of an MLO license to Arnold Lopez
8 Magpantay (Magpantay) pursuant to Financial Code sections 22109.1, 50141, 22172, and 50513
9 because (1) Magpantay fails to meet the minimum threshold requirement that he demonstrate such
10 financial responsibility, character, and general fitness as to command the confidence of the community
11 and to warrant a determination that he will operate honestly, fairly, and efficiently within the purposes
12 of the MLO licensing laws and (2) Magpantay withheld information or made a material misstatement
13 in his application for a MLO license.

14 4. The Commissioner determines that Magpantay made a material misstatement in his
15 application by initially stating no regulatory agency or self-regulatory organization had ever issued a
16 regulatory action against him when in fact he had been the subject of two previous regulatory actions.
17 Magpantay did not correct this misstatement until alerted to it and asked to explain the misstatement
18 by staff of the Department of Financial Protection and Innovation (DFPI). Magpantay's initial failure
19 to disclose and his subsequent explanation for why he initially failed to disclose do not allow the
20 Commissioner to determine Magpantay would operate honestly, fairly, and efficiently within the
21 purposes of the MLO licensing laws, requiring denial of the license.

22 **II.**

23 **Previous Regulatory History**

24 5. On or about March 29, 2001, the National Association of Securities Dealers (NASD)¹,
25 the then-national self-regulatory organization for securities broker-dealers and investment advisers,
26 barred Magpantay from association with any NASD member in any capacity. NASD found that
27

28 _____
¹ NASD is now known as the Financial Industry Regulatory Authority (FINRA).

1 Magpantay willfully submitted a Form U4—the form for an individual to apply or amend an
2 application for work in the securities industry—containing false information. Magpantay willfully
3 failed to disclose: (1) his previous registration with the NASD under the name “Arnold Lopez,” and
4 (2) that he had filed a bankruptcy petition in the previous ten years using another name.

5 6. On or about September 7, 2001, the California Department of Insurance (“DOI”)
6 revoked Magpantay’s insurance agent’s license privileges. The DOI made factual findings that caused
7 it to revoke his insurance license privileges on the grounds (1) that Magpantay’s conduct demonstrates
8 it would be against the public interest to permit him to continue transacting insurance in California, (2)
9 that he was not of good business reputation, (3) that he was lacking in integrity, (4) that he had had a
10 professional, occupational, or vocational license revoked for reasons that constitute grounds to revoke
11 his insurance license, (5) that he had knowingly or willfully made a misstatement in an application to
12 the Insurance Commissioner for a license, (6) that he had engaged in a fraudulent practice or act or
13 conducted business in a dishonest manner, (7) that he had shown incompetency or untrustworthiness
14 in the conduct of business, or by commission of a wrongful act or practice exposed the public or those
15 dealing with him to the danger of loss, (8) that he knowingly misrepresented the terms or effect of an
16 insurance policy or contract, and (9) that he had a previously issued professional, occupational, or
17 vocational license revoked for cause by any license within five years for reasons that constitute
18 grounds for the Commissioner to revoke his license:

- 19 a. Magpantay held two separate and distinct DOI licenses under the names “Arnold
20 Vergara Lopez” and “Arnold Lopez Magpantay.”
- 21 b. Magpantay held two separate and distinct driver’s licenses issued by the California
22 Department of Motor Vehicles (“DMV”), one issued in the name of “Arnold
23 Vergara Lopez” and one issued in the name of “Arnold Lopez Magpantay.” The
24 DMV revoked Magpantay’s privilege to operate a motor vehicle because of his use
25 of a false name and date of birth in an application for a driver’s license.
- 26 c. Magpantay possessed two separate and distinct social security numbers, one issued
27 in the name of “Arnold Vergara Lopez” and one issued in the name of “Arnold
28 Lopez Magpantay.”

- d. On or about April 26, 1995, Magpantay knowingly or willfully made misstatements to the Insurance Commissioner in that he failed to disclose (1) the alias of “Arnold Vergara Lopez” used in his previous insurance license, driver’s license, and social security numbers, referenced herein above and (2) that he already held an insurance license previously issued in the name of “Arnold Vergara Lopez,” referenced herein above.
- e. Magpantay continued to use his “Lopez” insurance license for at least two insurance transactions even though he had obtained a second license under his true name of “Arnold Lopez Magpantay.”
- f. On or about November 8, 1995, the Metropolitan Life Insurance Company (“MetLife”) received a complaint which stated that Magpantay had misrepresented the terms and effects of a MetLife life insurance contract. In response to the complaint, MetLife cancelled the policy and refunded the premium payments paid by the complainant.
- g. In or about June 2000, the DOI received a complaint that Magpantay had misrepresented the terms of an annuity contract, resulting in a monetary loss in the amount of twelve thousand dollars (\$12,000.00) to the annuitant. Magpantay had convinced the annuitant to invest \$60,000 in an annuity bearing a 15-year term and a 20 percent surrender charge for withdrawal within the first year. However, Magpantay had given the complainant the impression that the contract had a term of only two years.
- h. On or about July 1, 1998, Magpantay submitted the Form U-4 that contained material misrepresentations to the NASD, and that the NASD permanently barred Magpantay from association with any NASD member firm in any capacity.

III.

Application for MLO Licensure

- 7. On or about June 15, 2020, Magpantay filed an application with the Commissioner for an MLO license (NMLS file number 1943291) by submitting a Form MU4 through the Nationwide

1 Multistate Licensing System and Registry (NMLS) pursuant to Financial Code sections 22109.6 and
 2 50140. On or about June 22, 2020, Magpantay filed an amendment for the purpose of updating other
 3 information.

4 8. In each Form MU4 filed in June, Magpantay answered “No” to Form MU4 Regulatory
 5 Action Disclosure Questions K(1) – K(9). These questions ask:

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

8 (1) found you to have made a false statement or omission or been dishonest, unfair, or
 unethical?

9 (2) found you to have been involved in a violation of a financial services-related
 10 business regulation(s) or statute(s)?

11 (3) found you to have been a cause of a financial services-related business having its
 authorization to do business denied, suspended, revoked or restricted?

12 (4) entered an order against you in connection with a financial services-related activity?

13 (5) revoked your registration or license?

14 (6) denied or suspended your registration or license or application for licensure,
 15 disciplined you, or otherwise by order, prevented you from associating with a
 financial services-related business or restricted your activities?

16 (7) barred you from association with an entity regulated by such commissions,
 17 authority, agency, or officer, or from engaging in a financial services-related
 business?

18 (8) issued a final order against you based on violations of any law or regulations that
 19 prohibit fraudulent, manipulative, or deceptive conduct?

20 (9) entered an order concerning you in connection with any license or registration?

21 9. On or about July 20, 2020, DFPI staff created a license deficiency item in NMLS that
 22 informed Magpantay that staff review of Magpantay’s licensing history revealed that he should have
 23 answered “Yes” to, at minimum, questions (K)(5), (K)(6), and (K)(7). DFPI staff requested that
 24 Magpantay file an amendment with a detailed explanation of the circumstances of these license
 25 actions and any applicable legal documentation.

26 10. On or about July 21, 2020, Magpantay filed an amended Form MU4 changing his
 27 answers to questions (K)(1) – (K)(9) to “Yes.” Magpantay also filed an explanation containing his
 28 reasons for using a previous alias. In that explanation, Magpantay discusses the events that led to the

1 revocation of his insurance license privileges in 2001, and notes that the lessons he learned from that
2 was that he simply should have disclosed his previous alias on his insurance license application.
3 However, this does not explain why he failed to disclose the license actions from DOI and NASD on
4 his initial June 2020 Form MU4 filings.

5 11. On or about August 6, August 10, and August 14, 2020, Magpantay filed amended
6 Forms MU4 to upload additional documentation relating to his previous regulatory history and
7 current regulatory status.

8 **IV.**

9 **Grounds to Deny Magpantay’s MLO License Application**

10 12. The Commissioner is authorized under the CFL and CRMLA to deny a MLO license
11 application if an applicant withholds information or makes a material misstatement in an application
12 for a license. (Fin. Code, §§ 22172, subd. (a)(2), 50513, subd. (a)(2).)

13 13. The Commissioner finds, for the foregoing reasons, that Magpantay made a material
14 misrepresentation or withheld information in an application for a license and that this constitutes
15 grounds to deny Magpantay’s MLO license application pursuant to Financial Code sections 22172,
16 subdivision (a)(2), and 50513, subdivision (a)(2).

17 14. Both the CFL and CRMLA require the Commissioner to deny a mortgage loan
18 originator license unless the Commissioner finds that the applicant has demonstrated such financial
19 responsibility, character, and general fitness as to command the confidence of the community and to
20 warrant a determination the mortgage loan originator will operate honestly, fairly, and efficiently
21 within the purposes of the applicable law. (Fin. Code, §§ 22109.1, subd. (a)(3), 50141, subd. (a)(3).)

22 15. The Commissioner finds, for the foregoing reasons, that Magpantay has not
23 demonstrated such financial responsibility, character, and general fitness as to command the
24 confidence of the community and to warrant a determination that Magpantay will operate honestly,
25 fairly, and efficiently within the purposes of the CFL and CRMLA, as required for licensure by
26 Financial Code sections 22109.1, subdivision (a)(3), and 50141, subdivision (a)(3).

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IV.

Conclusion

Based on the foregoing, the Commissioner asserts that he is justified under Financial Code sections 22172, 50513, 22109.1, and 50141 to deny the issuance of a MLO license to Magpantay.

WHEREFORE, the Commissioner prays that the application for a mortgage loan originator license filed by Arnold Lopez Magpantay on June 15, 2020, and as subsequently amended, be denied.

Dated: February 1, 2021

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

By _____
JEREMY F. KOO
Counsel
Enforcement Division