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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

| | | |
|----------------------------------|---|--------------------------------|
| 12 In the Matter of: |) | NMLS FILE NO. 1914329 |
| |) | |
| 13 THE COMMISSIONER OF FINANCIAL |) | ORDER DENYING MORTGAGE LOAN |
| 14 PROTECTION AND INNOVATION, |) | ORIGINATOR LICENSE APPLICATION |
| |) | |
| 15 Complainant, |) | |
| |) | |
| 16 v. |) | |
| |) | |
| 17 CHRISTOPHER E. MARX, |) | |
| |) | |
| 18 Respondent. |) | |
| |) | |
| |) | |

21 Manuel P. Alvarez, the Commissioner of Financial Protection and Innovation (Commissioner),
22 finds against Respondent Christopher E. Marx (Marx) as follows:

23 **I.**

24 **Introduction**

25 The Commissioner denies the issuance of a mortgage loan originator (MLO) license to
26 Christopher E. Marx pursuant to Financial Code sections 22109.1 and 22172 because (1) Marx
27 withheld information or made a material misstatement in his application for a MLO license and (2)
28 Marx fails to meet the minimum threshold requirement that he demonstrate such financial

1 responsibility, character, and general fitness as to command the confidence of the community and to
2 warrant a determination that the MLO will operate honestly, fairly, and efficiently within the purposes
3 of the MLO licensing laws.

4 As to the first ground, Marx's application for an MLO license must be denied because he made
5 a material misstatement in his application for a license by (1) stating that he had satisfied the
6 conditions of a regulatory order issued by the State of Arizona when in fact a \$50,000.00 penalty
7 remained outstanding and (2) initially answering certain disclosure questions relating to his regulatory
8 history incorrectly.

9 As to the second ground, Marx's application for an MLO license must be denied because his
10 prior regulatory history, his failure to pay an outstanding regulatory penalty, his failure to disclose his
11 outstanding penalty, and his failure to initially answer the disclosure questions correctly do not allow
12 the Commissioner to determine Marx will operate honestly, fairly, and efficiently within the purposes
13 of the CFL, requiring denial of the license.

14 II.

15 Statement of Facts

16 A. License Discipline by Other Government Agencies

17 1. On or about August 19, 2005, Marx and the Nevada Division of Insurance (NDOI)
18 entered into a consent order in which NDOI found Marx committed 154 violations of Nevada Revised
19 Statutes ("N.R.S.") section 686A.110 by offering a bonus on bank certificates of deposit as an
20 inducement or rebate to purchase annuities. Marx agreed not to engage in similar conduct in future and
21 was ordered to pay \$10,010.00 in penalties, \$65 per violation.

22 2. On or about March 13, 2007, Marx and the Arizona Department of Insurance (ADOI)
23 entered into a consent order in which the ADOI revoked his license as an Arizona resident life, health
24 and accident, and property and casualty insurance producer. Marx admitted as true that the Arizona
25 Corporation Commission Securities Division had issued an order finding him in violation of securities
26 fraud by selling unregistered securities and for not being registered as a salesman. The Arizona
27 Department of Insurance found this order evidenced a violation of Arizona Revised Statutes section
28 20-295(A)(8) (demonstrating incompetence, untrustworthiness or financial irresponsibility in the

1 conduct of business in the state or elsewhere).

2 **B. Non-License Administrative Actions by State Government Agencies**

3 3. On or about April 3, 2003, the California Department of Corporations, a predecessor
4 agency to the California Department of Financial Protection and Innovation, issued a Desist and
5 Refrain Order against Marx, Easy Street Financial Group, Inc. (“Easy Street”), and others, for
6 violations of Corporations Code section 25110 (sale of securities without qualification from the then-
7 Corporations Commissioner) and 25401 (sale of securities by means of omissions or untrue statements
8 of material fact). The Department of Corporations found:

- 9 a. Marx was the principal officer of Easy Street;
- 10 b. Easy Street was advertising “FDIC Insured Bank CD’s” at yields higher than those
11 actually available on such certificates of deposit, and that payment of such yields
12 were possible because Easy Street paid the difference between a certificate of
13 deposit it obtained from an FDIC-insured bank and the advertised rate called
14 “bonus dollars”;
- 15 c. That the purported investments were securities, and that therefore their offer and
16 sale without first having been qualified by the Corporations Commissioner was a
17 violation of Corporations Code section 25110; and
- 18 d. The purported offer and sale of these securities were accomplished by means of
19 communications that included untrue statements of material fact or omitted to state
20 facts necessary made, in the light of the circumstance under which they were made,
21 not misleading.

22 4. On or about September 21, 2004, the Nevada Secretary of State (“NSOS”) issued a
23 Summary Order to Cease and Desist against Marx and his corporation, Easy Street Financial Group,
24 Inc. (“Easy Street”), for violations of that state’s securities laws, including:

- 25 a. Nevada Revised Statutes (“N.R.S.”) section 90.460 (offering and/or selling and/or
26 allowing the offer and/or sale of securities not registered to be sold in or from the
27 State of Nevada);
- 28 b. N.R.S. sections 90.310 and 90.330 (Easy Street not licensed in Nevada as either a

1 broker-dealer or an investment advisor); and

- 2 c. N.R.S. sections 90.310(1) & (2) (Easy Street employed or contracted with
3 unlicensed sales representatives) and 90.330(1) & (2) (Easy Street employed
4 unlicensed persons as investment advisers).

5 5. On or about December 1, 2004, pursuant to a consent agreement agreed to by Marx and
6 the NSOS in settlement of the Summary Order issued September 21, 2004, the NSOS issued a
7 Permanent Order to Cease and Desist.

8 6. On or about November 14, 2006, Marx and the Arizona Corporation Commission
9 (ACC) entered into a consent order in which Marx was ordered to cease and desist from violating the
10 Arizona Securities Act, pay restitution to investors in the amount of \$590,492.71, and pay an
11 administrative penalty of \$50,000.00 to the ACC. The ACC found Marx violated the Arizona
12 Securities Law by:

- 13 a. Offering or selling securities that were neither registered nor exempt from
14 registration (Ariz. Rev. Stat. Ann. § 44-1841);
15 b. Offering or selling securities while not registered as a salesman nor exempt from
16 registration (Ariz. Rev. Stat. Ann. § 44-1842);
17 c. (a) Employing a device, scheme, or artifice to defraud; (b) making untrue
18 statements or misleading omissions of material facts; and (c) engaging in
19 transactions, practice, or courses of business which operate or would operate as a
20 fraud or deceit (Ariz. Rev. Stat. Ann. § 44-1991).

21 **C. Outstanding Regulatory Penalty to the State of Arizona**

22 7. In relation to the November 14, 2006 consent order of the Arizona Corporation
23 Commission, Marx has satisfied his obligation to pay restitution to investors, but the \$50,000.00
24 penalty to the State of Arizona remains outstanding as of this date.

25 **D. Present Application for MLO Licensure**

26 8. On January 7, 2020, Marx filed an application with the Commissioner for an MLO
27 license (NMLS file number 1914329) by submitting a Form MU4 through the Nationwide Multistate
28 Licensing System and Registry (NMLS) pursuant to Financial Code section 22109.6. Later on January

1 7, 2020, and then on March 5, 2020, Marx filed amendments to his Form MU4 for the purpose of
 2 updating other information.

3 9. In each Form MU4 filed between January 7, 2020, and March 5, 2020, inclusive, Marx
 4 answered “Yes” to Form MU4 Regulatory Action Disclosure Questions (K)(2) – (K)(6) and (K)(8) –
 5 (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 (2) found you to have been involved in a violation of a financial services-related
 business regulation(s) or statute(s)?

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

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

12 (5) revoked your registration or license?

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

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

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

18 10. In each Form MU4 filed between January 7, 2020, and March 5, 2020, inclusive, Marx
 19 answered “No” to Form MU4 Regulatory Action Disclosure Question (K)(1) and (K)(7). These
 20 questions ask:

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

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

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

26 11. On or about March 18, 2020, Department licensing staff sent a “license item” message
 27 to Marx through NMLS noting that Marx had answered “No” to question (K)(1) and (K)(7) requesting
 28 that he provide, through an amended filing, a detailed explanation of the circumstances of his previous
 regulatory orders and upload applicable documents.

1 administrative penalty.

2 17. The CFL requires the Commissioner to deny a mortgage loan originator license unless
3 the Commissioner finds that the applicant has demonstrated such financial responsibility, character,
4 and general fitness as to command the confidence of the community and to warrant a determination
5 the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of the
6 CFL. (Fin. Code, § 22109.1, subd. (a)(3).)

7 18. The Commissioner finds the following matters prevent him from making the finding
8 required by Financial Code section 22109.1, subdivision (a)(3) to issue Marx a license:

- 9 a. His prior regulatory history as set forth, *ante*, in Part II;
- 10 b. His failure to pay an outstanding regulatory penalty to the state of Arizona;
- 11 c. His failure to disclose an outstanding regulatory penalty to the state of Arizona; and
- 12 d. His failure to initially disclose previous regulatory findings that he had engaged in
13 dishonest, unfair, or unethical conduct.

14 **IV.**

15 **Conclusion**

16 The Commissioner finds, by reason of the foregoing, that Marx withheld information or made
17 a material misstatement in an application for a license. The Commissioner further finds that Marx fails
18 to demonstrate such character and general fitness as to command the confidence of the community and
19 to warrant a determination that Marx will operate honestly, fairly, and efficiently as mortgage loan
20 originator.

21 THEREFORE, Financial Code section 22109.1 mandates that the Commissioner not issue a
22 mortgage loan originator license to Marx, and Financial Code section 22172 further authorizes the
23 Commissioner to deny this license application.

24 WHEREFORE on February 1, 2021, the Commissioner issued a Notice of Intention to Issue
25 Order Denying Mortgage Loan Originator License Application, Statement of Issues, and
26 accompanying documents (Notice of Intention to Deny) based on the above findings. The Notice of
27 Intention to Deny was served on Marx on February 1, 2021. Marx did not request a hearing and the
28 time to request a hearing has expired.

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NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the mortgage loan originator application dated January 7, 2020, and as subsequently amended, filed by Christopher E. Marx, is denied.

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

Dated: March 1, 2021
Sacramento, California

By _____
MARY ANN AMITH
Deputy Commissioner
Enforcement Division

