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

12 In the Matter of:	)	OAH CASE NO. 2021020548
)	
13 THE COMMISSIONER OF FINANCIAL	)	NMLS ID: 1943291
14 PROTECTION AND INNOVATION,)	
	)	SETTLEMENT AGREEMENT
15 Complainant,)	
	)	Hearing Dates: June 22 – 23, 2021
16 v.	)	Hearing Time: 9:00 a.m.
	)	Location: OAH Los Angeles
17 ARNOLD LOPEZ MAGPANTAY,	)	320 West 4th Street
	)	Sixth Floor, Suite 630
18 Respondent.	)	Los Angeles, CA 90013-2344
	)	ALJ: Unassigned

1 This Settlement Agreement (the Settlement Agreement) is entered between the Commissioner
2 of Financial Protection and Innovation (Commissioner) and Arnold Lopez Magpantay (Magpantay),
3 and is made with respect to the following facts.

4 **I.**

5 **Recitals**

6 A. The Commissioner has jurisdiction over the licensing and regulation of persons
7 engaged in the business of making, servicing, or brokering residential mortgage loans, including
8 mortgage loan originators (MLO or MLOs), under the California Financing Law (CFL) (Fin. Code, §
9 22000 et seq.) and the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et
10 seq.).

11 B. On or around June 15, 2020, Magpantay filed an application for an MLO license with
12 the Commissioner by submitting a Form MU4 (Application) through the Nationwide Multistate
13 Licensing System & Registry (NMLS).

14 C. In submitting his application, under the heading “Regulatory Action,” Magpantay
15 answered “No” to questions (K)(1) – (K)(9), which, in summary, inquire about the existence of
16 findings made by or actions taken by a governmental regulatory authority or self-regulatory
17 organization.

18 D. On or around July 20, 2020, the Commissioner created a license item in NMLS
19 informing Magpantay that the Commissioner’s review of Magpantay’s licensing history revealed that
20 he should have answered “Yes” to, at minimum, questions (K)(5), (K)(6), and (K)(7). The
21 Commissioner instructed Magpantay to submit an amended application with a detailed explanation of
22 the circumstances of these license actions and any applicable legal documentation.

23 E. On or around July 21, 2020, Magpantay filed an amended Form MU4 changing his
24 answers to questions (K)(1) – (K)(9) to “Yes” and uploading additional documentation. Magpantay
25 made three further amendments to add additional documentation through on or around August 14,
26 2020.

27 F. The Commissioner’s investigation of Magpantay revealed that on or about March 29,
28 2001, the National Association of Securities Dealers (NASD), the then-name for the national self-

1 regulatory organization for securities broker-dealers and investment advisers now known as the
2 Financial Industry Regulatory Authority (FINRA), barred Magpantay from association with any
3 NASD member in any capacity. NASD found that Magpantay willfully submitted a Form U4—the
4 form for an individual to apply or amend an application for work in the securities industry—containing
5 false information. Magpantay willfully failed to disclose: (1) his previous registration with the NASD
6 under the name “Arnold Lopez” and (2) that he had filed a bankruptcy petition in the previous ten
7 years using another name.

8 G. The Commissioner also discovered that on or about September 7, 2001, the California
9 Department of Insurance (DOI) revoked Magpantay’s insurance agent’s license privileges based on, in
10 summary: (1) the use of two names on a number of official applications, including to the DOI, (2) the
11 simultaneous use of two insurance licenses held under different names, (3) two consumer complaints,
12 and (4) the NASD order barring him from association with any NASD member due to making material
13 misrepresentations to the NASD.

14 H. On or around December 26, 2006, the DOI, on Magpantay’s application, issued
15 Magpantay a restricted license to act as a life agent, subject to the condition that he obey all laws and
16 regulations of California and the United States, and of every state and foreign government having
17 jurisdiction over him.

18 I. On or around March 8, 2011, the DOI issued an order removing the restrictions on
19 Magpantay’s insurance license, issuing him an unrestricted license. Magpantay remains an active DOI
20 licensee.

21 J. The Commissioner sought to deny Magpantay’s MLO application under the provisions
22 of the CFL, specifically, Financial Code sections 22109.1 and 22172, and the CRMLA, specifically,
23 Financial Code sections 50141 and 50513, because (1) Magpantay made material misstatements in his
24 application for a license and (2) Magpantay had not demonstrated such financial responsibility,
25 character, and general fitness as to command the confidence of the community and to warrant a
26 determination that he will operate honestly, fairly, and efficiently as a MLO.

27 K. Magpantay should have initially answered “Yes” to questions (K)(1) – (2) and (K)(4) –
28 (K)(9) because of the order and findings made by the NASD in 2001 and the orders and findings made

1 by the DOI in 2006 and 2011.

2 L. On or around February 1, 2021, the Commissioner issued Magpantay a Notice of
3 Intention to Deny Magpantay’s MLO application, Statement of Issues, and other supporting pleadings
4 (collectively, Statement of Issues).

5 M. Under Government Code section 11506, Magpantay timely filed his Notice of Defense
6 with the Commissioner on or around February 11, 2021, for the purpose of requesting an
7 administrative hearing on the allegations set forth in the Statement of Issues. The administrative
8 hearing is currently set to begin trial before the Office of Administrative Hearings (OAH) on June 22,
9 2021, OAH case number 2021020548.

10 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth
11 herein, the parties agree as follows.

12 **II.**

13 **Terms**

14 1. Purpose. This Settlement Agreement resolves the issues before the Commissioner
15 relating to Magpantay’s MLO application in a manner that avoids the expense of a hearing and other
16 possible court proceedings, protects consumers, is in the public interest, and is consistent with the
17 purposes, policies, and provisions of the CFL and CRMLA.

18 2. Conditional License. Magpantay agrees that for the 60-month period from the effective
19 date of the Settlement Agreement, should the Commissioner make a finding that Magpantay has
20 violated or is violating any provision of the CFL, the CRMLA, or any rule, regulation, or law under
21 the jurisdiction of the Commissioner, the State of California, the United States of America, or any state
22 or foreign government (and political subdivision thereof), the Commissioner may, in his discretion,
23 automatically revoke any license held by or deny any pending application(s) of Magpantay.

24 Magpantay hereby waives any notice and hearing rights to contest such revocation or denial(s) which
25 may be afforded to him under the CFL, CRMLA, the Administrative Procedures Act, the Code of
26 Civil Procedure, or any other provision of law in connection with this matter. Magpantay further
27 expressly waives any requirement for the filing of an accusation under Government Code section
28 11415.60, subdivision (b), in connection with the Commissioner’s revocation of his license under this

1 paragraph.

2 3. Reporting Requirement. During the 60-month period from the effective date of the
3 Settlement Agreement, Magpantay shall report to the Commissioner within 30 days any disciplinary
4 investigations or actions against him by any licensing agencies; any criminal investigations,
5 prosecutions, or convictions against Magpantay; or any civil judgments against Magpantay. Traffic
6 citations shall be excluded.

7 4. Continuing Education. Magpantay agrees to annually take at least 12 hours of
8 continuing education offered by a NMLS approved vendor for the next 60 months and agrees to
9 submit proof of compliance to the Commissioner. The first report is due on July 31, 2022. The second
10 report is due on July 31, 2023. The third report is due on July 31, 2024. The fourth report is due on
11 July 31, 2025. The fifth report is due on July 31, 2026. Should a reporting deadline fall on a Saturday,
12 Sunday, or state holiday, the report must be received by the Commissioner's agent by the following
13 business day.

14 5. Reimbursement of Litigation Costs. Magpantay shall reimburse the Commissioner for
15 litigation costs incurred and shall pay \$4,000.00 to the Commissioner on the following schedule:

- 16 • July 1, 2021: \$666.66
- 17 • August 1, 2021: \$666.66
- 18 • September 1, 2021: \$666.67
- 19 • October 1, 2021: \$666.67
- 20 • November 1, 2021: \$666.67
- 21 • December 1, 2021: \$666.67

22 The litigation costs must be made payable in the form of a cashier's check or Automated Clearing
23 House deposit to the Department of Financial Protection and Innovation and transmitted to the
24 attention of Accounting—Litigation, at the Department of Financial Protection and Innovation, 2101
25 Arena Boulevard, Sacramento, California 95834. Notice of each payment must be concurrently sent to
26 Jeremy F. Koo, Counsel, Department of Financial Protection and Innovation, 2101 Arena Boulevard,
27 Sacramento, California 95834. Should a payment deadline fall on a Saturday, Sunday, or state holiday,
28 the payment must be transmitted by the following business day.

1 6. Approval of MLO Application. The Commissioner hereby acknowledges that
2 Magpantay’s MLO application is ready to be approved, and the Commissioner hereby agrees to
3 approve it concurrently with the execution of the Settlement Agreement with the understanding that
4 the license will be in “Approved-Inactive” status until such time as he obtains sponsorship by a CFL or
5 CRMLA licensee and the Commissioner approves the sponsorship in due course.

6 7. Waiver of Hearing Rights. Magpantay acknowledges that the Commissioner is ready,
7 willing and able to proceed with the administrative enforcement action described above in Paragraph
8 L, and Magpantay hereby withdraws his hearing request and waives the right to a hearing, and to any
9 reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL, CRMLA,
10 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
11 provision of law; and by waiving such rights, Magpantay effectively consents to this Settlement
12 Agreement becoming final.

13 8. Full and Final Settlement. The parties hereby acknowledge and agree that this
14 Settlement Agreement is intended to constitute the full, final, and complete resolution of the MLO
15 application described herein, and that no further proceedings or actions will be brought by the
16 Commissioner in connection with these matters, excepting therefrom any proceeding to enforce
17 compliance with the terms of this Settlement Agreement.

18 9. Failure to Comply with Settlement Agreement. Magpantay agrees that if he fails to
19 comply with the terms of this Settlement Agreement, the Commissioner may, in addition to all other
20 available remedies he may invoke under the CRMLA or CFL, summarily suspend the MLO license of
21 Magpantay until Magpantay complies. Magpantay waives any notice and hearing rights to contest
22 such summary suspensions which may be afforded under the CFL, the CRMLA, the California
23 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in
24 connection therewith.

25 10. Information Willfully Withheld or Misrepresented. This Settlement Agreement may be
26 revoked, and the Commissioner may pursue any and all remedies available under law against
27 Magpantay, if the Commissioner discovers that Magpantay knowingly or willfully withheld or
28 misrepresented information used for and relied upon in this Settlement Agreement.

1 11. Future Actions by Commissioner. If Magpantay fails to comply with any terms of the
2 Settlement Agreement, the Commissioner may institute proceedings for any and all violations
3 otherwise resolved under this Settlement Agreement. The Commissioner reserves the right to bring
4 any future actions against Magpantay for any and all unknown violations of the CFL or CRMLA.

5 12. Assisting Other Agencies. Nothing in this Settlement Agreement limits the
6 Commissioner’s ability to assist any other government agency (city, county, state, or federal) or self-
7 regulatory organization with any prosecution (whether administrative, civil, or criminal) brought by
8 that agency against Magpantay or any other person based upon any of the activities alleged in this
9 matter or otherwise.

10 13. Headings. The underlined headings to the paragraphs of this Settlement Agreement are
11 inserted for convenience only and will not be deemed a part hereof or affect the construction or
12 interpretation of the provisions hereof.

13 14. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or successors
14 in interest.

15 15. Reliance. Each of the parties represents, warrants, and agrees that in executing this
16 Settlement Agreement it has relied solely on the statements set forth herein and the advice of its own
17 counsel. Each of the parties further represents, warrants, and agrees that in executing this Settlement
18 Agreement it has placed no reliance on any statement, representation, or promise of any other party, or
19 any other person or entity not expressly set forth herein, or upon the failure of any party or any other
20 person or entity to make any statement, representation, or disclosure of anything whatsoever. The
21 parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently
22 induced to execute this Settlement Agreement; and (2) to preclude the introduction of parol evidence
23 to vary, interpret, supplement, or contradict the terms of this Settlement Agreement.

24 16. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
25 this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the
26 parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of any
27 other provision. No waiver by either party of any breach of, or of compliance with, any condition or
28 provision of this Settlement Agreement by the other party will be considered a waiver of any other

1 condition or provision or of the same condition or provision at another time.

2 17. Full Integration. This Settlement Agreement is the final written expression and the
3 complete and exclusive statement of all the agreements, conditions, promises, representations, and
4 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or
5 contemporaneous agreements, negotiations, representations, understandings, and discussions between
6 and among the parties, their respective representatives, and any other person or entity, with respect to
7 the subject matter covered hereby.

8 18. Governing Law. This Settlement Agreement will be governed by and construed in
9 accordance with California law. Each of the parties hereto consents to the jurisdiction of the Superior
10 Court of the State of California for the County of Los Angeles, and hereby irrevocably waives, to the
11 fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such
12 action or proceeding in such court.

13 19. Counterparts. This Settlement Agreement may be executed in one or more separate
14 counterparts, each of which when, so executed, shall be deemed an original. Such counterparts shall
15 together constitute a single document.

16 20. Effect Upon Future Proceedings. If Magpantay applies for any license, permit, or
17 qualification under the Commissioner's current or future jurisdiction or is the subject of any future
18 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof shall
19 be admitted for the purpose of such application(s) or enforcement proceedings.

20 21. Voluntary Agreement. Magpantay enters into this Settlement Agreement voluntarily
21 and without coercion and acknowledges that no promises, threats, or assurances have been made by
22 the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The parties each
23 represent and acknowledge that he or she is executing this Settlement Agreement completely
24 voluntarily and without any duress or undue influence of any kind from any source.

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1 22. Notice. Any notice required under this Settlement Agreement be provided to each party
2 at the following addresses:

3 To Magpantay: Negin Yamini
4 Attorney at Law
5 5670 Wilshire Blvd, Suite 1837
6 Los Angeles, California 90036
7 Yamini.Negin@gmail.com

8 To the Commissioner: Jeremy F. Koo
9 Counsel, Enforcement Division
10 Department of Financial Protection and Innovation
11 2101 Arena Blvd.
12 Sacramento, California 95834
13 Jeremy.Koo@dfpi.ca.gov

14 23. Signatures. A fax or electronic mail signature shall be deemed the same as an original
15 signature.

16 24. Public Record. Magpantay hereby acknowledges that this Settlement Agreement is and
17 will be a matter of public record.

18 25. Effective Date. This Settlement Agreement shall become final and effective when
19 signed by all parties and delivered by the Commissioner's agent via e-mail to Magpantay's counsel,
20 Negin Yamini, at Yamini.Negin@gmail.com.

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26. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement and undertake the obligations set forth herein.

IN WITNESS WHEREOF, the parties hereto have approved and executed the Settlement Agreement on the dates set forth opposite their respective signatures.

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

Dated: May 26, 2021

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

ARNOLD LOPEZ MAGPANTAY
Respondent

Dated: May 21, 2021

By _____
ARNOLD LOPEZ MAGPANTAY

Approved as to Form and Content:

Dated: May 25, 2021

By _____
NEGIN YAMINI
Counsel for Respondent Arnold Lopez
Magpantay