

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 MIRANDA LEKANDER
Assistant Chief Counsel
4 AFSANEH EGHBALDARI (State Bar No. 250107)
5 Senior Counsel
6 Department of Financial Protection and Innovation
7 1455 Frazee Road, Suite 315
8 San Diego, California 92108
9 Telephone: (619) 610-2153
10 Facsimile: (619) 209-3612
11 Attorneys for Complainant

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

14 In the Matter of:) NMLS NO.: 1567460
15 THE COMMISSIONER OF FINANCIAL)
16 PROTECTION AND INNOVATION,)
17 Complainant,) ACCUSATION
18 v.)
19 JULIO GRANDA,)
Respondent.)

20 Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation
21 (Commissioner), is informed and believes, and based on such information and belief, alleges and
22 charges Respondent Julio Granda (Granda) as follows:

23 I.

24 **Jurisdiction**

25 1. The Commissioner has jurisdiction over the licensing and regulation of persons and
26 entities engaged in the business of making or brokering residential mortgage loans, including
27 mortgage loan originators, under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.),
28 and California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.). The

1 Commissioner is authorized to administer the CFL, CRMLA, and the rules and regulations
2 promulgated in title 10 of the California Code of Regulations (CCR).

3 2. Granda applied for a mortgage loan originator (MLO) license, and received an MLO
4 license from the Commissioner on November 20, 2017.

5 3. Under the provisions of Financial Code sections 22109.1, 22172, 22714, 50141,
6 50327, and 50513, the Commissioner brings this action to revoke Granda’s MLO license because
7 Granda withheld information in his original, amended and renewal MLO license application and
8 filings regarding an unsatisfied civil judgment, regulatory action by the State of Oregon, an MLO
9 license application denial by the California Department of Real Estate (DRE), and tax liens. Granda
10 also made a material misstatement by claiming to be debt free when in fact he had an unsatisfied and
11 outstanding judgment and an existing tax lien. By repeatedly withholding information and making a
12 material misrepresentation, and his tax liens and criminal history, Granda has not demonstrated such
13 financial responsibility, character, and general fitness as to command the confidence of the
14 community and to warrant a determination that he will operate honestly, fairly, and efficiently as an
15 MLO. As such, Granda’s MLO license should be revoked pursuant to Financial Code sections
16 22109.1, 22172, 22714, 50141, 50327, and 50513.

17 **II.**

18 **Statement of Facts**

19 *MLO License Application*

20 4. To become licensed by the Commissioner as an MLO, an individual must submit a
21 uniform application form (Form MU4) through the Nationwide Mortgage Licensing System &
22 Registry (NMLS). The NMLS contains a detailed set of instructions for filing license applications,
23 including answering the Disclosure Questions, and a checklist of items to be completed and
24 uploaded by the applicant, who is fully responsible for meeting all the requirements of the license.

25 5. The Disclosure Questions in the Form MU4 must be answered truthfully and
26 correctly. Further clarification in the Disclosure Explanations section is required for any “Yes”
27 responses and certain “No” responses. All MLO applicants and licensees are required to promptly
28 update their responses when material changes occur by submitting an amended Form MU4.

1 6. On or about August 16, 2017, Granda submitted an initial MLO license application
2 to the Department of Financial Protection and Innovation (Department), by filing a Form MU4
3 through the NMLS.

4 7. Granda disclosed a felony drug conviction and a bankruptcy filing in his initial MLO
5 license application with the Department.

6 8. On or about October 24, 1993, in the Justice Court of the State of São Paulo, Brazil,
7 Granda was convicted of a felony drug trafficking crime. Granda served a 4-year sentence.

8 9. Granda also explained that he filed for bankruptcy “due to severe financial hardship
9 because of the financial market meltdowns and was not able to meet certain financial obligations. I
10 am now debt free and this matter has been closed.”

11 10. The Commissioner approved Granda’s MLO license application on or about
12 November 20, 2017.

13 *Failure to Disclose Civil Judgment and Misrepresentation*

14 11. From 2017 through August of 2021, Granda submitted and attested to approximately
15 thirteen Form MU4 filings in which he answered “No” to Question (D), which asks: “Do you have
16 any unsatisfied judgments or liens against you?”

17 12. After receiving an MLO license from the Commissioner, the Department discovered
18 Granda failed to disclose an unsatisfied judgment in his initial, amended, and renewal Form MU4s.
19 Granda continually failed to originally disclose or update the Financial Disclosure section of the
20 Form MU4s to disclose the judgment. Instead, Granda continued to assert that he was “debt free.”

21 13. On or about July 28, 2016, in the Small Claims Department of the Multnomah
22 County, Oregon, Circuit Court, a civil judgment in the amount of \$5,252.00 was granted in favor of
23 United Finance Co. against Granda.

24 14. In or about August of 2021, four years after submitting his original license
25 application, Granda submitted an amended Form MU4, changing his answer to Question (D) to a
26 “Yes” answer. Granda claimed that he disputed this debt with United Finance Co. because he was
27 sold a vehicle that was a "lemon," and refused to pay for the lemon vehicle.

28 ///

1 15. Granda uploaded a letter from United Finance Co. dated December 6, 2021, and
2 titled “settlement agreement.” The letter details an unpaid account balance of \$7,750.48, and a
3 payment plan requiring Granda to pay United Finance Co. \$200.00 per month until the loan is paid
4 off.

5 *Failure to Disclose Oregon Orders*

6 16. From 2018 through August of 2021, Granda submitted and attested to at least seven
7 Form MU4 filings in which he answered “No” to Questions (K)(2) and (4), which asks: “Has any
8 state or federal regulatory agency or foreign financial regulatory authority or self-regulatory
9 organization (SRO) ever: . . . (2) found you to have been involved in a violation of a financial
10 services-related business regulation(s) or statute(s)? . . . (4) entered an order against you in
11 connection with a financial services-related activity?”

12 17. On or about May 24, 2018, the State of Oregon Department of Consumer and
13 Business Services, Division of Financial Regulation (Oregon Division of Financial Regulation)
14 posted in the NMLS a regulatory action against Granda.

15 18. On May 16, 2018, Oregon Division of Financial Regulation issued a Final Order to
16 Cease and Desist, and Order Assessing a Civil Penalty (Oregon Orders) against Granda and his
17 company, JM Equity Group, LLC (JM Equity).

18 19. The Director of the Department of Consumer and Business Services for the State of
19 Oregon (Director) investigated, found and concluded that Granda and JM Equity took a mortgage
20 loan application and negotiated terms of a residential mortgage without first obtaining a mortgage
21 loan originator’s license. Granda and JM Equity were ordered to cease and desist from violating
22 Oregon’s Mortgage Lender Law and to pay a civil penalty. Granda, individually and on behalf of
23 JM Equity, agreed to the Director’s findings and conclusion, and consented to the entry of the
24 Oregon Orders.

25 20. Granda submitted approximately three Form MU4 filings from September of 2018 to
26 August of 2021, yet Granda continually failed to update the Regulatory Action Disclosure section
27 of the Form MU4s to disclose the Oregon Orders.

28 ///

1 21. In August of 2021, more than three years after the issuance of the Oregon Orders,
2 Granda filed an amended Form MU4 with the Department, changing his answer to Questions K(2)
3 and (4) to a “Yes” answer. Granda also uploaded a letter dated May 2018, rationalizing the
4 transaction that is the subject of the Director’s investigation, resulting in the Oregon Orders.

5 *Failure to Disclose the DRE Denial of Application for an MLO License Endorsement*

6 22. In 2021, Granda submitted and attested to four Form MU4 filings in which he
7 answered “No” to Question (K)(6), which asks: “Has any state or federal regulatory agency or
8 foreign financial regulatory authority or self-regulatory organization (SRO) ever: . . . denied or
9 suspended your registration or license or application for licensure, disciplined you, or otherwise by
10 order, prevented you from associating with a financial services-related business or restricted your
11 activities?”

12 23. On or about March 15, 2021, the DRE filed a Statement of Issues seeking to deny
13 the issuance of an MLO real estate salesperson license endorsement to Granda because Granda
14 withheld information and made a material misstatement in his DRE MLO license application and
15 because Granda did not demonstrate such financial responsibility, character and general fitness as to
16 command the confidence of the community and warrant a determination that he will operate
17 honestly, fairly, and efficiently.

18 24. Granda submitted an application for an MLO real estate salesperson license
19 endorsement to the DRE by filing a Form MU4 application through the NMLS, on or about August
20 2, 2019.

21 25. Granda failed to disclose the 2018 Oregon Orders and 2016 civil judgment, and
22 made a material misstatement regarding his unsatisfied civil judgment. In aggravation, Granda was
23 convicted of a felony drug-trafficking violation in Brazil in 1993, and served 4 years in prison.

24 26. Granda requested an administrative hearing. On or about May 28, 2021, testimony
25 and documentary exhibits were received as evidence, and submitted to the Office of Administrative
26 Hearings (OAH).

27 27. On or about May 13, 2021, a regulatory action was posted in the NMLS by the DRE.

28 28. On or about June 28, 2021, OAH found in favor of the DRE and denied Granda’s

1 application for an MLO license endorsement. On or about September 8, 2021, the DRE adopted the
2 proposed decision and denied Granda’s application for an MLO real estate salesperson license.

3 29. Granda submitted approximately four Form MU4 filings to the Department in 2021,
4 yet he repeatedly failed to update the Regulatory Action Disclosure section of the Form MU4s to
5 disclose the DRE Statement of Issues or the final decision.

6 *Criminal Conviction*

7 30. On or about October 24, 1993, Granda was convicted of a felony drug trafficking
8 crime in Sao Paulo, Brazil. Granda served a 4-year prison sentence.

9 *Tax liens*

10 31. In May and November 2006, the Internal Revenue Service recorded tax liens for tax
11 periods 1998 to 2002, in the amounts of \$68,531.58 and \$81,604.67. The federal tax liens appear to
12 have been released nine years later in September of 2015.

13 32. In March of 2006, the California Franchise Tax Board recorded a state tax lien in the
14 amount of \$14,714.35. The March lien was released in June of 2010.

15 33. In December of 2006, the California Franchise Tax Board recorded a state tax lien in
16 the amount of \$3,000.58. Fifteen years later, on December 1, 2021, Granda submitted an installment
17 agreement request to the California Franchise Tax Board. On December 1, 2021, the California
18 Franchise Tax Board issued a Notice of Expired State Tax Lien. Granda failed to disclose this tax
19 lien from 2017 to 2021.

20 34. On August 6, 2012, the Oregon Department of Revenue recorded a tax lien in the
21 amount of \$5,719.19. The lien was released on August 6, 2014.

22 **III.**

23 **Withheld Information and Material Misstatement**

24 35. The Commissioner may revoke an MLO license if the licensee withholds
25 information or makes a material misstatement in an application for a license or license renewal.
26 (Fin. Code, §§ 22172, subd. (a)(2), 50513, subd. (a)(2).)

27 36. As described in paragraphs 11-15, above, from 2017 through August of 2021,
28 Granda submitted and attested to approximately thirteen Form MU4 filings in which he failed to

1 disclose the 2016 civil judgment.

2 37. As described in paragraphs 16-21, above, from May of 2018 to August of 2021,
3 Granda submitted and attested to six Form MU4 filings and repeatedly failed to disclose the Oregon
4 Orders.

5 38. As described in paragraphs 22-29, above, Granda submitted and attested to four
6 Form MU4 filings in 2021, yet he failed to disclose the DRE Statement of Issues or decision.

7 39. As described in paragraphs 11-15 and 33, above, Granda claimed that he was debt
8 free when in fact he had an unsatisfied judgment and an existing tax lien.

9 40. Granda repeatedly withheld information, and made a material misstatement in his
10 Form MU4 filings. As such, the Commissioner is authorized to revoke Granda’s MLO license,
11 pursuant to Financial Code sections 22172, subdivision (a)(2), and 50513, subdivision (a)(2).

12 **IV.**

13 **Failure to Disclose Facts or Conditions at the Time of Original Application**

14 41. The Commissioner may revoke an MLO license if the Commissioner finds that a fact
15 or condition exists that, if it had existed at the time of the original application for the license,
16 reasonably would have warranted the Commissioner in refusing to issue the license originally. (Fin.
17 Code, §§ 22714, subd. (a)(3), and 50327, subd. (a)(2).)

18 42. As described in paragraphs 11-15 and 33, the judgment remains outstanding and the
19 December 2006 tax lien existed until 2021, and even if Granda had disclosed the judgment and tax
20 lien, had not repeatedly misrepresented that he was “debt free,” and had not omitted the required
21 information and documents about the judgment and tax lien in his Form MU4 filings, the
22 outstanding judgment and tax lien would have warranted the Commissioner to deny the license
23 originally as evidence of a lack of financial responsibility sufficient to meet California’s licensing
24 standards.

25 43. As described in paragraphs 31-34, Granda had multiple tax liens, which were
26 released many years after their recording. Plus, the California Franchise Tax Board had not issued a
27 Notice of Expired State Tax Lien at the time Granda submitted his original application. The tax
28 liens would have warranted the Commissioner to deny the license originally as evidence of a lack of

1 financial responsibility sufficient to meet California’s licensing standards.

2 44. The outstanding civil judgment and existing tax liens would have warranted the
3 Commissioner to deny Granda’s MLO license application originally. As such, the Commissioner is
4 authorized to revoke Granda’s MLO license pursuant to Financial Code sections 22714, subdivision
5 (a)(3), and 50327, subdivision (a)(2).

6 **V.**

7 **Financial Responsibility, Character, and General Fitness**

8 45. The Commissioner may revoke an MLO license if the licensee fails at any time to
9 meet the requirements of Financial Code sections 22109.1, 22109.4, 50141 or 50144. (Fin. Code, §§
10 22172, subd. (a)(2), and 50513, subd. (a)(2).)

11 46. As described in paragraphs 11-29, above, Granda withheld information from the
12 Commissioner on numerous occasions regarding his 2016 civil judgment, the Oregon Orders, and
13 the DRE denial order. Granda’s failure to disclose the information shows dishonesty and
14 untruthfulness and reflects unfavorably on his character.

15 47. As described in paragraphs 9, 11-15 and 33, above, Granda claimed to be debt free
16 despite having an unsatisfied judgment and outstanding tax lien, which shows a pattern of
17 dishonesty and untruthfulness, and also reflects poorly on his character.

18 48. As described in paragraph 30, above, Granda was convicted of a felony crime of
19 drug trafficking in Brazil, and spent 4 years in a Brazilian prison.

20 49. As described in paragraphs 11-15 and 31-34, above, Granda failed to pay the 2016
21 civil judgment and had several federal and state tax liens, which were released or expired many
22 years after the liens were recorded. Granda’s unsatisfied civil judgment, and tax liens and delay in
23 paying the tax liens reflect unfavorably on his ability to be financially responsible.

24 50. Granda withheld information and made material misstatements in his Form MU4s;
25 and in aggravation, his tax liens and felony conviction show that he lacks the necessary financial
26 responsibility, character, and general fitness to operate honestly and truthfully, as required by
27 Financial Code sections 22109.1, subdivision (a)(3), and 50141, subdivision (a)(3).

28 ///

VI.

Applicable Statutes

51. Financial Code section 22109.1 provides in pertinent part:

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

...

(3) The applicant has demonstrated such financial responsibility, 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.

52. Financial Code section 22172 provides in pertinent part:

(a) The commissioner may do one or more of the following:

...

(2) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license if an applicant or licensee fails at any time to meet the requirements of Section 22109.1 or 22109.4 , or withholds information or makes a material misstatement in an application for a license or license renewal.

53. Financial Code section 22714 provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

...

(3) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

54. Financial Code section 50141 provides in pertinent part:

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

...

(3) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan

1 originator will operate honestly, fairly, and efficiently within the
2 purposes of this division.

3 55. Financial Code section 50513 provides in pertinent part:

4 (b) The commissioner may do one or more of the following:

5 ...

6 (2) Deny, suspend, revoke, condition, or decline to renew a mortgage
7 loan originator license if an applicant or licensee fails at any time to
8 meet the requirements of Section 50141 or 50144, or withholds
9 information or makes a material misstatement in an application for a
10 license or license renewal.

11 56. Financial Code section 50327 provides in pertinent part:

12 (a) The commissioner may, after notice and a reasonable opportunity
13 to be heard, deny, decline to renew, suspend, or revoke any license if
14 the commissioner finds that:

15 ...

16 (2) Any fact or condition exists that, if it had existed at the time of the
17 original application for the license, reasonably would have warranted
18 the commissioner in refusing to issue the license originally.

19 57. California Code of Regulations, title 10, section 1422.6.2 provides in pertinent part:

20 (a) The Commissioner’s finding required by section 22109.1,
21 subdivision (c) of the [CFL] relates to any matter, personal or
22 professional, that may impact upon an applicant’s propensity to
23 operate honestly, fairly, and efficiently when engaging in the role of a
24 mortgage loan originator.

25 ...

26 (c) An applicant may be precluded from obtaining a mortgage loan
27 originator license where his or her personal history includes:

28 (1) Any liens or judgments for fraud, misrepresentation, dishonest
 dealing, and/or mishandling of trust funds, or

 (2) Other liens, judgments, or financial or professional conditions
 that indicate a pattern of dishonesty on the part of the applicant.

29 58. California Code of Regulations, title 10, section 1950.122.5.2 provides in pertinent
30 part:

31 (a) The Commissioner’s finding required by subdivision (c) of Section
32 50141 of the [CRMLA] relates to any matter, personal or professional,

1 that may impact upon an applicant’s propensity to operate honestly,
2 fairly, and efficiently when engaging in the role of a mortgage loan
3 originator.

4 . . .

5 (c) An applicant may be precluded from obtaining a mortgage loan
6 originator license where his or her personal history includes:

7 (1) Any liens or judgments for fraud, misrepresentation, dishonest
8 dealing, and/or mishandling of trust funds, or

9 (2) Other liens, judgments, or financial or professional conditions
10 that indicate a pattern of dishonesty on the part of the applicant.

11 **VII.**

12 **Prayer**

13 For the reasons set forth above, under Financial Code sections 22172, 22714, 50327, and
14 50513, the Commissioner finds that Julio Granda repeatedly withheld information and made a
15 material misrepresentation in his Form MU4 filings. By withholding information and making a
16 material misrepresentation, and in aggravation, his tax liens, and felony conviction show that he
17 lacks the necessary financial responsibility, character and general fitness to operate honestly and
18 truthfully, as required under Financial Code sections 22109.1, subdivision (a)(3), and 50141,
19 subdivision (a)(3), and CCR sections 1422.6.2, subdivisions (a) and (c)(1) and (2), and
20 1950.122.5.2, subdivisions (a) and (c)(1) and (2).

21 Accordingly, the Commissioner has grounds to revoke Julio Granda’s MLO license.

22 WHEREFORE IT IS PRAYED that Julio Granda’s MLO license be revoked.

23 Dated: January 31, 2022
24 San Diego, California

25 CLOTHILDE V. HEWLETT
26 Commissioner of Financial Protection and Innovation

27 By: _____
28 Afsaneh Eghbaldari
Senior Counsel
Enforcement Division