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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 ID No. 502299
13 THE COMMISSIONER OF FINANCIAL	) ACCUSATION
14 PROTECTION AND INNOVATION,	) (Fin. Code sections 22109.1, 22172, 22714,
15 Complainant,	) and 22755; Fin. Code sections 50141, 50204,
16 v.	) 50327, 50502, and 50513)
17 EDUARDO M. ORTEGA,	)
18 Respondent.	)
19	)

20 1. The Commissioner of Financial Protection and Innovation (Commissioner) is  
21 informed and believes and based upon such information and belief, alleges and charges as follows:

22 **I.**

23 **Introduction and Jurisdiction**

24 2. The Commissioner licenses and regulates mortgage loan originators under the  
25 California Financing Law (Fin. Code, § 22000 et seq.) (CFL) and the California Residential  
26 Mortgage Lending Act (Fin. Code, § 50000 et seq.) (CRMLA).

1           3.       Eduardo M. Ortega (Ortega) is a licensed mortgage loan originator (“MLO”). The  
2 Commissioner issued Ortega an MLO license on June 26, 2012. He has been continuously licensed  
3 from 2012 to the present. His NMLS<sup>1</sup> identification number is 502299.

4           4.       Ortega is currently employed and sponsored by CMG Mortgage, Inc., which is  
5 licensed by the Commissioner under both the CFL (license number 6053674) and CRMLA (license  
6 number 4150025). Ortega’s last three NMLS filings suggest he is a branch manager for CMG  
7 Mortgage, Inc., but its NMLS filings identify him solely as a licensed individual with its Roseville,  
8 California branch (NMLS branch identification number 1246325).

9           5.       Ortega was previously employed and sponsored by Evergreen Moneysource  
10 Mortgage Company (Evergreen), which is licensed under the CRMLA (license number 4130291).  
11 Ortega self-identified as a branch manager at Evergreen in his NMLS filings. Evergreen received a  
12 complaint from a client in a transaction brokered by Ortega that some of the loan documents were  
13 forged without the parties’ knowledge. After an internal investigation concluded that some  
14 documents did appear to be forged, Evergreen discharged Ortega on December 3, 2019.

15           6.       The Commissioner seeks to revoke Ortega’s MLO license under the Financial Code  
16 because (i) Ortega engaged in fraudulent conduct in violation of the CRMLA and was terminated by  
17 Evergreen for it, (ii) Ortega’s conduct suggests he lacks the financial responsibility, character, and  
18 general fitness required for MLO licensure under the CFL or the CRMLA, (iii) he failed to make  
19 timely required disclosures about the termination in violation of the CFL and the CRMLA, and (iii) he  
20 repeatedly made material misstatements of fact and omitted material facts in his required disclosures  
21 to the Commissioner in violation of the CFL and the CRMLA.

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26 <sup>1</sup> NMLS stands for Nationwide Multistate Licensing System & Registry and is the system of record for non-depository,  
27 financial services licensing or registration in participating agencies. including the District of Columbia and U.S.  
28 Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions, NMLS is the official system for  
companies and individuals seeking to apply for, amend, renew and surrender licenses authorities managed through  
NMLS.

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**II.**

**Violations**

7. On March 14, 2018, Ortega was contacted by a client to broker a loan on the client’s residence.

8. In late 2019, well after the parties completed the transaction, Ortega’s client complained to Evergreen that the signatures on some of the loan documents had been forged. Evergreen conducted an internal investigation and concluded that the signatures on some of the application documents did not match those of the notarized documents. Based on its findings, Evergreen discharged Ortega’s employment on December 3, 2019.

9. Financial Code section 50204 of the CRMLA provides in relevant part that a licensee may not do any of the following:

(g) Engage in fraudulent home mortgage underwriting practices.

(k) Do an act, whether of the same or a different character than specified in this section, that constitutes fraud or dishonest dealings.

10. California Code of Regulations, title 10, section 1409.1 provides in relevant part:

(a) Each licensee on NMLS, including a mortgage loan originator licensee, shall, upon any change in the information contained in its license application (other than financial information contained therein) promptly file an amendment to such application setting forth the changed information.

(c) A mortgage loan originator shall file changed information contained in its Form MU4, and any exhibits thereto, through NMLS in accordance with its procedures for transmission to the Commissioner within twenty (20) days of changes to the information . . . .

11. Each Form MU4 and amendment (Form MU4) includes Termination Disclosure Questions (Q)(1) and (2), which ask:

(Q) Have you ever voluntarily resigned, been discharged, or permitted to resign after allegations were made that accused you of:

(1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?

(2) fraud, dishonesty, theft, or the wrongful taking of property?

1           12.     Because Evergreen terminated Ortega’s employment based on its findings of  
2 forgeries on some of the documents purportedly signed by Castaneda and Gutierrez, Ortega was  
3 required by California Code of Regulations, title 10, section 1409.1, subdivision (c), to file a Form  
4 MU4 amendment by December 23, 2019, and to respond “yes” to Termination Disclosure Questions  
5 (Q)(1) and (2) in it and in each of his subsequent Form MU4 filings.

6           13.     Since the date of his termination by Evergreen, Ortega has submitted three Form  
7 MU4s to the Commissioner through NMLS showing his new employer and sponsor. He filed Form  
8 MU4s on December 18, 2019, February 21, 2020, and May 4, 2020, but in each one in response to  
9 Termination Disclosure Questions (Q)(1) and (2), Ortega answered “no.” Ortega then signed each  
10 Form MU4, attesting in each one that the answers were true and complete to the best of his  
11 knowledge.

12           14.     Financial Code section 22755 of the CFL provides in pertinent part:

13           It is a violation of this division for a mortgage loan originator to do any of the  
14 following:

15                   (g) Fail to make disclosures as required by this division and any other  
16 applicable state or federal law, including regulations thereunder.

17                   (j) Negligently make any false statement or knowingly and willfully make  
18 any omission of material fact in connection with any information or  
19 reports filed with a governmental agency or the Nationwide Mortgage  
20 Licensing System and Registry or in connection with any investigation  
21 conducted by the commissioner or another governmental agency.

22           15.     Similarly, Financial Code section 50502 of the CRMLA states in relevant part that it  
23 is a violation of the CRMLA for an MLO to make any untrue statement of a material fact in or omit  
24 any required material fact from any document filed with the Commissioner under the CRMLA or  
25 rules adopted thereunder.

26           16.     Ortega violated Financial Code section 50204, subdivisions (g) and (k), by forging  
27 loan application documents or having someone else do so. He also violated California Code of  
28 Regulations, title 10, 1409.1 by failing to timely make required disclosures to the Commissioner  
about the nature of his termination by Evergreen in his Form MU4 filings. He then repeatedly

1 violated Financial Code sections 22755 and 50502 by making false statements of material fact in  
2 each of his Form MU4 filings after his termination and by knowingly and willfully omitting required  
3 material facts from them.

4 **III.**

5 **Revocation of License**

6 17. Financial Code section 22714 of the CFL provides in pertinent part:

7 (a) the commissioner shall suspend or revoke any license. . . if the  
8 commissioner finds:

9 (1) when the licensee has failed to comply with any demand, ruling, or  
10 requirement of the commissioner,

11 (2) when the licensee has violated any provision of this division or any  
12 rule or regulation made by the commissioner under and within the  
13 authority of this division, or

14 (3) when a fact or condition exists that reasonably would have  
15 warranted the commissioner in refusing to issue the license  
16 originally.

17 18. Similarly, Financial Code section 50327 of the CRMLA states in pertinent part:

18 (a) The commissioner may . . . suspend, or revoke any license if the  
19 commissioner finds that:

20 (1) The licensee has violated any provision of this division or any  
21 rule or order of the commissioner thereunder.

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

26 19. Because the fact that Evergreen terminated Ortega after finding that he had forged  
27 loan application documents, or had someone else do so, would have warranted the commissioner in  
28 refusing to issue the license originally, the Commissioner is entitled under Financial Code sections  
22714 and 50327 to revoke Ortega's MLO license. Moreover, because Ortega violated Financial  
Code section 50204 by forging the loan application documents or having someone else do so,

1 because he violated California Code of Regulations, title 10, section 1409.1 by failing to timely  
2 disclose the nature of his termination, and because he repeatedly violated Financial Code sections  
3 22755 and 50502 by making misstatements and omissions about his termination in each of the Form  
4 MU4s he filed after his termination, the Commissioner is further entitled under Financial Code  
5 sections 22714 and 50327 to revoke Ortega’s MLO license.

6 20. Financial Code section 22172 of the CFL and section 50513 of the CRMLA also  
7 authorize the Commissioner to suspend or revoke an MLO license if the licensee fails at any time to  
8 meet the application requirements provided in Financial Code section 22109.1 and section 50141,  
9 respectively, or withholds information or makes a material misstatement in an application for a  
10 license or license renewal.

11 21. Under both Financial Code section 22109.1 and section 50141, the Commissioner  
12 must deny any application for an MLO license unless he finds that

13 The applicant has demonstrated such financial responsibility, character, and  
14 general fitness as to command the confidence of the community and to warrant a  
15 determination that the mortgage loan originator will operate honestly, fairly, and  
efficiently within the purposes of [the CFL and the CRMLA].

16 22. Ortega has not demonstrated the financial responsibility, character, and general  
17 fitness sufficient for an MLO license under the CFL or the CRMLA because Ortega defrauded a  
18 lender by forging loan application documents, or by having someone else do so, failed to timely  
19 disclose the nature of his termination by Evergreen in violation of a regulation under the CFL, and  
20 then repeatedly violated the CFL and CRMLA by making misstatements of material fact in each of  
21 his Form MU4 filings after his termination and by knowingly and willfully omitting required  
22 material facts about his termination from them.

23 23. Based on the above factors, Ortega does not meet the standards set forth in Financial  
24 Code sections 22109.1 and 50141 of the CFL and CRMLA, respectively, and the Commissioner is  
25 therefore authorized to suspend or revoke Ortega’s license under Financial Code sections 22172 of  
26 the CFL and 50513 of the CRMLA.

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24. Given the fraudulent nature of Ortega’s conduct and the repeated violations outlined above, a mere suspension would be an inadequate remedy here. Rather, the facts and circumstances require a full revocation of Ortega’s MLO license.

**IV.**

**Conclusion**

The foregoing findings constitute independent grounds under Financial Code sections 22714 and 22172 of the CFL, and Financial Code sections 50327 and 50513 of the CRMLA, for the Commissioner to revoke Ortega’s MLO license under the CFL and the CRMLA.

WHEREFORE the Commissioner prays that the mortgage loan originator license of Eduardo M. Ortega be revoked.

Dated: March 1, 2022 \_\_\_\_\_  
Sacramento, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation



By \_\_\_\_\_  
NOAH M. BEAN  
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