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11 Attorneys for Complainant

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

15 In the Matter of:)
16 THE COMMISSIONER OF FINANCIAL) NMLS LICENSE NO.: 1629924
PROTECTION AND INNOVATION,) SETTLEMENT AGREEMENT
17)
18 Complainant,)
19 v.)
20 STEPHANIE ARTEAGA,)
21 Respondent.)
22)
23)

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26 This Settlement Agreement (the Settlement Agreement) is entered into between the
27 Commissioner of Financial Protection and Innovation (Commissioner) and Stephanie Arteaga
28 (Respondent) and is made with respect to the following facts.

I.

Recitals

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

B. Respondent first received an MLO license from the Commissioner on April 12, 2021.

C. The Commissioner issued Respondent her notice of intention and accusation to revoke Respondent’s MLO license on April 11, 2022, throughout which time Respondent maintained an approved MLO license.

D. Under the provisions of Financial Code sections 22109.1, 22172, and 22755 of the CFL, the Commissioner sought to revoke Respondent’s MLO license because Respondent violated the Nationwide Mortgage Licensing System and Registry (NMLS) student Rules of Conduct (ROC) by using the services of Danny Yen, d/b/a Real Estate Educational Services (Yen) to complete Respondent’s NMLS-approved continuing education (CE) courses, which in turn was a violation of the MLO licensing requirements under the CFL.

E. Specifically, Respondent used and compensated Yen to obtain course credit through an in-person education fraud scheme (education fraud scheme). Under the education fraud scheme, Respondent paid Yen to report completion of an in-person course for the year 2020. Yen did not teach the in-person course and Respondent never attended the in-person course nor completed the course work or test, which Respondent was required to complete in order to receive course credit.

F. The Commissioner has made the following findings of relevant facts, which include but are not limited to:

1. That Respondent was a knowing and active participant in the education fraud scheme coordinated by and implemented by and through Yen;

2. That Respondent in fact had CE requirements completed by Yen on Respondent’s behalf in violation of the CFL and federal law;

1 CFL in connection with the Accusation and hereby waives such right to a hearing and to any
2 reconsideration, appeal, or other rights which may be afforded Respondent under the CFL, the
3 Administrative Procedure Act (APA) (Gov. Code, § 11340 et seq.), the Code of Civil Procedure
4 (CCP) (Code Civ. Proc., § 1 et seq.), or any provision of law in connection with this matter.

5 4. Administrative Penalty. Respondent shall pay to the Commissioner an administrative
6 penalty of \$1,000.00 (the Penalty). The Penalty shall be due prior to or concurrent with the execution
7 of the Settlement Agreement and should be made payable to the Commissioner in the form of a
8 cashier's check or Automated Clearing House deposit and transmitted to the attention of Accounting
9 – Enforcement Division, Department of Financial Protection & Innovation, 2101 Arena Boulevard,
10 Sacramento, California 95834. Notice of such payment shall promptly be sent to the attention of
11 Allard Chu, Senior Counsel, at allard.chu@dfpi.ca.gov. Should Respondent fail to execute the
12 Settlement Agreement by September 16, 2022, but execute the agreement after September 16, 2022,
13 the Penalty shall increase to \$3,000.00 and shall be due prior to or concurrent with the execution of
14 the Settlement Agreement.

15 5. Surrender of License. Respondent hereby agrees, as a resolution of this matter, to
16 voluntarily surrender Respondent's MLO license to the Commissioner. No later than seven calendar
17 days after the Effective Date of the Settlement Agreement, Respondent shall complete all necessary
18 steps to surrender Respondent's MLO license to the Commissioner.

19 6. Stipulation Not to Apply for an MLO License for Six Months. Respondent further
20 agrees, as a resolution of this matter, that Respondent will not apply for a new MLO license from
21 the Commissioner for a period of six months from the Effective Date of this Agreement. Should
22 Respondent apply for such a license during that six-month period, that license application, as
23 consented to by Respondent herein, shall be deemed denied and Respondent waives any hearing
24 rights Respondent may have to contest such denial under the CFL, CRMLA, APA, CCP, or any
25 other provision of law in connection with this matter.

26 7. Education. Prior to the submission of an application for a new MLO license,
27 Respondent must complete the following MLO education requirements (the education provision):

28 a. Twenty hours of non-state-specific NMLS-approved PE, which shall consist

1 of 14 hours of federal law curriculum, three hours of ethics curriculum, and three hours of non-
2 traditional mortgage lending curriculum. None of these 20 hours of PE may be state-specific
3 curriculum; and

4 b. Eight hours of non-state-specific NMLS-approved CE, which shall consist of
5 four hours of federal law curriculum, two hours of ethics curriculum, and two hours of non-
6 traditional mortgage lending curriculum. None of these eight hours of CE may be state-specific
7 curriculum.

8 c. Respondent may not take any of the PE or CE provided for under the
9 Settlement Agreement in an online self-study format (OSS).

10 d. Respondent further agrees that in order to receive the course credit under the
11 Settlement Agreement, Respondent must complete the courses in one of a traditional classroom
12 format; classroom equivalent (live webinar) format; or an online instructor-led format. The formats
13 require that the instructor be able to see the Respondent, verify the Respondent's identity, and
14 confirm that the Respondent is present throughout the entirety of the course.

15 e. For a period three years from the Effective Date of the Settlement
16 Agreement, Respondent shall be required to complete any additional required PE and/or CE in a
17 format other than OSS.

18 f. Should Respondent apply for a new MLO license without having satisfied the
19 education provision as set forth in this paragraph, that license application, as consented to by
20 Respondent herein, shall be deemed denied and Respondent waives any hearing rights Respondent
21 may have to contest such denial under the CFL, CRMLA, APA, CCP, or any other provision of law
22 in connection with this matter.

23 8. New Application for Licensure. Any time after the six-month period has lapsed from
24 the Effective Date of the Settlement Agreement; Respondent has paid the Penalty as set forth in the
25 Settlement Agreement; and satisfied the education provision as set forth in the Settlement
26 Agreement, Respondent may apply for a new MLO license with the understanding that the
27 Commissioner reserves the right to fully investigate such application for licensure and may either
28 approve or deny such application pursuant to the normal process for such licensing investigations.

1 No license application described in this paragraph will be denied solely based on the facts,
2 circumstances, or consensual resolution provided for in the Settlement Agreement. Respondent
3 further acknowledges and agrees that Respondent must satisfy the education provision prior to
4 submitting an application for a new MLO license.

5 9. Revocation of License. To the extent that Respondent engages in similar activity,
6 which was the basis for the Settlement Agreement, Respondent affirmatively consents to the
7 immediate revocation of the impacted MLO license. Respondent further agrees to waive
8 Respondent's right to a hearing, and to any reconsideration, appeal, or other rights which may be
9 afforded Respondent to contest such revocation of the impacted license under the CFL, CRMLA,
10 APA, CCP, or any other provision of law, including the requirement that the Commissioner issue an
11 accusation under Government Code section 11415.60.

12 10. Full and Final Settlement. The parties hereby acknowledge and agree that the
13 Settlement Agreement is intended to constitute a full, final, and complete resolution of the activities
14 alleged in the Accusation as identified herein. No further proceedings or actions will be brought by
15 the Commissioner in connection with this matter, or any other provision of law, excepting any
16 proceeding to enforce compliance with the terms of the Settlement Agreement.

17 11. Information Willfully Withheld. The Settlement Agreement may be revoked, and the
18 Commissioner may pursue any and all remedies under the CFL against Respondent if the
19 Commissioner discovers Respondent knowingly or willfully withheld information or
20 misrepresented information used for and relied upon in this Settlement Agreement.

21 12. Assisting Other Agencies. The parties further acknowledge and agree that nothing in
22 the Settlement Agreement shall limit the Commissioner's ability to assist any other agency (city,
23 county, state, or federal) with any prosecution, administrative, civil, or criminal, brought by any
24 such agency against Respondent or any other person based upon any of the activities alleged in this
25 matter or otherwise.

26 13. Binding. The Settlement Agreement is binding on all heirs, assigns, or successors in
27 interest.

28 14. Waiver, Amendments, and Modifications. The waiver of any provision of the

1 Settlement Agreement shall not operate to waive any other provision set forth herein. No waiver,
2 amendment, or modification of this Settlement Agreement shall be valid or binding unless it is in
3 writing and signed by each of the parties.

4 15. Headings and Governing Law. The headings to the paragraphs of the Settlement
5 Agreement are inserted for convenience only and will not be deemed a part hereof or affect the
6 construction or interpretation of the provisions hereof. The Settlement Agreement shall be construed
7 and enforced in accordance with and governed by California law.

8 16. Full Integration. The Settlement Agreement is the final written expression and the
9 complete and exclusive statement of all the agreements, conditions, promises, representations, and
10 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or
11 contemporaneous agreements, negotiations, representations, understandings, and discussions
12 between and among the parties, their respective representatives, and any other person or entity, with
13 respect to the subject matter covered hereby.

14 17. No Presumption Against Drafter. Each party acknowledges that he or she has had the
15 opportunity to draft, review, and edit the language of the Settlement Agreement. Accordingly, the
16 parties intend no presumption for or against the drafting party will apply in construing any part of
17 the Settlement Agreement. The parties waive the benefit of Civil Code section 1654 as amended or
18 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
19 language of a contract should be interpreted most strongly against the party who caused the
20 uncertainty to exist.

21 18. Mandatory Disclosure in Future Applications. Respondent agrees to disclose the
22 Settlement Agreement in any application for a license, permit, or qualification under the
23 Commissioner's current or future jurisdiction.

24 19. Voluntary Agreement. Respondent enters into the Settlement Agreement voluntarily
25 and without coercion and acknowledges that no promises, threats, or assurances have been made by
26 the Commissioner, or any officer or agent thereof, about the Settlement Agreement.

27 20. Notice. Any notice required under the Settlement Agreement shall be provided to each
28 party at the following addresses:

1 Respondent: Stephanie Arteaga
2 544 W. Mesa Avenue
3 Rialto, California 92376
4 Sarteaga@lending3.com

4 Commissioner: Allard C Chu
5 Senior Counsel
6 Department of Financial Protection and Innovation
7 320 W. 4th Street, Suite 750
8 Los Angeles, California 90013
9 allard.chu@dfpi.ca.gov

8 21. Authority to Execute. Each signatory hereto covenants that he or she possesses all
9 necessary capacity and authority to sign and enter into the Settlement Agreement.

10 22. Signatures. A facsimile or electronic mail signature shall be deemed the same as an
11 original signature.

12 23. Public Record. Respondent hereby acknowledges that the Settlement Agreement is
13 and will be a matter of public record.

14 24. Effective Date. The Settlement Agreement shall become final and effective when
15 signed by all parties and delivered by the Commissioner’s agent via e-mail to Respondent at the
16 following email address: Sarteaga@lending3.com

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

19 CLOTHILDE V. HEWLETT
20 Commissioner of Financial Protection and
21 Innovation

22 Dated: September 22, 2022

23 By _____
24 MARY ANN SMITH
25 Deputy Commissioner
26 Enforcement Division

27 STEPHANIE ARTEAGA

28 Dated: September 16, 2022

By _____
STEPHANIE ARTEAGA, Respondent

1 Approved as to Form and Content

2 By _____

3 Adeline Tungate, Esq.

4 Geraci Law Firm

5 Attorneys on behalf of

6 Stephanie Arteaga

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