

COMMONWEALTH OF MASSACHUSETTS

Suffolk, SS.

COMMISSIONER OF BANKS
MORTGAGE LOAN ORIGINATOR
LICENSING
Docket No. 2021-0001

In the Matter of
CRISTOBAL L. GARCIA

Mortgage Loan Originator
License No. MLO1049418

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) ORDER OF REVOCATION
) OF MORTGAGE LOAN
) ORIGINATOR LICENSE
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THIS MATTER comes before the Commonwealth of Massachusetts Division of Banks (Division), by and through its Commissioner, having jurisdiction over the licensing and regulation of persons and entities engaged in the business of a mortgage loan originator in Massachusetts pursuant to Massachusetts General Laws (M.G.L.) chapter 255F, section 2 and its implementing regulation at 209 Code of Massachusetts Regulations (C.M.R.) 41.00 *et seq*, hereby issues this ORDER OF REVOCATION OF MORTGAGE LOAN ORIGINATOR LICENSE.

FINDINGS OF FACT

1. The Nationwide Multi State Licensing System & Registry (NMLS) is an online licensing system created by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. The NMLS allows individuals to submit mortgage loan originator license applications, renewals, and amendments to multiple state regulators through one online system. The Division requires that mortgage loan originator license applications, requests for renewals, and amendments be submitted via the NMLS pursuant to its authority under M.G.L. 255F, section 2.

2. Cristobal L. Garcia (Garcia) is licensed by the Commissioner as a mortgage loan originator under Massachusetts General Laws chapter 255F, section 2. According to records maintained on file with the Division and the NMLS, the Commissioner initially issued a mortgage loan originator license, license number MLO1049418, to Garcia to engage in the business of a mortgage loan originator on or about June 3, 2020.

3. The Division's records indicate that, from on or about June 2, 2020 to on or about January 8, 2021, an Employing Entity (as defined in 209 C.M.R. 41.02) sponsored Garcia as a mortgage loan originator for purposes of Garcia's Massachusetts mortgage loan originator license.

4. The Division's regulation 209 CMR 41.06 states in part:

Upon the termination of the relationship between an Employing Entity and the Mortgage Loan Originator, the Employing Entity shall notify the Division within five (5) business days after the termination.

5. On or about January 8, 2021, the Employing Entity sponsoring Garcia as a mortgage loan originator for purposes of Garcia's Massachusetts mortgage loan originator license updated its sponsorship information of Garcia on the NMLS to disclose Garcia's termination on or about January 8, 2021.

6. Based upon review of the information reflected in the NMLS, the Division commenced an investigation of Garcia. The Division's investigation, as further detailed in paragraphs 7 through 20 below, revealed that Garcia failed to comply with applicable state and federal laws, rules, and regulations governing the conduct of those engaged in the business of a mortgage loan originator in Massachusetts.

7. In or about 2007, a large retail bank (bank) employed Garcia as a "Personal Banker" at its Garland, Texas branch. In addition to his duties at the bank, Garcia was a registered representative of the bank's affiliated investment advisor firm.

8. An internal investigation by the bank uncovered that Garcia violated the code of conduct of the bank, and the bank terminated Garcia on or about December 5, 2008. The bank provided information regarding this violation to the Financial Industry Regulatory Authority (FINRA).

9. Specifically, after FINRA received information from the bank, FINRA conducted an investigation into the matter. FINRA determined that Garcia, while employed by the bank as a Personal Banker and registered representative of the bank's affiliated investment advisor firm, falsified account opening documents by enrolling 12 bank customers in a bank online bill payment program without their knowledge or consent, and then Garcia accessed and activated those customers' accounts for personal gain. FINRA further concluded that Garcia had failed to respond to FINRA's requests for information concerning his actions while employed by the bank.

10. On or about November 5, 2009, FINRA barred Garcia from associating with any member firm in any capacity for falsifying customer account documents, in violation of FINRA rule 2110, and failing to respond to requests for information, in violation of FINRA procedural rule 8210 and conduct rule 2010 (the FINRA bar).

11. The FINRA bar concerned Garcia's forgery and falsification of customer records, which involved acts of dishonest, unfair, and unethical conduct and false statements or omissions in violation of FINRA rules.

12. Massachusetts General Laws chapter 255F, section 4(a)(iii) states:

The commissioner shall issue a mortgage loan originator license to an applicant therefore unless the applicant: (iii) has failed to demonstrate financial responsibility, character, reputation, integrity and general fitness such as to command the confidence of the community and to warrant a determination that such applicant will operate honestly, fairly, soundly and efficiently in the public interest, consistent with the purposes of this chapter...

13. In order to receive a Massachusetts mortgage loan originator license, an applicant must submit a uniform application form known as the MU4 or Form MU4 through the NMLS.

14. On or about June 2, 2020, Garcia applied for a Massachusetts mortgage loan originator license by filing a Form MU4 through the NMLS.

15. In completing the Form MU4, Garcia failed to disclose material facts in connection with his mortgage loan originator license application.

16. For example, Form MU4 question (K) asks, in relevant part: Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:

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

(2) Found you to have been involved in a violation of a financial services-related regulation(s) or statute(s)?

. . .

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

. . .

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

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

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

17. Garcia answered “No” to questions (K)(1), (2), (4), (7), (8), and (9). Garcia failed to disclose material facts related to his application by answering “No” to the referenced questions.

18. Garcia answered “Yes” to question (K)(6), which asks the applicant whether a state regulatory agency has ever “denied or suspended your registration or license or application for licensure, disciplined you, or otherwise by order, prevented you from associating with a financial services-related business or restricted your activities?” However, in the disclosure explanation section of the MU4 application, which asks the applicant to provide more detailed explanation about their “Yes” response, Garcia only described the suspension of his Georgia mortgage loan originator license due to his inability to obtain sponsorship.

19. On or about June 2, 2020, Garcia executed his Form MU4 as part of his Massachusetts mortgage loan originator license under the penalty of perjury that his responses were “current, true, accurate, and complete[.]”

20. Starting on or about January 8, 2021 and until on or about February 17, 2021, Division employees attempted to contact Garcia to discuss the aforementioned FINRA bar and his failure to disclose the action on his Massachusetts mortgage loan originator license application; however, Garcia did not respond to requests by the Division.

21. On or about March 31, 2020¹, based upon the information contained in Paragraphs 1 through 20, Garcia was issued an ORDER TO SHOW CAUSE, NOTICE OF INTENT TO REVOKE, AND NOTICE OF RIGHT TO HEARING (ORDER TO SHOW CAUSE) regarding his Massachusetts mortgage originator loan license, license number MLO1049418.

22. The ORDER TO SHOW CAUSE required Garcia to file an answer or otherwise respond to the allegations contained in the ORDER TO SHOW CAUSE within twenty-one (21) days of the effective date of the ORDER TO SHOW CAUSE, pursuant to the Massachusetts Standard Adjudicatory Rules of Practice and Procedure, 801 C.M.R. 1.01(6)(e), and stated that failure to file an answer within 21 days may result in a default judgment against Garcia in the matter of the revocation of his mortgage loan originator license and the issuance of an order of prohibition.

23. The ORDER TO SHOW CAUSE advised Garcia of his right to request a hearing regarding the allegations contained in the ORDER TO SHOW CAUSE within twenty-one (21) days of the effective date of the ORDER TO SHOW CAUSE, pursuant to M.G.L. chapter 30A, sections 10 and 11, M.G.L. chapter 255F, section 11, and the Massachusetts Standard Adjudicatory Rules of Practice and Procedure, 801 C.M.R. 1.01 and 1.03, and stated that failure to request a hearing within 21 days shall be deemed to have consented to the issuance of an order of prohibition in accordance with the ORDER TO SHOW CAUSE.

24. To date, Garcia has not filed an answer or request for a hearing regarding the allegations contained in the ORDER TO SHOW CAUSE.

CONCLUSIONS OF LAW

25. Based upon the information contained in Paragraphs 1 through 24, Garcia has failed to demonstrate and maintain the character, reputation, integrity, and general fitness such as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, soundly, and efficiently in the public interest, as a mortgage loan originator in violation of Massachusetts General Laws chapter 255F, section 4 and the Division's regulation 209 C.M.R. 41.04(2)(d).

26. Based upon the information contained in Paragraphs 1 through 24, Garcia failed to disclose a material fact(s) in connection with the NMLS in violation of 209 C.M.R. 41.10(13) and 209 C.M.R. 41.10(21).

ORDER

IT IS THEREFORE ORDERED that the Mortgage Originator Loan License of Cristobal L. Garcia, license number MLO1049418, be, and hereby is, revoked.

This ORDER OF REVOCATION OF MORTGAGE LOAN ORIGINATOR LICENSE may be appealed by filing a written petition for judicial review within thirty (30) days after entry of this ORDER OF REVOCATION OF MORTGAGE LOAN ORIGINATOR LICENSE, pursuant to M.G.L. chapter 30A, sections 14 and 15.

BY ORDER AND DIRECTION OF THE COMMISSIONER OF BANKS.

Dated at Boston, Massachusetts, this 24th day of May, 2021.

By: ___/s/ Mary L. Gallagher
Commissioner of Banks
Commonwealth of Massachusetts