

ORDER SUMMARY – Case Number: C-21-3106

Name: Cristobal Lara Garcia

Order Number: C-21-3106-21-FO01

Effective Date: May 18, 2021

License Number: NMLS No. 1049418

License Effect: Revoked

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: Permanent

Investigation Costs	\$ 793.62	Due June 17, 2021	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$ 15,000.00	Due June 17, 2021	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
	No. of Victims:			

Comments: _____

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING THE
LOAN ORIGINATOR LICENSE
APPLICATION UNDER THE CONSUMER
LOAN ACT OF WASHINGTON BY:

No. C-21-3106-21-FO01

FINAL ORDER

CRISTOBAL LARA GARCIA,
NMLS No. 1049418,

Respondent.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Lucinda Fazio (Director's designee), pursuant to RCW 34.05.440(1). On April 6, 2021, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intent to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) against Cristobal Lara Garcia (Respondent). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated April 8, 2021, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

On April 8, 2021, the Department served Respondent with the Statement of Charges and accompanying documents by First-Class mail, and Federal Express overnight delivery. The Department received confirmation that the documents sent by Federal Express were delivered on April 9, 2021. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

1 Respondent did not request an adjudicative hearing within twenty calendar days after the
2 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for
3 in WAC 208-08-050(2).

4 B. Record Presented. The record presented to the Director's designee for review and for
5 entry of a final decision included the following: Statement of Charges, cover letter dated April 8,
6 2021, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for
7 Adjudicative Hearing, with documentation of service.

8 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
9 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

10 II. FINAL ORDER

11 Based upon the foregoing, and the Director's designee having considered the record and being
12 otherwise fully advised, NOW, THEREFORE:

13 A. IT IS HEREBY ORDERED, That:

- 14 1. Respondent Cristobal Lara Garcia's license to conduct the business of a mortgage
15 loan originator is revoked.
- 16 2. Respondent Cristobal Lara Garcia is permanently prohibited from participation in
17 the conduct of the affairs of any consumer loan company subject to licensure by
18 the Director in any manner.
- 19 3. Respondent Cristobal Lara Garcia pay a fine of \$15,000.00.
- 20 4. Respondent Cristobal Lara Garcia pay an investigation fee of \$793.62.

21 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
22 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
23 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
24 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
2 Reconsideration a prerequisite for seeking judicial review in this matter.

3 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the
4 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a
5 written notice specifying the date by which it will act on a petition.

6 C. Stay of Order. The Director's designee has determined not to consider a Petition to
7 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
8 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

9 D. Judicial Review. Respondent has the right to petition the superior court for judicial
10 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
11 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

12 E. Non-compliance with Order. If you do not comply with the terms of this order,
13 including payment of any amounts owed within 30 days of receipt of this order, the Department may
14 seek its enforcement by the Office of the Attorney General to include the collection of the fines and
15 fees imposed herein. The Department also may assign the amounts owed to a collection agency for
16 collection.

17 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
18 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
19 attached hereto.

20 DATED this 18th day of May, 2021.

21 STATE OF WASHINGTON
22 DEPARTMENT OF FINANCIAL INSTITUTIONS

23 /s/
LUCINDA FAZIO, Director
Division of Consumer Services

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING THE
LOAN ORIGINATOR LICENSE
APPLICATION UNDER THE CONSUMER
LOAN ACT OF WASHINGTON BY:

CRISTOBAL LARA GARCIA,
NMLS No. 1049418,

Respondent.

No. C-21-3106-21-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO REVOKE LICENSE, PROHIBIT
FROM INDUSTRY, IMPOSE FINE,
COLLECT INVESTIGATION FEE, and
RECOVER COSTS AND EXPENSES

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to RCW 31.04.247, and based on the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Lucinda Fazio, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent. Cristobal Lara Garcia (Respondent) has been licensed as a mortgage loan originator (MLO) by the Department of Financial Institutions of the State of Washington (Department) on three separate occasions. The Department received Respondent’s MLO license applications and MLO license renewal applications through the Nationwide Mortgage Licensing System and Registry (NMLS). Respondent’s licensing history with the Department is as follows:

- a. **2013 MLO License Application.** The Department received Respondent’s first MLO license application on April 17, 2013. Respondent was authorized to conduct business as an MLO from April 20, 2013, to January 1, 2014. Respondent did not submit a MLO license renewal application for 2014.

1 **b. 2015 MLO License Application.** The Department received Respondent's second
2 MLO license application on October 27, 2015. Respondent was authorized to conduct
3 business as an MLO from November 6, 2015, to January 1, 2017.

4 **c. 2017 MLO License Renewal Application.** The Department received Respondent's
5 2017 MLO license renewal application on November 28, 2016. Respondent was
6 authorized to conduct business as an MLO until January 1, 2018. Respondent did not
7 submit a MLO license renewal application for 2018 or 2019.

8 **d. 2020 MLO License Application.** The Department received Respondent's third MLO
9 license application on June 2, 2020. Respondent was authorized to conduct business as
10 an MLO from June 15, 2020, to January 1, 2021.

11 **e. 2021 MLO License Renewal Application.** The Department received Respondent's
12 2021 MLO license renewal application on November 6, 2020. As of the date of this
13 Statement of Charges, Respondent's license is current and in inactive status.

14 **1.2 Respondent Terminated for Improper Conduct.** On December 5, 2008, JP Morgan Chase
15 Bank, N.A. (JPMC) terminated Respondent for improper conduct. On December 23, 2008, JPMC
16 filed a Uniform Termination Notice for Securities Industry Registration (Form U5) with the Financial
17 Industry Regulatory Authority (FINRA), a self-regulatory organization.

18 **1.3 Respondent Barred by Self-Regulatory Organization.** On November 9, 2009, FINRA
19 issued a decision barring Respondent from associating with any member firm in any capacity for
20 falsifying customer account documents and failing to respond to requests for information. The
21 decision was issued following FINRA's investigation of the Form U5 that JPMC filed.

22 **1.4 MLO License Application Denial.** On January 11, 2021, the Department of Financial
23 Protection and Innovation of the State of California (CA-DFPI) issued a Statement of Issues to deny
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1 Respondent's MLO license application. On February 9, 2021, the CA-DFPI issued an Order Denying
2 Mortgage Loan Originator Application against Respondent.

3 **1.5 Disclosure Questions.** Respondent was required to submit the Uniform Individual Mortgage
4 License/Registration & Consent Form (Form MU4), which consists of disclosure questions related to
5 Respondent's background, with his 2013, 2015, and 2020 MLO license applications. Respondent
6 was also required to submit a Form MU4 for his 2017 and 2021 MLO license renewal applications.
7 Respondent was required to answer the disclosure questions on the Form MU4 and swear or affirm
8 that his answers are current, true, and complete under the penalty of perjury on each occasion the
9 Form MU4 was submitted to the Department.

10 **a. 2013 MLO License Application.** Respondent answered "No" to Disclosure Question
11 (K) and its subparts, and Disclosure Question (Q) and its subparts in his 2013 MLO
12 license application. In relevant part, Disclosure Questions (K) and (Q) state:

13 (K) Has any State or federal regulatory agency or foreign financial regulatory
14 authority or self-regulatory organization (SRO) ever:

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

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

19 ...

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

22 (5) revoked your registration or license?

23 (6) denied or suspended your registration or license or application for
24 licensure, disciplined you, or otherwise by order, prevented you from
associating with a financial service-related business or restricted your
activities?

(7) barred you from association with an entity regulated by such commissions,
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?

...

1 (Q) Have you ever voluntarily resigned, been discharged, or permitted to
2 resign after allegations were made that accused you of:
3 (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?
4 (2) fraud, dishonesty, theft, or the wrongful taking of property?

5 **b. 2015 MLO License Application.** Respondent answered “No” to Disclosure Question
6 (K) and its subparts except for subpart (6), and Disclosure Question (Q) and its
7 subparts in his 2015 MLO license application. Respondent’s explanation for
8 Disclosure Question (K)(6) was related to the Georgia state regulators’ suspending his
9 MLO license due to Respondent’s inability to obtain sponsorship. Respondent did not
10 disclose the FINRA order discussed in paragraph 1.3.

11 **c. 2017, 2020, and 2021 MLO License or MLO License Renewal Applications.**
12 Respondent’s answers to the Form MU4, including Disclosure Questions (K) and (Q),
13 did not change from the 2015 MLO license application for the 2017 MLO license
14 renewal application, 2020 MLO license application, and the 2021 MLO license renewal
15 application. Respondent has not disclosed the FINRA order as of the date of this
16 Statement of Charges.

17 **d. Failure to Notify the Department of Significant Developments.** As of the date of
18 this Statement of Charges, Respondent has not updated his explanation for Disclosure
19 Question (K)(6) to notify the Department of the CA-DFPI Order discussed in paragraph
20 1.4.

21 **1.6 False Information in Application for MLO License and Application for License**

22 **Renewal.** Respondent made false statements to the Department about the accuracy, truthfulness, and
23 completeness of the information on every MLO license and MLO license renewal application
24 submitted to the Department.

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1 **1.7 False Attestation on MLO License Applications.** On April 17, 2013, October 30, 2015, and
2 June 2, 2020, Respondent falsely attested that the information and statements contained within his
3 2013, 2015, and 2020 MLO license applications were current, true, accurate, and complete under the
4 penalty of perjury.

5 **1.8 False Attestation on MLO License Renewal Applications.** On November 28, 2016, and
6 November 6, 2020, Respondent falsely attested that the information contained in his online record for
7 his 2017 and 2021 MLO license renewal applications were true, accurate, and complete.

8 **1.9 On-Going Investigation.** The Department's investigation into the alleged violations of the
9 Act by Respondent continues to date.

10 **II. GROUNDS FOR ENTRY OF ORDER**

11 **2.1 False Statements and/or Omissions of Material Facts.** Based on the Factual Allegations
12 set forth in Section I, Respondent is in apparent violation of RCW 31.04.027(1)(b)¹ and WAC 208-
13 620-550(6)² for negligently making any false statement and/or willfully making any omission of
14 material fact in connection with any application or any information filed by Respondent in
15 connection with any application.

16 **2.2 Requirement to Notify Department of Significant Developments.** Based on the Factual
17 Allegations set forth in Section I, Respondent is in apparent violation of RCW 31.04.027(1)(b) and
18 WAC 208-620-490(2)(f) for failing to amend Respondent's NMLS record within ten days of a
19 change in response to a disclosure question within NMLS.

20 **2.3 Requirement to Demonstrate Character and General Fitness.** Based on the Factual
21 Allegations set forth in Section I, Respondent fails to meet the requirements of RCW 31.04.247(1)(e)
22 and WAC 208-620-710(4)(a) by failing to demonstrate character and general fitness such as to
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24 ¹ RCW 31.04.027(2) (2013, 2015, and 2017).

² WAC 208-620-550(5) (2013).

1 command the confidence of the community and to warrant a belief that Respondent will conduct
2 business honestly, and fairly within the purposes of the Act.

3 **III. AUTHORITY TO IMPOSE SANCTIONS**

4 **3.1 Authority to Revoke Mortgage Loan Originator License.** Pursuant to RCW
5 31.04.093(3)(b), the Director may revoke a license if the licensee knowingly or without the exercise
6 of due care, violates any provision of the Act or rule adopted under the Act.

7 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 31.04.093(6)(e), the Director may
8 issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,
9 employee, mortgage loan originator, or any other person subject to the Act for a violation of RCW
10 31.04.027.

11 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose finds of
12 up to \$100.00 per day, per violation, upon the licensee, its employee or loan originator, or any other
13 person subject to the Act for any violation of the Act or failure to comply with any order or subpoena
14 issued by the Director under the Act.

15 **3.4 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3), WAC 208-620-
16 590, and WAC 208-620-610(7), every licensee examined or investigated by the Director or the
17 Director's designee shall pay for the cost of the examination or investigation, calculated at the rate of
18 \$69.01 per staff hour devoted to the examination or investigation, and shall pay travel costs if the
19 licensee maintains its records outside the state.

20 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
21 may recover the state's costs and expenses for prosecuting violations of the Act.

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1 **IV. NOTICE OF INTENT TO ENTER ORDER**

2 Respondent’s violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
3 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
4 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
5 31.04.205, and RCW 31.04.247. Therefore, it is the Director’s intent to ORDER that:

- 6 **4.1** Respondent Cristobal Lara Garcia’s license to conduct the business of a mortgage loan
7 originator be revoked.
- 8 **4.2** Respondent Cristobal Lara Garcia be permanently prohibited from participation in the
9 conduct of the affairs of any consumer loan company subject to licensure by the
10 Director in any manner.
- 11 **4.3** Respondent Cristobal Lara Garcia pay a fine. As of the date of this Statement of
12 Charges, the fine totals \$15,000.00.
- 13 **4.4** Respondent Cristobal Lara Garcia pay an investigation fee. As of the date of this
14 Statement of Charges, the investigation fee totals \$793.62.
- 15 **4.5** Respondent Cristobal Lara Garcia pay the Department’s costs and expenses for
16 prosecuting violations of the Act in an amount to be determined at hearing or by
17 declaration with supporting documentation in event of default by Respondent.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Revoke License, Prohibit
3 from Industry, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement
4 of Charges) is issued pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW
5 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW, the
6 Administrative Procedure Act. Respondent may make a written request for a hearing as set forth in
7 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
8 accompanying this Statement of Charges.

9 Dated this 6th day of April, 2021.

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11 /s/
12 LUCINDA FAZIO, Director Division
13 of Consumer Services Department of
14 Financial Institutions

15 Presented by:

16 /s/
17 JEANJU CHOI
18 Financial Legal Examiner

19 Approved by:

20 /s/
21 STEVEN C. SHERMAN
22 Enforcement Chief