

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Revocation of the Mortgage
3 Broker License of:

No. 08F-BD010-BNK

CONSENT ORDER

4 **ALLEGRO FINANCIAL CORPORATION**
5 **AND JORGE A. SUAREZ, PRESIDENT**
6 **AND CEO**

7 3131 N. 35th Avenue, Suite K
8 Phoenix, AZ 85017

9 Respondents.

10 On August 21, 2007, the Arizona Department of Financial Institutions (“Department”) issued
11 a Notice of Hearing alleging that Respondents had violated Arizona law. Wishing to resolve this
12 matter in lieu of an administrative hearing, Respondents do not contest the following Findings of
13 Fact and Conclusions of Law, and consent to the entry of the following Order.

14 FINDINGS OF FACT

15 1. Respondent Allegro Financial Corporation (“Allegro”) is an Arizona corporation,
16 authorized to transact business in Arizona as a mortgage broker, license number MB 0905950,
17 within the meaning of A.R.S. § 6-901, *et seq.*. The nature of Allegro’s business is that of making,
18 negotiating, or offering to make or negotiate a loans secured by Arizona real property within the
19 meaning of A.R.S. § 6-901(6).

20 2. Respondent Jorge A. Suarez (“Mr. Suarez”) is the President and CEO of Allegro. Mr.
21 Suarez is authorized to transact business in Arizona as a mortgage broker within the meaning of
22 A.R.S. § 6-903(E).

23 3. A February 6, 2007 through March 1, 2007 examination of Allegro, conducted by the
24 Department, revealed that Allegro and Mr. Suarez:

- 25 a. Failed to use their name and license number, as issued on their principal place of
26 business license, within the text of all regulated advertising or business solicitations;
specifically:

- i. *"Quieres comprar o refinanciar tu casa?"* – an incorrect mortgage broker license number "MBBR0110797" is used on the ad. This must be corrected to read MB 0905950;
- ii. *"The House of Your Dreams... We Can Help You!"* – joint ad with Allegro Financial and Grand Canyon Title Agency, Inc.;
- iii. *"The House of Your Dreams... We Can Help You!"* – an incorrect mortgage broker license number "MBBR# 0905950" is used on the ad. This must be corrected to read MB 0905950; and
- iv. *"La Casa De Sus Suenos Nosotros Podemos Ayudarle"* – an incorrect mortgage broker license number "MBBR#0905950" is used on the ad. This must be corrected to read MB 0905950.

b. Failed to maintain a sample of every piece of advertising relating to Allegro's mortgage business in Arizona, specifically:

- i. The Licensee's advertising file failed to include samples at least twenty five (25) advertisements it placed with at least eight (8) publications from on or about September 2005 through July 2006.;

c. Failed to conduct the minimum elements of reasonable employee investigations before hiring employees, specifically:

- i. Failed to obtain a completed "I9" (Employment Eligibility Verification Form) before hiring twenty two (22) employees;
- ii. Failed to obtain a signed statement attesting to all of an applicant's felony convictions, including information regarding each conviction for thirty three (33) employees;
- iii. Failed to consult with the applicant's most recent or next most recent employer for seventeen (17) employees;
- iv. Failed to inquire regarding an applicant's qualifications and competence for

- 1 the position for twenty nine (29) employees;
- 2 v. Failed to conduct further investigation of two (2) employees with derogatory
- 3 credit reports; and
- 4 vi. Failed to maintain a personnel file for at least one (1) employee;
- 5 d. Failed to reconcile and update on a monthly basis all records having more than ten
- 6 (10) transactions in a calendar quarter, specifically:
- 7 i. Failed to monitor or maintain sufficient balances in Allegro's bank accounts
- 8 as evidenced by overdrafts on at least fourteen (14) occasions in at least nine
- 9 (9) of its bank accounts from on or about August 2005 through December
- 10 2006; and
- 11 ii. Failed to correctly reconcile November 2006 bank account statements at two
- 12 branches, specifically:
- 13 1. The branch located at 1315 S. Morris Street, Mesa, AZ 85210, showed a
- 14 negative balance of eight hundred eight dollars and nineteen cents (-
- 15 \$808.19); and
- 16 2. The branch located at 2150 S. Country Club Dr., Suite 36, Mesa, AZ
- 17 85210, showed a negative balance of twenty eight thousand two hundred
- 18 three dollars and thirty three cents (-28,203.33);
- 19 e. Allowed borrowers to sign regulated documents containing blank spaces, specifically:
- 20 i. Twenty five (25) authorization to complete blank spaces disclosures did not
- 21 specifically identify the blank spaces to be completed;
- 22 ii. Seven (7) truth in lending disclosures were signed in blank;
- 23 iii. Nine (9) good faith estimates were signed in blank; and
- 24 iv. Three (3) gift letters were signed in blank;
- 25 f. Failed to comply with the disclosure requirements of Title I of the Consumer Credit
- 26 Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement

1 Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated
2 under these acts, specifically:

- 3 i. The servicing transfer disclosure was missing for one (1) borrower;
- 4 ii. The initial good faith estimate was untimely for two (2) borrowers;
- 5 iii. The initial truth in lending disclosure was untimely for two (2) borrowers; and
- 6 iv. The servicing transfer disclosure was untimely for one (1) borrower;
- 7 g. Misrepresented or concealed an essential or material fact in the course of the
8 mortgage broker business, specifically:

- 9 i. Failed to accurately disclose the annual percentage rate (“APR”), by failing to
10 include the cost of the loan in the APR calculation, in the initial truth in
11 lending disclosure statements for twelve (12) borrowers, thereby misleading
12 borrowers as to the terms and conditions of mortgage loans; and
- 13 ii. Concealed material facts and made misrepresentations to lenders regarding at
14 least four (4) borrowers; specifically:

15 1. Loan transactions regarding borrower Laura P. Saenz:

- 16 a. Enrique Chavez (“Mr. Chavez”) is the branch manager and Laura P.
17 Saenz (“Ms. Saenz”) (hire date 4/21/06) is a loan officer at the
18 Allegro branch located at 2601 E. Bell Road, #6, Phoenix, Arizona.
19 Ms. Saenz is the sister of Mr. Chavez;
- 20 b. On October 13, 2006, Ms. Saenz submitted a loan application to
21 Allegro for the purchase of a home (8473 E. Cactus Wren Circle,
22 Scottsdale, AZ 85262) which she indicates will be her primary
23 residence, and lists her present residence as a rental property;
- 24 c. On October 13, 2006, Ms. Saenz also submitted a loan application to
25 Allegro for the purpose of refinancing her present home (35453 N.
26 Canyon Creek Circle, Carefree, AZ 85377) which she also attested to

1 being her principal residence;

2 d. The loan log shows Mr. Chavez as the loan officer for the two loans;

3 e. The loans were submitted and approved by two different lenders,
4 both of which received information that the loan was for the
5 borrower's principal residence;

6 f. One of the files contains an October 25, 2006 letter signed by Ms.
7 Saenz which states: ". . . I would like to explain that I do not work
8 for Allegro Financial, the only thing I can think of for Allegro
9 coming up on my credit report as my employment would be because
10 I am always doing business with them. . .";

11 g. The handwritten application lists her employer as Ganadero's Boots,
12 located at 2601 E. Bell Road, #12, Phoenix, AZ 85032; and

13 h. The loans obtained by Ms. Saenz resulted in the concealment of
14 material facts and misrepresentations to the lenders, and the
15 borrower/loan officer may have received more favorable interest
16 rates because of this action;

17 2. Loan transactions regarding borrower Nubia Santos:

18 a. Nubia Santos ("Ms. Santos") is a loan officer at the Allegro branch
19 located at 875 N. 51st Avenue #120, Glendale, Arizona (hire date
20 8/8/05);

21 b. On January 11, 2006, Nubia Santos ("Ms. Santos") applied for a
22 \$171,000.00 mortgage loan (#0612594012) from Allegro, for the
23 purpose of refinancing a primary residence located at 5602 W.
24 Granada, Phoenix, AZ 85035;

25 c. Loan #0612594012 was funded on February 8, 2006;

26 d. The loan application listed Ms. Santos' employment as a sales rep.

1 for the past five years at All About Sunscreens, located in Phoenix,
2 Arizona, earning \$6,000.00 a month, gross wages;

3 e. On January 18, 2006, Ms. Santos applied for a \$268,900.00 mortgage
4 loan (#0612627012) for the purchase of a primary residence located
5 at 1714 S. 116th Lane, Avondale, AZ 85323;

6 f. Loan #0612627012 was funded on February 15, 2006;

7 g. Ms. Santos listed the same employment and income information as
8 on the previous application;

9 h. The loans were submitted and approved by two different lenders,
10 both of which received information that the loan was for the
11 borrower's principal residence;

12 i. The two loans were both originated at the same Allegro branch office
13 location at 875 N. 51st Avenue, #120, Glendale, AZ; and

14 j. The loans obtained by Ms. Santos resulted in the concealment of
15 material facts and misrepresentations to the lenders, and the borrower
16 may have received more favorable interest rates because of this
17 action;

18 3. Loan transactions regarding borrower Angel Salinas, as described by the
19 Department examiner's report for consumer complaint #4010620::

20 a. "On or about June 16, 2006, the Department received a complaint
21 from Angel Salinas ["Mr. Salinas"] stating that Lorena Palazzolo, an
22 employee and loan officer for Allegro did not explain the documents,
23 terms, and penalties of the loan he obtained;

24 b. In their response (dated 6/22/06), the Respondents claimed, among
25 other things, that while Ms. Palazzolo processed a loan application
26 for Mr. Salinas, she also provided Mr. Salinas with a personal loan in

1 the amount of \$3,500.00. Ms. Palazzolo also claimed that this
2 personal loan included provisions for repayment, as well as Ms.
3 Palazzolo's right to collect from Ms. Salinas and 'put a lien on his
4 house if he defaulted in order to recover my money.' Ms. Palazzolo
5 also claimed that Mr. Salinas agreed to sign the personal loan
6 documents 'out of his free will,' had his wife present at the signing
7 for the Note and Deed of Trust, and had a notary who was bi-lingual
8 explain the terms of the default to Mr. Salinas. Ms. Palazzolo, who
9 is also bi-lingual, claimed that she also explained the documents to
10 Mr. Salinas and he understood the documents when he signed them.;

- 11 c. On September 19, 2006, [the Examiner] requested all supporting loan
12 documentation regarding Mr. Salina's transaction;
- 13 d. On September 25, 2006, the Department received Mr. Salinas' loan
14 file from Allegro;
- 15 e. Upon review of Mr. Salinas' Uniform Residential Loan Application
16 dated February 15, 2005, the Department finds that the \$3,500.00
17 personal loan that Mr. Salinas received from Ms. Palazzolo was not
18 disclosed as a liability;
- 19 f. The new loan was not disclosed on the Final HUD-1;
- 20 g. In Ms. Palazzolo's response to the Department, Ms. Palazzolo
21 provided documentation and evidence that supports the fact that she
22 knowingly processed a loan application that contained
23 misrepresentations or concealed an essential or material fact in the
24 course of a business transaction; and
- 25 h. In Ms. Palazzolo's response to the Department, Ms. Palazzolo
26 provided documentation and evidence that supports the fact that she

1 knowingly engaged in illegal or improper business practices.”

2 4. Loan transactions regarding borrower Salvador Perez:

- 3 a. Vivianne Murillo (“Ms. Murillo”) is the branch manager and Rosy
4 Moreida (“Ms. Moreida”) (hire date 9/18/06) is a loan officer
5 employed at the Allegro branch located at 2330 N. Tucson Blvd.,
6 #100, Tucson, Arizona. Salvador Perez (“Mr. Perez”) is the husband
7 of Ms. Moreida;
- 8 b. On September 19, 2006, Mr. Perez applied for a \$216,000.00
9 mortgage loan (#0614063018) from Allegro for the purchase of a
10 primary residence located at 357 W. Vuelta Friso, Sahuarita, AZ
11 85629;
- 12 c. The loan application for this loan shows Mr. Perez’ current residence
13 at 10337 North Mineral Spring Lane, Tucson, AZ 85737, and an
14 income of \$6,650.00 per month from Magana Transport;
- 15 d. The loan log shows Ms. Murillo as the loan officer for this loan
16 application, and lists a funding date of December 18, 2006;
- 17 e. On December 1, 2006, prior to the funding of loan #0614063018,
18 Mr. Perez applied for a \$195,000.00 loan (#061440018) from Allegro
19 to refinance his primary residence located at 10337 North Mineral
20 Spring Lane, Tucson, AZ 85737;
- 21 f. The funding date for loan #061440018 was January 31, 2007, even
22 though the Tucson home was not longer his primary residence, as
23 evidenced by loan #0614063018 (Sahuarita home purchase);
- 24 g. The loan log shows Ms. Moreida as the loan officer;
- 25 h. The loan file shows a quit claim deed signed by Ms. Moreida, wife of
26 Mr. Perez;

- 1 i. The two loans were submitted and approved by two different lenders
2 both of which received information that the loan was for the
3 borrower's primary residence; and
4 j. The loans obtained by Mr. Perez resulted in the concealment of
5 material facts and misrepresentations to the lenders, and the borrower
6 may have received more favorable interest rates because of this
7 action;

- 8 h. Failed to notify the Superintendent that Allegro maintains branch office records at
9 two storage facilities, located at 3026 S. Country Club Dr., Mesa, AZ 85210 and at
10 3201 W. Thomas Road, Phoenix, AZ 85017.

11 **CONCLUSIONS OF LAW**

12 1. Pursuant to A.R.S. §§ 6-901, *et seq.*, the Superintendent has the authority and duty to
13 regulate all persons engaged in the mortgage broker business and with the enforcement of statutes,
14 rules, and regulations relating to mortgage brokers.

15 2. By the conduct set forth in the Findings of Fact, Allegro and Mr. Suarez violated the
16 following:

- 17 a. A.R.S. §§ 6-903(M) and 6-906(D) by failing to use their name and license number, as
18 issued on their principal place of business license, within the text of all regulated
19 advertising or business solicitations;
20 b. A.A.C. R20-4-917(B)(7) by failing to maintain a sample of every piece of advertising
21 relating to Allegro's mortgage business in Arizona;
22 c. A.R.S. § 6-903(N) and A.A.C. R20-4-102 by failing to conduct the minimum
23 elements of reasonable employee investigations before hiring employees;
24 d. A.A.C. R20-4-917(C) by failing to reconcile and update on a monthly basis all
25 records having more than ten (10) transactions in a calendar quarter;
26 e. A.R.S. § 6-909(A) and A.A.C. R20-4-921 by allowing borrowers to sign regulated

1 documents containing blank spaces;

- 2 f. A.R.S. § 6-906(D) and A.A.C. R20-4-917(B)(6)(e) by failing to comply with the
3 disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C.
4 §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C.
5 §§ 2601 through 2617), and the regulations promulgated under these acts;
- 6 g. A.R.S. § 6-909(L) by misrepresenting or concealing an essential or material fact in
7 the course of the mortgage broker business; and
- 8 h. A.R.S. § 6-906(A) by failing to notify the Superintendent that Allegro maintains
9 branch office records at two storage facilities, located at 3026 S. Country Club Dr.,
10 Mesa, AZ 85210 and at 3201 W. Thomas Road, Phoenix, AZ 85017.

11 3. The violations of applicable laws, set forth above, constitute grounds to suspend or
12 revoke Allegro's and Mr. Suarez's mortgage broker license, number MB 0905950, pursuant to
13 A.R.S. § 6-905(A).

14 4. Respondents misrepresented or concealed an essential or material fact in the course of
15 the mortgage broker business by concealing material facts and making misrepresentations to lenders
16 regarding at least four (4) borrowers, which is grounds for suspension or license revocation pursuant
17 to A.R.S. § 6-905(A)(3)

18 5. The violations, set forth above, constitute grounds for the pursuit of any other remedy
19 necessary or proper for the enforcement of statutes and rules regulating mortgage brokers in Arizona
20 pursuant to A.R.S. §§ 6-123 and 6-131.

21 6. Pursuant to A.R.S. § 6-132, Respondents' violations of the aforementioned statutes
22 are grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation
23 for each day.

24 **ORDER**

- 25 1. Respondents' Mortgage Broker License is hereby revoked.
- 26 2. Respondents shall provide the Superintendent, upon execution of this Consent Order,

1 with the names of the individuals and/or company names and the addresses of any mortgage broker
2 business operating at any of Respondents' former branch locations.


3 3. Respondents shall pay restitution in the amount of **one thousand dollars (\$1,000.00)** to
4 **Angel Salinas**. This payment shall be made by check or money order, made payable to Angel
5 Salinas, and shall be delivered to the Department upon execution of this Consent Order.

6 4. The provisions of this Order shall be binding upon Respondents, and resolves the Notice
7 of Hearing, subject to Respondents' compliance with the requirements of this Order. Should
8 Respondents fail to comply with this order the Superintendent shall initiate a proceeding to revoke
9 Respondents' license.

10 5. The provisions of this Order shall be binding upon Allegro and Mr. Suarez, their
11 employees, agents, and other persons participating in the conduct of the affairs of Allegro.

12 6. This Order shall become effective upon service, and shall remain effective and
13 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
14 or set aside.

15 SO ORDERED this 4th day of October, 2007.

17 
18 _____
19 Felecia A. Rotellini
20 Superintendent of Financial Institutions

21 **CONSENT TO ENTRY OF ORDER**

22 1. Respondents acknowledge that they have been served with a copy of the foregoing
23 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
24 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

25 2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of
26 the foregoing Findings of Fact, Conclusions of Law, and Order.

3. Respondents state that no promise of any kind or nature has been made to induce

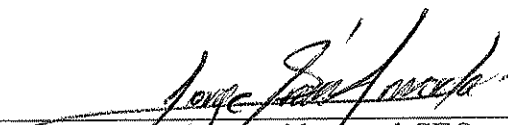
1 them to consent to the entry of this Order, and that they have done so voluntarily.

2 4. Respondents acknowledge that the acceptance of this Agreement by the
3 Superintendent is solely to settle this matter and does not preclude this Department, any other agency
4 or officer of this state or subdivision thereof from instituting other proceedings as may be
5 appropriate now or in the future.

6 5. Jorge A. Suarez, on behalf of Allegro Financial Corporation and himself, represents
7 that he is the President and CEO, and that, as such, has been authorized by Allegro Financial
8 Corporation to consent to the entry of this Order on its behalf.

9 6. Respondents waive all rights to seek judicial review or otherwise to challenge or
10 contest the validity of this Cease and Desist Order.

11 DATED this 01 day of October, 2007.

12
13 By 
14 Jorge A. Suarez, President and CEO
Allegro Financial Corporation

15
16
17 ORIGINAL of the foregoing filed this 04
18 day of October, 2007, in the office of:

19 Felecia A. Rotellini
20 Superintendent of Financial Institutions
21 Arizona Department of Financial Institutions
22 ATTN: Susan Ross
23 2910 N. 44th Street, Suite 310
24 Phoenix, AZ 85018

25 COPY mailed/delivered same date to:

26 Hon. Lewis D. Kowal
Administrative Law Judge
Office of the Administrative Hearings
1400 West Washington, Suite 101
Phoenix, AZ 85007

1 Erin O. Gallagher
Assistant Attorney General
2 Office of the Attorney General
1275 West Washington
3 Phoenix, AZ 85007

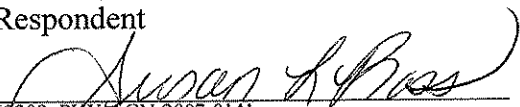
4 Robert D. Charlton, Assistant Superintendent
Gabriela Macias, Senior Examiner
5 Lori Mann, Senior Examiner
Arizona Department of Financial Institutions
6 2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

7
8 AND COPY MAILED SAME DATE by
Certified Mail, Return Receipt Requested, to:

9 Jorge A. Suarez, President and CEO
Allegro Financial Corporation
10 3131 N. 35th Avenue, Suite K
Phoenix, AZ 85017
11 Respondents

12 Jorge Antonio Suarez
Statutory Agent for:
13 Allegro Financial Corporation
3131 N. 35th Avenue, Suite K
14 Phoenix, AZ 85017

15 Jorge Antonio Suarez
16 1806 E. Redfield Road
Phoenix, AZ 85022
17 Respondent

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63209; PHX-AGN-2007-0141

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Arizona Department of Financial Institutions No. **115141**

Date Received **10-1-07** Received from **Allegro Financial Corporation**

As payment for the following statutory fees: Cash Check No. **4294**

<u>NEW</u> <u>RENEWAL</u>	<u>FEE TYPE</u>	<u>AMT. PAID</u>	<u>CO. TYPE</u>
<input type="checkbox"/>	Application Fee - H.O.	\$ _____	ALB <input type="checkbox"/> Advanced Fee Loan Broker
<input type="checkbox"/>	Application Fee - BR/AD. (x _____)	\$ _____	BA <input type="checkbox"/> Bank
<input type="checkbox"/>	License Fee - H.O.	\$ _____	CA <input type="checkbox"/> Collection Agency
<input type="checkbox"/>	License Fee - BR/AD. (x _____)	\$ _____	CBK <input type="checkbox"/> Commercial Mortgage Banker
<input type="checkbox"/>	Fingerprint Fee (x \$29)	\$ _____	CL <input type="checkbox"/> Consumer Lender
	Examination/Annual Assessment	\$ _____	CU <input type="checkbox"/> Credit Union
	Name/Address Change/Dup. License	\$ _____	DM <input type="checkbox"/> Debt Management
	RJ/AM Change	\$ _____	DPC <input type="checkbox"/> Deferred Presentation Company
	Travel Reimbursement	\$ _____	EA <input type="checkbox"/> Escrow Agent
	Test Fee	\$ _____	MT <input type="checkbox"/> Money Transmitter
	Penalties		BK <input type="checkbox"/> Mortgage Banker
<input type="checkbox"/>	Late - Exam	\$ _____	MB <input checked="" type="checkbox"/> Mortgage Broker
<input type="checkbox"/>	Late - Renewal	\$ _____	MVD <input type="checkbox"/> Motor Vehicle Dealer
<input type="checkbox"/>	Rate Deviation / Other	\$ _____	PF <input type="checkbox"/> Premium Finance Company
<input checked="" type="checkbox"/>	Civil Money	\$ 1000.00	PN <input type="checkbox"/> Pre-Need Funeral Trust
	Quarterly Payments		SF <input type="checkbox"/> Sales Finance Company
<input type="checkbox"/>	Escrow - Real Property	\$ _____	TC <input type="checkbox"/> Trust Company
<input type="checkbox"/>	Escrow - Other	\$ _____	TDB <input type="checkbox"/> Trust Department (Banks)
	OTHER _____	\$ _____	<input type="checkbox"/> OTHER
	TOTAL PAID	\$ 1000.00	

Received in Accounting: _____
 Received By: **P. Gomezales**
 2nd Initials for CASH: _____

ALLEGRO FINANCIAL CORPORATION
PAYROLL & TAXES
602-442-7002
3131 N. 35TH AVE. STE. K
PHOENIX, AZ 85017-5261

12-03

Bank of America
ACH R/T 122101706

4294

91-170/1221 AZ
6198

10-1-07

PAY TO THE
ORDER OF

Angel Salinas

\$ *1,000⁰⁰*

one Thousand 00/100

DOLLARS

MEMO

Complaint Angel Salinas #7100

George J. [Signature]

⑈004294⑈ ⑆122101706⑆ 004654872423⑈

ALLEGRO FINANCIAL CORPORATION

4294

Att. Susan Ross
no no no

RECEIVED

OCT 01 2007

DEPT. OF FINANCIAL
INSTITUTIONS

ALLEGRO FINANCIAL CORPORATION

4294

