

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

| | | |
|--|---|---------------------|
| _____ |) | |
| Proceedings by the Commissioner of Banking |) | ORDER TO SHOW CAUSE |
| and Insurance, State of New Jersey, to fine, |) | |
| suspend and/or revoke the mortgage loan |) | |
| originator license of Mario Fermin Zavala, |) | |
| NMLS Id. 260931. |) | |
| _____ |) | |

TO: Mario Fermin Zavala
431 Fulton Street
Elizabeth, New Jersey 07206

THIS MATTER having been opened by the Commissioner of the New Jersey Department of Banking and Insurance (“Commissioner”), upon information that Mario Zavala (“Respondent”), may have violated various provisions of the New Jersey Residential Mortgage Lending Act, N.J.S.A. 17:11C-51 to -89 (“Act”); and

WHEREAS, Respondent is currently licensed with the Department of Banking and Insurance as a mortgage loan originator, pursuant to N.J.S.A. 17:11C-54(c)(1)(a); and

WHEREAS, Respondent is subject to the provisions of the Act; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(a)(3)(a), the Commissioner may revoke or suspend the license of a mortgage loan originator, or impose a penalty, if the Commissioner finds that the licensee has violated any of the provisions of the Act or any order, rule or regulation made or issued pursuant to the Act; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(a)(3)(f), the Commissioner may revoke or suspend the license of a mortgage loan originator, or impose a penalty, if the Commissioner finds

that the licensee has demonstrated unworthiness, incompetence, bad faith or dishonesty in the transaction of business as a licensee; or; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(a)(3)(g), the Commissioner may revoke or suspend the license of a mortgage loan originator, or impose a penalty, if the Commissioner finds that the licensee engaged in any other conduct which would be deemed by the Commissioner to be the cause for denial, revocation, suspension, or refusal of the license or license renewal; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(b)(4), the Commissioner may impose a civil penalty not exceeding \$25,000.00 on any person for a violation of the Act; and

WHEREAS, pursuant to N.J.S.A. 17:11C-75(b), no mortgage loan originator shall engage in any unfair or deceptive practice toward any person, or directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers, lenders, or any other person, including any action to misrepresent, circumvent, or conceal the nature of any information or material particular of any transaction, or to obtain the real property that is, or intended to be, the security for the loan; and

COUNT 1

IT APPEARING that from July 2016 to May 2018, Respondent was employed as a mortgage loan originator at 1st Constitutional Bank; and

IT FURTHER APPEARING that sometime before May 2, 2018, Respondent applied for a personal mortgage loan with 1st Constitutional Bank to close on a house located at 431 Fulton Street, Elizabeth, New Jersey 07206; and

IT FURTHER APPEARING that in support of his mortgage application, Respondent fabricated several bank statements as follows – (1) he altered a bank statement belonging to his wife to make it appear as if he was a joint owner of that bank account; and (2) he altered the beginning and ending balances on two separate bank statements; and

IT FURTHER APPEARING that after fabricating the bank statements, Respondent submitted them to 1st Constitutional Bank; and

IT FURTHER APPEARING that on May 2, 2018, Respondent closed on this house transaction; and

IT FURTHER APPEARING that on May 16, 2018, 1st Constitutional Bank discovered that Respondent fabricated the bank statements in support of his mortgage application; and

IT FURTHER APPEARING that upon the discovery, 1st Constitutional Bank terminated Respondent's employment; and

IT FURTHER APPEARING that by fabricating documents in support of his mortgage application and by submitting these fabricated documents to the mortgage lender, Respondent demonstrated unworthiness, incompetence, bad faith or dishonesty, in violation of N.J.S.A. 17:11C-70(a)(3)(f), and engaged in an unfair and deceptive practice, in violation of N.J.S.A. 17:11C-75(b); and

NOW, THEREFORE, IT IS on this 25 day of May 2022,

ORDERED that Respondent appear and show cause why his mortgage loan originator license should not be revoked, pursuant N.J.S.A. 17:11C-70(a)(3)(a), (a)(3)(f) and (a)(3)(g); and

IT IS FURTHER ORDERED that Respondent appear and show cause why the Commissioner should not assess a civil penalty of not more than \$25,000.00 for each violation of the Act, pursuant to N.J.S.A. 17:11C-70(b)(4); and

IT IS FURTHER ORDERED that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at its own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued, and to present evidence or argument if a hearing is requested; and

IT IS FURTHER ORDERED that unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by emailing the request to Paulette Sibblies-Flagg at paulette.sibblies-flagg@dobi.nj.gov and mailing a copy to Paulette Sibblies-Flagg, OCF Investigations Unit, Department of Banking and Insurance, P.O. Box 040, Trenton, New Jersey 08625. A copy of the request for a hearing shall also be emailed to Deputy Attorney General Garen Gazaryan at garen.gazaryan@law.njoag.gov and a copy mailed to P.O. Box 117, Trenton, New Jersey 08625. The request shall contain the following:

- A. Respondent's full name, address, and daytime telephone number;
- B. A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- C. A specific admission or denial of each fact alleged in this Order to Show Cause. Where Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- D. A statement requesting a hearing.



Marlene Caride
Commissioner