ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

Felecia A. Rotellini
Superintendent of Financial Institutions

Janet Napolitano
Governor

October 4, 2007

Mr. Jorge A. Suarez
President and CEO
Allegro Financial Corporation
1806 E. Redfield Road
Phoenix, AZ 85022

Reference: Docket # 08F-BD010-BNK / Allegro Financial Corporation

Dear Mr. Suarez:

Enclosed is the executed **Consent Order** for Allegro Financial Corporation. We have received the $1,000.00 payment to complainant Angel Salinas, as well as the names and addresses of the companies that continue to transact mortgage broker business from any former Allegro Financial branch location.

Please contact Erin Gallagher, Assistant Attorney General (602) 542-8935, with any questions.

Sincerely,

Bruce Tuell

Bruce Tuell
Deputy Superintendent

BT:slr

Enclosure

2910 North 44th Street • Suite 310 • Phoenix, Arizona 85018
Telephone: (602) 255-4421 • Facsimile: (602) 381-1225

ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Revocation of the Mortgage Broker License of: **ALLEGRO FINANCIAL CORPORATION AND JORGE A. SUAREZ, PRESIDENT AND CEO** 3131 N. 35th Avenue, Suite K Phoenix, AZ 85017 Respondents.	No. 08F-BD010-BNK **CONSENT ORDER**

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

FINDINGS OF FACT

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

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

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

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

i. *"Quieres comprar o refinancier 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

the position for twenty nine (29) employees;

v. Failed to conduct further investigation of two (2) employees with derogatory credit reports; and

vi. Failed to maintain a personnel file for at least one (1) employee;

d. Failed to reconcile and update on a monthly basis all records having more than ten (10) transactions in a calendar quarter, specifically:

i. Failed to monitor or maintain sufficient balances in Allegro's bank accounts as evidenced by overdrafts on at least fourteen (14) occasions in at least nine (9) of its bank accounts from on or about August 2005 through December 2006; and

ii. Failed to correctly reconcile November 2006 bank account statements at two branches, specifically:

1. The branch located at 1315 S. Morris Street, Mesa, AZ 85210, showed a negative balance of eight hundred eight dollars and nineteen cents (-$808.19); and

2. The branch located at 2150 S. Country Club Dr., Suite 36, Mesa, AZ 85210, showed a negative balance of twenty eight thousand two hundred three dollars and thirty three cents (-28,203.33);

e. Allowed borrowers to sign regulated documents containing blank spaces, specifically:

i. Twenty five (25) authorization to complete blank spaces disclosures did not specifically identify the blank spaces to be completed;

ii. Seven (7) truth in lending disclosures were signed in blank;

iii. Nine (9) good faith estimates were signed in blank; and

iv. Three (3) gift letters were signed in blank;

f. Failed to comply with the disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement

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

i. The servicing transfer disclosure was missing for one (1) borrower;

ii. The initial good faith estimate was untimely for two (2) borrowers;

iii. The initial truth in lending disclosure was untimely for two (2) borrowers; and

iv. The servicing transfer disclosure was untimely for one (1) borrower;

g. Misrepresented or concealed an essential or material fact in the course of the mortgage broker business, specifically:

i. Failed to accurately disclose the annual percentage rate ("APR"), by failing to include the cost of the loan in the APR calculation, in the initial truth in lending disclosure statements for twelve (12) borrowers, thereby misleading borrowers as to the terms and conditions of mortgage loans; and

ii. Concealed material facts and made misrepresentations to lenders regarding at least four (4) borrowers; specifically:

1. Loan transactions regarding borrower Laura P. Saenz:

a. Enrique Chavez ("Mr. Chavez") is the branch manager and Laura P. Saenz ("Ms. Saenz") (hire date 4/21/06) is a loan officer at the Allegro branch located at 2601 E. Bell Road, #6, Phoenix, Arizona. Ms. Saenz is the sister of Mr. Chavez;

b. On October 13, 2006, Ms. Saenz submitted a loan application to Allegro for the purchase of a home (8473 E. Cactus Wren Circle, Scottsdale, AZ 85262) which she indicates will be her primary residence, and lists her present residence as a rental property;

c. On October 13, 2006, Ms. Saenz also submitted a loan application to Allegro for the purpose of refinancing her present home (35453 N. Canyon Creek Circle, Carefree, AZ 85377) which she also attested to

being her principal residence;

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

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

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

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

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

2. Loan transactions regarding borrower Nubia Santos:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. On September 19, 2006, [the Examiner] requested all supporting loan documentation regarding Mr. Salina's transaction;

d. On September 25, 2006, the Department received Mr. Salinas' loan file from Allegro;

e. Upon review of Mr. Salinas' Uniform Residential Loan Application dated February 15, 2005, the Department finds that the $3,500.00 personal loan that Mr. Salinas received from Ms. Palazzolo was not disclosed as a liability;

f. The new loan was not disclosed on the Final HUD-1;

g. In Ms. Palazzolo's response to the Department, Ms. Palazzolo provided documentation and evidence that supports the fact that she knowingly processed a loan application that contained misrepresentations or concealed an essential or material fact in the course of a business transaction; and

h. In Ms. Palazzolo's response to the Department, Ms. Palazzolo provided documentation and evidence that supports the fact that she

knowingly engaged in illegal or improper business practices."

4. Loan transactions regarding borrower Salvador Perez:

   a. Vivianne Murillo ("Ms. Murillo") is the branch manager and Rosy Moreida ("Ms. Moreida") (hire date 9/18/06) is a loan officer employed at the Allegro branch located at 2330 N. Tucson Blvd., #100, Tucson, Arizona. Salvador Perez ("Mr. Perez") is the husband of Ms. Moreida;

   b. On September 19, 2006, Mr. Perez applied for a $216,000.00 mortgage loan (#0614063018) from Allegro for the purchase of a primary residence located at 357 W. Vuelta Friso, Sahuarita, AZ 85629;

   c. The loan application for this loan shows Mr. Perez' current residence at 10337 North Mineral Spring Lane, Tucson, AZ 85737, and an income of $6,650.00 per month from Magana Transport;

   d. The loan log shows Ms. Murillo as the loan officer for this loan application, and lists a funding date of December 18, 2006;

   e. On December 1, 2006, prior to the funding of loan #0614063018, Mr. Perez applied for a $195,000.00 loan (#061440018) from Allegro to refinance his primary residence located at 10337 North Mineral Spring Lane, Tucson, AZ 85737;

   f. The funding date for loan #061440018 was January 31, 2007, even though the Tucson home was not longer his primary residence, as evidenced by loan #0614063018 (Sahuarita home purchase);

   g. The loan log shows Ms. Moreida as the loan officer;

   h. The loan file shows a quit claim deed signed by Ms. Moreida, wife of Mr. Perez;

i. The two loans were submitted and approved by two different lenders both of which received information that the loan was for the borrower's primary residence; and

j. The loans obtained by Mr. Perez resulted in the concealment of material facts and misrepresentations to the lenders, and the borrower may have received more favorable interest rates because of this action;

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

CONCLUSIONS OF LAW

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

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

a. A.R.S. §§ 6-903(M) and 6-906(D) by failing to use their name and license number, as issued on their principal place of business license, within the text of all regulated advertising or business solicitations;

b. A.A.C. R20-4-917(B)(7) by failing to maintain a sample of every piece of advertising relating to Allegro's mortgage business in Arizona;

c. A.R.S. § 6-903(N) and A.A.C. R20-4-102 by failing to conduct the minimum elements of reasonable employee investigations before hiring employees;

d. A.A.C. R20-4-917(C) by failing to reconcile and update on a monthly basis all records having more than ten (10) transactions in a calendar quarter;

e. A.R.S. § 6-909(A) and A.A.C. R20-4-921 by allowing borrowers to sign regulated

documents containing blank spaces;

f. A.R.S. § 6-906(D) and A.A.C. R20-4-917(B)(6)(e) by failing to comply with the disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated under these acts;

g. A.R.S. § 6-909(L) by misrepresenting or concealing an essential or material fact in the course of the mortgage broker business; and

h. A.R.S. § 6-906(A) by failing to notify the Superintendent that Allegro maintains branch office records at two storage facilities, located at 3026 S. Country Club Dr., Mesa, AZ 85210 and at 3201 W. Thomas Road, Phoenix, AZ 85017.

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

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

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

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

ORDER

1. Respondents' Mortgage Broker License is hereby revoked.

2. Respondents shall provide the Superintendent, upon execution of this Consent Order,

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

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

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

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

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

SO ORDERED this 4th day of October, 2007.

Bruce Ravell FOR
Felecia A. Rotellini
Superintendent of Financial Institutions

CONSENT TO ENTRY OF ORDER

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

2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of 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

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

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

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

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

DATED this 01 day of October, 2007.

By _____
Jorge A. Suarez, President and CEO
Allegro Financial Corporation

ORIGINAL of the foregoing filed this 04 day of October, 2007, in the office of:

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

COPY mailed/delivered same date to:

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

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

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

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

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

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

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

63209; PHX-AGN-2007-0141

Arizona Department of Financial Institutions

№ 115141

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

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

New	*Renewal*	**FEE TYPE**	**AMT. PAID**
☐		Application Fee - H.O.	$
☐		Application Fee - BR/AD. (x ____)	$
☐	☐	License Fee - H.O.	$
☐	☐	License Fee - BR/AD. (x ____)	$
# cards ____		Fingerprint Fee (x $29)	$
		Examination/Annual Assessment	$
		Name/Address Change/Dup. License	$
		RI/AM Change	$
		Travel Reimbursement	$
		Test Fee	$
		Penalties	
		☐ Late - Exam	$
		☐ Late - Renewal	$
		☐ Rate Deviation / Other	$
		☑ Civil Money	$ 1000.00
		Quarterly Payments	
		☐ Escrow - Real Property	$
		☐ Escrow - Other	$
		OTHER _____	$
		TOTAL PAID	$ 1000.00

CO. TYPE		
ALB	☐	Advanced Fee Loan Broker
BA	☐	Bank
CA	☐	Collection Agency
CBK	☐	Commercial Mortgage Banker
CL	☐	Consumer Lender
CU	☐	Credit Union
DM	☐	Debt Management
DPC	☐	Deferred Presentment Company
EA	☐	Escrow Agent
MT	☐	Money Transmitter
BK	☐	Mortgage Banker
MB	☑	Mortgage Broker
MVD	☐	Motor Vehicle Dealer
PF	☐	Premium Finance Company
PN	☐	Pre-Need Funeral Trust
SF	☐	Sales Finance Company
TC	☐	Trust Company
TDB	☐	Trust Department (Banks)
	☐	OTHER

Received in Accounting: _____

Receipted By: P. Gonzales

2nd Initials for CASH: _____

Bank of America
ACH R/T 122101706

4294

91-170/1221 AZ
6198

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

12-03

10-1-07

PAY TO THE ORDER OF Angel Salinas $ 1,000.00

one Thousand dllrs 0/100 DOLLARS

MEMO Complaint Angel Salinas #700

⑈004294⑈ ⑆122101706⑆ 004654872423⑈

ALLEGRO FINANCIAL CORPORATION

4294

Att. Susan Ross -

RECEIVED
OCT 01 2007
DEPT. OF FINANCIAL INSTITUTIONS

ALLEGRO FINANCIAL CORPORATION

4294

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