STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the matter of:
CMG Mortgage, Inc. d/b/a CMG Financial
NMLS #1820

ORDER NO: 17-8-C
ORDER IMPOSING CIVIL PENALTIES AND CONSENT TO ORDER

The Department of Commerce, Community, and Economic Development, Division of Banking and Securities ("Department") has conducted an examination of the business operations of CMG Mortgage, Inc. d/b/a CMG Financial ("Respondent") and has determined that Respondent violated certain provisions of AS 06.60 et seq. ("the Alaska Secure and Fair Enforcement for Mortgage Licensing Act of 2010 – the Alaska SAFE Act").

Respondent agrees that the Department has jurisdiction over it and this matter pursuant to the Alaska SAFE Act.

Respondent wishes to resolve and settle this matter with the Department. As evidenced by the authorized signature on this Order, Respondent consents to the entry of this Order imposing civil penalties based on the Conclusions of Law and Order. Respondent waives its right to hearing under AS 44.62 et seq. (the Alaska Administrative Procedure Act) and the Alaska SAFE Act.

I. FINDINGS OF FACT

1. Respondent is a corporation organized under the laws of the State of California, and has a physical address of 3160 Crow Canyon Road, #400, San Ramon, California 94583.
2. On May 13, 2011, the Department issued an Alaska Mortgage Broker/Lender license (no. AK 1820) to Respondent.

3. Respondent employed Rodrigo Ballon (NMLS #272011)(“Ballon”) as a mortgage loan originator from March 2012 to November 2015. CMG compensated Respondent for originating mortgage loans.

4. On January 31, 2014, California resident J.B. completed a Purchase and Sale Agreement (Agreement) for the purchase of a dwelling in Wasilla, Alaska. The Agreement required J.B. to “make a good faith loan application with CMG Financial (Rodrigo Ballon)(Lender) [sic].” Also that same day, Respondent, through Ballon, issued a Notification of Approval (Notification) to J.B. The Notification informed J.B. that he had been pre-approved for a Department of Veteran Affairs (VA) loan based on a review of his income, assets, and credit scores. Ballon did not pull a credit report for J.B. before issuing the Notification.

5. On February 10, 2014, J.B completed a Uniform Residential Loan Application (Application) in which J.B. applied for a VA loan to purchase the Wasilla dwelling. The same day, Respondent, through Ballon, pulled a credit report for J.B. The credit report revealed that J.B.’s credit score was too low to qualify for the VA loan for which he had applied. As a result, Ballon canceled J.B.’s loan application.

6. Ballon did not have a license to conduct mortgage origination activities in Alaska.

7. Neither Respondent nor Ballon provided written notice to J.B. that J.B.’s loan had been denied.

II. CONCLUSIONS OF LAW

1. Taking a mortgage loan application for a dwelling located in Alaska with the expectation of compensation is work as a “mortgage loan originator” as that term is defined
in AS 06.60.990(23).

2. Respondent violated AS 06.60.159(a) by employing Ballon as a mortgage loan originator when Ballon originated a loan in Alaska without holding an Alaska mortgage loan originator license.

3. Respondent violated AS 06.60.340(8) by assisting Ballon in conducting business in Alaska when he did not have a license to originate loans in Alaska.

4. Respondent violated 3 AAC 14.415 by failing to supervise Mr. Ballon when he originated a loan in Alaska without a license.

5. Respondent is subject to a civil penalty under AS 06.60.100(b) and AS 06.60.420 for violating AS 06.60.159(a), AS 06.60.340(8), and 3 AAC 14.415.

III. ORDER

Pursuant to the Alaska SAFE Act and on the basis of the Findings of Fact, Conclusions of Law and Respondent’s consent to the entry of this Order, the Department ORDERS Respondent to:

1. CEASE and DESIST from allowing employees to originate mortgage loans without an originator license in Alaska;

2. Comply with the Alaska SAFE Act and associated regulations; and

3. Pay a civil penalty in the amount of $4,000,¹ due immediately.

¹ The civil penalty is calculated as follows: $1,000 for violation of AS 06.60.159(a), $500 for violation of AS 06.60.340(8), and $2,500 for violation of AS 3 AAC 14.415.
4. This Order is a publicly disclosable document and is reportable to the NMLS.

IT IS SO ORDERED.

Chris Hladick, Commissioner
Department of Commerce, Community
and Economic Development

___________________

Date

Kevin Anselm, Director
Division of Banking and Securities

March 3, 2017

Consent to Entry of Order

I,___________________, state that I am the ______________________ for
CMG Mortgage, Inc. (“Respondent”); that I am authorized to act on its behalf; that I have
read the foregoing Order; and that I am aware of the right to a hearing and appeal in this
matter, and have waived the same.

Respondent admits to the jurisdiction of the Department of Commerce, Community
and Economic Development, Division of Banking and Securities (“Department”) and further
consents to entry of this Order by the Department as settlement of the issues contained in this

Respondent understands that the Department reserves the right to take further actions
to enforce this Order or to take appropriate action upon discovery of other violations of the
Alaska SAFE Act, and that Respondent will fully comply with the terms and conditions of
this Order, the Alaska SAFE Act and associated regulations.
Respondent enters into this Order voluntarily and understands that this Order is a public
document and is reportable to the NMLS.

2/24/17
Date

/s/ Kim Callas
CMG Mortgage, Inc.

By: Kim Callas
Title: Executive Vice President

SUBSCRIBED AND SWORN TO before me this 24th day of February, 2017 at
San Ramon, CA.

/s/ Sara L. Reed
Notary Public in and for California

Sara L. Reed
Notary Printed Name
My commission expires: 11/13/20

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