

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Unlicensed Activity of:

No. 11F-BD111-SBD

3 **JOHN TOWERS FINANCIAL SERVICES,**
4 **INC. AND JOHN F. URIBE A/K/A JUAN**
5 **FRANCISCO URIBE, OWNER**
268 N. Lincoln Avenue, Suite 13
Corona, CA 92882

**ORDER TO CEASE AND DESIST;
NOTICE OF OPPORTUNITY FOR
HEARING; CONSENT TO ENTRY OF
ORDER**

6 Respondents.

7
8 The Superintendent of Financial Institutions for the State of Arizona (the "Superintendent"),
9 makes the following Findings of Fact and Conclusions of Law and enters the following Order
10 pursuant to Arizona Revised Statutes ("A.R.S.") § 6-137.

11 Pursuant to Titles 6 and 41 of the Arizona Revised Statutes and Title 20, Chapter 4 of the
12 Arizona Administrative Code ("A.A.C."), Respondents are hereby notified that they are entitled to a
13 hearing to contest the allegations set forth in this Order. The Request for Hearing shall be filed with
14 the Arizona Department of Financial Institutions (the "Department") pursuant to A.R.S. § 6-137(D)
15 within **thirty (30) days** of service of this Order and shall identify with specificity the action or order
16 for which review is sought in accordance with A.R.S. § 41-1092.03(B).

17 Pursuant to A.R.S. §§ 41-1092.01(D) and 41-1092.03(B), any person may appear on his or
18 her own behalf or by counsel. If Respondents are represented by counsel, the information required
19 by A.R.S. § 41-1092.03(B) shall be included in the Request for Hearing. Upon the filing of a
20 Request for Hearing, the Department shall issue a Notice of Hearing scheduling the matter for
21 hearing in accordance with A.R.S. § 41-1092.05. **Persons with disabilities may request**
22 **reasonable accommodations such as interpreters, alternative formats, or assistance with**
23 **physical accessibility.** Requests for special accommodations must be made as early as possible to
24 allow time to arrange the accommodations. If accommodations are required, call the Office of
25 Administrative Hearings at (602) 542-9826.

26 Respondents have the right to request an Informal Settlement Conference, pursuant to A.R.S.

1 § 41-1092.06, by filing a written request no later than **twenty (20) days** before the scheduled
2 hearing. The conference will be held within **fifteen (15) days** after receipt of your request. If an
3 Informal Settlement Conference is requested, a person with the authority to act on behalf of the
4 Department will be present (the "Department Representative"). Please note that in requesting an
5 Informal Settlement Conference, Respondents waive any right to object to the participation of the
6 Department Representative in the final administrative decision of this matter, if it is not settled. In
7 addition, any written or oral statement made by Respondents at such informal settlement conference,
8 including written documentation created or expressed solely for purposes of settlement negotiations,
9 is inadmissible in any subsequent administrative hearing. (*See* A.R.S. § 41-1092.06 for rules
10 regarding informal settlement conferences.) Conversely, any written or oral statement made by
11 Respondents outside an Informal Settlement Conference is not barred from being admitted by the
12 Department in any subsequent hearing.

13 If Respondents do not request a hearing, this Order shall become final. If Respondents
14 request a hearing, the purpose of the hearing shall be to determine if grounds exist for: (1) the
15 issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the
16 violative conduct and to take the appropriate affirmative actions, within a reasonable period of time
17 prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,
18 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S.
19 § 6-132; (3) an order to pay restitution of any fees earned in violation of A.R.S. §§ 6-901, *et seq.*,
20 pursuant to A.R.S. §§ 6-131(A)(3) and 6-137; and (4) an order or any other remedy necessary or
21 proper for the enforcement of statutes and rules regulating mortgage brokers pursuant to A.R.S.
22 §§ 6-123 and 6-131.

23 FINDINGS OF FACT

24 1. Respondent John Towers Financial Services, Inc. ("John Towers") is a California
25 corporation that is not and was not, at any time material herein, authorized to transact business in
26 Arizona as a mortgage broker within the meaning of A.R.S. § 6-901, *et seq.* The nature of John

1 Towers' business is that of making, negotiating, or offering to make or negotiate a mortgage loan
2 secured by Arizona real property within the meaning of A.R.S. § 6-901(11).

3 2. Respondent John F. Uribe a/k/a Juan Francisco Uribe (Mr. Uribe") is the Owner of John
4 Towers and is not and was not, at any time material herein, authorized to transact business in
5 Arizona as a mortgage broker within the meaning of A.R.S. § 6-901, *et seq.*

6 3. John Towers and Mr. Uribe are not exempt from licensure as a mortgage broker within
7 the meaning of A.R.S. § 6-902.

8 4. On or about December 3, 2010, the Department received Complaint #4015938 from the
9 Arizona Attorney General's Office. The complainant, an Arizona resident, entered into an agreement
10 for a loan modification with John Towers on or about July 26, 2010.

11 5. In the documentation for a loan modification, the complainant entered into a Service
12 Agreement - Submission, Verification and Confirmation ("Service Agreement I"). Service
13 Agreement I contains provisions including, but not limited to, underwriting, preparation of a written
14 request for modification, verification of delivery and submission of a hardship package, and
15 negotiation of fees for a fixed fee of \$1,000.00 for a first lien and \$500.00 for each additional lien for
16 the services - and this fixed fee includes a provisional agreement to pay John Towers "upon the
17 completion of service; we do not accept advance fees for our services. We will request payment
18 from you at the conclusion of such Service Agreement."

19 6. On or about July 26, 2010, the complainant entered into a Service Agreement - Compile,
20 Audit and Underwrite ("Service Agreement II") which contains provisions, including but not limited
21 to, recitals that disclose John Towers is in the business of providing document preparation services
22 and prepares lender applications in relation to their client's mortgage, preparation of a written request
23 for modification, verification of delivery and submission of a hardship package, and negotiation of
24 fees for a fixed fee of \$1,000.00 for a first lien and \$250.00 for each additional lien for the services -
25 and this fixed fee includes a provisional agreement to pay John Towers "upon the completion of
26 service; we do not accept advance fees for our services. We will request payment from you at the

1 conclusion of such Service Agreement."

2 7. On or about July 26, 2010, the complainant entered into a Service Agreement - Monitor,
3 Negotiate & Confirm ("Service Agreement III") which contains provisions, including but not limited
4 to, recitals that disclose John Towers is in the business of negotiation services on behalf of their
5 client. John Towers, under the terms and provisions of Service Agreement III, agreed to perform
6 services, including but not limited to:

7 We shall negotiate with your lender to attempt to achieve one of the
8 following best possible outcomes:

- 9 a. Loan modification (including at least one or more of the
10 following):
11 i. Interest rate reduction; or
12 ii. Modification of payment terms; or
13 iii. Principle [sic] reduction; or
14 iv. Change adjustable interest rate to a fixed interest rate; or
15 v. Stop upward adjustment of adjustable interest rate; or
16 vi. Re-amortization; or
17 Reduce your payment as confirmed by your lender at the time
18 of application; or
19 vii. Capitalization of arrearages this includes
20 (1) Arrange for the delinquent payment amounts to be added
21 to a longer loan period; or
22 (2) Arrange for a delinquent payment amount to be accepted
in an alternative payment plan; or
23 (3) Arrange for the delinquent payment amounts to be added
to the end of the loan; or
24 (4) Eliminate or reduce the delinquent payment amounts.
25 b. Stipulated payment plan with an agreed modification plan after the
26 payments are completed (approximately three (3) to six (6) months
of on time payments are required);
c. Arrange for the lender to accept a discounted pay-off or
forbearance;
d. Mortgage re-payment plan;
e. Short Sale negotiation;
f. Deed in lieu of foreclosure;
g. Extend Client's possession of their property beyond foreclosure
date and/or negotiate cash-for-keys agreement for Client's benefit.

23 These services are charged at a fixed fee of \$1,000.00 for a first lien and \$250.00 for each additional
24 lien for the services – and this fixed fee includes a provisional agreement to pay John Towers "upon
25 completion of the service; we do not accept advance fees for our services. We will request payment
26 from you at the conclusion of such Service Agreement."

1 8. On or about August 4, 2010, the complainant advised Steve Singh, Senior Client
2 Manager at John Towers, ("Steve Singh") that an unauthorized payment was taken or attempted to
3 be taken from her account and there were fees charged to her account for not having the funds
4 available due to the unauthorized payment withdrawal.

5 9. On or about August 6, 2010, Steve Singh, advised the complainant via e-mail that she
6 could not bring the funds at completion, and she would have "**to pay for processing as they process**
7 or else they might stop processing your file." [Emphasis added.] Steve Singh also advised the
8 complainant that this transaction had been reversed. The complainant advised the Department's
9 senior examiner, Lori Mann, that as of Tuesday, January 11, 2011, she has not been provided a
10 refund. Moreover, on August 11, 2010, Steve Singh advised the complainant that he understood
11 "that some states requires [sic] laws that cannot charge upfront for modifications. Our contract is
12 setup to charge you for the work we perform. At this point, we have completed the underwriting of
13 your file. Your process at that point in the house is complete. We will need the funds in order to
14 proceed for the submission to the lender."

15 10. On or about August 30, 2010, a Wire Transfer Outgoing Request payable to John
16 Towers in the amount of \$956.00 plus a Wire Fee of \$25.00 for a total of \$981.00, indicates the
17 deduction from the complainant's account.

18 11. On or about October 28, 2010, the complainant claims that her current lender has not
19 received any information from John Towers regarding her loan modification.

20 12. On or about November 10, 2010, Mr. Uribe of John Towers responded to the Arizona
21 Attorney General's Office claiming that on or about July 25, 2010, the complainant:

22 [E]ntered into a document preparation contract with our company and
23 agreed to pay \$2,000.00 for our services. The contract is specific that
24 she would be **required to pay the fee in advance**. [Complainant] sent
25 a first payment which bounced and then a second for less then [sic] the
26 amount on the contract. We agreed to allow [Complainant] to make
 two payments to satisfy the account rather than one. Upon receipt of
 the first payment we prepared...and submitted all required paperwork
 to her lender. We have kept [Complainant] apprized [sic] of her status.
 The lender communicated that they would be sending additional

1 paperwork to [Complainant] in a couple of weeks. We advised
2 [Complainant] that they would send the paperwork and that they had
3 mentioned that they were backed up so it could take longer.
4 [Complainant] failed to make her second payment as agreed so her file
is suspended, pending cancellation [sic]. [Complainant] has failed to
perform under the terms of her contract and has an outstanding balance
of \$1,044.00 and \$56.00 in bounced check fees still due. [Emphasis
added.]

5 13. On or about December 14, 2010 the Department's Senior Examiner, Lori Mann,
6 requested information from John Towers regarding possible mortgage banker/mortgage broker
7 unlicensed activity in the State of Arizona.

8 14. On or about December 20, 2010, the Department received a response from John Towers
9 claiming "We are not currently and never have been engaged in the act of Mortgage Brokering or
10 Banking. We are a document preparation company and have no Idea [sic] why any complaint would
11 be brought to your department."

12 15. The John Towers website, <http://johntowers.com>, advertises among other things:

- 13 - Call today and speak with one of our modification councilors [sic]. ..
- 14 - JTFS can underwrite and prepare your loan modification package...
- 15 - JTFS will follow up regularly with your lender, obtain any additional
16 or updated documents, and clarify issues preventing the modification
from being approved...

17 16. These Findings of Fact shall also serve as Conclusions of Law.

18 CONCLUSIONS OF LAW

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

22 2. By the conduct set forth above, John Towers and Mr. Uribe have violated the following:

- 23 a. A.R.S. § 6-903(A) by acting in the capacity of a mortgage broker in the State of
24 Arizona, as defined by A.R.S. § 6-901(11), without having first applied for and
25 obtained a mortgage broker license from the Superintendent pursuant to A.R.S.
26 Title 6, Chapter 9; and

