

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Zenith Financial & Insurance Solutions, Inc.
5 119 East Alton Avenue, Suite F1
6 Santa Ana, California 92707

7 **DESIST AND REFRAIN ORDER**
8 **(For violations of sections 22100, 22161, and 22153 of the Financial Code)**

9 The Commissioner of Business Oversight (Commissioner) of the Department of Business
10 Oversight (Department) finds that:

11 1. At all relevant times, Zenith Financial & Insurance Solutions, Inc. (Zenith) is a finance
12 broker licensed by the Commissioner on or around February 19, 2016, pursuant to the California
13 Financing Law¹ (Fin. Code, § 22000 *et seq.*) (CFL) with a principal place of business on file with the
14 Commissioner at 119 East Alton Avenue, Suite F1, Santa Ana, California 92707. Before on or
15 around April 5, 2018, Zenith’s principal place of business on file with the Commissioner was 600
16 Anton Boulevard, Suite 1100, Costa Mesa, California 92626.

17 2. At all relevant times, Lorenzo Flores Nava (Nava) is the president and 100% owner of
18 Zenith. Nava’s principal place of business on file with the Commissioner is 119 East Alton Avenue,
19 Suite F1, Santa Ana, California 92707. Before on or around April 5, 2018, Nava’s principal place of
20 business on file with the Commissioner was 600 Anton Boulevard, Suite 1100, Costa Mesa,
21 California 92626.

22 3. On or around February 27, 2018, the Department commenced a regulatory
23 examination of Zenith pursuant to Financial Code section 22701 of the CFL (Regulatory Exam).

24 4. The Regulatory Exam disclosed that from in or around 2017 through 2018 Zenith
25 closed at least eight loans representing itself as the “Lender” and “Mortgage Loan Origination
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27 ¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing
28 Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California
Financing Law means the California Finance Lenders Law before October 4, 2017 and the California Financing Law on
and after that date. (Fin. Code, § 22000.)

1 Company” on the Notes and Closing Disclosures, as well as the Deeds of Trust, which were recorded
2 with counties recorder offices where the properties were located. In connection with at least eight
3 loan transactions, Zenith collected lender origination fees.

4 5. On or around March 26, 2018, Zenith submitted to the Department documents that
5 stated that Zenith was “100% responsible for, and bears 100% of the risks associated with the
6 solicitation, origination, pricing, hedging, closing, and funding of a given loan or group of loans . . .”
7 and represented Zenith as a “Mortgage Originator [who] is active in the business of originating
8 residential mortgage loans secured by one-to-four family residences and is seeking additional funding
9 through sales of such loans or participation or 100% interests therein to facilitate its ability to further
10 originate such loans in its own name . . .”

11 6. Zenith is, and was, not licensed by the Commissioner to engage in the business of a
12 finance lender, and it is not exempt from the licensure requirement.

13 7. During the Regulatory Exam, on or around February 28, 2018, the Department
14 discovered that Zenith had changed its principal place of business from 600 Anton Boulevard, Suite
15 1100, Costa Mesa, California 92626 to a new location at 119 East Alton Boulevard, Suite F1, Santa
16 Ana, California 92707, without first notifying the Commissioner at least 10 days before the change.

17 8. On or around April 5, 2018, Zenith notified the Commissioner of its change of address
18 indicating that the “Date of Change” was April 1, 2018. Contrastingly, on or around April 25, 2018,
19 Zenith submitted documentation to the Department dated September 15, 2017 and April 25, 2018
20 indicating that it had changed its principal place of business between the months of October 2017 and
21 January 2018.

22 9. Zenith did not notify the Commissioner at least 10 days before it changed its principal
23 place of business, in violation of Financial Code section 22153.

24 10. The Department, through the Commissioner, is vested with the authority to license and
25 regulate finance lenders and brokers in the State of California pursuant to the CFL.

26 11. Financial Code section 22100, subdivision (a) provides, “No person shall engage in
27 the business of a finance lender or broker without obtaining a license from the commissioner.”

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- 12. Financial Code section 22161, subdivision (a) provides, in relevant part:
 - (a) A person subject to this division shall not do any of the following: . . .
 - (3) Advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast in any manner, any statement or representation with regard to the business subject to the provisions of this division, . . . that is false, misleading, or deceptive, or that omits material information that is necessary to make the statements not false, misleading, or deceptive, or in the case of a licensee, that refers to the supervision of the business by the state or any department or official of the state . . .
 - (5) Engage in any act in violation of Section 17200 of the Business and Professions Code.
 - (6) Knowingly misrepresent, circumvent, or conceal, through subterfuge or device, any material aspect or information regarding a transaction to which the person is a party.
 - (7) Commit an act that constitutes fraud or dishonest dealings

13. Business and Professions Code section 17200 provides, “As used in this chapter, unfair competition shall mean and include any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising and any act prohibited by Chapter 1 (commencing with Section 17500) of Part 3 of Division 7 of the Business and Professions Code.”

- 14. Business and Professions Code section 17500 provides, in relevant part:

It is unlawful for any person, firm, corporation or association, or any employee thereof with intent directly or indirectly to dispose of real or personal property or to perform services, professional or otherwise, . . . any statement, concerning that real or personal property or those services, professional or otherwise, or concerning any circumstance or matter of fact connected with the proposed performance or disposition thereof, which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading...

- 15. Financial Code section 22153, subdivision (a), provides, in relevant part:
 - (a) If a finance lender, broker, or program administrator licensee seeks to change its place of business to a street address other than that designated in its license, the licensee shall provide notice to the commissioner at least 10 days before the change

- 16. Financial Code section 22712, subdivision (a), provides:

Whenever, in the opinion of the commissioner, any person is engaged in business as a finance lender, broker, program administrator, or a mortgage

1 loan originator, as defined in this division, without a license from the
2 commissioner, or any licensee violates any provision of this division, any
3 provision of an order, or any regulation adopted pursuant to this division,
4 the commissioner may order that person or licensee to desist and to refrain
5 from engaging in the business or further continuing that violation. If,
6 within 30 days after the order is served, a written request for a hearing is
7 filed and no hearing is held within 30 days thereafter, the order is
8 rescinded. For purposes of this section, "licensee" includes a mortgage
9 loan originator

10 Based on the foregoing, the Commissioner of Business Oversight is of the opinion that Zenith
11 Financial & Insurance Solutions, Inc. engaged in the business as a finance lender without a license
12 from the Commissioner or an exemption, in violation of Financial Code section 22100. Pursuant to
13 Financial Code section 22712, Zenith Financial & Insurance Solutions, Inc., and any and all officers,
14 directors, employees, independent contractors, or agents operating on behalf of Zenith Financial &
15 Insurance Solutions, Inc., and their successors or assigns are hereby ordered to desist and refrain from
16 engaging in the business as a finance lender without a license from the Commissioner or an
17 exemption, in violation of Financial Code section 22100.

18 In addition, the Commissioner of Business Oversight is of the opinion that Zenith Financial &
19 Insurance Solutions, Inc. violated Financial Code section 22161, subdivision (a) by printing,
20 displaying, or causing or permitting to be printed or displayed, at least one statement regarding its
21 business subject to the CFL, which is false, misleading, or deceptive, or that omitted material
22 information necessary to make the statement not false, misleading, or deceptive; engaged in an act in
23 violation of Section 17200 of the Business and Professions Code; knowingly misrepresented,
24 circumvented, or concealed, through subterfuge or device, at least one material aspect or information
25 regarding a transaction to which Zenith Financial & Insurance Solutions, Inc. was a party; and
26 committed an act constituting fraud or dishonest dealings by, for e.g., collecting lender origination
27 fees in connection with at least eight loan transactions and disclosing itself as the "Lender,"
28 "Mortgage Loan Originator," or "Mortgage Loan Origination Company," without having a license
from the Commissioner to engage in the business of a finance lender. Pursuant to Financial Code
section 22712, Zenith Financial & Insurance Solutions, Inc., and any and all officers, directors,
employees, independent contractors, or agents operating on behalf of Zenith Financial & Insurance

1 Solutions, Inc., and their successors or assigns are hereby ordered to desist and refrain from violating
2 Financial Code section 22161.

3 Furthermore, the Commissioner of Business Oversight is of the opinion that Zenith Financial
4 & Insurance Solutions, Inc. violated Financial Code section 22153, subdivision (a) by failing to
5 provide notice to the Commissioner that it sought to change its place of business to a street address
6 other than that designated in its license at least 10 days before the change. Pursuant to Financial
7 Code section 22712, Zenith Financial & Insurance Solutions, Inc., and any and all officers, directors,
8 employees, independent contractors, or agents operating on behalf of Zenith Financial & Insurance
9 Solutions, Inc., and their successors or assigns are hereby ordered to desist and refrain from violating
10 Financial Code section 22153.

11 This Order is necessary, in the public interest, for the protection of investors and consistent
12 with the purposes, policies, and provisions of the California Financing Law.

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14 Dated: June 11, 2019
15 Los Angeles, California

16 MANUEL P. ALVAREZ
17 Commissioner of Business Oversight

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19 By: _____
20 MARY ANN SMITH
21 Deputy Commissioner
22 Enforcement Division
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