

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Paul Joseph Garceau, Jr.
NMLS No. 1449182

Enforcement Case No. 16-14014

Applicant.

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Issued and entered,
this 30th day of September, 2016
by Rhonda J. Fossitt,
Senior Deputy Director

ORDER OF DENIAL
OF MORTGAGE LOAN ORIGINATOR LICENSE APPLICATION

I.
STATEMENT OF LAW

1. The Director of the Department of Insurance and Financial Services (DIFS) regulates and licenses Mortgage Loan Originators in Michigan pursuant to the Mortgage Loan Originator Licensing Act (the Act), 2009 P.A. 75, as amended, MCL 493.131 *et seq.*
2. Section 25(1)(b) of the Act provides the Director with the authority to deny an application for a mortgage loan originator license, if the applicant withholds information in an application for a license. MCL 493.155(1)(b).
3. Section 9(1)(d) of the Act prohibits the Director from issuing a license unless the Director finds that, “[t]he applicant has demonstrated financial responsibility, character, and general fitness that commands the confidence of the community and warrants a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this act.” MCL 493.139(1)(d).
4. Section 33(1)(a) of the Act empowers the Director to investigate an applicant for licensing to determine compliance with the Act. MCL 493.163(1)(a).

**II.
FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. On or about February 12, 2016, DIFS received a mortgage loan originator (MLO) application in the name of Paul Joseph Garceau, Jr. (Applicant), Nationwide Mortgage Licensing System (NMLS) No. 1449182, for a license to originate mortgage loans under the Act. The application includes the Uniform Individual Mortgage License/Registration Consent Form's Regulatory Action Disclosure Questionnaire (MU4).
2. Applicant attested that the information contained in his MU4, including information that accompanied the application, was current, true, accurate and complete and his statements were made under penalty of perjury, or unsworn falsification to authorities, or similar provision of law.
3. Pursuant to Section 33(1)(a) of the Act, MCL 493.163(1)(a), DIFS' Consumer Finance Section conducted a background investigation of Applicant to determine whether Applicant satisfies the conditions of Section 9(1) of the Act, MCL 493.139(1).
4. The background investigation conducted pursuant to the February 12, 2016, MLO application, revealed the following:
 - a. Applicant failed to disclose on his MU4 a June 12, 2014, outstanding tax lien in the amount of \$5,761 owed to the State of Michigan.
 - b. Applicant failed to disclose on his MU4 that both his individual Michigan insurance producer license and his agency's insurance producer license had been summarily suspended and subsequently revoked.¹
 - c. Applicant failed to disclose on his MU4 that his securities agent registration had been suspended by the National Association of Securities Dealers and that he was fined \$5,000.
5. Applicant knew or should have known that he was required to answer "Yes" to question "(D)" in the "Financial Disclosure" section of the MU4: "Do you have any unsatisfied judgements or liens against you?" Applicant answered "No" and failed to disclose the outstanding tax lien described in paragraph 4(a) above.

¹ Effective December 7, 2015, DIFS summarily suspended the insurance producer licenses of Paul Joseph Garceau Jr. and Apex Wealth Management, Inc. (Apex). According to the Order, over several years Applicant and Apex withdrew funds from clients' investments without permission, convinced clients to surrender or reinvest funds in existing investments, and convinced clients to purchase additional investments. Applicant and Apex then placed the money that was withdrawn from client accounts into bank accounts owned and controlled exclusively by them and used the money for personal expenses. Applicant took withdrawals from the accounts and made partial payments to clients in an attempt to deceive the clients making it appear that they were receiving payouts from investments. The conduct indicates that Applicant and Apex do not possess the requisite character and fitness to be engaged in the business of insurance, and further indicates that they do not command the confidence of the public nor warrant the belief that they will comply with the law. Effective February 16, 2016, DIFS issued a Final Order revoking the insurance producer licenses of Paul Joseph Garceau Jr. and Apex.

6. Applicant knew or should have known that he was required to answer "Yes" to questions "(K), (1)-(9)" in the "Regulatory Action" section of the MU4: "(K) Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever...?" Applicant answered "No" and failed to disclose the administrative actions described in paragraph 4(b) and (c) above.
7. The attestation section of the application also advised Applicant that, "If an applicant made a false statement of a material fact in this application or in any documentation provided to support the foregoing application, then the foregoing application may be denied."
8. Based on the foregoing facts and the DIFS record compiled as part of its investigatory function, the Director finds and concludes that Applicant's failure to disclose his outstanding state tax lien, the suspension of his securities registration, and the summary suspension of his individual and agency Michigan insurance producer licenses, indicate that Applicant has not demonstrated the financial responsibility, character and general fitness that commands the confidence of the community and does not warrant a determination that Applicant will operate honestly, fairly and efficiently as required to satisfy Section 9(1)(d) of the Act, MCL 493.139(1)(d).
9. Based on the foregoing facts, the Director finds and concludes that Applicant has failed to meet the minimum licensing requirements of Section 9(1) of the Act, MCL 493.139(1), and is therefore ineligible for licensure under the Act.

III. ORDER

Based on the Statement of Law, Findings of Fact, and Conclusions of Law above, it is **ORDERED** that:

1. The application of Paul Joseph Garceau, Jr., for licensure as a Mortgage Loan Originator under the Act shall be and hereby is **DENIED**.
2. Paul Joseph Garceau, Jr., shall immediately **CEASE** and **DESIST** from conducting any activities that require licensure under the Act.

**DEPARTMENT OF INSURANCE
AND FINANCIAL SERVICES**


Rhonda J. Fossitt
Senior Deputy Director

Dated: September 30, 2016

**IV.
APPEAL**

This Order of Denial is an administrative order subject to judicial review pursuant to the Michigan Constitution, MCL Const. Art. 6, § 28, and subject to the Revised Judicature Act, MCL 600.631.