



THE MANITOBA
SECURITIES
COMMISSION

IN THE MATTER OF: THE MORTGAGE BROKERS ACT

- and -

**IN THE MATTER OF: JASON ANDREA ZARRILLO AND
INTEGRITY MORTGAGE SERVICES INC.**

**STATEMENT OF ALLEGATIONS OF STAFF OF
THE MANITOBA SECURITIES COMMISSION**

**STAFF OF THE MANITOBA SECURITIES COMMISSION ALLEGE, AMONG
OTHER THINGS, THAT:**

A. REGISTRATION

1. Integrity Mortgage Services Inc. ("INTEGRITY MORTGAGE") was incorporated under the laws of Canada on April 4, 2007, and became registered in the Province of Manitoba under *The Corporations Act* on June 26, 2007.
2. At all material times, the registered office for INTEGRITY MORTGAGE in Manitoba was located at 421 Mulvey Avenue East, in the City of Winnipeg.
3. At all material times, INTEGRITY MORTGAGE was registered as a mortgage broker in the restricted category under *The Mortgage Brokers Act* ("Act").
4. At all material times, Jason Andrea Zarrillo ("ZARRILLO") was registered as the Authorized Official for INTEGRITY MORTGAGE under the Act. ZARRILLO is also a shareholder and the sole director of INTEGRITY MORTGAGE.

B. DETAILS

In 2012 and 2013, ZARRILLO as agent for INTEGRITY MORTGAGE submitted to lending institutions Mortgage Applications containing false information and also altered and submitted various pieces of employment and income documentation in conjunction with obtaining mortgages, or attempting

to obtain mortgages, for numerous clients of INTEGRITY MORTGAGE, as follows:

SS:

1. A letter of employment for SS was provided to ZARRILLO and INTEGRITY MORTGAGE. The letter stated an employment start date of January 16, 2012 and an annual salary of \$58,000. A Notice of Assessment was also provided stating total income of \$61,209.
2. Prior to being submitted to the lender, both the letter of employment and the Notice of Assessment were altered to show an earlier employment start date of January 16, 2010 and a higher than actual income of approximately \$81,000. The telephone contact information direct to the author of the letter was removed so as to not be included in the altered letter.
3. ZARRILLO submitted the altered documentation to the lender.
4. The lender funded a mortgage of \$250,000. In so doing, the lender had relied upon the false information submitted by ZARRILLO.
5. On this transaction, INTEGRITY MORTGAGE received a commission of \$2,500.

PM:

6. ZARRILLO and INTEGRITY MORTGAGE had on file PM's 2011 Notice of Assessment, which confirmed a total income of \$30,730.00 and a balance owing by PM of \$3,732.58.
7. On or about May 27, 2012, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE to a lending institution, for refinancing by PM.
8. The Mortgage Application stated an inflated annual income of \$34,500.00.
9. In support of the Mortgage Application, a copy of what purported to be the 2011 Notice of Assessment for PM had been submitted. The Notice of Assessment forwarded to the lending institution had been altered in various respects, including an increase of \$5,000 to total income to show \$35,730.00 and a credit in favour of PM instead of an amount owing by him.
10. The lender funded a mortgage of \$121,320.50.

11. On this transaction, INTEGRITY MORTGAGE received a commission of \$3,639.61.

JL:

12. ZARRILLO and INTEGRITY MORTGAGE had on file a letter of employment for JL confirming an annual salary of \$55,000.00. Also in the respondents' possession were pay receipts evidencing bi-weekly pay consistent with an annual salary of \$55,000.00.
13. On or about August 27, 2012, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE to a lending institution, for a mortgage for JL.
14. The Mortgage Application stated an incorrect annual income of \$85,000.00. In support, a falsified letter of employment bearing various alterations from the actual letter of employment had been submitted to the lending institution.
15. Some of the alterations to the letter of employment included inflating the salary by \$30,000.00 to \$85,000.00 and removal of the invitation to call the author directly if any questions. A signature was also added to the version submitted to the lending institution and whiteout tape had been used to create the fake letter.
16. The lender funded a mortgage of \$320,000.00.
17. On this transaction, INTEGRITY MORTGAGE received a commission of \$6,400.00.

Mr. and Mrs. A:

18. ZARRILLO received a letter of employment and payroll receipts from Mr. A all showing a weekly rate of pay of \$519.19.
19. Prior to ZARRILLO submitting the letter of employment and a payroll receipt to the lending institution, the weekly rate of pay was altered to show \$719.19. Other figures within the payroll receipt were also altered.
20. A mortgage of over \$283,000.00 was funded by the lending institution.
21. On this transaction, INTEGRITY MORTGAGE received a commission of \$2,830.76.

DA:

22. A letter of employment and a payroll receipt for DA were provided to INTEGRITY MORTGAGE. Each of the documents stated an hourly rate of pay of \$14.50.
23. Prior to ZARRILLO submitting the letter of employment and payroll receipt to the lending institution, the hourly rate of pay was altered to show \$20.50. Other figures within the payroll receipt were also altered.
24. A mortgage of over \$182,000.00 was funded by the lending institution.
25. On this transaction, INTEGRITY MORTGAGE received a commission of \$3,650.71.

F & C:

26. In July of 2013, ZARRILLO submitted to a lending institution a Mortgage Application for F & C.
27. The Mortgage Application stated F was employed full-time, had been at his job for 10 months, and had an annual income of \$31,200.
28. To the contrary, F was a seasonal employee not having worked for a period of 10 months full-time, earned \$10.25 per hour, and had year-to-date total gross employment income of about \$5,800 as at early July. ZARRILLO had been provided with and was in possession of this actual employment and income information in the form of a signed letter on company letterhead from F's employer.
29. Also in ZARRILLO's possession was another letter purportedly from the same employer, but however deviating significantly in appearance and content from the actual employer letter. On this fake, unsigned letter, all contact information including author's name, phone number, and e-mail address had been omitted.
30. The fake letter contained false information as to type of employment and hourly rate of income, stating it to be \$12.50.
31. In the course of verifying employment and income information as reported on the Mortgage Application, the lending institution contacted the employer and determined the information submitted was inaccurate. No mortgage was funded.

SC:

32. ZARRILLO received a letter of employment and payroll receipt for SC confirming her position, hourly rate of pay, and gross annual salary.
33. On or about November 20, 2012, ZARRILLO submitted to a lending institution a Mortgage Application for SC. The Mortgage Application falsely stated her job title to be teacher and also stated a false annual income of \$69,450.00.
34. In support of the Mortgage Application, an altered pay receipt and altered letter of employment were also submitted.
35. Among other things, the pay receipt and letter of employment had been altered to show regular pay of \$2,312.68 instead of the actual of \$1,312.68, hourly rate of pay of \$33.52 instead of actual of \$23.52, gross annual salary of \$69,450 instead of \$31,189, and current position of Teacher instead of Educational Assistant C.
36. Upon discovering the changes to employment and income, the lending institution declined to give a mortgage.

GD and MD:

37. On or about March 22, 2012, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for GD and MD.
38. The Mortgage Application stated an incorrect Annual Income for each.
39. In support of the Mortgage Application, altered documents had also been submitted to the lending institution, namely a Notice of Assessment for MD showing Total Income of \$46,146.00 instead of \$28,146.00 or \$18,000.00 higher than actual, a T4 for GD showing employment income of \$43,984.00 instead of \$33,984.00 or \$10,000.00 higher than actual, and a payroll receipt for GD with an altered hourly rate of pay.
40. A mortgage of over \$375,000.00 was funded by the lending institution.
41. On this transaction, INTEGRITY MORTGAGE received a commission of \$11,266.84.

DO:

42. On or about May 6, 2013, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for DO.

43. In support of the Mortgage Application, an altered Notice of Assessment was also submitted to the lending institution.
44. The altered Notice of Assessment showed a Total Income of \$48,281.00 instead of the actual of \$18,281.00, or \$30,000.00 higher than actual.
45. A mortgage of \$220,000.00 was funded by the lending institution.
46. On this transaction, INTEGRITY MORTGAGE received a commission of \$4,400.00.

BS & MS:

47. On or about May 16, 2012, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for BS & MS.
48. For MS, the Mortgage Application stated a false annual income of \$44,000.00.
49. In support of the Mortgage Application, altered documents were also submitted to the lending institution, namely a T4 showing Employment Income of \$44,014.21 instead of \$3,556.44, or over \$40,000.00 higher than actual, and a letter of employment showing a lengthier period of employment and more than double the amount of monthly income compared to actual.
50. The submitted letter of employment also omitted the author's invitation to contact him and bore a forged signature, remarkably different from the signature on the letter of employment which had been provided to ZARRILLO.
51. A mortgage of almost \$286,000.00 was funded by the lending institution.
52. On this transaction, INTEGRITY MORTGAGE received a commission of \$8,579.09.

CT:

53. On or about March 12, 2012, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for CT.
54. In support of the Mortgage Application, altered documents were also submitted by ZARRILLO to the lending institution, namely a 2011 T4

and a 2011 T4A (OAS). The T4 had been altered to show employment income of \$37,939.60 instead of \$17,939.60, or \$20,000.00 higher than actual. The T4A (OAS) had been altered to show Taxable Pension Paid of \$17,400.86 instead of \$3,741.86, or \$13,659.00 higher than actual.

55. A mortgage of \$141,813.62 was funded by the lending institution.
56. On this transaction, INTEGRITY MORTGAGE received a commission of \$4,254.40.

AH:

57. AH provided a letter of employment to ZARRILLO of INTEGRITY MORTGAGE confirming an annual salary of \$44,358.00.
58. A Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for AH, stating a false annual income of \$48,368.00.
59. In support of the Mortgage Application, an altered letter of employment was submitted to the lending institution showing an annual salary of \$48,358.00, or \$4,000.00 higher than actual.
60. A mortgage of \$192,280.00 was funded by the lending institution.
61. On this transaction, INTEGRITY MORTGAGE received a commission of \$1,922.80.

FA:

62. A Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for FA, stating a false total income of \$49,400.00.
63. In support of the Mortgage Application, an altered T4 had been submitted to the lending institution showing Employment Income of \$49,753.70 instead of \$1,753.70, or \$48,000.00 higher than actual. Also submitted was a letter of employment showing a false hourly income and false number of hours per week, made to reflect the level of income falsely stated in the T4 and Mortgage Application.
64. A mortgage of \$195,507.20 was funded by the lending institution.
65. On this transaction, INTEGRITY MORTGAGE received a commission of \$3,910.14.

SE:

66. SE provided ZARRILLO of INTEGRITY MORTGAGE with a letter of employment and payroll receipt. The Letter of Employment confirmed an annual salary of \$65,000.00 and included an invitation by the author to contact her if additional information was required.
67. ZARRILLO submitted to a lending institution a false letter of employment, with the annual salary increased to \$75,400.00 and the invitation to contact the author removed, and a false payroll receipt with numbers altered including both gross pay and net pay each increased by \$400.00.
68. A mortgage of \$278,195.62 was funded by the lending institution.
69. On this transaction, INTEGRITY MORTGAGE received a commission of \$5,563.91.

JR:

70. JR had provided a 2010 Notice of Reassessment and a 2011 Notice of Assessment to ZARRILLO of INTEGRITY MORTGAGE, confirming total income of \$39,473.00 and \$41,869.00, respectively.
71. On or about January 11, 2013, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for JR, stating an annual income for JR of \$75,000.00.
72. In support of the Mortgage Application, an altered 2010 Notice of Reassessment and altered 2011 Notice of Assessment were submitted to the lending institution, showing total income of \$79,473.00 and \$71,869.00, or \$40,000.00 and \$30,000.00 higher than actual.
73. A mortgage of \$306,081.60 was funded by the lending institution.
74. On this transaction, INTEGRITY MORTGAGE received a commission of \$6,121.63.

KSB:

75. KSB had provided a 2011 T4 to INTEGRITY MORTGAGE, confirming employment income of \$25,278.77.
76. On or about March 21, 2012, a Mortgage Application was submitted by agent ZARRILLO of INTEGRITY MORTGAGE for KSB, stating an

annual income of \$33,000.00.

77. In support of the Mortgage Application, an altered 2011 T4 was submitted to the lending institution, showing total income of \$35,278.77, or \$10,000.00 higher than actual.
78. A mortgage of \$169,491.73 was funded by the lending institution.
79. On this transaction, INTEGRITY MORTGAGE received a commission of \$5,084.75.

R & L:

80. R & L had provided a bank account statement to ZARRILLO of INTEGRITY MORTGAGE.
81. On or about May 15, 2013, a Mortgage Application was submitted to a lending institution by agent ZARRILLO of INTEGRITY MORTGAGE for R & L.
82. In addition, a statement of account was provided to the lending institution in support of the Mortgage Application. The statement, forwarded to the lender, had been altered from the statement received from R & L such that the running balances were changed to depict \$40,000.00 more than each of the actual amounts.
83. A mortgage of \$394,281.00 was funded by the lending institution.
84. On this transaction, INTEGRITY MORTGAGE received a commission of \$3,942.81.

LS:

85. On or about February 7, 2012, a Mortgage Application was submitted to a lending institution by agent ZARRILLO of INTEGRITY MORTGAGE for LS.
86. The Mortgage Application falsely stated her annual income to be \$38,000.00, when her actual annual employment income was about \$29,000.00. In addition, the Mortgage Application falsely stated her time at job to be 3 years.
87. A mortgage of \$127,632.26 was funded by the lending institution.
88. On this transaction, INTEGRITY MORTGAGE received a commission of \$2,552.64.

DS:

89. Employment and income information was provided to ZARRILLO of INTEGRITY MORTGAGE regarding DS, including a letter of employment and a 2012 T4. The letter of employment provided to ZARRILLO confirmed the employment of DS, but did not state salary amount. The letter of employment had not been signed by the employer. The 2012 T4 confirmed employment income of \$16,864.73.
90. In or about July of 2013, in support of obtaining a mortgage for his client DS, ZARRILLO forwarded to a lending institution a letter of employment altered in various ways, including a stated yearly salary of \$47,630.00, and which purported to have been signed by the employer, although the employer had not signed this letter.
91. A mortgage of \$170,821.87 was funded by the lending institution.
92. On this transaction, INTEGRITY MORTGAGE received a commission of \$3,416.44.

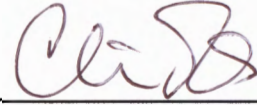
MB:

93. On or about May 22, 2013, a Mortgage Application was submitted by ZARRILLO falsely stating that MB had three current employers, for whom she worked full-time, for a total annual income of \$139,000.00.
94. Upon investigation by the lending institution of the employment information, no mortgage was funded.

C. ALLEGATIONS

1. Staff of the Commission allege that the conduct of ZARRILLO and/or INTEGRITY MORTGAGE while registered under the Act was improper in that both or either of the respondents engaged in activity constituting fraud as defined under the Act and that, due to these allegations, it is in the public interest that pursuant to section 5 of the Act the registration of INTEGRITY MORTGAGE and ZARRILLO be suspended and/or cancelled and fines be ordered against both or either of them, that pursuant to subsection 3(5) of the Act the exemptions provided for in subsection 3(1) of the Act not apply, and that costs be ordered against either or both of the respondents.
2. Such further and other matters as counsel may advise and this Commission permits.

DATED at Winnipeg, Manitoba this 1st day of August, 2014.



Acting Director

TO: INTEGRITY MORTGAGE SERVICES INC.

AND TO: JASON ANDREA ZARRILLO