

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
3 FINANCE SECTION  
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
5 STATE OF OREGON

6 In the Matter of:  
7 Morgan Financial, Inc.

8 } #O-98-0019  
9 } ORDER TO CEASE AND DESIST  
10 } ORDER TO ASSESS CIVIL PENALTY  
11 } CONSENT TO ENTRY OF ORDER

12 WHEREAS the Director of the Department of Consumer and Business Services has  
13 conducted an investigation of MORGAN FINANCIAL, INC., and has determined that  
14 MORGAN FINANCIAL, INC. engaged in activities constituting violations of ORS 59.840  
15 through 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

16 WHEREAS MORGAN FINANCIAL, INC. wishes to resolve and settle this matter  
17 with the Director;

18 NOW THEREFORE, as evidenced by the authorized signature(s) subscribed on this  
19 Order, MORGAN FINANCIAL, INC. hereby CONSENTS to entry of this order upon the  
20 Director's Findings of Fact and Conclusions of Law as stated hereinafter:

21 FINDINGS OF FACT

22 The Director FINDS that:

- 23 1. MORGAN FINANCIAL, INC., hereinafter RESPONDENT, is located at 935 NW 19th,  
24 Portland, OR 97209 and is engaged in the business of a mortgage broker. Morgan Smith  
25 is President of RESPONDENT and is authorized to act on behalf of RESPONDENT.
- 26 2. RESPONDENT was licensed as a mortgage broker on 11/7/95, and is still actively  
27 licensed.
- 28 3. On March 31, 1998, the Division of Finance and Corporate Securities (hereinafter  
"Division") received a consumer complaint call regarding the activities of Mortgage Services  
Division. The complaint was based on a transaction that took place at 33 N. 8th Street,  
Cottage Grove, OR, 97424.
4. Inquiry into the Division's records revealed that Mortgage Services Division, which

1 handled the transaction about which the consumer was complaining, was not a licensed  
2 mortgage banker/broker.

3 5. Mortgage Services Division was notified of the consumer complaint and that the  
4 company was not licensed to do business as a mortgage broker. Mortgage Services  
5 Division's representative, Mark Derby, stated that Mortgage Services Division was a branch  
6 location of RESPONDENT.

7 6. An inquiry into the Division's records revealed that "Mortgage Services Division" was not  
8 a name under which RESPONDENT was authorized to do business, and that the Cottage  
9 Grove location was not a licensed branch location of RESPONDENT.

10 7. RESPONDENT provided the Division with a listing of applications taken, including  
11 where the applications were taken, borrower's address, and other such relevant  
12 information.

13 8. The Cottage Grove location of RESPONDENT took at least four loan applications at the  
14 Cottage Grove address since October of 1997.

15 9. RESPONDENT maintains that the non-licensure of the Cottage Grove location was  
16 done due to an error by RESPONDENT in understanding of branch licensing requirements.

17 10. RESPONDENT has filed no application with the Division to license the Cottage Grove  
18 location or the name "Mortgage Services Division."

19 **CONCLUSIONS OF LAW**

20 The Director **CONCLUDES** that:

21 1. RESPONDENT conducted unlicensed activity at the Cottage Grove location in violation  
22 of ORS 59.845 and OAR 441-860-0030.

23 **ORDER**

24 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that RESPONDENT will  
25 **CEASE AND DESIST** from:

- 26 1. Violating any provisions of ORS 59.840 through 59.960; and  
27 2. Operating any unlicensed branch locations in the future.

28 The Director, pursuant to ORS 59.996, hereby **ORDERS** RESPONDENT to pay the

1 State of Oregon a civil penalty of \$5,400, \$5,000.00 for knowingly conducting a mortgage  
2 broker business without a license, and \$100.00 for each of the 4 closed loans.

3 The Director suspends payment of \$4,860.00 of the assessed civil penalty for a  
4 three year period. If in the period from the date of the Order to three years from the date of  
5 this Order, RESPONDENT violates any provision of Oregon's Mortgage Lender Law, the  
6 suspended portion of the assessed civil penalty will become immediately due and payable.  
7 If no violation of Oregon's Mortgage Lender Law by RESPONDENT occurs, in the three  
8 year period, the suspended portion of the civil penalty is waived. The date of the Order is  
9 the date the Director signs the Order.

10 The entry of this Order in no way limits further remedies which may be available to  
11 the Director under Oregon law.

12 Dated this 18<sup>th</sup> day of September, 1998 at Salem, Oregon.

13  
14 **MICHAEL GREENFIELD**  
**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

15 by   
16 **R.M. NOCKLEBY, ADMINISTRATOR**  
17 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

18 **CONSENT TO ENTRY OF ORDER**

19  
20 I, Morgan Smith, state that I am the President of MORGAN FINANCIAL, INC., and I am  
21 authorized to act on its behalf; that I have read the foregoing Order and that I know and  
22 fully understand the contents hereof; that MORGAN FINANCIAL, INC. has been  
23 represented by counsel, Mark E. Friedman, in this matter; that MORGAN FINANCIAL, INC.  
24 has been advised of its right to a hearing; that MORGAN FINANCIAL, INC. does not  
25 contest the Director's findings and conclusions, and specifically does not admit or deny any  
26 of the findings and conclusions; that MORGAN FINANCIAL, INC. voluntarily consents to  
27 the entry of this Order without further hearing, expressly waiving any right to a hearing in  
28 this matter; that MORGAN FINANCIAL, INC. understands that the Director reserves the

1 right to take further actions to enforce this Order or to take appropriate action upon  
2 discovery of other violations of Oregon's Mortgage Lender Law; and that MORGAN  
3 FINANCIAL, INC. will fully comply with Chapter 59 of Oregon's Mortgage Lender Law.

4 I understand that this Consent Order is a public document.

5  
6 Dated this 3<sup>RD</sup> day of SEPT, 1998.

7  
8 By MORGAN SMITH  
(Printed Name)

PRESIDENT  
(Office Held)

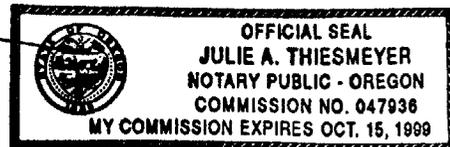
9  
10 [Signature]  
(Signature)

11  
12 **CORPORATE ACKNOWLEDGMENT**

13  
14 There appeared before me this 3<sup>RD</sup> day of SEPT, 1998, MORGAN SMITH who  
15 was first duly sworn on oath, and stated that he was and is the PRESIDENT of  
16 MORGAN FINANCIAL, INC. and he is authorized and empowered to sign this Consent to  
17 Entry of Order on behalf of MORGAN FINANCIAL, INC. and to bind MORGAN  
18 FINANCIAL, INC. to the terms hereof.

19  
20 Notary Public in and for the State of: OREGON

21  
22 [Signature]  
23 Signature of Notary Public



24  
25  
26 My Commission expires: 10-15-99

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