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**DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
FINANCE SECTION**

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
STATE OF OREGON**

In the Matter of

O-00-0027

**SECURITY NATIONAL MORTGAGE
COMPANY**

**CEASE AND DESIST ORDER AND
CONSENT TO IMPOSITION OF CIVIL
PENALTIES**

To: George Wallace
Security National Mortgage Company
5300 South 360 West Ste. 150
Salt Lake City, UT 84123

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon conducted an investigation of Security National Mortgage Company, and determined that Security National Mortgage Company engaged in activities constituting violations of ORS 59.840 through 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

WHEREAS Security National Mortgage Company wishes to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this Order, Security National Mortgage Company hereby **CONSENTS** to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

1. Security National Mortgage Company (hereinafter "Respondent") is a corporation formed in Utah on June 25, 1993 which is in the business of engaging in residential mortgage transactions in Oregon among other states. Security National Financial

1 Corporation is the 100% owner of Respondent.

2 2. The Division of Finance and Corporate Securities (hereinafter "Division") first
3 issued a mortgage lender license to Respondent on July 12, 1996 for the principal location,
4 now located at 5300 South 360 West Ste. 150 in Salt Lake City, Utah. Respondent did not
5 license any branches. Respondent's principal location has been continuously licensed
6 since July 12, 1996.

7 3. On October 7, 1996, the Division entered into a consent order with Respondent
8 imposing a civil penalty against Respondent for conducting unlicensed activity out of the
9 principal location before it was licensed on July 12, 1996.

10 4. On May 3, 2000, Lori Asa, an examiner with the Division, received a phone call
11 from a man named Ryan who identified himself as being with Security National Mortgage
12 Company. He inquired whether the Division had received an application from Respondent
13 for a Portland branch or if the branch had already been licensed. Lori Asa indicated that the
14 Division had not received an application for a branch nor had we licensed a branch in
15 Portland.

16 5. On May 17, 2000, Jan, an employee of Saxon Mortgage, called to see if the
17 Division had licensed a location at 9955 SE Washington, Suite 201, in Portland, Oregon
18 (hereinafter "Portland branch") as a loan application from that branch location of
19 Respondent's was submitted to Saxon Mortgage for funding.

20 6. On May 17, 2000, Lori Asa left a voice mail message for George Wallace,
21 Respondent's counsel, indicating that the Division had received inquiries about the license
22 of the Portland branch and that since it was not yet licensed, Respondent could not engage
23 in mortgage lending activities from that location. Lori Asa further requested that George
24 Wallace contact the Portland branch to inform the employees there that they must cease all
25 activity until licensed.

26 7. On May 24, 2000, Kirsten Jepsen and Glenda Dawson, employees of the

1 Division, stopped by the Portland branch. They walked into the Portland branch location
2 without any indication that it wasn't open to the public. There was woman sitting at a
3 reception desk who greeted Kirsten Jepsen and Glenda Dawson. While the receptionist
4 went to look for someone to talk with them, Kirsten Jepsen picked up business cards from
5 the displays on the reception counter and a brochure from the stack on the reception table.
6 The brochure and business cards all displayed the Portland branch address. Jim Gentry,
7 a loan officer with Respondent, came back to speak with the Division employees. Mr.
8 Gentry was told that the location was not licensed and that they could not conduct any
9 activity out of the location. He indicated that the licensing was being taken care of and that
10 they would call their head office to get everything straightened out.

11 8. On May 30, 2000, the Division finally received the paperwork relating to licensing
12 the Portland branch. However, the paperwork did not provide the location address, phone
13 or fax numbers; and the surety bond rider was for only \$25,000 when a \$30,000 surety bond
14 rider was needed. As a result, Lori Asa contacted Mr. Wallace that day. Lori Asa informed
15 him about the incomplete items necessary to license the Portland branch. Furthermore, she
16 told him that Division employees had stopped by the Portland branch and it appeared that
17 the branch was conducting unlicensed activity. At that time, she requested a copy of a
18 pipeline report for all applications taken at the location. She told him we would be taking
19 administrative action against Respondent for the unlicensed activity.

20 9. On June 1, 2000, Lori Asa issued the Portland branch license.

21 10. On August 29, 2000, Kirsten Jepsen spoke with George Wallace and Denise
22 Respondent's Regional Wholesale Manager, who indicated that the branch opened
23 sometime in late December 1999.

24 \ \ \

25 CONCLUSIONS OF LAW

26 The Director **CONCLUDES** that:

1 1. Respondent violated ORS 59.845, ORS 59.950(2), and OAR 441-860-0030 by
2 conducting activity at the Portland branch prior to June 1, 2000.

3 **ORDER**

4 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Security National
5 Mortgage Company will **CEASE AND DESIST** from violating any provision of Oregon
6 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order, or
7 policy issued by the Division.

8 The Director, pursuant to ORS 59.996 hereby **ORDERS** Security National Mortgage
9 Company to pay the State of Oregon a civil penalty of \$7,500.00. The civil penalty is based
10 upon \$5000 fine for conducting unlicensed branch activity plus \$500 per month for the five
11 months the branch was opened but not licensed.

12 The date of the Order is the date the Director signs the Order.

13 The entry of this Order in no way limits further remedies which may be available to
14 the Director under Oregon law for any additional violations resulting from this incident.

15 Dated this 8th day of December, 2000.

16 **MARY C. NEIDIG, DIRECTOR**
17 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

18

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20 by 
21 **R.M. NOCKLEBY, ADMINISTRATOR**
22 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

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23 **CONSENT TO ENTRY OF ORDER**

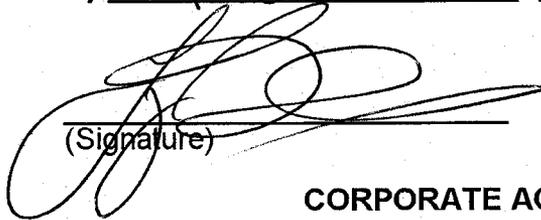
24 I, Lynn Beckstead, state that I am the President of Security National
25 Mortgage Company, and I am authorized to act on its behalf; that I have read the foregoing
26 Order and that I know and fully understand the contents hereof; that Security National

1 Mortgage Company admits the findings of fact herein, voluntarily consents to the entry of
 2 this Order without further hearing, expressly waiving any right to a hearing in this matter; that
 3 Security National Mortgage Company understands that the Director reserves the right to
 4 take further actions to enforce this order or to take appropriate action upon discovery of
 5 other violations of Oregon Mortgage Lender Law; and that Security National Mortgage
 6 Company will fully comply with Oregon Mortgage Lender Law.

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

8 Dated this 29th day of November, 2000.

9 By Lynn Beckstead President
 10 (Office Held)

11 
 12 (Signature)

13 **CORPORATE ACKNOWLEDGMENT**

14 There appeared before me this 29th day of November, 2000,
 15 Lynn Beckstead who was first duly sworn on oath, and stated that she was and
 16 is the President of Security National Mortgage Company and she is
 17 authorized and empowered to sign this Consent to Entry of Order on behalf of Security
 18 National Mortgage Company and to bind Security National Mortgage Company to the terms
 19 hereof.

20 
 21 Signature of Notary Public
 22 Notary Public for the State of: Utah
 23 My Commission expires: 8/7/00

