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FISCAL SECTION

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
DIABLO FUNDING GROUP INC.

ORDER NO. O-01-0025
CEASE AND DESIST ORDER AND
CONSENT TO IMPOSITION OF CIVIL
PENALTIES

To: Diablo Funding Group Inc.
55 Oak Ct.
Danville, CA 94526

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

WHEREAS Diablo Funding Group Inc. wishes to resolve and settle this matter with the Director;

NOW THEREFORE, as evidenced by the authorized signatures subscribed on this order Diablo Funding Group Inc. 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. Diablo Funding Group Inc. (hereinafter "Respondent"), incorporated in California on July 10, 1992 engages in residential mortgage transactions in expectation of compensation.
2. Respondent is owned by William G. Erb, Dean Langston, and Glen Langston.

1 3. Respondent possessed an Oregon mortgage lender license between March
2 4, 1998 and March 13, 2000 when Respondent's license expired based upon the failure
3 to renew the license.

4 4. Respondent was not licensed to engage in Oregon residential mortgage
5 transactions between March 13, 2000 and May 24, 2001.

6 5. On April 26, 2001, Respondent, using the dba Thousand Oaks Financial,
7 applied for a one-time exemption to the licensing requirements of the Oregon Mortgage
8 Lender Law to transact a mortgage transaction on behalf of borrower Steven F. Scott
9 for real property located in Oregon.

10 6. The Director routinely grants one-time exemptions to the licensing
11 requirements of ORS 59.845(1). An exemption request may be granted once per twelve
12 month period with the twelve-month period beginning on the day the exemption is
13 granted. The company must be licensed in another state. The exemption applies to the
14 whole company regardless of what dba may be named on the exemption letter or what
15 location requested the one-time exemption.

16 7. On April 27, 2001, the Director granted the April 26 , 2001 request for a one-
17 time exemption.

18 8. On May 3, 2001, the Division denied a request for a one-time exemption to the
19 licensing requirements of the Oregon Mortgage Lender Law to transact a mortgage
20 transaction on behalf of borrowers Steven and Maria Loomis for real property located
21 in Oregon. The request was submitted by Respondent using the dba Omni Funding
22 Services on May 3, 2001.

23 9. On May 9, 2001, the Division denied a request for a one-time exemption to the
24 license requirements of the Oregon Mortgage Lender Law to transact a mortgage
25 transaction on behalf of borrowers Katherine and Mark Richard for real property located
26 in Oregon. The request was submitted by Respondent using the dba Omni Funding

1 Services on May 8, 2001.

2 10. Respondent did take applications for the residential transactions for Steven
3 and Marie Loomis and Katherine and Mark Richard even though Respondent did not
4 have a current Oregon mortgage lender license or an exemption for either transaction.

5 **CONCLUSIONS OF LAW**

6 The Director **CONCLUDES** that:

7 1. Respondent violated ORS 59.845(1) by engaging in Oregon residential mortgage
8 transactions without a license.

9 **ORDER**

10 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Diablo Funding
11 Group Inc. will **CEASE AND DESIST** from violating any provision of Oregon Mortgage
12 Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order, or policy
13 issued by the Division.

14 The Director, pursuant to ORS 59.996 hereby **ORDERS** Diablo Funding Group
15 Inc. to pay the State of Oregon a civil penalty of \$5,100.00. The civil penalty is based
16 upon \$5,000.00 for engaging in unlicensed activity and \$100.00 for taking two
17 applications for Oregon residential mortgage transactions without a license.

18 The Director suspends payment of \$4,590.00 of the assessed civil penalty for a
19 three year period. If in the period between the date of the Order to three years from the
20 date of the Order, Diablo Funding Group Inc. violates any provision of the Oregon
21 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or
22 policy issued by the Division, the suspended portion of the assessed civil penalty will
23 become immediately due and payable. If Diablo Funding Group Inc. does not violate
24 the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 or any
25 rule, order, or policy issued by the Division in the three year period, the suspended
26 portion of the civil penalty is waived. The date of the Order is the date the Director signs

1 the Order.

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

4 Dated this 15th day of June, 2001.

5
6 **MARY C. NEIDIG, DIRECTOR**
7 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

8
9 by 
10 **GREGORY A. MALKASIAN, ACTING ADMINISTRATOR**
11 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

12 **CONSENT TO ENTRY OF ORDER**

13 I, William Erb, state that I am the
14 President of Diablo Funding Group Inc., and I am authorized to act on
15 its behalf; that I have read the foregoing Order and that I know and fully understand the
16 contents hereof; that Diablo Funding Group Inc. admits the findings of fact herein,
17 voluntarily consents to the entry of this Order without further hearing, expressly waiving
18 any right to a hearing in this matter; that Diablo Funding Group Inc. understands that the
19 Director reserves the right to take further actions to enforce this order or to take
20 appropriate action upon discovery of other violations of Oregon Mortgage Lender Law;
21 and that Diablo Funding Group Inc. will fully comply with Oregon Mortgage Lender Law.

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

23 Dated this 6 day of June, 2001.

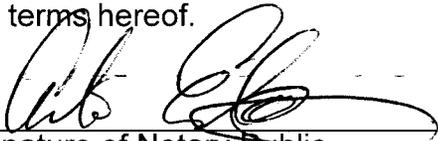
24 By William Erb President
25 (Office Held)

26 
(Signature)

CORPORATE ACKNOWLEDGMENT

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There appeared before me this 6 day of JUNE, 2001,
Bill Erb, who was first duly sworn on oath, and stated that s/he was
and is the President of Diablo Funding Group Inc. and
_____ is authorized and empowered to sign this Consent to Entry of
Order on behalf of Diablo Funding Group Inc. and to bind Diablo Funding Group Inc. to
the terms hereof.


Signature of Notary Public
Notary Public for the State of: CALIFORNIA
My Commission expires: 2-11-04

