

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 SENIOR HOMEOWNERS FINANCIAL  
8 SERVICES, INC.

O-02-0021

FINAL ORDER BY DEFAULT -  
REVOCATION OF MORTGAGE  
BANKER/BROKER LICENSE AND  
IMPOSITION OF CIVIL PENALTIES

9 To: Stephen Kang

10 Senior Homeowners Financial Services, Inc.

11 C/O CT Corporation

1255 Corporate Center Drive Suite 207

13 601 SW Second Ave. #2050

Monterey Park, California 91754

14 Portland, Oregon 97204

15 On July 31, 2002, certified true copies of a Cease and Desist Order and a Notice  
16 of Intent to Revoke Mortgage Banker/Broker License and to Impose Civil Penalties  
17 were served by certified and regular mail upon CT Corporation as the registered agent  
18 of Senior Homeowners Financial Services, Inc. (hereinafter "Respondent"). The certified  
19 mail was accepted on August 1, 2002 by Patricia McGriff of CT Corporation. Certified  
20 true copies of a Cease and Desist Order and a Notice of Intent to Revoke Mortgage  
21 Banker/Broker License and to Impose Civil Penalties were also mailed by certified and  
22 regular mail on July 18, 2002 to Stephen Kang, CEO of Respondent, at 1255 Corporate  
23 Center Drive Suite 207 in Monterey Park, California and at 7771 West Oakland Park  
24 Boulevard Suite 130 in Fort Lauderdale, Florida. The certified mail was accepted on July  
25 24, 2002 at 1255 Corporate Center Drive Suite 207 in Monterey Park, California and  
26 signed for by Erica but the last name is unintelligible. The other certified letter was  
accepted on July 25, 2002 at 7771 West Oakland Park Boulevard Suite 130 in Fort

1 Lauderdale, Florida and signed for by L. Aguilar. This notice alleged that (1)  
2 Respondent has failed to submit the name and required information for an experience  
3 person as is required by ORS 59.850(3); (2) Respondent's application for a license is  
4 incomplete as of the date of this order because Respondent has failed to provide the  
5 name and required information for an experienced person for the company; and (3)  
6 Respondent failed to file several items required when the company is without an  
7 experience person as required by OAR 441-860-0080(1)(b), (c) and (d). The Notice  
8 further granted to Respondent an opportunity for hearing, if requested within 21 days  
9 of service of the Notice. No such request for hearing has been received by the Director.  
10 The Notice designated the Division of Finance and Corporate Securities' file on this  
11 matter as the record for purposes of default.

12 NOW THEREFORE, after consideration of the records and files of the Division  
13 of Finance and Corporate Securities relating to this matter, the Director enters the  
14 following Order:

#### 15 FINDINGS OF FACT

16 1. Respondent is a Florida corporation formed on March 19, 1997 which  
17 engages in Oregon residential mortgage transactions.

18 2. Respondent is solely owned by Stephen Kang.

19 3. On October 16, 2000, the Director issued an Oregon mortgage lender  
20 license to Respondent. That license was cancelled for failure to renew on October  
21 16, 2001. The Director then issued an Oregon mortgage lender license to  
22 Respondent on October 24, 2001 with an expiration date of October 24, 2002.

23 4. On October 16, 2001, Respondent filed with the Director an application for  
24 the renewal of the company's Oregon mortgage lender license. The application  
25 listed Howard Kaye as the President and both the contact and experience person.

26 5. On May 20, 2002, the Director received a letter from Howard Kaye which

1 indicated that he was to be removed as Respondent's President and substituting  
2 Stephen Kang as the contact person but did not indicate a replacement experience  
3 person.

4 6. On May 22, 2002, the Director contacted Stephen Kang who stated that  
5 Howard Kaye had been "let go a couple of days ago" which indicated that Howard  
6 Kaye had been terminated from the company.

7 7. On May 22, 2002, the Director requested that Respondent provide the  
8 name of a substitute experience person since Howard Kaye was no longer eligible to  
9 be the company's experience person.

10 8. On May 28, 2002, the Director sent a letter by mail and fax requesting that  
11 Respondent comply with the experience person requirements.

12 9. On June 13, 2002, the Director sent a second letter by both certified and  
13 regular mail again requesting that Respondent comply with the requirements  
14 regarding the experience person position.

15 10. As of the date of this Order, Respondent has failed to notify the Director of  
16 the name and required information for a qualified replacement experience person  
17 and does not have an experience person on record for the company.

18 11. The experience person requirement, listed in ORS 59.850(3), is a material  
19 portion of the application. As of this date, the application for a license is incomplete  
20 with regard the experience person requirement which is a material portion of the  
21 application.

22 12. Respondent failed to file an inventory of the Oregon transactions in  
23 progress within seven days of the date that Respondent failed to meet the  
24 experience person requirement.

25 13. Respondent failed to file an accounting of all investor funds as of the date  
26 that Respondent failed to meet the experience person requirement.



1 **CONCLUSIONS OF LAW**

2 1. Respondent's failure to provide the name and required information of  
3 person qualified to be the experience person as required on the application for a  
4 mortgage banker/broker license, which makes the license incomplete as to a  
5 material portion of the application as the date of this Order, constitutes grounds to  
6 revoke the license pursuant to ORS 59.865(5).

7 2. Respondent's failure to meet the experience person requirement of ORS  
8 59.850(3) constitutes grounds to revoke the license pursuant to ORS 59.865(10).

9 3. Respondent's failure to file a pipeline of the Oregon transactions in  
10 progress is a violation of OAR 441-860-0080(1)(b).

11 4. Respondent's failure to file an accounting of all investor funds is a violation  
12 of OAR 441-860-0080(1)(c).

13 5. Respondent's failure to file a plan to rectify the failure to have an  
14 experience person or a plan for the orderly transfer of business to a duly licensed  
15 mortgage lender is a violation of OAR 441-860-0080(1)(d).

16 6. Respondent's failure to comply with the requirements of OAR 441-860-  
17 0080(1)(b), (c) and (d) to file information required by the Director by rule constitutes  
18 grounds to revoke the license pursuant to ORS 59.865(11).

19 **ORDER**

20 The Director, pursuant to ORS 59.865, hereby **REVOKES** the mortgage lender  
21 license issued to Senior Homeowners Financial Services, Inc.

22 In addition, the Director, pursuant to ORS 59.996, hereby **ORDERS** Senior  
23 Homeowners Financial Services, Inc. to pay the State of Oregon a civil penalty of  
24 \$5,000.00. The penalty of \$5,000.00 is based upon Senior Homeowners Financial  
25 Services, Inc.'s failure to comply with the filing requirements of OAR 441-860-  
26 0080(1)(b), (c) and (d). The Director suspends payment of the entire assessed civil

1 penalty for a three year period. If in the period between the date of the Order to three  
2 years from the date of the Order, Senior Homeowners Financial Services, Inc. violates  
3 any provision of the Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-  
4 885-0010 or any rule, order, or policy issued by the Division, the suspended portion of  
5 the assessed civil penalty will become immediately due and payable. If Senior  
6 Homeowners Financial Services, Inc. does not violate the Oregon Mortgage Lender  
7 Law, OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by  
8 the Division in the three year period, the suspended portion of the civil penalty is waived.  
9 The date of the Order is the date the Director signs the Order.

10  
11  
12 Dated this 24th day of SEPTEMBER, 2002.

13  
14  
15   
16 \_\_\_\_\_  
17 Floyd G. Lanter, Administrator  
18 Division of Finance and Corporate Securities

19 NOTICE: You are entitled to judicial review of this Order. Judicial review may be  
20 obtained by filing a petition for review within 60 days from the service of this Order.  
21 Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of  
22 Appeals.  
23  
24  
25  
26