

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 J & R LENDING, INC. dba FIRST  
8 SECURITY LENDING

9 ORDER NO. O-02-0052

10 CEASE AND DESIST ORDER AND  
11 CONSENT TO IMPOSITION OF CIVIL  
12 PENALTIES

13 To: J & R Lending, Inc. dba First Security Lending

14 2001 W. Magnolia Blvd. Suite C

15 Burbank, CA 91506

16 WHEREAS the Director of the Department of Consumer and Business Services  
17 for the State of Oregon (hereinafter "the Director") conducted an investigation of J & R  
18 Lending, Inc. dba First Security Lending, and determined that J & R Lending, Inc. dba  
19 First Security Lending engaged in activities constituting violations of ORS 59.840  
20 through 59.965 (hereinafter "the Oregon Mortgage Lender Law"); and

21 WHEREAS J & R Lending, Inc. dba First Security Lending wishes to resolve and  
22 settle this matter with the Director;

23 NOW THEREFORE, as evidenced by the authorized signatures subscribed on  
24 this order J & R Lending, Inc. dba First Security Lending hereby **CONSENTS** to entry  
25 of this order upon the Director's Findings of Fact and Conclusions of Law as stated  
26 hereinafter:

**FINDINGS OF FACT**

The Director **FINDS** that:

1. J & R Lending, Inc. dba First Security Lending (hereinafter "Respondent"),  
incorporated in California on July 22, 1999 engages in residential mortgage transactions  
in Oregon or on Oregon real property in expectation of compensation.

1           2. The Director has licensed Respondent to engage in Oregon residential  
2 mortgage lending since May 17, 2000.

3           3. Justin Aldi and Ronnie Da Motta each own 50% of Respondent.

4           4. On October 12, 2001, the Director sent notice to all licensees that there had  
5 been changes in the Oregon Mortgage Lender Law and proposed changes in the  
6 administrative rules.

7           5. In January 2002, the Director published a new issue of the Mortgage Lender  
8 News on the web site that included an explanation of the new notification requirements.

9           6. On February 14, 2002, the Director sent a notice to all licensees that the final  
10 rules had been approved and were available on the web site along with the January  
11 2002 issue of the Mortgage Lender News that explained the new requirements.

12           7. On August 9, 2002, the Director sent a letter to Respondent informing  
13 Respondent that the Director had not received notification of Respondent's loan  
14 originators and requesting that Respondent provide the required information by  
15 September 1, 2002 to avoid civil penalties.

16           8. On September 1, 2002, the Director had not received notification of  
17 Respondent's loan originators.

18           9. On September 26, 2002, the Director left a telephone message for Ronnie Da  
19 Motta informing Respondent that the Director had not received the required loan  
20 originator information and that the Director was beginning the process of issuing civil  
21 penalties to companies that failed to comply with the notification requirements but if  
22 Respondent submitted their information prior to Director commencing administrative  
23 action that the information would be accepted as compliant.

24           10. On September 26, 2002, the Director received a telephone call from Ronnie  
25 Da Motta indicating that Respondent had moved and as a result had not received the  
26 August 9, 2002 letter.

1 11. On September 26, 2002, the Director sent a facsimile to Respondent directed  
2 to Ronnie Da Motta containing a copy of the August 9, 2002 letter and the loan  
3 originator notification form that Respondent was required to complete.

4 12. Respondent asserts that the required materials were faxed to the Director on  
5 September 20, 2002.

6 13. As of October 23, 2002, the Director had not received the loan originator  
7 information as requested.

8 14. As of October 23, 2002, the Director had not received written notice of  
9 Respondent's change of address.

#### 10 **CONCLUSIONS OF LAW**

11 The Director **CONCLUDES** that:

- 12 1. Respondent violated OAR 441-880-0030(1) by failing to produce the required  
13 information about Respondent's loan originators by January 30, 2002.
- 14 2. Respondent violated ORS 59.969(1) by failing to provide to the Director information  
15 about Respondent's loan originators.
- 16 3. Respondent violated OAR 441-860-0070(1)(i) by failing to provide notice of a change  
17 of address within 30 days after the occurrence.

#### 18 **ORDER**

19 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that J & R Lending,  
20 Inc. dba First Security Lending will **CEASE AND DESIST** from violating any provision  
21 of Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any  
22 rule, order, or policy issued by the Division.

23 The Director, pursuant to ORS 59.996 hereby **ORDERS** J & R Lending, Inc. dba  
24 First Security Lending to pay the State of Oregon a civil penalty of \$10,000 based upon  
25 \$5,000 for the failure to provide to the Director information about Respondent's loan  
26 originators and \$5,000 for the failure to provide notification of a change in address within

1 30 days of the occurrence.

2 The Director suspends payment of \$5,000 of the assessed civil penalty for a  
3 three year period. If in the period between the date of the Order to three years from the  
4 date of the Order or until the non-suspended portion of the civil penalty has been paid,  
5 whichever occurs later, J & R Lending, Inc. dba First Security Lending violates any  
6 provision of the Oregon Mortgage Lender Law. OAR 441-850-0005 through 441-885-  
7 0010 or any rule, order, or policy issued by the Division, the suspended portion of the  
8 assessed civil penalty will become immediately due and payable. If J & R Lending, Inc.  
9 dba First Security Lending does not violate the Oregon Mortgage Lender Law, OAR  
10 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the Division  
11 in three years from the date of the Order or until the non-suspended portion of the civil  
12 penalty has been paid, whichever occurs later, the suspended portion of the civil penalty  
13 is waived.

14 The \$5,000 non-suspended portion of the civil penalty may be paid in minimum  
15 monthly installments of \$500. The first payment is due no later than July 1, 2003 and  
16 payment shall be due thereafter on the first day of each month until the \$5,000 non-  
17 suspended portion of the civil penalty is paid in full.

18 The date of this order is the day the Director signs the order. The entry of this  
19 Order in no way limits further remedies which may be available to the Director under  
20 Oregon law.

21 Dated this 24th day of July, 2003.

22 **CORY STREISINGER, DIRECTOR**  
23 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

24  
25 by   
26 **FLOYD G. LANTER, ADMINISTRATOR**  
**DIVISION OF FINANCE AND CORPORATE SECURITIES**

1 **CONSENT TO ENTRY OF ORDER**

2 I, Justin Aldi, state that I am the  
3 CEO of J & R Lending, Inc. dba First Security Lending, and I am  
4 authorized to act on its behalf; that I have read the foregoing Order and that I know and  
5 fully understand the contents hereof; that J & R Lending, Inc. dba First Security Lending  
6 admits the findings of fact herein, voluntarily consents to the entry of this Order without  
7 further hearing, expressly waiving any right to a hearing in this matter; that J & R  
8 Lending, Inc. dba First Security Lending understands that the Director reserves the right  
9 to take further actions to enforce this order or to take appropriate action upon discovery  
10 of other violations of Oregon Mortgage Lender Law; and that J & R Lending, Inc. dba  
11 First Security Lending will fully comply with Oregon Mortgage Lender Law.

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

13 Dated this 16 day of July, 2003.

14 By Justin Aldi CEO  
15 (Office Held)

16 [Signature]  
17 (Signature)

18 **CORPORATE ACKNOWLEDGMENT**

19 There appeared before me this 16<sup>th</sup> day of July, 2003,  
20 Justin Aldi, who was first duly sworn on oath, and stated that s/he was  
21 and is the CEO of J & R Lending, Inc. dba First Security Lending and  
22 Justin Aldi is authorized and empowered to sign this Consent to Entry of  
23 Order on behalf of J & R Lending, Inc. dba First Security Lending and to bind J & R  
24 Lending, Inc. dba First Security Lending to the terms hereof.

25 M. Sharp  
26 Signature of Notary Public  
Notary Public for the State of: California  
My Commission expires: 8-12-2006

