

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

4 In the Matter of:

M-05-0044

5 Craig Richard Warberg,
6 Respondent.

FINAL ORDER TO CEASE AND DESIST
BY DEFAULT

7
8
9 On June 13, 2005 the Director of the Department of Consumer and Business
10 Services for the State of Oregon (hereafter the "Director"), acting by and pursuant to the
11 authority of Oregon Securities Law, Chapter 59 of the Oregon Revised Statutes, and
12 other applicable authority, issued Administrative Order No. M-05-0044 to Cease And
13 Desist And Notice Of Right To Hearing (hereafter "the Order and Notice") against
14 Respondent Craig Richard Warberg.

15 On June 14, 2005, the Director attempted to serve Respondent Craig Richard
16 Warberg with a true copy of the Order and Notice by United States Mail, postage
17 prepaid, and addressed to Respondent Craig Richard Warberg at the following last
18 known address: of 1501 NW 10th Circle in Battle Ground, Washington. The mailing was
19 returned marked "return to sender - moved."

20 In response, the Director obtained an address of 16505 SE Fisher Drive in
21 Vancouver, Washington 98683-9435 for Craig Richard Warberg from the State of
22 Washington. On June 24, 2005, the Director attempted to serve Respondent Craig
23 Richard Warberg with a true copy of the Order and Notice by United States Mail,
24 postage prepaid, and addressed to Respondent Craig Richard Warberg the reported
25 address of 16505 SE Fisher Drive in Vancouver, Washington 98683-9435. The Order
26 and Notice sent by certified mail was returned marked "unclaimed" on July 13, 2005.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140



1 The Order and Notice sent by regular first class mail was not returned.

2 Respondent Craig Richard Warberg has not made a written request for a
3 contested case hearing in this matter and the time to do so has expired.

4 **NOW THEREFORE**, after consideration of the Investigation Report and
5 accompanying exhibits submitted in this matter by Kirsten Anderson, Enforcement
6 Officer, the Director hereby issues the following Findings of Fact, Conclusions of Law,
7 and Final Order:

8 **FINDINGS OF FACT**

9 The Director **FINDS** that:

10 1. Craig Richard Warberg (hereinafter, "Respondent"), was born on November
11 10, 1970. At all times material hereto, Respondent was acting as a loan originator as
12 defined in ORS 59.840(4) for mortgage brokers licensed by the State of Oregon.

13 2. Respondent was employed by Rocky Mountain Mortgage, Inc. (hereinafter
14 "RMM"), Oregon mortgage banker/broker license ML-1970, and was authorized to act
15 on behalf of RMM from June 2003 through August 6, 2003, when Respondent resigned
16 from RMM.

17 3. RMM is an interested person in connection with any act undertaken by a
18 loan originator working for RMM.

19 4. RMM loan originators are authorized by RMM to collect from consumers a
20 non-refundable "admin" fee to cover things such as credit reports, paper and other
21 miscellaneous costs that RMM incurs in processing the loan. RMM loan originators also
22 are authorized by RMM to collect from consumers the appraisal fee, which is deposited
23 into a clients' trust account, until such time as needed to pay the appraiser for work
24 completed or it is returned to the customer. RMM policy is that funds collected for
25 payment of admin and appraisal fees are to be written to "Rocky Mountain Mortgage,
26 Inc." or an authorized dba and are to deposited according to RMM policy.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140





1 5. RMM policy provides that admin fees collected from Oregon consumers are
2 to deposited into the general operating account while appraisal fees collected from all
3 consumers are to be deposited into a clients' trust account within three business days.

4 6. Respondent directed the loan originators he supervised to have consumers
5 write checks to pay for the admin fee or, at times, for appraisals directly to him instead
6 of RMM, contrary to RMM policy.

7 7. Respondent accepted admin fees collected by cash or check from Oregon
8 and Washington consumers by loan originators Respondent supervised in connection
9 with the loan applications taken in the name of RMM from at least eighteen consumers,
10 nine of which were Oregon consumers.

11 8. Respondent accepted appraisal fees, collected by cash or check from
12 Oregon and Washington consumers by loan originators Respondent supervised, to pay
13 for appraisals in connection with the loan applications taken in the name of RMM from
14 at least eight consumers, three of which were Oregon consumers.

15 9. Respondent cashed checks written for appraisal fees, including those for
16 Washington consumer R [REDACTED] N [REDACTED] and Oregon consumer K [REDACTED] E [REDACTED], by
17 personally taking the checks to the banks that they were written on and presenting them
18 for payment.

19 10. Respondent received cash from the consumers' banks upon presentment of
20 the checks for appraisal fees and did not deposit the cash into a trust account or neutral
21 depository but rather used the cash to pay for personal and business expenses other
22 than appraisals.

23 11. When RMM became aware that Respondent had collected admin fees and
24 appraisal fees but had not deposited them as required by RMM policy, RMM directed
25 Respondent to provide RMM an accounting of the funds taken and the use of those
26 funds.



1 5. Respondent violated ORS 59.971(1) by engaging in an unfair or unethical
2 practice in connection with the mortgage business when he used the funds he obtained
3 from cashing the appraisal fee checks for personal and business expenses other than
4 payment of appraisal fees.

5 6. Respondent violated ORS 59.971(3) by failing to account to persons
6 interested for all money or property received in connection with a mortgage loan when
7 he failed to account to RMM for all the admin fees and appraisal fees he received from
8 the loan originators that he supervised either by providing the funds to RMM or by
9 providing a written statement of what was received and how the funds were expended.

10 7. OAR 441-880-0050(4)(a) provides "crimes punishable by death or
11 imprisonment in excess of one year under the law under which the person was
12 convicted," are among the categories of criminal convictions that will prevent a person
13 from acting as a loan originator.

14 8. Forgery pursuant to RCW 9A.60.020(1)(a) and 9A.60.020(1)(b), Unlawful
15 Production of Payment Instruments pursuant to RCW 9A.56.320(1), and Theft in the
16 Second Degree pursuant to RCW 9A.56.020(1)9A) and 9A.56.040(1)(a) are class C
17 felonies which are punishable by imprisonment in excess of one year.

18 9. Because on October 14, 2004, Respondent was convicted of one count
19 of Forgery, one count of Unlawful Production of Payment Instruments, and two counts
20 of Theft in the Second Degree in Clark County case number 04-1-00525-6, all of which
21 are among the categories of criminal convictions that will prevent a person from acting
22 as a loan originator listed in OAR 441-880-0050(4)(a), ORS 59.971(2) prohibits
23 Respondent from acting as a loan originator as defined in ORS 59.840 or 59.970.

24 10. Forgery pursuant to RCW 9A.60.020(1)(a) and 9A.60.020(1)(b) and
25 Unlawful Production of Payment Instruments to RCW 9A.56.320(1) are crimes involving
26 a false statement or dishonesty under OAR 441-880-0050(4)(b)(B).



1 11. Because on October 14, 2004, Respondent was convicted of one count of
2 Forgery in Clark County case number 04-1-00525-6, which is among the categories of
3 criminal convictions that will prevent a person from acting as a loan originator listed in
4 OAR 441-880-0050(4)(b)(B), ORS 59.971(2) prohibits Respondent from acting as a
5 loan originator as defined in ORS 59.840 or 59.970.

6 12. Because on October 14, 2004, Respondent was convicted of one count of
7 Unlawful Production of Payment Instruments in Clark County case number 04-1-00525-
8 6, which is among the categories of criminal convictions that will prevent a person from
9 acting as a loan originator listed in OAR 441-880-0050(4)(b)(B), ORS 59.971(2)
10 prohibits Respondent from acting as a loan originator as defined in ORS 59.840 or
11 59.970.

12 13. Theft in the Second Degree pursuant to RCW 9A.56.020(1)(a) and
13 9A.56.040(1)(a) is a crime involving theft, misappropriation, or misapplication, of
14 monies, services or goods in any amount under OAR 441-880-0050(4)(b)(A).

15 14. Because on October 14, 2004, Respondent was convicted of two counts
16 of Theft in the Second Degree in Clark County case number 04-1-00525-6, which is
17 among the categories of criminal convictions that will prevent a person from acting as a
18 loan originator listed in OAR 441-880-0050(4)(b)(A), ORS 59.971(2) prohibits
19 Respondent from acting as a loan originator as defined in ORS 59.840 or 59.970.

20 ORDER

21 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

22 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Craig Richard
23 Warberg will **CEASE AND DESIST** from violating any provision of Oregon Mortgage
24 Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order, or policy
25 issued by the Division.

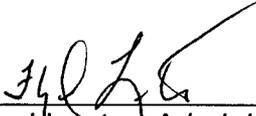
26 The Director hereby **ORDERS** that Craig Richard Warberg is permanently

1 restrained, enjoined, and prohibited from, directly or indirectly, acting as a loan
2 originator, as that term is defined in ORS 59.840 and ORS 59.970.

3
4 **IT IS SO ORDERED.**

5 Dated this 21ST day of July, 2005, at Salem, Oregon.

6
7 CORY STREISINGER, Director
8 Department of Consumer and Business Services

9
10 
11 _____
12 Floyd/Lanter, Administrator
13 Division Of Finance And Corporate Securities

14 NOTICE: You are entitled to judicial review of this Order. Judicial review may be
15 obtained by filing a petition for review within 60 days from the service of this Order.
16 Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of
17 Appeals.

18
19
20
21
22
23
24
25
26
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4140

