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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**
6 **ENFORCEMENT SECTION**

7 **BEFORE THE DIRECTOR OF THE DEPARTMENT**
8 **OF CONSUMER AND BUSINESS SERVICES**

9 **In the Matter of**

M-05-0101

10 **DEREK CRAIG LEE, an**
11 **individual,**

Respondent.

ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL PENALTY
AND CONSENT TO ENTRY OF ORDER

12 **WHEREAS** the Director of the Department of Consumer and Business Services
13 has conducted an investigation of certain business activities conducted by Derek Craig
14 Lee and has determined that he has engaged in activities in violation of the Oregon
15 Mortgage Lender Law, Oregon Revised Statutes ("ORS") 59.840 to 59.980; and

16 **WHEREAS** Derek Craig Lee wishes to resolve and settle this matter with the
17 **DIRECTOR;**

18 **NOW THEREFORE,** as evidenced by the authorized signatures subscribed on
19 this Order, Derek Craig Lee hereby **CONSENTS** to entry of this Order to Cease and
20 Desist upon the Director's Findings of Fact and Conclusions of Law as stated
21 hereinafter.

22 **FINDINGS OF FACT**

The Director **FINDS** that:

23 1. Morgan Financial, Inc. ("Morgan Financial") is an Oregon-licensed
24 mortgage broker, license number ML-776, with principal offices located at 1018 E.
25 Guadalupe Road, Tempe, Arizona 85283. Morgan Financial maintains an Oregon office
26 at 935 NW 19th Avenue, Portland, Oregon 97209. Morgan Smith ("Smith") is president

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 of the company. Morgan Financial is also licensed as a residential mortgage broker by
2 the State of Washington Department of Financial Institutions ("DFI").

3 2. Derek Craig Lee ("Lee"), age 39, is an Oregon resident currently residing
4 at 61442 Brookwood Blvd., Bend, Oregon 97702. For some time prior to June 26,
5 2003, Lee was employed as a residential mortgage loan originator for Morgan Financial
6 at the company's branch office located at 5514 NE 107th Avenue #201, Vancouver, WA
7 98662 ("Vancouver branch office").

8 3. In July 2001, Lee opened two banking accounts with Centennial Bank.
9 One account was a Direct Deposit Account ("DDA account") numbered 62000432. The
10 other account was a savings account numbered 62700232. Elizabeth A. Lee was a
11 signer on both accounts. By information and belief, Elizabeth A Lee is Lee's wife. In
12 2002, Centennial Bancorp merged with Umpqua Holdings Corporation with the surviving
13 branch banks thereafter doing business as Umpqua Bank.

14 4. On June 26, 2003, Smith sent a letter to Lee purporting to terminate his
15 employment as a loan originator with Morgan Financial. The letter was misaddressed
16 and not sent to the correct address for the Vancouver branch office but instead sent to
17 5514 NE 107th #20. It is unknown whether Lee received the termination letter.

18 5. On June 30, 2003, Smith submitted a form to the DFI terminating the
19 Vancouver branch office of Morgan Financial.

20 6. On September 24, 2003, two checks were deposited into Lee's DDA
21 account. The first was check number 1398378 issued by Qwest made payable to
22 Morgan Financial in care of the Vancouver branch office address in the amount of
23 \$121.08. The second was check number 020162 issued by First American Title
24 Company of Columbia County ("title company") made payable to Morgan Financial in
25 care of Morgan Financial's Portland branch office address for \$6,227.01. No deposit
26 endorsement was made on either check.

1 **ORDER**

2 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

3 13. Pursuant to the authority of ORS 59.885(4), the Director hereby **ORDERS**
4 Derek Craig Lee to **CEASE AND DESIST** from violating any provision of the Oregon
5 Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010, and any rule, order,
6 or policy issued by the Division.

7 14. Pursuant to the authority of ORS 59.996, the Director hereby **ASSESES**
8 Derek Craig Lee a **CIVIL PENALTY** in the amount of \$5,000 (five thousand dollars) for
9 violation of ORS 59.971(1) (engaging in dishonest, fraudulent or illegal practices or
10 conduct in any business or profession or engaging in unfair or unethical practices or
11 conduct in connection with the mortgage business).

12 15. The Director **SUSPENDS** payment of \$4,000 (four thousand dollars) of the
13 penalty assessed against Derek Craig Lee in Paragraph 14 above for a three-year
14 period. If, in the three-year period following the date of the Order, Derek Craig Lee
15 violates any provision of the Oregon Mortgage Lender Law, OAR 441-850-0005 through
16 441-885-0010, or any rule, order, or policy issued by the Division, the suspended
17 portion of the assessed civil penalty will become immediately due and payable. If Derek
18 Craig Lee does not violate the Oregon Mortgage Lender Law, OAR 441-850-0005
19 through 441-885-0010, or any rule, order, or policy issued by the Division in the three
20 years from the date of the Order, the suspended portion of the civil penalty is waived.

21 16. The date of this Order is the day the Director signs the Order.
22 The entry of this Order in no way limits further remedies which may be available to the

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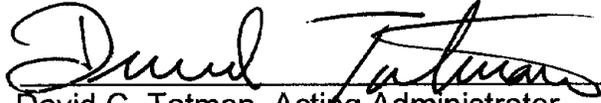
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1 Director under Oregon law.

2 Dated this 16th day of March, 2006 at Salem, Oregon.

3 CORY STREISINGER, Director
4 Department of Consumer and Business Services

5 
6 David C. Tatman, Acting Administrator
7 Division of Finance and Corporate Securities

8 APPROVED AS TO FORM:

9 _____ Dated: _____
10 Attorney for Respondent

11 **CONSENT TO ENTRY OF ORDER**

12 I, Derek Craig Lee, state that I am a resident of the State of Oregon, that I have
13 read the foregoing Order and that I know and fully understand the contents hereof; that I
14 execute this Consent as a settlement of the matter referred to in the Order; that I have
15 been advised of my right to a hearing, and that I have the right to be represented by
16 counsel in this matter; that I voluntarily consent to the entry of this Order without any
17 force or duress, expressly waiving any right to a hearing in this matter; that I understand
18 that the Director reserves the right to take further actions against me to enforce this
19 Order or to take appropriate action upon discovery of other violations of the Oregon
20 Mortgage Lender Law by me; and that I will fully comply with the terms and conditions
21 stated herein.

21 I further assure the Director that I will not engage in the activities of a securities
22 broker-dealer, investment adviser, or mortgage broker, or act as a salesperson for any
23 of these unless such activities are in full compliance with Chapter 59 of the Oregon

23 Revised Statutes.

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I understand that this Consent Order is a public document.

Dated this 7 day of ~~February~~^{MARCH}, 2006.

Derek Craig Lee

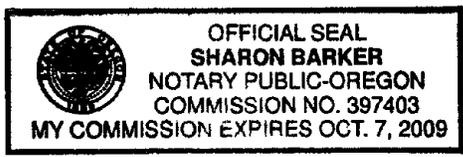
SUBSCRIBED AND SWORN to before me this 7 day of ~~February~~^{MARCH}, 2006.

Signature of Notary Public

Notary Public for the State of: Oregon

My commission expires: 10/7/09

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