

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:
5 Pathfinders Mortgage Inc.,
6 Respondent.

M-06-0035

ORDER TO CEASE AND DESIST
ORDER ASSESSING CIVIL PENALTIES

7 And
8 CONSENT TO ENTRY OF ORDER

9 WHEREAS the Director of the Department of Consumer and Business Services
10 for the State of Oregon (hereinafter "the Director") conducted an investigation of
11 Pathfinders Mortgage Inc. (hereinafter "Respondent") and determined that Pathfinders
12 Mortgage Inc.. engaged in activities constituting violations of ORS 59.840 through
13 59.965 (hereinafter cited as the Oregon Mortgage Lender Law); and

14 WHEREAS Pathfinders Mortgage Inc., wishes to resolve and settle this matter
15 with the Director,

16 NOW THEREFORE, as evidenced by the authorized signature subscribed on
17 this order, Pathfinders Mortgage Inc. hereby **CONSENTS** to entry of this order upon the
18 Director's Findings of Fact and Conclusions of Law as stated hereinafter:

19 **FINDINGS OF FACT**

20 The Director **FINDS** that:

- 21 1. Respondent is an Oregon corporation formed on March 7, 1994. Victor Welsh
22 owns 51 percent of Respondent. Maureen Welsh owns 49% of Respondent.
- 23 2. Respondent has been continuously licensed to engage in Oregon residential
24 mortgage loans since November 23, 1999.
- 25 3. On July 25, 2005, the Director received a letter from a consumer that reported
26 that Don Orwick was operating as a loan originator using the name "Lender Direct" at





1 1880 Lancaster Drive NE Suite 119 in Salem, Oregon 97305 (hereinafter "the Lancaster
2 location"). The letter contained copies of internet pages for
3 www.lenderdirectonline.com (hereinafter "the internet site") printed on June 1, 2005 that
4 represented that Lender Direct Mortgage could provide home loans. The internet site
5 provided a contact name of Don Orwick, the Lancaster location address, a phone
6 number and e-mail address for Don Orwick. The internet site did not contain
7 Respondent's name.

8 4. Timothy Spencer, a Financial Examiner working in the Mortgage Lender Section,
9 noted that Don Orwick was listed as a loan originator for Respondent in the Director's
10 records, that the Lancaster location was not licensed to Respondent and that no
11 company named "Lender Direct Mortgage" or with a dba of "Lender Direct Mortgage"
12 was licensed to engage in Oregon residential lending.

13 5. On November 9, 2005, Tim Spencer performed a search on dexonline.com for
14 the company name "lender direct" in Salem, Oregon. That search revealed that Lender
15 Direct Mortgage was located at the Lancaster location.

16 6. Tim Spencer contacted both Respondent and Don Orwick about the Lancaster
17 location and the name "Lender Direct Mortgage" on the internet site.

18 7. In response to Timothy Spencer's November 14, 2005 inquiries, Don Orwick sent
19 e-mail dated November 28, 2005 admitting that the loans were taken under
20 Respondent's license. The letter did not deny having the Lancaster location or that the
21 information about the Lancaster location listed on the internet site was not correct. Don
22 Orwick wrote that he had cancelled the internet site.

23 8. Although Respondent had solicited mortgage loans on the internet site using the
24 Lancaster location address from at least June 1, 2005, Respondent first obtained a
25 license to engage in Oregon residential mortgage transactions from Lancaster location
26 on December 1, 2005.



1 9. On or about June 1, 2006, Chris Aldrich, an investigator working for the Director,
2 checked the name registration for Lender Direct Mortgage with the Oregon Secretary of
3 State Corporation Division. He learned that Respondent had registered "Lender Direct
4 Mortgage" as a dba.

5 10. On June 2, 2006, the internet site was still functional. It continued to use the
6 name Lender Direct Mortgage and did not have a reference to Respondent.

7 11. On or prior to June 22, 2006, Chris Aldrich, an investigator working for the
8 Director, notified Victor Welsh that filing a dba with the Oregon Secretary of State
9 Corporation Division is not sufficient to complete the requirements to add the dba to the
10 license issued by the Director.

11 12. On or prior to June 22, 2006, Randy Hamar, an employee of Respondent's,
12 contacted Ken Power, a Financial Examiner in the Mortgage Lender Section, to inquire
13 about the steps to add a dba to Respondent's license.

14 13. As of August 15, 2006, the internet site was still operational using the dba
15 Lender Direct Mortgage. The internet site did now contain "A Pathfinder's Company"
16 directly below "Lender Direct Mortgage."

17 14. As of August 15, 2006, Respondent had not provided the Director with written
18 notification of intent to use the dba "Lender Direct Mortgage" and a surety bond or bond
19 rider evidencing coverage for the dba "Lender Direct Mortgage." In addition, the
20 Director had not provided Respondent with a license containing the dba "Lender Direct
21 Mortgage."

22 15. Exhibit A, hereby incorporated by reference, contains a list of twenty-three loan
23 originators hired by Respondent with the date that each of the twenty-three loan
24 originators began working for Respondent and the date that Respondent conducted a
25 criminal records check for each of the twenty-three loan originators. For each of these
26 twenty-three loan originators hired by Respondent, Respondent conducted the



1 background checks after it had hired the individual to originate loans for Respondent.

2 16. Respondent hired Robert Offerman on September 9, 2005. On or about
3 September 16, 2005, Respondent submitted a Loan Originator Notification Form
4 (hereinafter "Offerman notice") to the Director indicating that Respondent had hired of
5 Robert Offerman as a loan originator. In response to the question of whether a criminal
6 records check had been conducted, the Offerman notice contained a check in the yes
7 box.

8 17. Respondent did not conduct a criminal records check for Robert Offerman until
9 April 12, 2006. The criminal records check revealed that Robert Offerman had been
10 convicted of a felony.

11 18. On May 8, 2006, Respondent terminated Robert Offerman as a loan originator.

12 19. Respondent continued to employ Robert Offerman as a loan originator between
13 April 12, 2006 and May 8, 2006.

14 CONCLUSIONS OF LAW

15 The Director **CONCLUDES** that:

16 1. Respondent violated ORS 59.950(2) by failing to provide the Director notice of its
17 intent to operate a branch at the Lancaster location at least 30 days prior to
18 commencing operations at the location.

19 2. Respondent violated OAR 441-860-0030 by failing to provide the Director with
20 the licensing fee and branch information including the address, telephone number,
21 facsimile number and branch supervisor's name at least 30 days prior to commencing
22 operations at the Lancaster location.

23 3. Respondent violated OAR 441-860-0025 by failing to register the dba Lender
24 Direct Mortgage with the Oregon Secretary of State Corporation Division, add the dba to
25 Respondent's surety bond prior to the use of the dba Lender Direct Mortgage and
26 provide the bond to the Director.

1 4. Respondent violated OAR 441-880-0050(1) each of the twenty-three times it did
2 not conduct a criminal records check as required by ORS 59.972(1) prior to the hire of
3 each of the twenty-three loan originators listed in Exhibit A.

4 5. Respondent violated ORS 59.930(4) by filing a document with the Director which
5 is known to be false in a matter manner when Respondent filed the Offerman notice
6 indicating that a criminal records check had been completed.

7 6. Respondent violated OAR 441-880-0050(3) by continuing to employ Robert
8 Offerman as a loan originator between April 12, 2006 and May 8, 2006 after conducting
9 a criminal records check that revealed a felony, which is a disqualifying conviction under
10 OAR 441-880-0050(4).

11 **ORDER**

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

13 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Respondent will
14 **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law,
15 OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the
16 Division, specifically including but not limited to commencing operations at a branch
17 location prior to providing appropriate notice to the Director, using a dba prior to
18 providing appropriate notice and evidence of surety bond coverage to the Director,
19 hiring a loan originator without first conducting a criminal records check, and hiring or
20 continuing to employ a loan originator with a disqualifying conviction.

21 The Director, pursuant to ORS 59.996 hereby **ORDERS** Respondent to pay the
22 State of Oregon a civil penalty of \$40,000. The civil penalty is based upon \$5,000 for
23 the violation of ORS 59.950(2) and OAR 441-860-0030, \$5,000 for the violation of OAR
24 441-860-0025, \$20,000 for the 23 violations of OAR 441-880-0050(1), \$5,000 for the
25 violation of ORS 59.930(4) and \$5,000 for the violation of OAR 441-880-0050(3).

26 The Director **SUSPENDS** payment of \$15,000 of the assessed civil penalty for a



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

9 The remaining \$25,000 of the civil penalty may be paid in minimum monthly
10 installments of \$2083.33. The first payment is due no later than November 1, 2006 and
11 payment shall be due thereafter on the first day of each month until the entire \$25,000 is
12 paid in full. If any one payment is not received by the Director by the fifth day of the
13 month in the month it is due, the entire civil penalty, comprised of any unpaid portion of
14 the non-suspended portion of the civil penalty still unpaid along with the suspended
15 portion of the civil penalty, becomes immediately due and payable.

16 The date of this order is the day the Director or Director's nominee signs the
17 order. The entry of this Order in no way limits further remedies which may be available
18 to the Director under Oregon law.

19 Dated this 4th day of October, 2006, at Salem, Oregon.

20 CORY STREISINGER, Director
21 Department of Consumer and Business Services

22 
23 David Tatman, Administrator
24 Division of Finance and Corporate Securities

25 CORPORATE CONSENT TO ENTRY OF ORDER

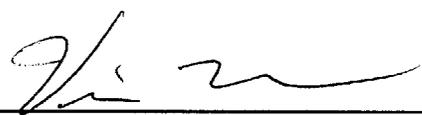
26 I, Victor Welsh, state that I am an officer of Respondent, and I am authorized to
act on its behalf; that I have read the foregoing Order and that I know and fully

1 understand the contents hereof; that I and this entity have been advised of the right to a
2 hearing and of the right to be represented by counsel in this matter; that Respondent
3 voluntarily and without any force or duress, consents to the entry of this Order,
4 expressly waiving any right to a hearing in this matter; that Respondent understands
5 that the Director reserves the right to take further actions to enforce this Order or to take
6 appropriate action upon discovery of other violations of the Oregon Mortgage Lender
7 Law; and that Respondent will fully comply with the terms and conditions stated herein.

8 Respondent further assures the Director that neither Respondent, nor its officers,
9 directors, employees or agents will effect mortgage transactions in Oregon unless such
10 activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

11 Respondent understands that this Consent Order is a public document.

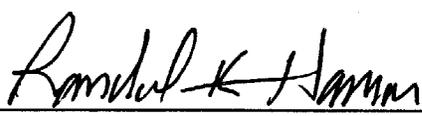
12 Dated this 27TH day of SEPT, 2006

13
14 By 
Victor Welsh

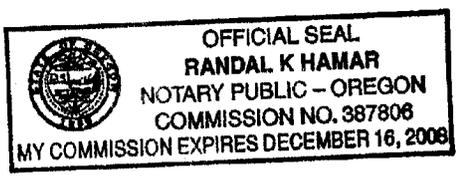
15
16 PROS.
17 (Office Held)

18 **CORPORATE ACKNOWLEDGMENT**

19 There appeared before me this 27 day of SEPTEMBER, 2006, Victor
20 Welsh, who was first duly sworn on oath, and stated that he was and is
21 an officer of Respondent and that he is authorized and empowered to sign this Consent
22 to Entry of Order on behalf of Respondent, and to bind Respondent to the terms hereof.

23
24 

25 Notary Public
for the State of: OREGON
26 My commission expires: December 16, 2008



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