

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.**

S-05-0087-4
ORDER TO CEASE AND DESIST
ORDER ASSESSING CIVIL PENALTIES
And
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. At all time relevant hereto, Respondent was licensed to engage in Oregon
22 residential mortgage transactions.
- 23 2. At all times relevant hereto, Respondent employed Kent Davis to act as a loan
24 originator.
- 25 3. At all times relevant hereto, Michelle Moses performed loan processing services
26 for Respondent under the direction of Kent Davis.

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 4. Between November 2003 and March 2004, Kent Davis, while acting as a loan
2 originator for Respondent, submitted to three separate lenders loan applications for an
3 Oregon residential mortgage loan for an Oregon consumer that contained statements
4 that Kent Davis knew to be materially false in violation of ORS 59.971(1), the statute
5 that prohibits loan originators from engaging in specified behavior.

6 5. At all times relevant herein, Respondent was not aware that the applications
7 contained materially false information and was not aware that Kent Davis was aware
8 that the applications contained false information.

9 6. Respondent instructed Kent Davis to withdraw the outstanding loan applications
10 when Respondent learned of the situation in March 2004.

11 7. In February 2004, Michelle Moses, while acting as a processor for loan originator
12 Kent Davis on an Oregon residential loan application taken in Respondent's name, set
13 up phone service to give a lender the materially false impression that Nwerem
14 Bookkeeping was a legitimate company.

15 8. Respondent was not aware that Michelle Moses had set up the phone service or
16 that it was being used to give a false impression.

17 CONCLUSIONS OF LAW

18 The Director **CONCLUDES** that:

19 1. Respondent violated ORS 59.865(15) by failing to supervise diligently and
20 control the mortgage-related activities of a loan originator employed by Respondent
21 such that loan originator Kent Davis submitted loan applications to three separate
22 lenders containing information he knew to be false and Kent Davis' processor engaged
23 in activity intended to give a materially false impression to a lender.

24 2. Respondent's violation of ORS 59.865(15) was a continuing violation from
25 November 2003 through March 2004.

26 ORDER

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

2 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Respondent will
3 **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law,
4 OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the
5 Division, specifically including but not limited to failing to diligently supervise and control
6 the mortgage-related activities of loan originators as required by ORS 59.865(15).

7 The Director, pursuant to ORS 59.996 hereby **ORDERS** Respondent to pay the
8 State of Oregon a civil penalty of \$15,000.

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

12 Dated this 23rd day of March, 2006, at Salem, Oregon.

13 CORY STREISINGER, Director
14 Department of Consumer and Business Services

15 
16 David Tatman, Acting Administrator
17 Division of Finance and Corporate Securities

18 APPROVED AS TO FORM:

19 
20 Paul Nelson, Esq.
21 Attorney for Respondent

Dated: March 15, 2006

22 **CORPORATE CONSENT TO ENTRY OF ORDER**

23 I, Victor Welsh, state that I am an officer of Respondent, and I am authorized to
24 act on its behalf; that I have read the foregoing Order and that I know and fully
25 understand the contents hereof; that I and this entity have been advised of the right to a
26 hearing and of the right to be represented by counsel in this matter; that Respondent

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

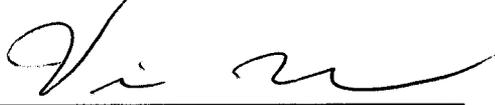
6 Respondent further assures the Director that neither Respondent, nor its officers,
7 directors, employees or agents will effect mortgage transactions in Oregon unless such
8 activities are in full compliance with Chapter 59 of the Oregon Revised Statutes.

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

10 Dated this 15 day of MARCH, 2006.

11

12

By 
(Signature of officer)

13

14

PAES
(Office Held)

15

16

CORPORATE ACKNOWLEDGMENT

17

18 There appeared before me this 15 day of March, 2006, Victor
19 Welsh, who was first duly sworn on oath, and stated that he was and is
20 an officer of Respondent and that he is authorized and empowered to sign this Consent
to Entry of Order on behalf of Respondent, and to bind Respondent to the terms hereof.

21

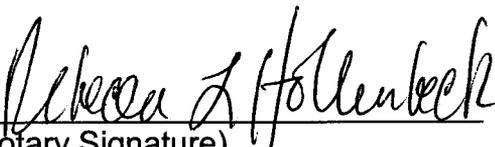
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22



23


(Notary Signature)

24

REBECCA L. HOLLENBECK
(Printed Name of Notary Public)

25

Notary Public

26

for the State of: OREGON

My commission expires: 6/13/2009