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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
ENFORCEMENT SECTION**

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

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In the Matter of:

M-08-0035, M-08-0046-77

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**NEW EQUITY CAPITAL
GROUP, INC.**

Respondent.

**ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL PENALTIES,
ACCEPTANCE OF LICENSE SURRENDER
AND
CONSENT TO ENTRY OF ORDER**

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WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”) conducted an investigation of New Equity Capital Group, Inc. and determined that New Equity Capital Group, Inc. engaged in activities constituting violations of ORS 59.840 *et seq.* (hereinafter cited as the “Oregon Mortgage Lender Law”); and

WHEREAS New Equity Capital Group Inc. wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, New Equity Capital Group Inc. hereby **CONSENTS** to entry of this order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

1. New Equity Capital Group, Inc. (hereinafter “Equity”) is a Nevada corporation operating from a principal place of business of 3014 West Chesapeake Circle South Jordan, Utah 84095. Equity also operates a licensed branch location at 2026 Southeast 35th Place, Portland, Oregon 97214.

Page 1/8— New Equity Capital Group, Inc. M-08-0035-2 Order to Cease and Desist, Order Assessing Civil Penalties, Acceptance of License Surrender and Consent to Entry of Order





1 2. Equity first received a license to engage in Oregon residential mortgage
2 transactions, license ML-3693, on September 9, 2005. On September 8, 2008, the Director
3 issued a notice order license revocation to New Equity. This license was set to expire on
4 September 9, 2008.

5 3. The Director's records list Julianne Stubbs as an owner and Robert Stubbs as
6 an owner and Experienced Person for Equity. James Stubbs is listed as the manager of the
7 branch location.

8 4. On or about November 30, 2005, Ken Power, an examiner from the Mortgage Lending
9 section of the Division of Finance and Corporate Securities (hereinafter "Division") received
10 correspondence from Equity on a letterhead identifying the licensee as "Equity Capital Group"
11 when the company's licensed name is New Equity Capital Group. Power instructed Robert
12 Stubbs that the company either needed to change the name on the letterhead to New Equity
13 Capital Group or change the license name to Equity Capital Group. The Division did not receive
14 a response to this request.

15 5. On or about March 17, 2008, Mike Ruda, an examiner in the Mortgage Lending section
16 of the Division, completed an on-site examination of the books and records of Equity.
17 Examinations are scored on a scale of 1 to 5, with 1 being outstanding and 5 being poor. Equity
18 received a 5, the lowest possible exam score.

19 6. During the exam, personnel files were reviewed and loan files were selected for
20 review.

21 7. The personnel files reviewed revealed that Equity did not perform a criminal
22 background check on branch manager and loan originator James Stubbs until March 8, 2008.
23 James Stubbs has been employed as a loan originator for Equity since May 1, 2005.

24 8. The criminal records check, once completed on James Stubbs, revealed a disqualifying
25 conviction. As of the date of the exam, Equity had not submitted a no-action request to the
26 Division regarding this loan originator's disqualifying conviction. If Equity had submitted a no-



1 action request at that time, the Division would have denied the request and the company would
2 not have been permitted to employ James Stubbs as a loan originator.

3 9. The personnel files reviewed during the exam did not include documentation
4 evidencing that branch manager and loan originator James Stubbs had met the required 20 hours
5 of continuing education. The documentation provided reported that James Stubbs completed six
6 hours of continuing education on June 14, 2006. The complete continuing education
7 requirement for James Stubbs was to be satisfied no later than June 27, 2007.

8 10. The loan files reviewed during the exam revealed that Equity failed to maintain a Good
9 Faith Estimate (hereinafter "GFE") that disclosed the potential for payment of fees such as
10 servicing release premium or yield spread premium in all loan files.

11 11. One of the files reviewed did not contain an interest rate lock or float
12 agreement.

13 12. One of the files reviewed did not include a copy of the final HUD-1 Settlement
14 Statement that represented the amount of the loan transaction.

15 13. One of the files reviewed did not contain an executed loan application form
16 representing the final amount of the loan transaction as per the final HUD-1 Settlement
17 Statement.

18 14. Following the examination, the Division sent Equity an examination report. On or
19 about May 21, 2008, Equity submitted a response to the examination report and a no-action
20 request to the Division regarding the disqualifying conviction of James Stubbs.

21 15. The response to the examination report acknowledged that branch manager and loan
22 originator James Stubbs did not complete the required continuing education requirements in a
23 timely manner. The response also indicated that a criminal background check was completed on
24 James Stubbs in May 2005, but that this documentation was not provided to the examiner at the
25 time of the examination. To date, the Division has not received documentation of this earlier
26 criminal background check.

1 9. By failing to file an annual report by August 30, 2008, Equity violated ORS 59.860(3).

2 **ORDER**

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

4 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that New Equity Capital
5 Group, Inc. will **CEASE AND DESIST** from violating any provision of the Oregon Mortgage
6 Lender Law, and any rules, order or policy issued by the Division.

7 The Director, pursuant to ORS 59.996 and ORS 59.870, hereby **ORDERS** New Equity
8 Capital Group, Inc. to pay the State of Oregon a civil penalty of \$10,000. This is based upon
9 \$5,000 for personnel violations of ORS 59.972(1), OAR 441-880-0050(1), OAR 441-880-
10 0050(5), OAR 441-880-0050(3), and OAR 441-880-0030(6). \$5,000 is assessed for loan file
11 violations of 24 CFR 3500.7, OAR 441-865-0060(1)(d), OAR 441-865-0060(1)(c) and OAR
12 441-865-0060(1)(h) and ORS 59. 860(3).

13 The Director suspends the entire civil penalty assessed to New Equity Capital Group, Inc.,
14 for a three-year period. If, in the period between the date of this Order to three years from the
15 date of this Order, New Equity Capital Group, Inc. violates any provision of the Oregon
16 Mortgage Lender Law or any rule, order or policy issued by the Director, or any part of this
17 order, the suspended portion of the assessed civil penalty will become immediately due and
18 payable. If New Equity Capital Group, Inc. does not violate the Oregon Mortgage Lender Law,
19 or any rule, order or policy issued by the Director, in three years from the date of the order, the
20 civil penalty is waived.

21 The Division accepts the surrender of Equity's Oregon residential mortgage broker
22 license as of the date of this Order.

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



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The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

Dated this 23rd day of February, 2009 at Salem, Oregon.

CORY STREISINGER, Director

Department of Consumer and Business Services



David C. Tatman, Administrator

Division of Finance and Corporate Securities

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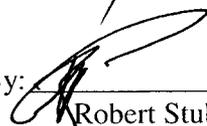
1 **CORPORATE CONSENT TO ENTRY OF ORDER**

2 I, Robert Stubbs, state that I am an officer of New Equity Capital Group, Inc., and I am
3 authorized to act on its behalf; that I have read the foregoing Order and that I know and fully
4 understand the contents hereof; that I and this entity have been advised of the right to a hearing
5 and of the right to be represented by counsel in this matter; that Respondent voluntarily and
6 without any force or duress, consents to the entry of this Order, expressly waiving any right to a
7 hearing in this matter; that Respondent understands that the Director reserves the right to take
8 further actions to enforce this Order or to take appropriate action upon discover of other
9 violations of the Oregon Mortgage Lender Law; and that Respondent will fully comply with the
10 terms and conditions stated herein.

11 Respondent further assures the Director that neither Respondent, nor its officers,
12 directors, employees or agents will effect mortgage transactions in Oregon unless such activities
13 are in full compliance with the Oregon unless such activities are in full compliance with the
14 Oregon Mortgage Lender Law.

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

16 Dated this 12th day of February 2009

17
18 By:  _____
19 Robert Stubbs

20  _____
21 Office Held

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



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CORPORATE ACKNOWLEDGMENT

There appeared before me this 12 day of Feb. 2009 who was first duly sworn on oath, and stated that he was and is 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 .

Anjela L. Collard

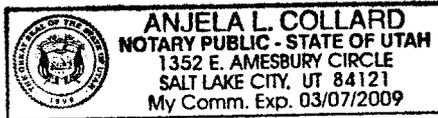
Signature of Notary

Anjela L. Collard

Printed Name of Notary Public

Notary Public for the State of: Utah

My commission expires: 3.7.09



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