

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**  
5 **BUSINESS SERVICES**

6 **In the Matter of:**

**S-05-0087-6**

7 **Kent Davis,**

**ORDER TO CEASE AND DESIST**  
**ORDER BANNING FROM**  
**OWNER/CONTROL POSITIONS**  
**ORDER IMPOSING RESTRICTIONS**  
**ON ACTING AS A LOAN ORIGINATOR**  
**ORDER IMPOSING CIVIL PENALTIES**  
**And**  
**CONSENT TO ENTRY OF ORDER**

8 **Respondent.**

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

14 **WHEREAS** Kent Davis, without admitting or denying the Findings of Fact or  
15 Conclusions of Law herein, wishes to resolve and settle this matter with the Director,

16 **NOW THEREFORE**, as evidenced by the authorized signature subscribed on  
17 this order, Kent Davis hereby **CONSENTS** to entry of this order upon the Director's  
18 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, Pathfinders Mortgage, Inc. was licensed to  
22 engage in Oregon residential mortgage transactions.
- 23 2. At all times relevant hereto, Pathfinders Mortgage Inc. authorized Kent  
24 Davis (hereinafter "Respondent") to act as a loan originator and Michelle Moses to act  
25 as a loan processor for Pathfinders Mortgage Inc.
- 26 3. In late October or early November 2003, Corey Pritchett notified

Page 1 of 9 - S-05-0087-6 - Kent Davis - Order to Cease and Desist, Order Banning from Owner/Control Positions, Order Imposing Restrictions on Acting as Loan Originator, Order Imposing Civil Penalties and Consent to Entry of Order

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1 Respondent that Shree Nwerem needed a loan to save her residence located at 4842 NE  
2 Mallory in Portland, Oregon, 97211 (hereinafter "Shree Nwerem's residence") from  
3 foreclosure.

4 4. Corey Pritchett also informed Respondent that Shree Nwerem wanted to  
5 invest in Corey Pritchett's business, V&L Business LLC.

6 5. At approximately the same time, Corey Pritchett requested and received a  
7 personal loan of \$4,000 for V&L Business LLC from Respondent.

8 6. To secure the personal loan, on November 7, 2003, Respondent obtained a  
9 lien against Shree Nwerem's residence in the amount of \$14,000, which represented the  
10 return of the \$4,000 loan to V&L Business LLC and interest in the amount of \$10,000.

11 7. Respondent knew that Shree Nwerem was not responsible for the  
12 repayment of the \$4,000 loan to V&L Business LLC.

13 8. In early November 2003, Respondent met with Shree Nwerem at her  
14 residence for the purposes of obtaining an application for a refinance of her residence  
15 and to explain to her various loan options available and their corresponding relative  
16 interest rates.

17 9. Shree Nwerem admits she has a limited capacity to read, is unable to  
18 comprehend much of what she can read, and does not understand financial  
19 transactions.

20 10. After the meeting in early November 2003, Respondent submitted  
21 materials to Westar Funding, Inc. for the purpose of obtaining a loan for Shree Nwerem  
22 including a loan application indicating that Shree Nwerem was employed at Corey  
23 Pritchett's church, Northwest Deliverance Ministries, as a secretary/bookkeeper making  
24 \$4,000 per month; a letter from attorney Steven Johnson indicating that the attorney  
25 has spoken with Corey Pritchett about Shree Nwerem's proposed investment with V&L  
26 such that it is his opinion that the proceeds of the loan made to Shree Nwerem would be



1 used for business purposes; and a Declarations/Business use form signed by Shree  
2 Nwerem indicating that the loan would be for business purposes and she does not reside  
3 in the property.

4 11. At all times relevant hereto, Respondent knew that Northwest Deliverance  
5 Ministries did not employ Shree Nwerem as a secretary/bookkeeper.

6 12. In December 2004, Westar Funding, Inc. did loan Shree Nwerem \$88,000  
7 secured by her residence as a result of the efforts of Respondent (hereinafter "the  
8 Westar Loan") in reliance in part on the information provided that Shree Nwerem was  
9 employed and the loan was for business purposes.

10 13. Respondent sent Pacific Northwest Title of Oregon, Inc., the escrow  
11 company that handled the closing of the Westar Loan, a demand for payment of  
12 \$14,000 to satisfy the debt owed by V&L Business LLC.

13 14. In connection with the close of the Westar Loan, Pacific Northwest Title of  
14 Oregon, Inc. paid \$14,000 to Kent Davis, \$2,250 to Leon West, \$2,250 to Scott Ishman,  
15 \$9,600 to Patrick Modjeski, \$6,000 to First American Title Insurance Company, and  
16 \$9,900 to V&L Business LLC and/or Corey Pritchett as directed by the demand sent by  
17 Respondent and the demand sent from Pathfinders Mortgage Inc.

18 15. At all times relevant hereto, Shree Nwerem did not owe any money to  
19 Respondent, Leon West, Scott Ishman, Patrick Modjeski, V&L Business LLC and/or  
20 Corey Pritchett.

21 16. In February 2004, Respondent submitted materials to Argent Mortgage  
22 Company for the purpose of obtaining a loan for Shree Nwerem to payoff the Westar  
23 Loan and obtain additional cash proceeds, including three loan applications in Shree  
24 Nwerem's name, a letter from Vickie Pritchett indicating that Shree Nwerem was  
25 employed by Northwest Deliverance Ministries, and a copy of what appears to be a  
26



1 business card and business information for Nwerem Bookkeeping (hereinafter "the  
2 Supporting Materials").

3 17. One of the three applications submitted to Argent Mortgage Company  
4 indicated that Shree Nwerem was self-employed by Nwerem Bookkeeping earning  
5 \$5,000 per month (hereinafter "the Self-employed Application") while the other two  
6 indicated that she was employed at Northwest Deliverance Ministries as a  
7 secretary/bookkeeper earning \$5,000 per month.

8 18. Shree Nwerem did not sign any of the three applications that Respondent  
9 submitted to Argent Mortgage Company.

10 19. In support of the Self-employed Application, Respondent submitted to  
11 Argent a letter from Vickie Pritchett dated February 18, 2004 written on the letterhead  
12 of Northwest Deliverance Ministries confirming that Shree Nwerem has performed  
13 bookkeeping services for the Church for three years and the arrangement is to continue  
14 (hereinafter "the February 18, 2004 letter").

15 20. At all times relevant hereto, Shree Nwerem has not been employed as a  
16 bookkeeper for Northwest Deliverance Ministries.

17 21. Respondent submitted the February 18, 2004 letter to Argent Mortgage  
18 Company knowing that Northwest Deliverance Ministries did not employ Shree  
19 Nwerem as a bookkeeper.

20 22. Respondent submitted the February 18, 2004 letter to Argent Mortgage  
21 Company in order to persuade the lender to fund the residential mortgage loan for  
22 Shree Nwerem.

23 23. The fact that a prospective borrower is employed is a material fact to a  
24 lender and specifically Argent considered it a material fact.

25 24. At all times relevant hereto, Shree Nwerem was not self-employed as a  
26 bookkeeper for Nwerem Bookkeeping.

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1 25. At all times relevant hereto, Respondent knew that Shree Nwerem was not  
2 self-employed as a bookkeeper for Nwerem Bookkeeping.

3 26. Shree Nwerem failed to make the payments required by the Westar loan  
4 and the lender sought to foreclose on the loan.

5 27. On August 31, 2004, Shree Nwerem brought a civil suit against Corey  
6 Pritchett, V&L Business LLC and others involved in obtaining the Westar Loan in  
7 Multnomah County case number 0408-08967 to recover damages she suffered as a  
8 result of the Westar Loan.

9 28. As part of the civil suit, Shree Nwerem filed for provisional process to stop  
10 the foreclosure proceedings brought by the lender.

11 29. On March 11, 2005, the Court granted Shree Nwerem's petition for  
12 provisional process ruling that Shree Nwerem lacked the capacity to enter into the  
13 mortgage agreement and other agreements relating to the transaction, including the  
14 business arrangement with V&L Business and Corey Pritchett.

15 30. Kent Davis has settled his portion of the civil suit brought by Shree  
16 Nwerem and paid the civil penalty imposed against Pathfinders Mortgage, Inc. in  
17 administrative case number S-05-0087-4.

### 18 CONCLUSIONS OF LAW

19 The Director **CONCLUDES** that:

20 1. Respondent violated ORS 59.930(2) when he submitted Shree Nwerem's loan  
21 documents to Westar Funding, Inc. knowing that the documents contained false  
22 statements of material facts including that Shree Nwerem was employed at Northwest  
23 Deliverance Ministries as a secretary/bookkeeper making \$4,000 per month, that the  
24 loan would be for business purposes and that she did not reside in the property securing  
25 the loan.  
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1 2. Respondent violated ORS 59.930(2) when he submitted Shree Nwerem's loan  
2 documents to Argent Mortgage Company knowing that the documents contained false  
3 statements of material fact including that Shree Nwerem was self-employed at Nwerem  
4 Bookkeeping making \$5,000 per month and that Shree Nwerem was employed by  
5 Northwest Deliverance Ministries.

6 3. Respondent violated ORS 59.971(1) by engaging in an unfair or unethical act  
7 when Respondent obtained the Westar Loan for Shree Nwerem, who lacked the capacity  
8 to understand, obtained payment from the proceeds of the Westar Loan to pay off a debt  
9 not owed by Shree Nwerem.

10 4. Respondent violated ORS 59.971(1) by engaging in an unfair or unethical act  
11 when he submitted loan documents to Argent Mortgage Company for Shree Nwerem,  
12 who lacked the capacity to understand, and who had not signed the application.

13 **ORDER**

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

15 The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Respondent will  
16 **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law,  
17 OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the  
18 Division, specifically including but not limited to engaging in unfair or unethical act in  
19 violation of ORS 59.971(1) and making a false statement of material fact as prohibited by  
20 ORS 59.930(2).

21 The Director, pursuant to ORS 59.885(4), hereby **ORDERS** that Kent Davis may  
22 not serve as an officer, director, partner or experienced person for a mortgage banker or  
23 mortgage broker, or occupy similar status or perform similar functions of an officer,  
24 director, partner or experience person for a mortgage banker or mortgage broker in  
25 Oregon. Kent Davis may act as a loan originator, as that term is defined in ORS  
26 59.840(4), for any mortgage broker or mortgage banker licensed by the Division to

Page 6 of 9 – S-05-0087-6 – Kent Davis – Order to Cease and Desist, Order Banning from Owner/Control  
Positions, Order Imposing Restrictions on Acting as Loan Originator, Order Imposing Civil  
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1 engage in Oregon residential mortgage lending provided that the mortgage broker or  
2 mortgage banker obtains written approval from the Director. Written approval will be  
3 granted upon a satisfactory showing by the mortgage broker or mortgage banker that it  
4 is aware of the existence of this order and that it has policies and procedures in place to  
5 provide adequate supervision, including, but not limited to: 1) ensuring that Kent Davis  
6 does not receive any funds directly from the close of escrow of any transaction in which  
7 Kent Davis acted as a loan originator, 2) ensuring that borrowers are competent to  
8 engage in the transaction and are fully-informed regarding any loan transaction in  
9 which Kent Davis is the loan originator and 3) reviewing and verifying the contents of  
10 application materials of loan originated by Kent Davis for completeness and accuracy.

11 The Director, pursuant to ORS 59.996, hereby **ORDERS** Respondent to pay the  
12 State of Oregon a civil penalty of \$20,000 based upon \$5,000 for each of two violations  
13 of ORS 59.971(1) and \$5,000 for each of two violations of ORS 59.930(2).

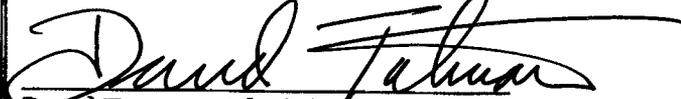
14 The Director suspends payment of \$20,000 of the assessed civil penalty for a ten-  
15 year period. If in the period between the date of the Order to ten years from the date of  
16 the Order, Respondent violates any provision of the Oregon Mortgage Lender Law, OAR  
17 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the  
18 Division, the suspended portion of the assessed civil penalty will become immediately  
19 due and payable. If Respondent does not violate the Oregon Mortgage Lender Law,  
20 OAR 441-850-0005 through 441-885-0010 or any rule, order, or policy issued by the  
21 Division in ten years from the date of the Order, the suspended portion of the civil  
22 penalty is waived.

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25 ///  
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1 The date of this order is the day the Director or Director's nominee signs the  
2 order. The entry of this Order in no way limits further remedies which may be available  
3 to the Director under Oregon law.

4  
5 Dated this 8<sup>th</sup> day of March, 2009, at Salem, Oregon.

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

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9 David Tatman, Administrator  
10 Division of Finance and Corporate Securities

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