

1 related documents, the Director hereby issues the following Findings of Fact,
2 Conclusions of Law, and Final Order.

3 **FINDINGS OF FACT**

4 The Director **FINDS** that:

5 1. Diamond was an Oregon corporation until it was administratively dissolved by
6 the Secretary of State on July 3, 2008. Covington was the owner of Diamond.

7 2. The Division of Finance and Corporate Securities (hereinafter “the Division”) first
8 licensed Diamond to engage in Oregon residential mortgage transactions on November
9 28, 2001 under the name Diamond Financial Inc. of Oregon. That license was cancelled
10 on June 12, 2003 when a new license was issued to Diamond under the name Diamond
11 Financial Group of America, Inc.

12 3. Diamond is the subject of Cease and Desist Order number M-05-0048 issued by
13 the Director and entered on February 2, 2006 (hereinafter “the 2006 Order”). At the
14 time, Covington was the sole owner of Diamond. The 2006 Order concludes that
15 Diamond violated a number of books and records and loan originator requirements. In
16 the 2006 Order, Diamond was ordered to pay civil penalties of \$90,000 pursuant to a
17 payment plan requiring monthly payments of \$2,000 beginning on February 1, 2006.
18 Diamond made three \$2,000 payments on January 30, 2006, March 1, 2006 and April
19 4, 2006 for a total of \$6,000. Diamond still owed civil penalties of \$84,000 at this time.

20 4. Diamond and Covington are the subject of and consented to Cease and Desist
21 Order M-07-0018 issued by the Director on October 31, 2007 (hereinafter the “2007
22 Order”). The 2007 Order concludes that Diamond and Covington violated ORS
23 59.930(2) [now denominated ORS 86A.1542)] when Diamond and Covington submitted
24 a loan application that they knew contained material false statements, and ORS
25 59.865(13) [now denominated ORS 86A.115(13)], by violating an Order that was issued
26 within the past five years and entered after notice and opportunity for a hearing. The

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 2007 Order is attached as Exhibit A.

2 5. The 2007 Order revoked Diamond's Oregon residential mortgage lender license,;
3 ordered that Covington not serve as an officer, director, partner or experienced person
4 for a mortgage banker or mortgage broker, or occupy similar status or perform similar
5 functions of an officer, director, partner, or experienced person for a mortgage banker or
6 broker; assessed a civil penalty of \$2500 against Covington and Diamond; suspended
7 the outstanding \$84,000 civil penalty for a period of seven years, and waived it in its
8 entirety thereafter, provided that Covington not violate the Oregon Mortgage Lender
9 Law, OAR 441-850-0055 through 441-885-0010 or any rule, order, or policy issued by
10 the Director.

11 6. Covington and Diamond did not pay the \$2500 civil penalty assessed in the 2007
12 Order.

13
14 **CONCLUSION OF LAW**

15 1. By failing to pay the civil penalty of \$2500 from the 2007 Order, Covington and
16 Diamond failed to comply with an order of the Director in violation of ORS 86A.127
17 [formerly ORS 59.885]. The full civil penalties assessed in the 2006 and 2007 Orders
18 are due and payable as a result.

19
20 **ORDER**

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

22 The Director, pursuant to her authority under ORS 86A.127 [formerly ORS 59.885],
23 hereby **ORDERS** that Respondents shall **CEASE AND DESIST** from violating any
24 provision of Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010
25 and any rule, order or policy issued by the Division; **AND**

26 The Director, pursuant to ORS 86A.992 [formerly ORS 59.996] and ORS 86A.118

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1 [formerly ORS 59.870] hereby **ORDERS** Respondent to pay the State of Oregon the
2 combined civil penalty of **\$86,500**; \$84,000 from the 2006 Order that was suspended
3 in the 2007 Order and \$2500 that was assessed in the 2007 Order. This amount is due
4 and payable at the time of entry of the Order.

5 The date of this Order is the day the Director or Director's nominee signs the Order.
6 The entry of this Order does not affect or limit in any manner the Director's ability to
7 invoke further remedies, specifically including but not limited to assessing civil penalties
8 or denying, suspending, conditioning or revoking a license, which may be available to
9 the Director under Oregon law based upon the violation(s) noted in this Order or any
10 other violation.

11
12 Dated this 29th day of March, 2010, at Salem, Oregon.

13 NUNC PRO TUNC February 16, 2010.

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

16
17 /s/ David Tatman
David Tatman, Administrator

18 Division of Finance and Corporate Securities

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21 **NOTICE OF APPEAL RIGHTS**

22 You are entitled to seek judicial review of this Final Order. Judicial review may be
23 obtained by filing a petition for review with the Oregon Court of Appeals in Salem,
24 Oregon within sixty (60) days from the date of service of this Final Order. Judicial
25 review is pursuant to the provisions of **ORS 183.482**.