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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

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

8 In the Matter of:

DM-10-0053

9 **AMERICAN TEAM MORTGAGE, INC.,**
10 **d/b/a AMERICAN MORTGAGE RELIEF**
11 **and STEVE HUFSTEDLER,**

ORDER TO CEASE AND DESIST,
12 **ORDER ASSESSING CIVIL PENALTY,**
13 **MORTGAGE INDUSTRY BAR, AND**
14 **CONSENT TO ENTRY OF ORDER**

15 Respondents.

16 WHEREAS, the Director of the Department of Consumer and Business Services for the
17 State of Oregon (hereinafter “the Director”), acting pursuant to the Oregon statutes regulating
18 debt management service providers, ORS 697.602 to 697.842, has conducted an investigation of
19 American Team Mortgage, Inc. d/b/a American Mortgage Relief (“American Team Mortgage”)
20 and Steve Hufstedler (“Hufstedler”) (henceforth collectively “Respondents”) and concluded that
21 violations of Oregon law had been committed; and

22 WHEREAS Respondents wish to resolve this matter with the Director;

23 NOW THEREFORE, as evidenced by the signature(s) subscribed on this Order,
24 Respondents hereby CONSENT to entry of this Order upon the Director’s Findings of Fact and
25 Conclusions of Law as stated hereinafter.

26 **I.**

FINDINGS OF FACT

The Director FINDS that:

1. Respondent American Team Mortgage is a California corporation with offices at
23120 Alicia Parkway, Suite 200, Mission Viejo, California 92692. American Team Mortgage
does business as American Mortgage Relief. Neither American Team Mortgage nor American





1 Mortgage Relief was registered as business names in the business registry records of the Oregon
2 Secretary of State.

3 2. Respondent Hufstedler is the President and sole director and shareholder of American
4 Team Mortgage.

5 3. At all times relevant to this matter, American Team Mortgage was engaged in the
6 business of purporting to obtain or attempting to obtain mortgage loan modifications and provide
7 foreclosure counseling for homeowners in many states, including Oregon. According to the U.S.
8 Department of Housing and Urban Development, a loan modification is “a permanent change in
9 one or more of the terms of a Mortgagor’s loan, allow[ing] the loan to be reinstated, and results
10 in a payment the Mortgagor can afford.”¹

11 4. At all relevant times herein, Respondents were not registered in Oregon with the
12 Director as a debt management service provider or licensed with the Director as a mortgage
13 broker, mortgage banker or mortgage loan originator.

14 5. At no times did Respondents file a bond with the Director as required by Oregon law.

15 6. Respondents, by and through their employees, began contacting Oregon homeowners
16 early in 2009, offering to help achieve mortgage loan modifications. Respondents, by and
17 through their employees, contacted Oregon homeowners by telephone, electronic mail, and
18 United States mail. Respondents, by and through their employees, directed Oregon homeowners
19 to review their website.

20 7. On their website, Respondents represented that they use their “legal and negotiating
21 skills to get your loan modified to an affordable payment.” They also state that “[f]or our clients,
22 we offer lawyer-supervised, mortgage loan modification services throughout the United States.
23 Let American Mortgage Relief represent you to your lender and help achieve a fair mortgage
24 payment you can afford.”

25 _____
26 ¹ See <http://www.hud.gov/offices/hsg/sfh/nsc/faq/m.cfm>. Last accessed July 12, 2011.



1 8. In a video on Respondents’ website, Respondent Hufstedler states that Respondents
2 “are experts at getting people through the system . . . American Mortgage Relief is very effective
3 at getting your loan modified . . . Can you do this [obtain a loan modification] yourself? Well
4 yes, and then again, maybe you shouldn’t To get started on your loan modification, call us
5 at your first convenience.” In another video on the website, Respondent Hufstedler states that
6 Respondents “usually can get your monthly payments reduced to something you, in your unique
7 situation, can afford” and that “we get great results more than 95 percent of the time.”

8 9. According to Respondents’ website, Respondent Hufstedler “founded [American
9 Team Mortgage] in 1998. As being both the broker and owner, he is responsible for every loan
10 and every purchase or sale.”

11 10. Between January 2009 and present, Respondent American Team Mortgage entered
12 into mortgage loan modification agreements with 32 Oregon homeowners.

13 11. In every case, Respondent American Team Mortgage charged Oregon homeowners
14 advance fees. These advance fees ranged from \$1,000 to more than \$3,400. Between January
15 2009 and present, Oregon homeowners paid Respondent American Team Mortgage more than
16 \$80,000 in fees for loan modifications.

17 12. In every case, Respondent American Team Mortgage did not comply with the
18 contract disclosure requirements of Oregon law.

19 13. Respondents obtained mortgage loan modifications for only a fraction of their Oregon
20 clients, possibly as few as just one.

21 14. Despite Respondents’ poor record of obtaining mortgage loan modifications, and
22 despite Respondent American Team Mortgage’s promise that it would refund clients who it
23 could not help, Respondents refunded only two of the 32 Oregon homeowners who paid advance
24 fees for loan modifications.

25 15. By June 2010, Respondent American Team Mortgage had effectively ceased
26 business. Its phone number was disconnected. Mail sent to its place of business was returned.

1 Dozens of Oregon homeowners were left without a loan modification and without a refund. At
2 least one client lost his home to foreclosure. Others are facing foreclosure.

3 **II.**

4 **PIERCING THE CORPORATE VEIL**

5 16. In Oregon, a plaintiff may “pierce the corporate veil” and obtain relief from a
6 corporate shareholder when a shareholder exercises actual control of a debtor corporation and
7 engages in improper conduct to the detriment of the creditor.

8 17. Respondent American Team Mortgage was under actual control of Respondent
9 Hufstedler. At all times relevant to this action, Respondent Hufstedler was the President, sole
10 shareholder and sole director of Respondent American Team Mortgage. On the American
11 Mortgage Relief website, Respondent Hufstedler states that he “is responsible for every loan and
12 every purchase or sale.”

13 18. Oregon homeowners’ inability to obtain refunds from Respondents and Respondent
14 American Team Mortgage’s inability to properly follow Oregon law and obtain loan
15 modifications is a result of Respondent Hufstedler’s improper conduct. Throughout its corporate
16 history, Respondent American Team Mortgage was inadequately capitalized. The balance in its
17 corporate accounts was often only a few thousand dollars, despite actively and aggressively
18 soliciting new clients. Moreover, Respondent Hufstedler disregarded corporate formalities.
19 Respondent Hufstedler paid staff out of his own bank account, instead of using corporate
20 accounts. Had Respondent Hufstedler properly capitalized Respondent American Team
21 Mortgage, the company could have trained staff, paid refunds when due, and would not have
22 effectively shut down in June 2010, despite having dozens of outstanding clients.

23 **III.**

24 **CONCLUSIONS OF LAW**

25 The Director CONCLUDES that:

26 19. Respondents performed debt management services according to the definition in ORS





1 697.602(2)(d) when they received money in return for obtaining or attempting to obtain as an
2 intermediary on a consumer's behalf a concession from a creditor including, but not limited to, a
3 reduction in the principal, interest, penalties or fees associated with a debt.

4 20. Respondents violated ORS 697.612 by engaging in the business of debt management
5 service provider without being registered with the Director pursuant to ORS chapter 697.

6 21. Respondents violated ORS 697.642(1) when they performed debt management
7 services without first filing a bond issued by one or more corporate sureties authorized to do
8 business in this state. Each time Respondents performed or attempted to perform a debt
9 management service in Oregon without first filing a bond is a separate and distinct violation of
10 ORS 697.642(1).

11 22. Respondents violated ORS 697.652(2) by failing to provide the consumer with a
12 written agreement and budget analysis. Each time Respondents performed or attempted to
13 perform a debt management service in Oregon without a written agreement is a separate and
14 distinct violation of ORS 697.652(2).

15 23. Respondents violated ORS 697.692(1)(a) when they charged consumers an initial fee
16 of more than \$50. Each time Respondents charged a consumer an initial fee of more than \$50 is
17 a separate and distinct violation of ORS 697.692(1)(a).

18 24. Respondents violated ORS 697.662(9) when they commingled consumer' funds,
19 collected as advance fees and purportedly held in trust, with its own funds.

20 25. Respondents violated ORS 697.662(2) when, as providers required to register as debt
21 management services provider under ORS 697.612, they falsely represented that they were
22 authorized to perform a debt management service in Oregon. Each time Respondents falsely
23 represented that they were authorized to perform debt management service in this state is a
24 separate and distinct violation of ORS 697.662(2).

25 26. Respondents violated ORS 697.662(12)(a) when they made false, misleading, and
26 deceptive statements about Respondents' experience and success rate in obtaining loan

1 modifications in videos published on Respondents' website.

2 **IV.**

3 **ORDERS**

4 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

5 Cease and Desist Order

6 27. Pursuant to the authority of ORS 697.825(1)(a), the Director hereby ORDERS
7 Respondents to CEASE AND DESIST from violating any provision of the Oregon statutes
8 regulating debt management service providers, ORS chapter 697, and any rule, order, or policy
9 issued by the Director under ORS chapters 697.

10 Order Assessing Civil Penalty

11 28. Pursuant to the authority of ORS 697.832, the Director may assess a CIVIL
12 PENALTY in an amount of not more than \$5,000 per violation against any person who violates
13 ORS 697.602 to 697.842, rules adopted pursuant to ORS 697.632 or any order issued under ORS
14 697.825.

15 29. Pursuant to ORS 697.832, the Director hereby ORDER Respondents American Team
16 Mortgage, Inc. and Steve Hufstedler, jointly and severally, to pay a CIVIL PENALTY in the
17 amount of \$332,500 (three hundred thirty-two thousand five-hundred dollars) as follows:

18 A. A CIVIL PENALTY of \$5,000 (five thousand dollars) for one violation of the
19 registration provisions of ORS 697.612(2)(d) for engaging in the business of performing debt
20 management service without being registered with the Director pursuant to ORS chapter 697;

21 B. A CIVIL PENALTY of \$80,000 (eighty thousand dollars) for 32 violations of ORS
22 697.642(1) for performing debt management services without first filing a bond as required by
23 ORS chapter 697;

24 C. A CIVIL PENALTY of \$80,000 (eighty thousand dollars) for 32 violations of ORS
25 697.652(2) by failing to provide consumers with a written agreement and budget analysis;

26 D. A CIVIL PENALTY of \$80,000 (eighty thousand dollars) for 32 violations of ORS





1 697.692(1)(a) by charging consumers an initial fee of more than \$50;

2 E. A CIVIL PENALTY of \$5,000 (five thousand dollars) for one violation of ORS
3 697.662(9) when Respondent American Team Mortgage commingled consumer' funds,
4 collected as advance fees and purportedly held in trust, with its own funds;

5 F. A CIVIL PENALTY of \$80,000 (eighty thousand dollars) for 32 violations of ORS
6 697.662(2) when Respondents falsely represented that they were authorized to perform a debt
7 management service in Oregon; and

8 G. A CIVIL PENALTY of \$2,500 (two thousand five hundred dollars) for one violation
9 of ORS 697.6662(12)(a) when Respondent Hufstedler made false, misleading, and deceptive
10 statements about Respondents' experience and success rate in obtaining loan modifications in
11 videos published on Respondents' website.

12 Suspension of Civil Penalty

13 30. The Director agrees to SUSPEND collection of the CIVIL PENALTY assessed
14 herein provided that Respondents comply with the terms of the stipulated general judgment
15 agreed to by the Circuit Court of the State of Oregon for Marion County entered in *State of*
16 *Oregon ex rel. John Kroger v. American Team Mortgage, Inc. d/b/a American Mortgage Relief*
17 *and Steve Hufstedler*, Case No. 10C23541 ("general judgment"), and comply with all terms of
18 this Order. If Respondents fail to comply with the terms of the general judgment or any term of
19 this Order, then the entire CIVIL PENALTY and interest will become immediately due and
20 payable.

21 31. If Respondents commit no new violations of the Oregon statutes regulating debt
22 management service providers, ORS 697.602 to 697.842, during the three-year period from the
23 effective date of this Consent Order, and Respondents have complied with all the terms of the
24 general judgment, the Director WAIVES the collection of the suspended CIVIL PENALTY
25 assessed herein.

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1 Permanent Bar from Oregon Mortgage Industry

2 32. Respondent Hufstedler agrees, and the Director ORDERS, that Respondents
3 Hufstedler and American Team, or any entity owned or controlled by Respondent Hufstedler, are
4 hereby permanently BARRED from being licensed as a mortgage broker or mortgage banker in
5 Oregon, from acting as an experienced person for any mortgage broker or mortgage banker in
6 Oregon, and from acting as a mortgage loan originator or mortgage loan processor in Oregon.

7 33. The Director reserves the right to take further action to enforce this Order or to take
8 appropriate action upon discovery of new violations of the Oregon statutes regulating debt
9 management service providers, ORS 697.602 to 697.842, which arise from facts and
10 circumstances outside the scope of this Order.

11 IT IS SO ORDERED.

12 Dated this 4th day of October, 2011 at Salem, Oregon.

13 SCOTT L. HARRA, Acting Director
14 Department of Consumer and Business Services

15 /s/ David Tatman
16 David C. Tatman, Administrator
17 Division of Finance and Corporate Securities

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Labor and Industries Building
350 Winter Street NE, Suite 410
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1 **CORPORATE CONSENT TO ENTRY OF ORDER**

2 I, Steve Hufstedler, state that I am an officer of American Team Mortgage, Inc. d/b/a
3 American Mortgage Relief (“American Team Mortgage”), and I am authorized to act on its
4 behalf; that I have read the foregoing Consent Order and that I know and fully understand the
5 contents hereof; that I and this entity have been advised of the right to a hearing and of the right
6 to be represented by counsel in this matter; that American Team Mortgage, voluntarily and
7 without any force or duress, consents to the entry of this Consent Order, expressly waiving any
8 right to a hearing in this matter; that American Team Mortgage neither admits nor denies the
9 Findings of Fact and Conclusions of Law in the foregoing Consent Order; that American Team
10 Mortgage understands that the Director reserves the right to take further actions to enforce this
11 Consent Order or to take appropriate action upon discovery of other violations of the Oregon
12 statutes regulating debt management service providers, ORS 697.602 to ORS 697.842, the rules
13 adopted pursuant to ORS 697.632, or any order issued under ORS 697.825, and that American
14 Team Mortgage will fully comply with the terms and conditions stated herein.

9 American Team Mortgage further assures the Director that neither American Team
10 Mortgage, nor its officers, directors, employees or agents, will offer or provide debt management
11 services in Oregon unless such activities are in full compliance with chapter 697 of the Oregon
12 Revised Statutes.

12 American Team Mortgage understands that this Consent Order is a public document.

13 Dated this 1 day of September, 2011.

15 By: /s/ Steve Hufstedler

16 Steve Hufstedler

17 Office Held: President

18 **CORPORATE ACKNOWLEDGMENT**

19 State of California

20 County of Orange

21 There appeared before me this _____ day of _____, 2011, Steve
22 Hufstedler, who was first duly sworn on oath, and stated that he is an officer of American Team
23 Mortgage, Inc. d/b/a American Mortgage Relief (“American Team Mortgage”), and that he is
24 authorized and empowered to sign this Consent Order on behalf of American Team Mortgage
25 and to bind it to the terms hereof.

24 [Signed on September 1, 2011 by Notary Annette S. Ragone]

25 _____
26 Signature of Notary Public

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INDIVIDUAL CONSENT TO ENTRY OF ORDER

I, Steve Hufstedler, state that I am a resident of the State of California, that I have read the foregoing Consent Order and that I know and fully understand the contents hereof; that I have been advised of my right to a hearing and of the right to be represented by counsel in this matter; that I voluntarily and without any force or duress, consent to the entry of this Consent Order, expressly waiving any right to a hearing in this matter; that I neither admit nor deny the Findings of Fact and Conclusions of Law in the foregoing Consent Order; that I understand that the Director reserves the right to take further actions to enforce this Consent Order or to take appropriate action upon discovery of other violations of the Oregon statutes regulating debt management service providers, ORS 697.602 to 697.842, and the rules adopted thereunder, and that I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not offer or provide debt management services in Oregon unless such activities are in full compliance with chapter 697 of the Oregon Revised Statutes.

I understand that this Consent Order is a public document.

Dated this 1 day of September, 2011.

By: /s/ Steve Hufstedler
Steve Hufstedler

INDIVIDUAL ACKNOWLEDGMENT

State of California

County of Orange

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2011.

[Signed on September 1, 2011 by Annette S. Ragone]

Signature of Notary Public

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