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

In the Matter of:
Scott L. Schlatter, NMLS # 281688

**M-11-0047
FINAL ORDER DENYING MORTGAGE
LOAN ORIGINATOR LICENSE
ENTERED BY DEFAULT**

Respondent.

On July 1, 2011, the Director of the Department of Consumer and Business Services for the State of Oregon (hereafter the "Director"), acting by and pursuant to the authority of the Oregon Mortgage Lending Law, ORS 86A.100 et seq., issued Administrative Order No. M-10-0047, Order Denying Mortgage Loan Originator License and Notice of Right to a Hearing against Scott L. Schlatter. (hereinafter "the Order").

On July 7, 2011, Scott L. Schlatter (hereinafter "Schlatter") was duly served with true copies of the Order by regular, first-class mail and by certified mail, postage prepaid addressed to 771 Briercliff Lane, Lake Oswego, Oregon 97034.

On July 21, 2011, Schlatter filed a request for a hearing with the Director.

On December 9, 2011, Schlatter withdrew his request for a hearing in the Stipulated General Judgment Permanent Injunction Money Award filed in Multnomah County Circuit Court, case no. 1103-03540. In the Stipulated General Judgment Permanent Injunction Money Award Schlatter agrees that he will not reapply in Oregon in the future for a license to act as a mortgage broker, mortgage banker, mortgage loan originator, or mortgage loan processor.

Schlatter was aware that withdrawal of the hearing request would result in entry of a final order by default.

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





FINDINGS OF FACT

The Director **FINDS** that:

1. On or about February 7, 2011, Schlatter filed an application for an Oregon mortgage loan originator license through the Nationwide Mortgage Licensing System with the Oregon Division of Finance and Corporate Securities (hereinafter the "Division").

I. Division Licensure History

2. Division records show that Schlatter was employed as a mortgage loan originator with Oregon mortgage broker Bancasa Mortgage Company from March 16, 2004 through July 20, 2006.

3. At no other time has Schlatter been registered or licensed with the Division to work as a mortgage loan originator.

4. Schlatter has never held a mortgage broker license with the Division.

5. Upon information and belief, Schlatter was the president and owner of MONEYCO, Inc. (hereinafter "MONEYCO"), an inactive Oregon domestic corporation first registered with the Oregon Secretary of State on January 10, 2010.

6. In a written response to the Division's request for more information, Schlatter reported that he started MONEYCO in 2010 to be a mortgage company. His business plan was represented to be a "Mortgage/Modification/Law Firm/Debt Counseling" company. He reportedly put out thousands of bulk mail pieces, hired four people, and opened a retail office for this business.

7. Schlatter confirmed that he and MONEYCO had provided mortgage loan modification services to Oregon homeowners.

8. MONEYCO has never held a mortgage broker license with the Division.

9. Neither Schlatter nor MONEYCO has ever been registered with the Division as a Debt Management Service Provider.

10. Oregon State bar records show that Schlatter has never been a licensed attorney in



1 Oregon.

2 11. In his written response to the Division, Schlatter referenced his application to the Oregon
3 Entrepreneurial Network to fund a stock sale to purchase bank owned properties. Schlatter has
4 never held a securities salesperson or broker-dealer license with the Division.

5 12. In connection with his Oregon mortgage loan originator license application, Schlatter
6 reported to the Division that he was eligible for an exemption from registration and licensure for
7 mortgage loan origination and had “confirmed [this] with a couple State Departments and got
8 something in writing via email.” An examiner employed by the Division informed Schlatter
9 specifically several times by email, on July 12, 2010 and July 13, 2010, that since he was not
10 licensed or registered with the Division to originate mortgage loans or complete mortgage loan
11 modifications, he must cease offering these services and advertising in Oregon until he is issued
12 registration or a license.

13 **II. Class Action Lawsuit: M.R.G. v Scott L. Schlatter, MONEYCO, Inc.**

14 13. In response to the mortgage loan originator application disclosure question (H)(1)(a),
15 “Has any domestic or foreign court ever: enjoined you in connection with any financial services-
16 related activity,” Schlatter answered “yes”.

17 14. On or about August 26, 2010, a class action lawsuit was filed against Schlatter and
18 MONEYCO in Multnomah County Circuit Court (Case No. 1008-12521) for violations of the
19 Debt Management Service Provider Act (ORS 697.602 et seq.), the Unlawful Trade Practices
20 Act (ORS 646.608), and the Unlawful Debt Collection Act (ORS 646.639). The class
21 representative is Oregon consumer “M.R.G.”

22 15. The complaint contends that Schlatter and MONEYCO represented to consumers that
23 they were debt management service providers and entered into agreements to modify existing
24 home mortgage loans for the consumers’ residences without registration with the Division. The
25 complaint also states that Schlatter and MONEYCO did not provide loan modification services
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1 to these consumers and that Schlatter preyed upon the working poor who earn their living
2 through unskilled manual labor, many of whom could not speak English.

3 16. On or about August 31, 2010, a temporary restraining order was entered against Schlatter
4 and MONEYCO prohibiting them from, among other things, advertising or offering debt
5 management services, loan refinancing, restructuring, loan origination or modification to
6 consumers, including but not limited to mortgages or other real estate debt instruments. On or
7 about October 5, 2010, the temporary restraining order was extended until October 8, 2010.

8 17. On or about September 9, 2010, a preliminary injunction was entered against Schlatter
9 and MONEYCO prohibiting them from the same conduct the temporary restraining order
10 prohibited. On or about October 8, 2010, a stipulated order of preliminary injunction was
11 entered prohibiting the same. A status check hearing for this case has been set for July 2011.

12 **III. Oregon Department of Justice Lawsuit: State of Oregon v Scott L. Schlatter,**
13 **MONEYCO, Inc., and Schlatter, P.C.**

14 18. On March 17, 2011, the Oregon Department of Justice filed a complaint against Schlatter
15 and two of his companies, MONEYCO Inc. and Scott Schlatter P.C., in Multnomah County
16 Circuit Court (Case No 1103-03540) for multiple violations of the Unlawful Trade Practices Act,
17 ORS 646.605 et seq.

18 19. The complaint contends that, without registration, Schlatter and MONEYCO
19 solicited consumers for residential mortgage loan modifications and foreclosure assistance and
20 advertised on their website that they were licensed professionals. Schlatter also reportedly
21 represented himself as an attorney to one of his clients. Schlatter is not a licensed attorney.

22 20. The complaint states that Schlatter and MONEYCO aggressively solicited clients from
23 among the Spanish-speaking Hispanic community and only provided the loan modification
24 contract materials in English. In addition, the contract materials that Schlatter and MONEYCO
25 provided to clients did not comply with Oregon disclosure and fee limitation laws.

26 **IV. Liens, Judgments, Bankruptcy, and Foreclosure**



1 21. In response to the mortgage loan originator application disclosure question (C), “Do you
2 have any unsatisfied judgments or liens against you?” Schlatter answered “yes”.

3 22. The Internal Revenue Service (hereinafter “IRS”) filed tax liens against Schlatter for the
4 years of 2002, 2003, and 2004. The lien for 2002 is \$1714.18. The lien for 2003 is
5 \$2949.52. The lien for 2004 is \$8841.27. The liens are currently unpaid, and Schlatter has
6 requested a hearing in these matters.

7 23. On or about March 18, 2010, a General Judgment with a \$6,555.13 money award was
8 entered against Schlatter in Clackamas County Circuit Court (Case No LV10010543). The
9 judgment creditors are Roski’s Steakhouse LLC and an individual, “B.K.” Post-judgment
10 interest of twelve percent per annum was assessed from the date of the entry until paid in full.
11 Schlatter reported that this judgment was in regards to a wage claim of a former employee. The
12 Oregon Judicial Information Network’s records show this judgment is unsatisfied.

13 24. On or about September 10, 2008, a General Judgment with a \$4,443.83 money award,
14 \$850 in attorney fees, \$350 in arbitrator fees, \$275 in prevailing party fees, and \$213 in costs
15 was entered against Schlatter in Clackamas County Circuit Court (Case No LV08030643). The
16 judgment creditor is Discover Bank. Post-judgment interest of 28.99 percent per annum and nine
17 percent simple interest on attorney’s fees and costs was assessed from the date of the entry until
18 paid in full. The Oregon Judicial Information Network’s records show this judgment is
19 unsatisfied.

20 25. In response to the mortgage loan originator application disclosure question (A)(1),
21 “Within the past ten years, have you filed a personal bankruptcy petition or been the subject of
22 an involuntary bankruptcy petition?” Schlatter answered “yes”

23 26. On or about November 20, 2008, Schlatter filed for Chapter 13 bankruptcy in the U.S.
24 Bankruptcy Court for the District of Oregon (Case No 308-36347-tmb13). On May 7, 2009, the
25 court dismissed the bankruptcy on the grounds that the debtor’s Chapter 13 Plan was not
26 feasible.



1 27. Schlatter also reported that his house went into foreclosure after his work in the mortgage
2 industry slowed down.

3 CONCLUSIONS OF LAW

4 The Director **CONCLUDES** that:

5 1. By offering to modify the terms and conditions of consumers' existing residential
6 mortgage loans for a fee, Schlatter acted as a mortgage broker under ORS 86A.100(7) and
7 performed a debt management service under ORS 697.602(2)(c).

8 2. Schlatter acted as a mortgage broker without a license from the Director in violation of
9 ORS 86A.103.

10 3. As of January 1, 2010, Schlatter acted as a debt management service provider without
11 registration with the Director in violation of ORS 697.632.

12 4. Schlatter's unlicensed and unregistered activity in violation of ORS 86A.103, and ORS
13 697.632; the two pending lawsuits in connection with his unlawful loan modification activity
14 (Case No. 1008-12521, Case No 1103-03540); his various unsatisfied judgments and liens; and
15 the foreclosure of his personal residence show that Schlatter has not demonstrated financial
16 responsibility sufficient to command the confidence of the community and warrant the
17 determination that he will operate honestly, fairly and efficiently within the purposes of ORS
18 86A.200 to 86A.239. This constitutes sufficient grounds for the Director to deny Schlatter's
19 mortgage loan originator license application under ORS 86A.212(1)(d).

20 5. As a result of the Multnomah County Circuit Court's (Case No. 1008-12521) preliminary
21 injunction prohibiting Schlatter and his company MONEYCO from, among other things,
22 advertising or offering debt management services, loan refinancing, restructuring, loan
23 origination or modification to consumers, including, but not limited to, mortgages or other real
24 estate debt instruments, should Schlatter act as a mortgage loan originator, he would be in
25 violation of the order of a court of competent jurisdiction and thus would violate ORS
26 86A.183(2)(d).

1 NOTICE: You are entitled to judicial review of this Order. Judicial review may be obtained by filing
2 a petition with the Court of Appeals in Salem, Oregon within 60 days from the service of this Order.
3 Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of Appeals.
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