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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-12-0081**

9 Compliance Audit Group, Nathan Bishop, and  
10 Joanna Garcia

**Final Order to Cease and Desist and Order  
Assessing Civil Penalties Entered by Default**

11 Respondents.

12 On August 27, 2012, the Director of the Department of Consumer and Business Services  
13 for the State of Oregon (hereafter the “Director”), acting pursuant to the Oregon statutes  
14 regulating mortgage lending, ORS 86A.100 et seq., and debt management service providers,  
15 ORS 697.602 to 697.842, issued Administrative Order No. DM-12-0081 - Order to Cease and  
16 Desist, Proposed Order Assessing Civil Penalties, and Notice of Right to a Hearing (hereinafter  
17 “the Order”) to Compliance Audit Group.

18 On October 9, 2012, the Director, acting pursuant to the Oregon statutes regulating  
19 mortgage lending, ORS 86A.100 et seq., and debt management service providers, ORS 697.602  
20 to 697.842, issued the Order to Nathan Bishop and Joanna Garcia.

21 On or about August 30, 2012, Compliance Audit Group was duly served with true  
22 copies of the Order by regular, first-class mail and by certified mail, postage prepaid addressed  
23 to 9107 Wilshire Boulevard, Suite 450, Beverly Hills, California 90210.

24 On or about October 12, 2012, Nathan Bishop and Joanna Garcia were duly served with  
25 true copies of the Order by regular, first-class mail and by certified mail, postage prepaid  
26 addressed to 9107 Wilshire Boulevard, Suite 450, Beverly Hills, California 90210.



1 Green cards evidencing receipt for all three of the orders sent by certified mail were  
2 signed and returned. Neither Compliance Audit Group, nor Nathan Bishop, nor Joanna Garcia  
3 have made a written request for a contested case hearing in this matter, and the time to do so has  
4 expired.

## 5 FINDINGS OF FACTS

6 The Director FINDS that:

- 7 1. At all times material to this Order, Compliance Audit Group (hereinafter “CAG”)  
8 reported a principal place of business of 9107 Wilshire Boulevard, Suite 450, Beverly Hills,  
9 California 90210 and 468 North Camden Drive #280, Beverly Hills, California 90210.
- 10 2. CAG has never been registered with the Oregon Secretary of State to do business in  
11 Oregon.
- 12 3. Neither CAG, Nathan Bishop (hereinafter “Bishop”), nor Joanna Garcia (hereinafter  
13 “Garcia”) have ever held a license to engage in residential mortgage transactions as a mortgage  
14 broker in Oregon and have never been registered to provide debt management services in Oregon.
- 15 4. Neither Bishop nor Garcia have ever been licensed as an Oregon mortgage loan originators.
- 16 5. At all times material to this Order, consumers “GP” and “RB” were Oregon residents and  
17 were party to a home mortgage loan secured by real estate located in Oregon.

### 18 I. Oregon Consumer GP

- 19 6. In late 2011, CAG contacted GP and offered to assist him in negotiating and obtaining a  
20 modification of his home mortgage loan that included potentially lowering the payments and  
21 reducing the interest rate, the balance, and other fees.
- 22 7. GP’s primary contact at CAG for his loan modification was “Senior Compliance Officer”  
23 Bishop who offered to negotiate the terms of GP’s residential mortgage loan.
- 24 8. CAG provided GP with a written agreement for fee-based loan modification services  
25 that GP signed, dated December 23, 2011, and returned.
- 26 9. GP paid \$2,590 to CAG on December 23, 2011 for the loan modification services.



1 10. After he submitted his payment, GP attempted to contact CAG and Bishop and has not  
2 received a response, a loan modification, or a refund.

3 **II. Oregon Consumer RB**

4 11. Around October 2011, CAG contacted RB and offered to assist him in negotiating and  
5 obtaining a modification of his home mortgage loan that included potentially lowering the  
6 payments, reducing the interest rate, the balance, and other fees.

7 12. RB had contact with Garcia at CAG who offered to negotiate a modification to the  
8 terms of RB's residential mortgage loan.

9 13. CAG provided RB with a written agreement for upfront fee-based loan modification  
10 services that RB signed and returned to CAG.

11 14. RB paid \$2,390 to CAG in four installment from October 7, 2011 through November 18,  
12 2011 for the loan modification services.

13 15. After he submitted his payment, RB attempted to contact CAG and has not  
14 received a response, a loan modification, or a refund.

15 **CONCLUSIONS OF LAW**

16 The Director CONCLUDES that:

17 1. CAG acted as a "mortgage broker" under ORS 86A.100(5)(a)(C) when it, for  
18 compensation, or in the expectation of compensation, either directly or indirectly made,  
19 negotiated, or offered to make or negotiate a modification to the terms and conditions of a  
20 mortgage loan for GP and RB.

21 2. CAG engaged in "residential mortgage transactions in this state" under ORS 86A.103(2)  
22 by acting as a mortgage broker when it offered to negotiate a modification to the terms of GP's  
23 and RB's residential mortgage loans without obtaining an Oregon mortgage lender license in  
24 violation of ORS 86A.103(1).

25 3. Bishop acted as a "mortgage broker" under ORS 86A.100(5)(a)(C) when he, for  
26 compensation, or in the expectation of compensation, either directly or indirectly made,





1 negotiated, or offered to make or negotiate a modification to the terms and conditions of a  
2 mortgage loan for GP.

3 4. Bishop engaged in “residential mortgage transactions in this state” under ORS  
4 86A.103(2) by acting as a mortgage broker when he offered to negotiate a modification to the  
5 terms of GP’s residential mortgage loan without obtaining an Oregon mortgage lender license in  
6 violation of ORS 86A.103(1).

7 5. Bishop offered to negotiate the terms of GP’s residential mortgage loans without  
8 obtaining a mortgage loan originator’s license in violation of ORS 86A.203.

9 6. Garcia acted as a “mortgage broker” under ORS 86A.100(5)(a)(C) when she, for  
10 compensation, or in the expectation of compensation, either directly or indirectly made,  
11 negotiated, or offered to make or negotiate a modification to the terms and conditions of a  
12 mortgage loan for GP.

13 7. Garcia engaged in “residential mortgage transactions in this state” under ORS  
14 86A.103(2) by acting as a mortgage broker when he offered to negotiate a modification to the  
15 terms of GP’s residential mortgage loans without obtaining an Oregon mortgage lender license  
16 in violation of ORS 86A.103(1).

17 8. Garcia offered to negotiate the terms of GP’s residential mortgage loans without  
18 obtaining a mortgage loan originator’s license in violation of ORS 86A.203.

19 9. CAG received money or other valuable consideration or expected to receive  
20 money or other valuable consideration for obtaining or attempting to obtain as an intermediary  
21 on GP’s and RB’s behalf a concession from a creditor including, but not limited to, a reduction  
22 in the principal, interest, penalties or fees associated with the debt under ORS 697.602(2)(d)  
23 without registering under ORS 697.632 in violation of ORS 697.612(1)(a).

24 10. CAG received money or other valuable consideration or expected to receive  
25 money or other valuable consideration for providing advice, assistance, instruction or  
26 instructional material concerning a debt management service, modifying or offering to modify



1 the terms and conditions of GP's and RB's existing loans under ORS 697.602(2)(c), without  
2 being registered under 697.632 in violation of ORS 697.612(1)(b)(E).

3 11. Bishop received money or other valuable consideration or expected to receive  
4 money or other valuable consideration for obtaining or attempting to obtain as an intermediary  
5 on GP's behalf a concession from a creditor including, but not limited to, a reduction in the  
6 principal, interest, penalties or fees associated with the debt under ORS 697.602(2)(d) without  
7 registering under ORS 697.632 in violation of ORS 697.612(1)(a).

8 12. Bishop received money or other valuable consideration or expected to receive  
9 money or other valuable consideration for providing advice, assistance, instruction or  
10 instructional material concerning a debt management service, modifying or offering to modify  
11 the terms and conditions of GP's existing loan under ORS 697.602(2)(c), without being  
12 registered under 697.632 in violation of ORS 697.612(1)(b)(E).

13 13. Garcia received money or other valuable consideration or expected to receive  
14 money or other valuable consideration for obtaining or attempting to obtain as an intermediary  
15 on GP's behalf a concession from a creditor including, but not limited to, a reduction in the  
16 principal, interest, penalties or fees associated with the debt under ORS 697.602(2)(d) without  
17 registering under ORS 697.632 in violation of ORS 697.612(1)(a).

18 14. Garcia received money or other valuable consideration or expected to receive  
19 money or other valuable consideration for providing advice, assistance, instruction or  
20 instructional material concerning a debt management service, modifying or offering to modify  
21 the terms and conditions of GP's existing loan under ORS 697.602(2)(c), without being  
22 registered under 697.632 in violation of ORS 697.612(1)(b)(E).

23 15. CAG and Bishop violated ORS 697.662(7) by accepting or receiving an initial fee of  
24 more than \$50 from GP. CAG and Bishop violated ORS 697.692 by charging an initial fee of  
25 more than \$50 from GP.

26 16. CAG and Garcia violated ORS 697.662(7) by accepting or receiving an initial fee of



1 more than \$50 from RB. CAG violated ORS 697.692 by charging an initial fee of more than \$50  
2 from RB.

3 17. CAG and Bishop represented to GP that it was authorized to perform a debt  
4 management service when CAG and Bishop were not authorized under Oregon law to perform  
5 the debt management service in violation of ORS 697.662(2).

6 18. CAG and Garcia represented to RB that it was authorized to perform a debt  
7 management service when CAG and Garcia were not authorized under Oregon law to perform  
8 the debt management service in violation of ORS 697.662(2).

9 19. By offering to provide loan modification services that he was unregistered and  
10 unlicensed to provide, charging and collecting \$2,590 in fees for these services, and failing  
11 to provide the services or a refund, Bishop caused GP to suffer harm under ORS 86A.224(2)(c),  
12 and the Director finds that GP is entitled to restitution of \$2,590.

13 20. By offering to provide loan modification services that she was unregistered and  
14 unlicensed to provide, charging and collecting \$2,390 in fees for these services, and failing  
15 to provide the services or a refund, Garcia caused RB to suffer harm under ORS 86A.224(2)(c),  
16 and the Director finds that RB is entitled to restitution of \$2,390.

### 17 **ORDERS**

18 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:

19 1. Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director hereby ORDERS CAG,  
20 Bishop, Garcia, and all entities owned or controlled by CAG, Bishop, and Garcia to CEASE  
21 AND DESIST from violating the Oregon statutes regulating mortgage lending, ORS 86A.100 et  
22 seq., and debt management service providers, ORS 697.602 to 697.842.

23 2. Pursuant to ORS 86A.992, the Director may assess a CIVIL PENALTY in the amount of  
24 not more than \$5,000 per violation against any person who violates or who procures, aids or  
25 abets in the violation of any provision of ORS 86A.095 to 86A.198 or any rule or order issued  
26 under ORS 86A.124 or 86A.242. Pursuant to the authority of ORS 697.832, the Director may



1 assess a CIVIL PENALTY in an amount of not more than \$5,000 per violation against any  
2 person who violates ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or  
3 any order issued under ORS 697.825.

4 a. Pursuant to ORS 86A.224(3)(a) and 697.832, the Director hereby ORDERS CAG  
5 to pay a CIVIL PENALTY in the amount of \$5,000 for the violation of ORS 86A. (unlicensed  
6 mortgage broker)/ORS 697.612 (unregistered debt management service provider).

7 b. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS  
8 Bishop to pay a CIVIL PENALTY in the amount of \$5,000 for the violation of ORS  
9 697.612(1)(unlicensed mortgage broker)/ORS 697.612 (unregistered debt management service  
10 provider)/ORS 86A.203 (unlicensed MLO).

11 c. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS  
12 Garcia to pay a CIVIL PENALTY in the amount of \$5,000 for the violation of ORS  
13 697.612(1)(unlicensed mortgage broker)/ORS 697.612 (unregistered debt management service  
14 provider)/ORS 86A.203 (unlicensed MLO).

15 d. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS  
16 CAG and Bishop to pay a CIVIL PENALTY, jointly and severally, in the amount of \$10,000.  
17 \$5,000 for the violation of ORS 697.692 (unlawful debt management service fees - GP) and  
18 \$5,000 for the violation of ORS 697.662(2) (represented authorization - GP).

19 e. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS  
20 CAG and Garcia to pay a CIVIL PENALTY, jointly and severally, in the amount of \$10,000.  
21 \$5,000 for the violation of ORS 697.692 (unlawful debt management service fees - RB) and  
22 \$5,000 for the violation of ORS 697.662(2) (represented authorization - RB).

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

3 Dated this 29<sup>th</sup> day of October, 2012.

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5 PATRICK M. ALLEN, Acting Director  
6 Department of Consumer and Business Services

7 /s/ David Tatman  
8 David C. Tatman, Administrator  
9 Division of Finance and Corporate Securities

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