

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCE AND CORPORATE SECURITIES  
BEFORE THE DIRECTOR OF THE DEPARTMENT  
OF CONSUMER AND BUSINESS SERVICES

In the Matter of:

M-11-0092

Residential Relief Foundation, LLC

Order to Cease and Desist and Consent to  
Entry of Order

Respondent.

**WHEREAS** the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”) conducted an investigation of Residential Relief Foundation, LLC and determined that Residential Relief Foundation, LLC engaged in activities constituting violations of Oregon Revised Statutes (hereinafter “ORS”) 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter cited as the “Oregon Mortgage Lender Law”); and

**WHEREAS** Residential Relief Foundation, LLC wishes to resolve and settle this matter with the Director,

**NOW THEREFORE**, as evidenced by the authorized signature subscribed on this order, Residential Relief Foundation, LLC hereby **CONSENTS** to entry of this order upon the Director’s Findings of Fact and Conclusions of Law as stated hereinafter:

**FINDINGS OF FACT**

The Director FINDS that:

1. Residential Relief Foundation, LLC (hereinafter “RRF”) is a Delaware limited liability company formed on September 16, 2009 with a principal place of business of 1502 Joh Avenue, Suite 140, Baltimore, Maryland 21227.
2. RRF obtained an Oregon mortgage banker/broker license from the Oregon Division





1 of Finance and Corporate Securities (hereinafter the “Division”) on September 10, 2010, and  
2 the license expired when RRF failed to renew on January 1, 2011.

3 3. Division records list James Holderness (hereinafter “Holderness”) as the forty  
4 percent owner and contact person, Bryan Melanson (hereinafter “Melanson”) the thirty percent  
5 owner, and Michael Valenti (hereinafter “Valenti”) as a thirty percent owner and experienced  
6 person of RRF.

7 **I. Federal Trade Commission’s Civil Action Against RRF**

8 4. On November 15, 2010, the Federal Trade Commission (hereinafter “FTC”) filed a  
9 civil complaint in the United States District Court for the District of Maryland against RRF,  
10 other related corporate defendants, and RRF control persons Holderness, Melanson, and  
11 Valenti. The complaint alleged violations of federal law, including the FTC Act and the  
12 Telemarketing and Consumer Fraud and Abuse Prevention Act in connection with RRF’s  
13 marketing and sales of mortgage assistance relief services and debt relief services.<sup>1</sup>

14 5. The complaint alleges that, in numerous instances in connection with the promotion  
15 and sale of services to renegotiate, settle, modify, or otherwise alter the terms of payment of  
16 secured and unsecured debts, including mortgage assistance relief services, defendants  
17 [including RRF] have materially misrepresented, or made statements not substantiated at the  
18 time, directly or indirectly, expressly or by implication, that they generally will obtain for  
19 consumers a renegotiation, settlement, modification, or other alteration of the terms of such  
20 debts, including mortgage loan modifications, that will make consumers’ payments substantially  
21 more affordable.

22 6. On November 15, 2010, the Court entered an *ex parte* Temporary Restraining Order  
23 (hereinafter “TRO”) appointing Peter E. Keith (hereinafter “Receiver”) to act as a temporary  
24 receiver over the corporate defendants, including RRF.

25 7. The FTC, federal agents, the Receiver and his staff entered the premises of RRF mid  
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<sup>1</sup> FTC v Residential Relief Foundation, Inc., et al., US District Court Case No. 1:10-cv-3214-JFM.



1 morning on November 17, 2010, at which time the TRO was served on Holderness,  
2 Valenti, Melanson and other individual defendants. Also on November 17, 2011, the FTC  
3 ordered a freeze on the known bank accounts of RRF, individual defendants and related entities.

4 8. From that time onward, and in furtherance of the TRO, the Receiver terminated the  
5 business activities of RRF.

6 9. The Receiver established a website to inform consumers of the status of the FTC suit  
7 and any information the Receiver may receive from the FTC regarding consumer redress  
8 ([www.rrf-receiver.com](http://www.rrf-receiver.com)).

9 10. The Receiver also mailed a notice about the suit and the receivership to all  
10 consumers it could find addresses for in RRF's database.

11 11. By subsequent court order dated February 7, 2011, the Receiver was ordered to  
12 commence the orderly liquidation of all personal and real property of RRF and other received  
13 entities in order to collect and conserve receivership assets for distribution to consumers  
14 through a plan approved by the court.

15 12. Under the TRO and subsequent court orders, the Receiver has not been authorized to  
16 provide redress or restitution to individual consumers. The Receiver has retained in the  
17 receivership estate all consumer payments it received on or after November 17, 2010 as the  
18 result of automatic withdrawals or other automatic processes set into motion by consumers'  
19 agreements with the Receiver that predated the receivership.

20 13. On September 30, 2011, RRF, RRF control persons Holderness, Melanson,  
21 Valenti, and the Receiver entered into a Stipulated Final Order For Permanent Injunction and  
22 Settlement of Claims with the FTC (hereinafter "Final Order") that bans these defendants from  
23 working in the mortgage assistance and debt relief business and imposes monetary judgments  
24 jointly and severally totaling approximately \$11 million.

25 14. The Final Order also stipulated that the temporary receivership over RRF be  
26 converted to a permanent liquidating receivership, and the Receiver was ordered to turn over all



1 funds in the receivership estate (minus fees and expenses approved by the court) to the FTC or  
2 its designated agent for consumer redress. The FTC will prepare and deliver a consumer redress  
3 plan to the court for approval.

4 15. The Receiver will not treat one consumer as having priority over others but will  
5 transmit all funds received from consumers attributed to RRF's pre-receivership actions to the  
6 FTC or its designated agent pursuant to the Final Order.

## 7 **II. Oregon Consumer Complaint Against RRF**

8 16. On or about March 28, 2011, the Division received a complaint from Oregon  
9 consumer "F.E." against RRF.

10 17. At all times relevant to this matter, Oregon consumer F.E. was a party to a  
11 residential mortgage loan secured by real estate located in Oregon.

12 18. F.E. reported that in August 2010 she was contacted by a RRF representative who  
13 offered to assist her with a modification of her home mortgage loan and indicated the company  
14 could help her obtain a loan modification.

15 19. On behalf of RRF, a RRF representative provided a contract for loan modification  
16 services to F.E. F.E. accepted RRF's offer and signed the contract dated November 16, 2010.

17 20. As instructed by RRF, F.E. submitted her personal nonpublic financial information,  
18 including details about her residential mortgage loan, income, and bank account information to  
19 RRF.

20 21. On November 18, 2010, RRF deducted \$1,995 from F.E.'s bank account by  
21 automatic withdrawal as advanced fees for loan modification services.

22 22. F.E.'s contract was signed and accepted by RRF prior to the commencement of the  
23 receivership, although \$1,995 was deducted by automatic withdrawal from F.E.'s bank account  
24 after the court had issued the TRO against RRF in the FTC's case.

25 23. F.E. reported that a RRF representative, prior to the commencement of the receivership,  
26 told her to stop making her monthly existing mortgage payments until RRF was able to negotiate



1 the loan modification with her lender.

2 24. Beginning in February 2011, F.E. started receiving foreclosure notices from her  
3 lender. After contacting her lender, F.E. learned that RRF had never contacted her lender to  
4 pursue a loan modification for her.

5 25. F.E. contacted RRF to inquire and found the company was under investigation by  
6 the FTC.

7 26. RRF failed to perform on its promise made in exchange for the advance fees F.E.  
8 paid to RRF for loan modification services. As of the date of this order, F.E. has not received a  
9 refund.

### 10 CONCLUSIONS OF LAW

11 The Director CONCLUDES that:

12 1. When RRF took an application for loan modification services from F.E. agreeing  
13 to provide loan modification services, did not provide those services, and did not provide a  
14 refund, RRF committed unfair or unethical practices in connection with the mortgage business  
15 in violation of ORS 86A.115(2).

16 2. The RRF representative's statement to F.E. that RRF would help F.E. obtain a  
17 loan modification and RRF's contractual agreement to provide loan modification services to  
18 F.E. constitutes knowingly made untrue statements of material fact in violation of ORS  
19 86A.154(2).

### 20 ORDERS

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

22 The Director, pursuant to ORS 86A.127, hereby ORDERS RRF to Cease and Desist  
23 from violating the Oregon Mortgage Lender Law.

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Dated this 27 day of February, 2012.

PATRICK ALLEN, Director  
Department of Consumer and Business Services

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

**ENTITY CONSENT TO ENTRY OF ORDER**

**WHEREAS** United States District Judge J. Frederick Motz ordered that the Receiver continue as a permanent receiver over RRF and to, among other things, wind up the receivership entities and liquidate all assets. As such, the Receiver is authorized to enter into a consent order with the Director on behalf of RRF.

I agree that RRF has been advised of the right to a hearing and of the right to be represented by counsel in this matter. RRF voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. RRF understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law, and that RRF will fully comply with the terms and conditions stated herein.

RRF further assures the Director that neither RRF, nor its officers, directors, employees, or agents will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law. RRF understands that this Consent Order is a public document.

Dated this 24 day of February, 2012.

By /s/ Peter E. Keith Receiver

Peter E. Keith, Receiver

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**ENTITY ACKNOWLEDGMENT**

There appeared before me this 24 day of February 2012, Peter E. Keith, who was first  
duly sworn on oath, and stated that he is authorized and empowered to sign this Consent to  
Entry of Order on behalf of RRF to the terms hereof.

/s/ Jean Sommers  
Notary Public for the State of:  
My commission expires: 3/14/13

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

