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**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-11-0109
)	
Tamara L McMahan and Tamara L)	ORDER TO CEASE AND DESIST,
McMahan Financial Services LLP;)	ORDER DENYING EXEMPTIONS,
)	ORDER ASSESSING CIVIL
)	PENALTIES
)	
Respondents.)	AND
)	CONSENT TO ENTRY OF ORDER
)	
)	

WHEREAS the Director (the “Director”) of the Department of Consumer & Business Services for the State of Oregon (the “Department”) conducted an investigation into the activities of Tamara L. McMahan Financial Services L.L.P. (“TMFS”) and Tamara L. McMahan (“McMahan”) (collectively, “Respondents”) and determined that Respondents engaged in activities constituting violations of ORS 86A.095 et seq. (hereinafter cited as the Oregon Mortgage Lender Law) and ORS 59.005 et seq. (hereinafter cited as the Oregon Securities Law); and

WHEREAS Respondents wish to resolve this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Respondents hereby **CONSENT** to entry of this order upon the Director’s Findings of Facts and Conclusions of Law as stated hereinafter:

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





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I. FINDINGS OF FACT

A. Parties

1. Tamara L. McMahan Financial Services, L.L.P. (hereinafter “TMFS”) was first registered as a domestic limited liability partnership with the Oregon secretary of state on February 5, 2003. TMFS listed its principle place of business as 1014 Havenwood Dr., Eagle Point, Oregon 97524.

2. TMFS first obtained an Oregon mortgage lender license on July 19, 2005. The license expired on July 19, 2010.

3. At no time relevant herein have Respondents held a license to sell securities.

4. Tamara L. McMahan (hereinafter “McMahan”) was the 90% owner of TMFS. Hereinafter McMahan and TMFS shall be referred to collectively as “Respondents.”

5. D is an Oregon resident who funded loans as evidenced by promissory notes secured by real property.

6. P, C, and W are all Oregon residents who borrowed money from D in transactions brokered by Respondents.

B. Private Investor Transactions

7. Respondents brokered non-conventional financing for residential mortgages funded by private individuals and secured by residential real property. Privately funded loans are referred to in Oregon Mortgage Law as “investor transactions” and are governed, in part, by Oregon Administrative Rules (“OAR”) 441-865-0080 through 441-870-0050. In typical investor transactions, private borrowers borrow from private lenders, and the loans are brokered by firms such as TMFS. The borrowers in these transactions pay back the loan, plus interest, just as they would in a traditional bank-financed loan, though, typically, at a higher interest rate.

8. In addition to the normal disclosures in conventional transactions, investor transactions require that the investor be provided by the broker with a disclosure detailing the nature and terms of the private investment transaction pursuant to OAR 441-870-0050(1) and OAR 441-035-0005 through 441-035-0060, including, among other items, the priority of the lien granted in



1 exchange for the investor's investment, the borrower's payment history, and other relevant
2 information. A failure to strictly comply with these disclosure requirements can result in the sale
3 of unregistered securities by an unlicensed person.

4 9. On March 10, 2006 Respondents accepted an application from P for a \$47,000 loan
5 secured by residential real property (hereinafter "P" loan).

6 10. The P loan was brokered by Respondents and funded by D.

7 11. On February 16, 2007, Respondents accepted and application from C for an \$8,500 loan
8 secured by residential real property (hereinafter "C" loan).

9 12. The C loan was brokered by Respondents and funded by D.

10 13. On February 21, 2007, Respondents accepted an application from W for a \$23,000 loan
11 secured by residential real property (hereinafter "W" loan).

12 14. The W loan was brokered by Respondents and funded by D.

13 15. A review of the loan files maintained by Respondents in the P, C, and W transactions
14 reveals that Respondents provided investor D with a disclosure document entitled "Investor's
15 Worksheet." In each transaction this document was signed "verbally by D." The document did
16 disclose whether or not a lien was junior or senior. The document did not disclose:

- 17 a. The total amount of any senior liens including any outstanding taxes;
- 18 b. The terms of the senior lien;
- 19 c. A statement of the risk of loss on foreclosure of a senior lien;
- 20 d. A statement of whether the borrower would be insured against casualty loss.

21 16. The investor worksheets that were maintained in the file by Respondents for the P, C, and
22 W transactions were not signed and dated by investor D.

23 17. In the P, C, and W transactions, Respondents did not maintain a copy of the written
24 instrument used in creating the investors' liens or a copy of the documents evidencing that the
25 instruments which created the liens was recorded.

26 18. The promissory notes secured by trust deeds and brokered by Respondents in the P, C,

1 and W transactions described herein were not registered as securities in the state of Oregon.

2 19. Respondents have never been licensed to sell securities in the state of Oregon.

3 **CONCLUSIONS OF LAW**

4 The Director **CONCLUDES** that:

5 1. The three investments, described herein as the P, C, and W transactions are “real estate
6 paper” as defined by ORS 59.015(15) because they involved promissory notes which are
7 obligations and those obligations were secured by trust deeds which represent an interest in real
8 property.

9 2. The three investments, described herein as the P, C, and W transactions are securities as
10 defined ORS 59.015(19)(a) because they are “notes” and because they involve “real estate paper
11 sold by a mortgage broker.”

12 3. The exemption from registration contained in ORS 59.035(7) does not apply to any of the
13 three transactions described herein because Respondents failed to provide all of the disclosures
14 required by OAR 441-035-0021 and OAR 441-870-0050.

15 4. In each of the three transactions described herein, Respondents sold securities without
16 first obtaining a license as required by ORS 59.165

17 5. In each of the three transactions described herein, Respondents sold securities that were
18 not registered as required by ORS 59.055

19 6. In the P, C, and W transactions described herein, Respondents violated OAR 441-035-
20 0021(1) and OAR 441-870-0050(1) when they failed to provide a written disclosure document
21 which contained: 1) The total amount of any senior liens including any outstanding taxes; 2) The
22 terms of the senior lien; 3) A statement of the risk of loss on foreclosure of a senior lien; and 4)
23 A statement of whether the borrower would be insured against casualty loss.

24 7. In the P, C, and W transactions described herein, Respondents violated ORS 59.865(2)
25 when they failed to comply with the provisions of OAR 441-870-0050(1).

26 8. In the P, C, and W transactions described herein, Respondents failed to maintain a





1 document signed and dated by investor D that demonstrates that investor D was provided with
2 the disclosures required by OAR 441-870-0050(1) and that investor D was provided with an
3 opportunity to review the supporting documentation in violation of OAR 441-865-0080(1)(b).

4 9. In the P, C, and W transactions Respondents violated OAR 441-865-0080(1)(e) each of
5 three times in the P, C, and W transactions by not retaining a copy of documents evidencing that
6 the instrument creating the lien or assignment has been recorded pursuant to the provisions of
7 OAR 441-870-0060.

8 **ORDER**

9 The Director, pursuant to ORS 59.245 and ORS 86A.127(4) (previously ORS 59.885(4))
10 hereby **ORDERS** that Respondents shall **CEASE AND DESIST** from violating any provision of
11 the Oregon Securities Law or Oregon Mortgage Lender Law, and any rules, order, or policy
12 issued by the Director.

13 Pursuant to ORS 59.045, the Director **ORDERS** Respondents, and any entities that
14 employ or otherwise utilize any of Respondents services for the purpose of raising capital, are,
15 hereby **DENIED THE USE OF ANY EXEMPTIONS**, to Oregon securities registration
16 requirements authorized by ORS 59.025 and ORS 59.035.

17 By consent of the parties, Respondents are prohibited from acting as mortgage
18 bankers/brokers or as mortgage loan originators until further order of the Director.

19 The Director, pursuant to ORS 59.995 and ORS 86A.992 (formerly ORS 59.996(2)),
20 hereby **ORDERS** Respondents to pay the State of Oregon a **CIVIL PENALTY** of \$15,000.

21 This penalty is suspended for a period of five years so long as Respondents comply with the
22 Oregon Mortgage Lender Law, the Oregon Securities Law, and any order or rule issued by the
23 Director. If Respondents comply with the terms of this Order for a period of five years, the
24 Director will waive the civil penalty in its entirety.

25 The Director, pursuant to ORS 86A.124 (formerly ORS 59.880) **ORDERS** Respondents
26 to pay \$1,500 for costs associated with the examination of this case.

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 **CORPORATE CONSENT TO ENTRY OF ORDER**

2 I, Tamara L McMahan, state that I am or was an officer of Tamara L McMahan Financial
3 Services L.L.P. I am authorized to act on its behalf; that I have read the foregoing Order and that I
4 know and fully understand the contents hereof; that I and this entity have been advised of the right
5 to a hearing and of the right to be represented by counsel in this matter; that Tamara L McMahan
6 Financial Services L.L.P. voluntarily and without any force or duress, consents to the entry of this
7 Order, expressly waiving any right to a hearing in this matter; that Tamara L McMahan Financial
8 Services L.L.P. understands that the Director reserves the right to take further actions to enforce
9 this Order or to take appropriate action upon discovery of other violations of the Oregon
10 Securities or Oregon Mortgage Lender Law; and that Tamara L McMahan Financial Services
11 L.L.P. will fully comply with the terms and conditions stated herein.

12 Tamara L McMahan Financial Services L.L.P. understands that this Consent Order is a
13 public document.

14 Dated this 22nd day of February 2012

15
16 By /s/ Tamara L. McMahan
Tamara L McMahan
17 Managing Partner
18 Office Held

19 **ENTITY ACKNOWLEDGMENT**

20 There appeared before me this 22nd day of February 2012 who was first duly sworn on
21 oath, and stated that she was and is an officer of Tamara L McMahan Financial Services L.L.P.
and that she is authorized and empowered to sign this Consent to Entry of Order on behalf of
22 Tamara L McMahan Financial Services L.L.P., and to bind Tamara L McMahan Financial
Services L.L.P. to the terms hereof.

23 /s/ Sheryl G. Compton
24 Notary Public for the State of Oregon
My commission expires: November 29, 2012

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CONSENT TO ENTRY OF ORDER

I, Tamara L McMahan, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that the factual allegations stated herein are true and correct; 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 consent to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions against me to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Securities or Oregon Mortgage Lending Law; and that I will fully comply with the terms and conditions stated herein.

I understand that this Consent Order is a public document.

Dated this 9th day of February, 2012.

/s/ Tamara L. McMahan
Tamara L McMahan

SUBSCRIBED AND SWORN to before me this 9th day of February, 2012.

Melissa Nicole Hinojosa
(Printed Name of Notary Public)
Notary Public
for the State of: Oregon

My commission expires: January 13, 2015

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