





1 Information”), based upon allegations that Ross knowingly prepared, signed, and submitted false  
2 loan applications that induced financial institutions to fund two loans for an investment property  
3 for loan applicants.

4 3. The Information alleges that, as part of the scheme to defraud, Ross knowingly added a  
5 loan applicant to his personal savings account signature card at Wells Fargo Bank in Bend,  
6 Oregon on February 21, 2007. Ross then created a false and fraudulent residential mortgage loan  
7 application, Fannie Mae form 1003, with the savings account balance included with the  
8 applicants’ assets and transmitted the form to the financial institutions.

9 4. The Information alleges that, based on the representations made, the financial institutions  
10 funded the first and second mortgages for the applicants. The financial institutions relied on  
11 these materially false representations and omissions to approve and fund the loans.

12 5. On or about October 27, 2010, during the course of the investigation, Ross submitted a  
13 written letter to the Division that admitted that the applicants could not demonstrate that they met  
14 a requirement of the loan, namely to have a specific amount of money held in reserves, and thus  
15 did not qualify for the loan at the rate and terms they desired. In order to obtain the loan for the  
16 applicants at the rate and terms they desired, Ross discussed and received approval from the  
17 applicants to add one of them to his personal bank account in order to demonstrate adequate  
18 financial reserves.

19 6. Bank records show that Ross added one of the applicants to his bank account on February  
20 21, 2007. Ross then obtained a verification of deposit for the account showing the funds  
21 available in the name of one of the applicants.

22 7. Records show that Ross submitted a residential mortgage loan application listing his  
23 personal account as the property of one of the applicants to the lender. Ross knew that the  
24 representation that the account was the applicant’s was false or misleading.

25 8. In a March 14, 2011 statement, the beneficiary of the note has stated that had it known  
that the loan originator added one of the applicants to his bank account and included that account



1 on the application, the loan would not have been made on the same terms, if at all.

2 **CONCLUSIONS OF LAW**

3 The Director **CONCLUDES** that:

4 9. Ross knowingly added one of the applicants to his bank account so that the applicant  
5 could use Ross' account to qualify for a residential mortgage loan.

6 10. Ross knowingly submitted to a lender an application that falsely indicating that Ross'  
7 own account was that of an applicant.

8 11. The misrepresentation was material in that the lender, relying upon the false information  
9 about the account, made a loan on terms that it would not have made if it had known the truth  
10 about the account.

11 12. Ross violated ORS 86A.154(2) by knowingly submitting a residential mortgage loan  
12 application to the lender that misled the lender to believe that his bank account belonged to the  
13 applicant and the lender relied upon the misleading information to make a loan it otherwise  
14 would not have made.

15 **ORDER**

16 The Director, pursuant to ORS 86A.115(2) hereby **ORDERS** that Phillip James Ross will  
17 **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law, OAR  
18 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Division.

19 The Director hereby **ORDERS** that Phillip James Ross is permanently restrained,  
20 enjoined, and prohibited from, directly or indirectly:

- 21 1. Acting as a loan originator, as that term is defined in ORS 86A.200;  
22 2. Owning or operating as a mortgage banker or mortgage broker, as those terms are defined  
23 in ORS 86A.100(3)(a) and (5)(a) respectively;  
24 3. Acting as a partner, officer, director, or experienced person as described in ORS  
25 86A.106(2), or occupying similar status or performing similar functions of a partner, officer,  
director or experienced person for a mortgage banker or mortgage broker;

Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4140



1 4. Owning, acting as, or acting in a managerial capacity in a company required to have a  
2 consumer finance license under ORS 725.045; or

3 5. Acting as an agent or facilitator, as those terms are used in ORS 725.610, for the purpose  
4 of making a payday or title loan, as those terms are defined in ORS 725.600(3) and (4)  
5 respectively; or

6 6. Acting as an official, officer or director of an insured institution or credit union in, or  
7 organized under the laws or statutes of the State or Oregon, as those terms are defined in ORS  
8 chapters 706 and 723 respectively.

9 The date of this order is the day the Director or Director's nominee signs the order. The  
10 entry of this Order in no way limits further remedies which may be available to the Director  
11 under Oregon law.

12 Dated this 6th day of August, 2012.

13 Patrick M. Allen, Director  
14 Department of Consumer and Business Services

15 /s/ David Tatman  
16 David Tatman, Administrator

17 Division of Finance and Corporate Securities  
18 APPROVED AS TO FORM:

19 /s/ Joe Metcalf  
20 Joe Metcalf  
21 Attorney for Phillip James Ross

Dated: 7/27/12

22 **CONSENT TO ENTRY OF ORDER**

23 I, Phillip James Ross, state that I have read the foregoing Order and that I know and fully  
24 understand the contents herein; that I have been advised of the right to a hearing and of the right  
25 to be represented by counsel in this matter; that I voluntarily and without any force or duress  
- consent to the entry of this Order, expressly waiving any right to a hearing in this matter; that I

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understand 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 I will fully comply with the terms and conditions stated herein.

I further assure the Director that I will not act as a loan originator, as that term is defined in ORS 86A.200; own or operate as a mortgage banker or mortgage broker, as those terms are defined in ORS 86A.100.(3)(a) and (5)(a) respectively; act as a partner, officer, director, or experienced person as described in ORS 86A.106(2), or occupy similar status or perform similar functions of a partner, officer director or experienced person for a mortgage banker or mortgage broker; own, act as, or act in a managerial capacity in a company required to have a consumer finance license under ORS 725.045; or act as an agent or facilitator, as those terms are used in ORS 725.610, for the purpose of making a payday or title loan, as those terms are defined in 725.600(3) and (4) respectively; or act as an official, officer or director of an insured institution or credit union in, or organized under the laws or statutes of the State of Oregon, as those terms are defined in ORS chapters 706 and 723 respectively.

I understand that this Consent Order is a public document.

Dated this 26 day of July, 2012.

By /s/ Phillip James Ross  
Phillip James Ross

Sworn to and signed before me this 26th day of July, 2012.

/s/ Peter Welles Pierce  
Judge or Notary Public for the State of Oregon