

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-13-0085

Watermark Capital, Inc.
NMLS # 1838

Final Order to Cease and Desist, Order
Assessing Civil Penalties, 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 Watermark Capital, Inc. (hereinafter “Watermark”) and determined that Watermark engaged in activities constituting a violation of ORS 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter collectively cited as the “Oregon Mortgage Lender Law”); and

WHEREAS Watermark wishes to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Watermark 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. Watermark is a California corporation formed on January 20, 2006 with a principal place of business located at 16485 Laguna Canyon Road, Ste. 205, Irvine, CA 92618.
2. Watermark first obtained an Oregon mortgage banker/broker license from the Oregon Division of Finance and Corporate Securities (hereinafter the “Division”) on April 7, 2006 NMLS# 1838.
3. Watermark held an Oregon license in 2012 and is currently licensed.





1 4. The Oregon Mortgage Lender Law requires licensed mortgage bankers and
2 mortgage brokers to file an annual report with the Division concerning its residential
3 mortgage lending activity.

4 5. The deadline for filing the annual report for 2012 mortgage lending activity was
5 March 31, 2013.

6 6. On January 11, 2013, the Division made public a website
7 <https://www4.cbs.state.or.us/exs/dfcs/mlrpt/index.cfm> that licensees were to use to file its
8 annual reports. The Division posted a link to that website from the Division's mortgage lending
9 home page along with information on the annual report requirements.

10 7. The Division's mortgage lending home page also included a prominent notice about
11 the requirement.

12 8. On January 11, 2013, the Division sent an e-mail to the e-mail address of record for
13 Watermark, michelle.ellis@watermarkhomeloans.com, reminding that an annual report was
14 due, and that the deadline was March 31.

15 9. On April 3, 2013, the Division sent Watermark a letter to its mailing address of record in
16 NMLS, 16485 Laguna Canyon Road, Suite 205, Irvine, California 92618, notifying that it was
17 required to file the 2012 annual report for Oregon. The letter warned that if Watermark did not
18 file by May 3, 2013, the matter would be referred for enforcement action and a civil penalty
19 assessed.

20 10. Since Watermark did not file its annual report by May 3, 2013, the matter was
21 referred for enforcement on May 7, 2013.

22 11. Watermark successfully filed its annual report for 2012 activity on June 24, 2013.

23 CONCLUSIONS OF LAW

24 The Director CONCLUDES that:

25 1. By failing to file the annual report for 2012 mortgage lending activity by March 31,
26 2013, Watermark violated ORS 86A.112(3) and OAR 441-865-0025.



ORDERS

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

The Director, pursuant to ORS 86A.127, hereby ORDERS Watermark to cease and desist from violating Oregon’s Mortgage Lender Law.

The Director, pursuant to ORS 86A.992, may assess civil penalties of up to \$100 per day each day the report is not filed.

The Director, pursuant to ORS 86A.992(2), hereby ORDERS Watermark to pay a civil penalty of \$1,000 for the violation of ORS 86A.112(3) and OAR 441-865-0025.

Dated this 7th day of August, 2013.

PATRICK M. 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

I, Charles Dragna, state that I am an officer of Watermark, and I am authorized to act on its behalf. I have read the foregoing order and that I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Watermark voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. Watermark 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. Watermark will fully comply with the terms and conditions stated herein.

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

5 Dated this 29th day of July, 2013.

6
7 By /s/ Charles Dragna

8 Secretary
9 Office Held

10 **ENTITY ACKNOWLEDGMENT**

11 There appeared before me this 29th day of July 2013,
12 Charles Dragna, who was first duly sworn on oath, and stated that (s)he was and is an officer of
13 Watermark and that (s)he is authorized and empowered to sign this Consent to Entry of Order
14 on behalf of Watermark and to bind Watermark to the terms hereof.

15
16 /s/ Carolyn Young Notary Public

17 Notary Public for the State of: California
18 My commission expires: Feb 17, 2016

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