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2 **STATE OF OREGON**  
3 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
4 **DIVISION OF FINANCE AND CORPORATE SECURITIES**  
5 **MORTGAGE LENDING SECTION**

6  
7 **BEFORE THE DIRECTOR OF THE DEPARTMENT**  
8 **OF CONSUMER AND BUSINESS SERVICES**

9 **In the Matter of:**

10 **Flagship Financial Group, LLC**  
11 **NMLS# 3133**

12 Respondent.

13 **M-13-0175**

14 **FINAL ORDER TO CEASE AND DESIST,**  
15 **ORDER ASSESSING CIVIL PENALTIES,**  
16 **AND**  
17 **CONSENT TO ENTRY OF ORDER**

18 **WHEREAS** the Director of the Department of Consumer and Business Services for the  
19 State of Oregon (hereinafter “the Director”) conducted an investigation of Flagship Financial  
20 Group, LLC (hereinafter “Flagship”) and determined that Flagship engaged in activities  
21 constituting violations of ORS 86A.100 et seq., ORS 59.840 et. seq., and OAR 441-850-0005  
22 through 441-885-0010 (hereinafter collectively cited as the “Oregon Mortgage Lender Law”);  
23 and;

24 **WHEREAS** Flagship wishes to resolve and settle this matter with the Director;

25 **NOW THEREFORE**, as evidenced by the authorized signature subscribed on this order,  
26 Flagship hereby **CONSENTS** to entry of this order upon the Director’s Findings of Fact and  
27 Conclusions of Law as stated hereinafter:

28 **FINDINGS OF FACT**

29 The Director **FINDS** that:

- 30 1. Flagship is a Utah Limited Liability Company with a principal place of business located  
31 at 3130 West Maple Loop Drive, Suite 200, Lehi, UT 84043.  
32 2. Flagship received an Oregon mortgage banker/broker license from the Oregon Division  
33 of Finance and Corporate Securities (hereinafter “Division”) on February 1, 2013, NMLS# 3133.





1       **I.       2013 Second Quarter Mortgage Call Report**

2       3. In 2011 the Nationwide Mortgage Licensing System (hereinafter “NMLS”) released  
3 the mortgage call report (hereinafter “MCR”) functionality. The MCR includes a licensed  
4 mortgage broker’s Residential Mortgage Loan Activity (hereinafter “RMLA”) that is compiled  
5 and submitted by the company to NMLS on a quarterly basis.

6       4. The quarterly reports are due 45 days following the end of each quarter such that the  
7 2013 second quarter (hereinafter “Q2”) MCR was due August 14, 2013.

8       5. Flagship employed at least one licensed loan originator during the Q2 of 2013.

9       6. Since Flagship had not filed the 2013 Q2 MCR with Oregon RMLA, on August 1, 2013,  
10 the Division sent an e-mail to Flagship’s e-mail address of record notifying of the Q2  
11 requirement and the upcoming August 14, 2013 deadline.

12       7. All emails were sent to rcottle@ffgcorporate.com which has been the e-mail address of  
13 record in NMLS for Flagship at all times relevant to this order.

14       8. An out of office reply message indicated that the company contact, Rachel Cottle, would  
15 return to the office on August 5, 2013.

16       9. Since Flagship had still not filed the 2013 Q2 MCR as of the end of the day on August  
17 14, 2013, on August 15, 2013, the Division sent another e-mail to Flagship notifying that the  
18 MCR, including the Oregon RMLA was past due. The email set a new deadline of September  
19 15, 2013 and warned that if Flagship failed to file by the deadline, the company would be subject  
20 to civil penalties.

21       10. On August 15, 2013, the Division sent Flagship a letter to the address of record in  
22 NMLS, its principal place of business, notifying that if the 2013 Q2 MCR, including Oregon  
23 RMLA, was not filed by September 15, 2013, the matter would be referred for enforcement  
24 action.

25       11. Also on August 15, 2013, the Division placed a deficiency on the company’s license  
26 notifying the company of the obligation to file the MCR including the Oregon RMLA by the



1 September 15, 2013 deadline, or the matter would be referred for enforcement action.

2 12. Flagship filed the 2013 Q2 MCR on August 15, 2013, but did not file an Oregon RMLA.

3 13. Flagship filed the Oregon RMLA for Q2 2013 on October 23, 2013.

4 **II. Consumer Complaint**

5 14. In June 2008, the Division received a complaint from an Oregon resident (hereinafter  
6 “Oregon Borrower”) who had been working with Flagship on a refinance loan on an Oregon  
7 property from approximately October 2007 through at least March of 2008.

8 15. Flagship employee Patrick Johns (hereinafter “Johns”) took a loan application for Oregon  
9 Borrower and offered or negotiated the terms of Oregon Borrower’s mortgage loan in  
10 expectation of compensation.

11 16. In response to the Division’s inquiry, Johns acknowledged taking loan applications for  
12 five other Oregon borrowers from 2007-2008.

13 17. At all times material to this order, Johns has never been registered or otherwise  
14 authorized to originate Oregon loans.

15 **CONCLUSIONS OF LAW**

16 The Director **CONCLUDES** that:

17 1. By failing to file the 2013 Q2 MCR including RMLA for Oregon in NMLS by August  
18 14, 2013, Flagship violated ORS 86A.239(2).

19 2. By taking a loan application and offering or negotiating the terms of six Oregon  
20 mortgage loans in expectation of compensation, Johns acted as an Oregon loan originator on at  
21 least six occasions.

22 3. By failing to register Johns as a Flagship Oregon loan originator, Flagship violated ORS  
23 59.969(1).

24 **ORDER**

25 **NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:**

26 The Director, pursuant to ORS 86A.127 and ORS 59.885, hereby orders Flagship to



1 cease and desist from violating the Oregon Mortgage Lender Law. The Director, pursuant to  
2 ORS 86A.992 and ORS 59.996, may assess civil penalties of up to \$5,000 per violation against  
3 individuals who violate the Oregon Mortgage Lender Law.

4 Pursuant to these provisions, the Director hereby orders Flagship to pay a civil penalty of  
5 \$3,300. This is based upon \$1,000 for the violation of ORS 86A.239(2) (late filing of MCR) and  
6 \$2,300 for the violation of ORS 59.969(1) (failure to register a mortgage loan originator).

7 a. The Director suspends payment of \$1,000 of the \$3,300 civil penalty for a period  
8 of three years, so long as Flagship complies with the terms of this order and does  
9 not violate any provision of the Oregon Mortgage Lender Law.

10 b. If Flagship complies with the terms of this order and does not violate any  
11 provision of the Oregon Mortgage Lender Law for a period of three years, the  
12 suspended portion of the civil penalty is waived.

13 The entry of this Order in no way limits further remedies which may be available to the  
14 Director under Oregon law.

15 Dated this 30<sup>th</sup> day of December, 2013

16  
17 PATRICK M. ALLEN, Director  
18 Department of Consumer and Business Services

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

### 22 ENTITY CONSENT TO ENTRY OF ORDER

23 I, William Farrar, state that I am an officer of Flagship, and I am  
24 authorized to act on its behalf. I have read the foregoing order and that I know and fully  
25 understand the contents hereof. I have been advised of the right to a hearing and of the right to  
26 be represented by counsel in this matter. Flagship voluntarily and without any force or duress  
consents to the entry of this order expressly waiving any right to a hearing in this matter.



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Flagship 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. Flagship will fully comply with the terms and conditions stated herein.

Flagship further assures the Director that neither Flagship, 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. Flagship understands that this Consent Order is a public document.

Dated this 18th day of December, 2013.

By /s/ William Farrar

Managing Member  
Office Held

#### ENTITY ACKNOWLEDGMENT

There appeared before me this 18 day of December 2013, William Farrar, who was first duly sworn on oath, and stated that (s)he was and is an officer of Flagship and that (s)he is authorized and empowered to sign this Consent to Entry of Order on behalf of Flagship and to bind Flagship to the terms hereof.

/s/ Rachel Cottle

Notary Public for the State of: Utah  
My commission expires: 10/3/2016