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**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:

DM-13-0163

Victor Manuel Villalta, NMLS # 411739,
Respondent.

**Order to Cease and Desist,
Order Assessing Civil Penalty, and
Consent to Entry of Order**

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (Director) conducted an investigation of Victor Manuel Villalta (Villalta) and determined that Villalta engaged in activities constituting violations of Oregon Revised Statutes (“ORS”) 86A.100 *et seq.* and Oregon Administrative Rules (“OAR”) 441-850-0005 through 441-885-0010 (collectively Oregon Mortgage Lender Laws and Rules) and ORS 697.602 to 697.842 and OAR 441-910-0000 through 441-910-0120 (collectively Oregon Debt Management Service Provider Laws and Rules); and

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

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

FINDINGS OF FACTS

The Director finds that:

1. At all times material to this Order, Villalta’s principal place of business was Willamette Valley Bank (WVB) located at 2150 Commercial Street SE, Suite 100, Salem, Oregon.
2. Villalta was employed at WVB to originate mortgage loans for the bank from June 27, 2011 to May 1, 2012. Villalta was not authorized by the bank to provide debt management

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1 services on behalf of the bank or to provide loan origination services except as related to a loan
2 for the bank.

3 3. At all times material to this Order, Villalta was a federally registered loan originator
4 whose Nationwide Mortgage Licensing System (NMLS) number is 411739 but he has not been
5 licensed as a loan originator to engage in loan origination activities on behalf of an entity other
6 than a bank.

7 4. At all times material to this order, Villalta was not licensed or registered by the Division
8 of Finance and Corporate Securities (Division) to provide debt management services.

9 5. Prior to working at WVB, Villalta was employed by Lokman Financial Group (Lokman)
10 from March 2009 to June 2011 as a loan originator.

11 6. Lokman was not licensed as a mortgage lender in Oregon nor was it registered as a debt
12 management service provider. Villalta was not licensed as a loan originator.

13 7. On August 22, 2012, the Director issued a Final Order to Cease and Desist, Order
14 Assessing Civil Penalties Entered by Default against Lokman Financial Group, Inc., Lokman
15 Debt Relief, Inc., and Reginald Sylvester dba Lokman Financial Group for numerous violations
16 of ORS 86A.103, ORS 697.612, and ORS 697.662. The case number was DM-12-0009.

17 8. At all times material to this order, consumer "GG" was an Oregon resident and was party to
18 a home mortgage loan not related to WVB but secured by real estate located in Oregon.

19 9. On or about August 9, 2011, GG received a phone call from Villalta. Villalta told GG he
20 could help GG obtain a loan modification for his home.

21 10. Villalta met with GG and, after reviewing paperwork in relation to GG's current home
22 loan, Villalta told GG that he was not eligible for a loan modification. Villalta gave his phone
23 number to GG and departed.

24 11. In January of 2012, Villalta called GG again and told him that that he now might be able to
25 qualify for a loan modification.

26 12. A few days later, GG's son drove GG to Villalta's office in Salem at WVB.



1 13. Villalta asked to see GG's loan related documents. Villalta made copies of the documents
2 and assured GG that he would now be able to qualify for a loan modification.

3 14. Villalta told GG that the loan modification would cost \$3,500. GG told Villalta that he did
4 not have that much money and Villalta responded that GG did not have to pay the full amount all
5 at once, but that if GG had \$500, Villalta could get the process started.

6 15. GG told Villalta that he wanted to discontinue the process and asked that Villalta return
7 GG's documents.

8 16. After further discussion, Villalta brought in his colleague, who he introduced as, " Juan
9 Carlos."

10 17. "Juan Carlos" convinced GG that he did not have to pay the remaining \$3,000 unless GG
11 was provided with documentation that the loan process had started.

12 18. A person by the name of Juan Carlos Arroyo Lezma, (Arroyo) worked for both Lokman
13 and WVB at the same time as Villalta. No one else by the name of "Juan Carlos" worked at
14 WVB's Commercial Street location.

15 19. GG had \$500 in cash with him and gave the \$500 to Villalta to get the loan process started.

16 20. At the time, Villalta gave GG a one-page computer-generated document in Spanish that
17 looked like a receipt, however, GG no longer has the receipt. Villalta told GG he could call him
18 anytime to find out about the process of the loan.

19 21. After a couple of months had passed and GG had not heard anything about the loan, he
20 called Villalta and inquired about his loan modification status.

21 22. Villalta told GG that he was not the responsible person, that Juan Carlos was the
22 responsible person, and that GG should call Juan Carlos. GG told Villalta that he had made an
23 agreement with Villalta, not Juan Carlos.

24 23. GG called Villalta numerous times trying to find out the status of his loan modification.
25 Villalta would not return his phone calls and on several occasion, hung up on GG. At one point, a

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1 female answered the phone and told GG that Villalta no longer worked there. GG also discovered
2 that the phone for Juan Carlos had been disconnected.

3 24. GG did not receive a loan modification and did not receive a refund.

4 **CONCLUSIONS OF LAW**

5 The Director concludes that:

6 1. Villalta acted as a “mortgage broker” under ORS 86A.100(5)(a)(C) when Villalta, for
7 compensation, or in the expectation of compensation, either directly or indirectly made,
8 negotiated, or offered to make or negotiate a modification to the terms and conditions of a
9 mortgage loan.

10 2. Villalta engaged in “residential mortgage transactions in this state” under ORS
11 86A.103(2) by acting as a mortgage broker when he offered to negotiate a modification to the
12 terms and conditions of GG’s residential mortgage loans secured by properties located in
13 Oregon.

14 3. Villalta violated 86A.103(1) by engaging in residential mortgage transactions in
15 Oregon without first obtaining a license as a mortgage broker under ORS 86A.095 to 86A.198.

16 4. Villalta acted as a loan originator as defined at ORS 86A.200(4) when he, for
17 compensation, or gain, offered to negotiate the terms of a residential mortgage loan for GG’s
18 residential loan secured by property located in Oregon.

19 5. Although Villalta was registered with NMLS and was working as a loan originator for
20 WVB, Villalta was acting outside the course and scope of his employment when he acted as a
21 loan originator in regard to GG’s transactions.

22 6. Villalta violated ORS 86A.203(1) by engaging in the business as a mortgage loan
23 originator for GG without first obtaining a mortgage loan originator license.

24 7. Villalta provided “debt management services,” as defined in ORS 697.602(2)(c) when
25 he received money or expected to receive money for providing advice, assistance, instruction or
26 instructional material concerning a debt management service, or modifying the terms and



1 conditions of an existing loan in violation of ORS 697.612(1)(b)(E).

2 8. Villalta knowingly misrepresented to GG that he would provide loan modification
3 services, failed to provide loan modification services, and failed to provide a refund in violation
4 of ORS 86A.154.

5 **ORDER**

6 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:

7 1. The Director, pursuant to ORS 86A.127 and ORS 697.825, hereby orders Villalta
8 to Cease and Desist from violating Oregon’s Mortgage Lender Law and the Oregon Debt
9 Management Service Providers Laws and Rules.

10 2. Villalta agrees to make full refund to the consumer GG in the amount of \$500. The
11 \$500 shall be paid to GG no later than 5 p.m. March 31, 2014. Payment will be sent to the
12 address provided in the attachment to this order.

13 3. Pursuant to ORS 86A.992 and ORS 697.832, the Director may assess a civil penalty
14 of up to \$5,000 for each violation of the Oregon Mortgage Lender Laws and Rules and for
15 each violation of the Oregon Debt Management Service Providers Laws and Rules.

16 4. Pursuant to these provisions, the Director hereby orders that Villalta pay a civil
17 penalty of \$1,800 to the State of Oregon. The civil penalty is based upon the following:

- 18 a. \$350 civil penalty for committing one violation of ORS 697.612 (unregistered debt
19 management service provider).
- 20 b. \$350 civil penalty for committing one violation of ORS 697.692 (1) (unlawful debt
21 management service provider).
- 22 c. \$750 civil penalty for committing one violation of ORS 86A.154 (mortgage fraud).
- 23 d. \$350 civil penalty committing one violation of ORS 86A.103.

24 5. Payments of \$150 per month shall begin on April 6, 2014, and continue on the same
25 day each month thereafter until the full amount of \$1,800 is paid in full.

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NOTARY ACKNOWLEDGMENT

State of Oregon)
)ss.
County of Marion)

This instrument was acknowledged before me on, March 6, 2014 by Victor Villalta.

/S/ Darryl W. Ragsdale
Notary Public for the State of: Washington
My commission expires: 10/21/2016

Division of Finance and Corporate Securities
Labor and Industries Building
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