





1 services on behalf of the bank or to engage in loan originator activity unrelated to the  
2 origination of loans for the bank.

3 3. At all times material to this Order, Arroyo was a federally registered loan originator  
4 whose Nationwide Mortgage Licensing System (NMLS) number is 801952, but 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, Arroyo was not licensed or registered by the Division  
8 of Finance and Corporate Securities (Division) to provide debt management servcies.

9 5. Prior to working at WVB, Arroyo was employed by Lokman Financial Group (Lokman)  
10 from January 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. Arroyo 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 697.992. The case number was DM-12-0009.

17 8. Arroyo was a principal actor in the order signed by the Director on August 22, 2012.

18 *Consumer HJP*

19 9. At all times material to this order, consumer "HJP" was an Oregon resident and was party  
20 to a home mortgage loan not related to WVB but secured by real estate located in Oregon.

21 10. In the fall of 2011, HJP was experiencing difficulty in keeping current on his mortgage  
22 payments. A friend referred HJP to Arroyo.

23 11. In or about mid October 2011, HJP and MBP (MBP is discussed below) went to WVB on  
24 Commercial Street in Salem, Oregon, to see Arroyo about a loan modification.

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1 12. HJP thought that Arroyo worked at the bank because Arroyo had an office at the bank,  
2 Arroyo wore a jacket with a logo on it that identified the bank, and Arroyo gave HJP a business  
3 card with the bank's name on it that identified Arroyo as a loan consultant for WVB.

4 13. During the meeting at the bank, Arroyo pulled up a computer screen and showed HJP a list  
5 of people that Arroyo claimed to have helped obtain loan modifications.

6 14. Arroyo did not tell HJP in advance how much the loan modification would cost, but told  
7 HJP that Arroyo would go to HJP's home at a scheduled time to obtain the payment for the loan  
8 modification services.

9 15. On or about October 31, 2011, Arroyo arrived at HJP's home to obtain payment for the  
10 loan modification.

11 16. When Arroyo went to HJP's home to obtain payment, he brought papers for HJP to sign.  
12 HJP signed the papers. The papers HJP signed had a "Lokman" financial logo on them. HJP did  
13 not pay much attention to the logo but thought that the logo on the papers was the bank's logo.

14 17. HJP gave Arroyo \$1,500 cash. HJP requested that Arroyo sign a Loan Modification  
15 Receipt document with the Lokman logo on it acknowledging that HJP had given Arroyo \$1,500  
16 in cash. At first Arroyo refused, but eventually signed such a document.

17 18. Although the original loan modification amount was \$2,500, Arroyo told HJP that he  
18 would get a \$1,000 discount because a friend had referred HJP to Arroyo.

19 19. After HJP paid the \$1,500 to Arroyo, HJP called the WVB many times to talk to Arroyo  
20 about the loan modification process. If Arroyo was not available, HJP would talk to Erika Perez  
21 who was also a WVB employee.

22 20. After HJP gave Arroyo \$1,500 for loan modification services, no services were provided  
23 and Arroyo did not refund any of the money to HJP.

24 *Consumer MBP*

25 21. At all times material to this order, consumer "MBP" was an Oregon resident and was party  
26 to a home mortgage loan not related to WVB but secured by real estate located in Oregon.



1 22. A friend recommended to MBP that he consult with Arroyo before obtaining a loan  
2 modification. The friend thought that Arroyo worked in a bank.

3 23. Sometime in September of 2011, Arroyo met with MBP in the home of MBP.

4 24. On or about November 28, 2011, MBP went to WVB to see Arroyo. At that time, Arroyo  
5 had MBP complete some paper work and then both Arroyo and MBP took the documentation to  
6 another person in the bank building to have the documents notarized. The name of the notary was  
7 Gladys Blum. MBP thought that Ms. Blum worked for the bank.

8 25. While MBP was in Arroyo's office, Arroyo showed MBP a list of names on the computer  
9 screen and told MBP that the list was a list of all of the people that Arroyo had helped obtain loan  
10 modifications.

11 26. MBP signed a third party authorization document for Lokman Financial Group and Arroyo,  
12 allowing them to obtain information about MBP's loan through Seterus, Inc.

13 27. MBP paid Arroyo \$1,500 by check No. 224 dated October 22, 2011. The check was made  
14 out to Juan Carlos Arroyo.

15 28. MBP did not receive a loan modification and did not receive a refund.

16 29. In 2014 a criminal investigation into the Arroyo's actions was conducted by  
17 Salem Police Department. On December 5, 2014, Arroyo, with the assistance of counsel, pled  
18 guilty to one count of Theft 1. Arroyo was placed on court probation for 24 months and ordered to  
19 pay restitution of \$1,500 to HJP and \$1,500 to MPB.

## 20 CONCLUSIONS OF LAW

21 The Director concludes that:

22 1. Arroyo acted as a "mortgage broker" under ORS 86A.100(5)(a)(C) when Arroyo, for  
23 compensation, or in the expectation of compensation, either directly or indirectly made,  
24 negotiated, or offered to make or negotiate a modification to the terms and conditions of a  
25 mortgage loan.

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1           2. Arroyo engaged in “residential mortgage transactions in this state” under ORS  
2 86A.103(2) by acting as a mortgage broker when he offered to negotiate a modification to the  
3 terms and conditions of HJP and MBP’s residential mortgage loans secured by properties  
4 located in Oregon.

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

7           4. Arroyo acted as a loan originator as defined in 86A.200(4) when he, for compensation or  
8 gain, offered to negotiate the terms of a residential mortgage loan for HJP and MBP’s  
9 residential loans secured by properties located in Oregon.

10          5. Although Arroyo was registered with NMLS and was working as a loan originator for  
11 WVB, Arroyo was acting outside the course and scope of his employment when he acted as a  
12 loan originator in regard to the HP and MBP transactions. As such, Arroyo engaged in  
13 unlicensed mortgage originator activity in violation of ORS 86A.103.

14          6. Arroyo violated ORS 86A.203(1) by engaging in the business of mortgage loan  
15 originator for HJP and MBP without first obtaining a mortgage loan originator license.

16          7. Arroyo provided “debt management services,” as defined in ORS 697.602(c)  
17 when he received money or expected to receive money for providing advice, assistance,  
18 instruction or instructional material concerning a debt management service, or modifying the  
19 terms and conditions of an existing loan in violation of ORS 697.612(1)(b)(E).

20          8. Although Arroyo was registered with NMLS and was working as a loan originator for  
21 WVB, Arroyo was acting outside the course and scope of his employment for WVB when he  
22 acted as a debt management service provider in regard to the HJP and MBP transactions.

23          9. Arroyo violated ORS 697.612(1) by engaging in debt management services without first  
24 registering with the Division as a debt management service provider.

25          10. Arroyo violated ORS 697.692 by accepting or receiving an initial fee of more than \$50  
26 from both HJB and MBJ.

1 11. Arroyo knowingly misrepresented to HJB and MBJ that he would provide loan  
2 modification services, failed to provide loan modification services, and failed to provide a  
3 refund in violation of ORS 86A.154 and 86A.236(3).  
4

5 **ORDERS**

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

7 1. Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director hereby orders  
8 Arroyo, and all entities owned or controlled by Arroyo to cease and desist from violating the  
9 Oregon statutes regulating mortgage lending, ORS 86A.100 et seq., and debt management  
10 service providers, ORS 697.602 to 697.842.

11 2. Pursuant to ORS 86A. 224 (1) Respondent Arroyo is permanently PROHIBITED from  
12 directly or indirectly:

- 13 a. Acting as a loan originator as that term is defined in ORS 86A.200 or loan  
14 processor;
- 15 b. Owning or operating as a mortgage banker or mortgage broker, as those terms  
16 are defined in ORS 86A.100(3)(a) and ORS 86A.100(5)(a); and
- 17 c. Acting as a partner, officer, director, or experienced person as described in ORS  
18 86A.106(2) or occupying similar status or performing similar functions of a  
19 partner, officer, director, or experienced person for a mortgage banker or broker.

20 3. For the reasons set out in ORS 697.752(12) Respondent agrees that the will not apply  
21 for registration as a debt management service provider with the Director.

22 4. The Director reserves the right to take further action against Respondent to enforce this  
23 Order or to take appropriate action upon discovery of new violations of the Oregon Mortgage  
24 Lender Law that arise from facts and circumstances that are not set forth herein. The Director  
25 will not take any additional action against Respondent for violations of the Oregon Mortgage

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Lender Law that arise from facts and circumstances that are set forth herein.

5. Dated this 10th day of April, 2015.

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

/S/David Tatman  
David C. Tatman, Administrator  
Division of Finance and Corporate Securities

**CONSENT TO ENTRY OF ORDER**

I, Juan Carlos Arroyo Lezma, state that I have read the foregoing Consent Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and that I am represented by attorney, Anna Harmon; that I voluntarily and without any force or duress, consent to the entry of this Consent Order, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions to enforce this Consent Order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Laws and Rules 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 07 day of April 2015.

/S/ Juan Carlos Arroyo Lezma  
Juan Carlos Arroyo Lezma

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**NOTARY ACKNOWLEDGMENT**

State of Oregon                    )  
  ) ss.  
County of   Clackamas    )

This instrument was acknowledged before me on April 7, 2015 by Juan Carlos Arroyo Lezma.

/S/ Faydra Ross  
Notary Public – State of Oregon  
My Commission Expires: Oct. 2, 2017

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