

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:

Stellar Capital, Inc. and Stephen Haythorne,

Respondents.

M-14-0056

Order to Vacate as to Stellar Capital, Inc.  
and Order to Cease and Desist and  
Consent to Entry of Order as to  
Respondent Stephen Haythorne

The Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter “the Director”) conducted an investigation of Stellar Capital, Inc. (Stellar) and Stephen Haythorne(Haythorne ) and determined that Stellar and Haythorne engaged in activities constituting a violation of 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter collectively cited as the “Oregon Mortgage Lender Law”) and Stellar and Haythorne now wishes to resolve and settle this matter with the Director. Further, in order resolve this matter, the Director is vacating the order dated November 3, 2014 directing Stellar Capital, Inc. to cease and desist and is foregoing a finding and civil penalty against Stellar Capital, Inc. in this matter to facilitate resolution with Haythorne.

As evidenced by the authorized signature subscribed on this order, Haythorne 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. Stellar Capital, Inc., (Stellar) is a foreign corporation first incorporated in California on January 22, 2007.

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1           2. Stellar first obtained an Oregon mortgage broker license from the Division of  
2 Finance and Corporate Securities (Division) on February 22, 2012, ML-5114.

3           3. At all times material to this Order, Stellar reported a principal place of business as 3615  
4 Harding Avenue, # 207, Honolulu, HI 96816.

5           4. At all times material to this order, Stellar's Nationwide Mortgage Licensing System &  
6 Registry (NMLS) No. was 121005.

7           5. At all times material to this order, Stephen Haythorne (Haythorne) was the qualifying  
8 individual and sole owner of Stellar Capital, Inc. Haythorne's NMLS No. is and was 148722.

9           6. On August 29, 2012 the Division conducted an exam of Stellar that resulted in a rating of  
10 5. The rating scale ranges from a score of 1 that is excellent down to a score of 5 that is poor.

11          7. The exam revealed among other things, that even though the licensee had a written  
12 supervision plan, the licensee allowed a loan originator who did not have an active Oregon  
13 license, Jeffrey Reed, to originate 28 loans. The loans were originated prior to July 20, 2012. On  
14 July 20, 2012, Reed received an active status for his Oregon Mortgage Loan license. The 28  
15 loans were made for non-Oregon borrowers.

16          8. Haythorne did not apply for an Oregon loan originator's license until November 29, 2012,  
17 the license was not approved until December 12, 2012, and the Division did not approve  
18 sponsorship until February 14, 2013, at which time Haythorne could first originate loans in  
19 Oregon.

20          9. During the 2013 exam, the Division noticed that some of the same types of violations  
21 noted in the 2012 exam were repeated in the 2013 exam, including the continuance of unlicensed  
22 activity and the failure to supervise.

23          10. The second exam revealed that Stellar allowed Haythorne, who was unlicensed in Oregon  
24 and not sponsored by the company, to take applications for Oregon residential mortgage loans for  
25 RT on August 9, 2012; for DH on August 14, 2012; and for RL on August 19, 2012.

26          11. Stellar received a score of 5 on the follow-up exam in 2013.



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12. On January 20, 2014, Stellar surrendered its Oregon license.

**CONCLUSIONS OF LAW**

The Director concludes that:

1. Haythorne acted as a loan originator as defined in ORS 86A.201(4)(a) by taking the loan applications for Oregon residential mortgage loans for RT, DH and RL on behalf of Stellar.
2. Haythorne violated ORS 86A.203(1)(a) each time he acted as loan originator on the RT, DH and RL loans without first obtaining an Oregon mortgage loan originator license.

**ORDER**

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:

1. Pursuant to ORS 86A.127(4) the Director hereby orders Haythorne, and all entities owned or controlled by Haythorne, to cease and desist from violating the Oregon statutes regulating mortgage lending, ORS 86A.100 et seq. and vacates the order to cease and desist entered against Stellar.
2. Pursuant to ORS 86A.992, the Director may assess a civil penalty in an amount not to exceed \$5,000 per violation against any person who violates or who procures, aids or abets in the violation of any provision of ORS 86A.095 to 86A.198 or any rule or order issued by the Director. Pursuant to ORS 86A.224.(3)(a), the Director may assess a civil penalty in an amount not to exceed \$5,000 per violation against any person who violates or who procures, aids or abets in the violation of any provision of ORS 86A.200 to 86A.239 or any rule or order issued under ORS 86A.200 or 86A.239.
3. The Director orders Haythorne to pay a civil penalty in the amount of \$3,000 based upon \$1,000 for each of three violations of ORS 86A.203(1)(a). Payments of \$1,000 per month



1 shall begin on the first business day of the month beginning in March 2015 and continue to be  
2 due on the first business day of the month thereafter until paid in full. The March 2015 payment  
3 will be given a grace period of four days making that payment due no later than March 6.

4 4. Failure to comply with any provision of this Consent Order will be considered a  
5 material breach and the full amount of any outstanding civil penalty will become due and owing  
6 immediately.

7 5. Haythorne shall not apply for a license or registration with the Division for a period of  
8 three years from the date of this order.

9 Dated this 13th day of March, 2015 at Salem, Oregon.

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

12 /s/ David Tatman  
13 David C. Tatman, Administrator  
14 Division of Finance and Corporate Securities

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16 **CONSENT TO ENTRY OF ORDER**

17 I, Stephen Haythorne, state that I am the president and owner of Stellar, that I have  
18 read the foregoing Consent Order and that I know and fully understand the contents hereof;  
19 that I have been advised of the right to a hearing and of the right to be represented by counsel  
20 in this matter and that I am represented by attorney Jordana Gilden; that I voluntarily and  
21 without any force or duress, consent to the entry of this Consent Order, expressly waiving any  
22 right to a hearing in this matter; that I understand that the Director reserves the right to take  
23 further actions to enforce this Consent Order or to take appropriate action upon discovery of  
24 other violations of the Oregon Mortgage Lender Laws and Rules and that I will fully comply  
25 with the terms and conditions stated herein.

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