

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-15-0095

Fidelity Mortgage Solutions, LLC
NMLS # 161728 and John Theodore Leonidas,
NMLS #133720

Order Conditioning Mortgage
Banker/Broker License, Order Conditioning
Loan Originator License, 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 Fidelity Mortgage Solutions, LLC (hereinafter “Fidelity”) and John Theodore Leonidas (hereinafter “Leonidas”) determined that Fidelity and Leonidas 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 Fidelity and Leonidas wish to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Fidelity 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. First Pacific Lending Inc. (hereinafter “First Pacific”), a now-defunct Oregon corporation, obtained an Oregon mortgage banker/broker license on July 27, 2005.
2. Leonidas, NMLS # 133720, was the owner, experienced person, and a loan originator





1 for First Pacific.

2 3. The Division completed an on-site examination of First Pacific in February 2007.
3 Several violations were noted, and the company received a score of 4 out of a possible 5, with 5
4 being the worst.

5 4. In March 2008, the Division completed a follow-up examination and noted that many
6 of the same violations found in the 2007 exam were also present. The company received a
7 score of 3.

8 5. Due to the repeat violations, the Division placed First Pacific on a conditional
9 mortgage broker/banker license on August 22, 2008 (case M-08-0023).

10 6. The conditions placed on the license required compliance with the Oregon Mortgage
11 Lender Law, and specifically among other things, to: notify of the Division of the employment
12 or termination of a loan originator within 30 days, employ loan originators in compliance with
13 continuing education, complete a criminal records check before the hire of all loan originators,
14 and include an interest rate lock/float agreement in all loan files.

15 7. On November 18, 2008, First Pacific surrendered its conditional license.

16 8. Fidelity is an Oregon Limited Liability Company formed on January 14, 2009 with a
17 principal place of business located at 10211 SW Barbur Blvd, Suite 101A, Portland, Oregon
18 97219.

19 9. Fidelity, NMLS# 161728, received an Oregon mortgage banker/broker license on
20 January 26, 2009, ML-4880.

21 10. Leonidas has a 25% ownership interest in Fidelity, and Adrian Muntean (hereinafter
22 "Muntean") has 75% ownership.

23 11. Fidelity's license application listed Muntean as the company's experienced person,
24 but Muntean did not have the required experience for this position.

25 12. As this left John Leonidas to become the company's experienced person, on February
26 18, 2009, the Division placed Fidelity on a conditional license carrying over the conditions that



1 were placed on First Pacific’s license (case M-09-0010).

2 13. Leonidas signed this conditional license order on behalf of Fidelity.

3 14. The Division completed an examination of Fidelity in July 2014, and the company
4 received a score of 4.

5 15. The 2014 examination revealed, among other things, that the residential mortgage
6 lending data the company provided to the Division for the examination did not match the data
7 Fidelity filed in the 2013 third and fourth quarter and 2014 first quarter mortgage call reports
8 (hereinafter “MCR”).

9 16. The 2013 third quarter MCR was due on November 14, 2013, the 2014 fourth quarter
10 was due on February 14, 2013, and the first quarter 2014 MCR was due on May 15, 2014.

11 17. After the 2014 examination the Division notified Fidelity of the inconsistencies.
12 Fidelity amended the MCRs in question in February 2015, so the data is now consistent with the
13 residential mortgage lending activity the company provided to the Division for the examination.

14 18. The supervision plan Fidelity provided to the Division for the 2014 examination was
15 copied from another firm and was not tailored to this jurisdiction or to Fidelity’s business
16 practices.

17 19. The 2014 examination also revealed that Fidelity had again failed to complete a
18 criminal records check prior to the hire of a loan originator.

19 20. After the 2014 examination, the Division reviewed Fidelity’s and Leonidas’ NMLS
20 disclosures.

21 21. In March 2010, Leonidas had requested transition of Fidelity’s license to NMLS.

22 22. Disclosure question (C) in NMLS asks “In the past 10 years, has any State or federal
23 regulatory agency or foreign financial regulatory authority or self-regulatory organization
24 (SRO) ever: (4) entered an order against the entity or a control affiliate in connection with a
25 financial services-related activity?”

26 23. Leonidas, on behalf of Fidelity, answered “no” to this question and attested that this



1 information was true and correct.

2 24. Fidelity filed several subsequent amendments and did not change its answer to C(4).

3 25. After the 2014 examination, the Division notified the company of this issue, and
4 Leonidas changed Fidelity's answer to disclosure question C(4) to "yes."

5 26. Leonidas obtained an Oregon mortgage loan originator license on September 30,
6 2010 and has been continuously licensed.

7 27. At the time Leonidas received his Oregon license, there was not an application
8 question that required him to disclose the existence of the conditional license orders of First
9 Pacific or Fidelity.

10 28. The disclosures in NMLS changed in April 2012, and question M was added that asks
11 "Based upon activities that occurred while you exercised control over an organization, has any
12 State or federal regulatory agency or foreign financial regulatory authority or self-regulatory
13 organization (SRO) ever taken any of the actions listed in (K) through (L) above against any
14 organization?"

15 29. Leonidas answered "no" to this question and attested that this information was true
16 and correct. He filed several subsequent amendments and did not change his answer.

17 30. After the 2014 examination, Division notified the Leonidas of this issue, and he
18 changed his answer to disclosure question M to "yes" on February 25, 2015.

19 CONCLUSIONS OF LAW

20 The Director CONCLUDES that:

21 1. By failing to timely file the 2013 third and fourth quarter and 2014 first quarter MCR
22 with accurate Oregon residential mortgage lending data, Fidelity violated ORS 86A.112(2) and
23 ORS 86A.115(12), which is grounds to further condition Fidelity's license.

24 2. By failing to disclose the existence of a regulatory action conditioning its license in
25 NMLS disclosure question C(4) during the license transition and in subsequent amendments,
26 Fidelity filed an application that was false or misleading with respect to a material fact in



1 violation of ORS 86A.115(6). This violation is grounds to further condition Fidelity’s license.

2 3. By failing to complete a criminal records check of all loan originators before hire,
3 Fidelity violated OAR 441-860-0045. This is a violation of the conditions placed on Fidelity’s
4 license (case M-09-0010) and is grounds to further condition its license under ORS 86A.115(9).

5 4. By answering “no” to question M in NMLS in filings between April 16, 2012 through
6 February 24, 2015, Leonidas made a material misstatement of fact on a application for a
7 mortgage loan originator license in violation ORS 86A.224(1)(c), which is grounds to condition
8 the license issued to Leonidas.

9 ORDERS

10 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

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

13 The Director, pursuant to ORS 86A.115, hereby ORDERS that, effective the date of this
14 order, a new order conditioning Fidelity’s Oregon mortgage banker/broker license shall be
15 issued until further order of the Director subject to renewal fee and document requirements.

16 The conditional license shall be subject to the following conditions such that if Fidelity
17 fails to comply, Fidelity, agrees that the license shall be revoked. Fidelity will comply with the
18 Oregon Mortgage Lender Law and any rule or order issued by the Director, including but
19 specifically not limited to:

20 1. Making an accurate and timely filing of all financial reports or other information
21 that the Director by rule or order requires, including but not limited to the quarterly MCR, and
22 promptly correcting a document filed with the Director that is or becomes incomplete or
23 inaccurate in any material respect;

24 2. Ensuring that all required disclosures of Fidelity are made and updated as needed
25 in NMLS;

26 3. Ensuring that disclosures of the owners, control persons, qualifying individuals,



1 and loan originators of Fidelity are consistent with the information known to the company.

2 4. Creating, maintaining, and implementing a plan for supervision and omitting all
3 inapplicable provisions;

4 5. Obtaining a criminal records check prior to the hire of all loan originators;

5 6. Providing each borrower all disclosures required by the Truth in Lending Act
6 prior to the close of any mortgage;

7 7. Maintaining a compliant rate lock or float agreement in each borrower file; and

8 8. Prohibiting a borrower from signing a blank loan document.

9 If Fidelity fails to achieve an examination score of at least a 3, a satisfactory score,
10 Fidelity agrees to the revocation of its mortgage banker/broker license.

11 Fidelity shall create a quality control plan with a pre- and post-closing compliance
12 checklist to include in every loan file to ensure that all required steps are completed. The
13 Division may, at anytime, request a pipeline as well as individual loan files. If the files do not
14 include these checklists, Fidelity agrees to the revocation of its mortgage banker/broker license.

15 As Fidelity has elected to put Leonidas and a Fidelity loan processor in charge of the
16 company's compliance oversight, the loan processor will complete loan originator NMLS-
17 approved pre-licensure education that includes four hours of Oregon specific education.

18 The Director, pursuant to ORS 86A.225, hereby ORDERS that, effective the date of this
19 order, the Oregon loan originator license issued to Leonidas shall be conditioned until further
20 order of the Director. In addition to the requirements of any mortgage loan originator licensee
21 including, but not limited to, the continuing education and renewal requirements, the license
22 shall be subject to the following conditions:

23 a. Leonidas shall comply with ORS Chapter 86A, OAR 441-850-0050 through OAR
24 441-885-0010 and any rule, order, or policy issued by the Director.

25 b. Leonidas shall file an amendment with any changes in NMLS within 30 days of
26 the change of any information contained on Leonidas' licensing application as
well as any company application in which Leonidas is a control person or



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qualifying individual.

- c. Leonidas shall respond within 30 days to any deficiency placed on Leonidas' license in the NMLS. If Leonidas fails to comply with the conditions of this license, he agrees to notify the Division of the failure to meet the conditions and surrender the license immediately. If he fails to surrender the license within seven days of providing notification to the Division or from the date that the Division notifies Leonidas that the Director believes that there has been a violation of this Order, whichever is earlier, Leonidas agrees that the conditional mortgage loan originator license shall be revoked immediately.

Dated this 6th day of August, 2015.

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, John Leonidas, state that I am an officer of Fidelity, 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. Fidelity voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. Fidelity 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. Fidelity will fully comply with the terms and conditions stated herein.

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

5 Dated this 28th day of July, 2015.

6
7 By /s/ John Leonidas

8 CFO
9 Office Held

10 ENTITY ACKNOWLEDGMENT

11 There appeared before me this 28th day of July 2015,
12 John Leonidas, who was first duly sworn on oath, and stated that (s)he was and is an officer of
13 Fidelity and that (s)he is authorized and empowered to sign this Consent to Entry of Order on
14 behalf of Fidelity and to bind Fidelity to the terms hereof.

15 /s/ Karrie Luann McGuire

16 Notary Public for the State of: Oregon
17 My commission expires: 9-14-2018

18
19 CONSENT TO ENTRY OF ORDER

20 I, John Leonidas, state that I have read the foregoing order, and I know
21 and fully understand the contents hereof. I have been advised of the right to a hearing and of
22 the right to be represented by counsel in this matter, and I desire to resolve and settle this matter
23 with the Director. I voluntarily, without any force or duress, consent to the entry of this order,
24 expressly waiving any right to a hearing in this matter. I understand that the Director reserves
25 the right to take further actions to enforce this order or to take appropriate action upon discovery
26 of other violations of the Oregon Mortgage Lender Law and the Oregon statutes regulating debt



1 management service providers, and I will fully comply with the terms and conditions stated
2 herein.

3 I understand that this consent order is a public document.

4 Dated this 28th day of July, 2015.

5 By /s/ John Leonidas

6 John Leonidas

7 Notary Public for the State of: Oregon

8 Signed or attested before me on: July 28, 2015

9 My commission expires: 9-14-18

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