STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: Colt Mortgage Incorporated NMLS# 288954 Respondent	Case No. M-23-0066 FINAL ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES, ORDER REVOKING MORTGAGE BANKER/BROKER LICENSE, AND CONSENT TO ENTRY OF ORDER

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Colt Mortgage Incorporated ("Colt Mortgage") and determined that Colt Mortgage engaged in activities constituting a violation of ORS 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (collectively, "the Oregon Mortgage Lender Law"); and

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

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Colt Mortgage 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. Colt Mortgage is an Oregon corporation with a principal place of business located at 1375 NE Beulah Drive, Roseburg, Oregon 97470.

2. Colt Mortgage received an Oregon mortgage banker/broker license on January 1, 1994, Nationwide Multistate Licensing System ("NMLS") #288954.

3. Richard Filley ("Filley") is Colt's owner, president, and its sole loan originator.

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2016 Consent Order

4. On September 1, 2016, the Division issued a Final Order to Cease and Desist, Order Assessing Civil Penalties, and Consent to Entry of Order to Colt Mortgage for filing its 2015 annual financial statements late, Case #M-16-0299 ("2016 Consent Order").

5. The 2016 Consent Order assessed a $5,000 civil penalty. A portion of the civil penalty, $4,000, was suspended for a period of three years, provided that Colt Mortgage did not commit any further violations of the Oregon Mortgage Lender Law during that time.

6. For fiscal years 2016 through 2020, Colt Mortgage filed four of its annual financial statements late.

7. In addition, from 2018 through 2021, Colt Mortgage filed ten Mortgage Call Reports late, failed to make a required disclosure on a private money loan, and failed to report the 2016 Consent Order in NMLS.

2022 Conditional License Order

8. Based on the violations described in Paragraphs 6-7, on June 15, 2022, the Division issued a Final Order To Cease and Desist, Order Assessing Civil Penalties, Order Conditioning Mortgage Banker/Broker License, and Consent To Entry of Order to Colt Mortgage, Case# M-21-0068 ("2022 Conditional License Order").

9. The 2022 Conditional License Order sets conditions, which are restrictions on Colt Mortgage's mortgage banker/broker license, such that if any of the conditions specified are violated, Colt Mortgage agreed that its license shall be revoked.

10. Paragraph 39 of the 2022 Conditional License Order below, in relevant part, imposes the following conditions on Colt Mortgage's license:

> A. Colt Mortgage shall make a timely and accurate filing of all financial reports or other information that the Director by statute, rule or order requires, including but not limited to:
>
> i. Annual financial statements that include both a balance sheet

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and profit and loss statement, prepared pursuant to OAR 441-865-0020(5), which are due on March 31 of the following year;

ii. all features of the MCR functionality, pursuant to ORS 86A.239(2), OAR 441-865-0025, and ORS 86.112, wherein Q1 is due on May 15, Q2 on August 14, Q3 on November 14, Q4 on February 14, and the annual SFCR [Standard Financial Condition Report] on March 31;

* * *

iv. any request for documents or information from the Division in relation to any examination or investigation, pursuant to ORS 86A.112, ORS 86A.145, which is due in accordance with the deadline stated in any such requests.

B. Colt Mortgage shall report any "significant developments" in NMLS within 30 days, as defined by and pursuant to OAR 441-860-0070. If a filing or response deadline is not listed in a Division or NMLS' request, Colt Mortgage must respond within 30 days from the date of the request, pursuant to ORS 86A.112.

11. The 2022 Conditional License Order assessed a total civil penalty of $16,000, with $8,000 suspended for a period of five years, provided Colt Mortgage did not violate the terms of the 2022 Conditional License Order or certain provisions of the Oregon Mortgage Lender Law during that five year period. The 2022 Conditional License Order further provides that if Colt Mortgage fails to satisfy any of these conditions the $8,000 in suspended civil penalties will become immediately due and owing.

2023 Activity

12. Colt Mortgage filed its 2022 Standard Financial Condition Report, which is part of the Mortgage Call Report functionality, on April 3, 2023, three days late.

13. Colt Mortgage filed its 2022 annual financial statement on August 22, 2023, 144 days late. This filing included a balance sheet, but not a profit and loss statement.

14. It came to the Division's attention that several individuals who acted as private lenders in loan transactions brokered by Colt Mortgage filed a civil lawsuit against the company and Filley. The case was filed in Douglas County Circuit Court on July 21, 2023 (Case #23CV29185) ("the Lawsuit").

15. The claims alleged in the Lawsuit all relate to the financial services that Colt

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Mortgage and Filley were offering under its Oregon mortgage banker/broker license.

16. NMLS Disclosure Questions (F-G) ask licensees, in relevant part:

> (F) Has any domestic or foreign court:
> (2) in the past ten years found the entity or a control affiliate was involved in a violation of any financial services-related statute(s) or regulation(s)?
> (G) Is there a pending financial services-related civil action in which the entity or a control affiliate is named for any alleged violation described in (F)?

17. After the Division contacted Filley regarding this entry, Colt Mortgage changed its answer to Disclosure Question G to "yes" on February 24, 2024, nearly six months after the civil case was filed.

18. One of the Division's compliance specialists contacted Filley on October 3, 2023, pursuant to the investigation of a complaint that was filed against Colt Mortgage. The Division requested information and loan documents and set a deadline of October 17, 2023 for Colt Mortgage's response.

19. Filley failed to respond by the deadline, so on October 19, 2023, the Division issued a subpoena to compel production. A response to the subpoena was due on November 17, 2023.

20. Filley requested an extension, and the deadline was extended to November 20, 2023.

21. On November 21, 2023, the Division received a response to the subpoena from Filley, but it did not include all of the information requested. Accordingly, the Division renewed its request for the outstanding information and set a deadline of December 8, 2023.

22. The Division received the complete response from Colt Mortgage after the deadline, on December 19, 2023.

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CONCLUSIONS OF LAW

The Director CONCLUDES that:

23. By filing its 2022 Standard Financial Condition Report late, as more fully described in paragraph 12, Colt Mortgage violated ORS 86A.239(2), OAR 441-865-0025, and the terms of the 2022 Conditional License Order, which requires the timely filing of required reports, as described in Paragraph 10 above.

24. By filing its 2022 annual financial statement late and failing to include a balance sheet, as more fully described in paragraph 13, Colt Mortgage violated ORS 86A.112(2), OAR 441-865-0020(5), and the terms of the 2022 Conditional License Order, which requires the timely and complete filing of required reports, as described in Paragraph 10 above.

25. The Lawsuit, as more fully described in Paragraphs 14-15, qualifies as a "significant development" under OAR 441-860-0070.

26. By answering "no" to NMLS disclosure question (G) when, due to the existence of the Lawsuit, the answer should have been "yes," as more fully described in Paragraphs 16-17, Colt Mortgage failed to disclose a change in the information required on the mortgage broker's application form within 30 days of the occurrence, in violation of ORS 86A.112(1), OAR 441-860-0070(1)(h), and the terms of the 2022 Conditional License Order, which requires the timely disclosure of significant developments, as described in Paragraph 10 above.

27. By failing to provide a timely and complete response to the Division's subpoena and requests to produce information and documents, as more fully described in Paragraphs 18-22, Colt Mortgage violated ORS 86A.112(1) and the terms of the 2022 Conditional License Order, which requires a timely response to the Division's requests, as described in Paragraph 10 above.

28. The violations described in Paragraphs 23-27 each constitute independent grounds

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for the Director to revoke Colt Mortgage's conditional mortgage banker/broker license under ORS 86A.115(9).

29. The violations described in Paragraphs 23-27 constitute a violation of the terms of the agreement to suspend $8,000 of the $16,000 civil penalty assessed in the 2022 Conditional License Order. Accordingly, the Director may assess the $8,000 in civil penalties that was suspended in that case.

ORDERS

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING:

30. The Director, pursuant to ORS 86A.127, hereby ORDERS Colt Mortgage to Cease and Desist from violating ORS 86A.239(2), OAR 441-865-0025, ORS 86A.112(2), OAR 441-865-0020(5), ORS 86A.112(1), and OAR 441-860-0070(1)(h).

31. The Director, pursuant to ORS 86A.992, may assess civil penalties of up to $5,000 per violation of the Oregon Mortgage Lender Law. Pursuant to this provision, as authorized by ORS 86A.992, the Director hereby ORDERS Colt Mortgage to pay CIVIL PENALTIES totaling $10,000 as follows:

A. $2,500 for the violation of ORS 86A.239(2), OAR 441-865-0025;

B. $2,500 for the violation of ORS 86A.112(2), OAR 441-865-0020(5);

C. $2,500 for the violation of ORS 86A.112(1), and OAR 441-860-0070(1)(h); and

D. $2,500 for the violation of ORS 86A.112(1).

32. The Director SUSPENDS the collection of the entire $10,000 CIVIL PENALTY assessed above, provided that, in the five years following the effective date of this Order, Colt Mortgage does not violate ORS 86A.239(2), OAR 441-865-0025, ORS 86A.112(2), OAR 441-865-0020(5), ORS 86A.112(1), and OAR 441-860-0070(1)(h), or the terms of this Order. If Colt Mortgage fails to satisfy this condition, the entire civil penalty will become immediately due and owing. Otherwise, the Director will waive the suspended

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portion of the civil penalty five years after the effective date of this Order.

33. Because Colt Mortgage violated the terms of the 2022 Conditional License Order, the Director also ORDERS Colt Mortgage to pay CIVIL PENALTIES of $8,000, which is the amount of the suspended portion of the civil penalties assessed in the 2022 Conditional License Order. This is in addition to the civil penalties assessed in this Order, above.

34. The Director also SUSPENDS the collection of the entire $8,000 CIVIL PENALTY assessed in Paragraph 33, provided that, in the five years following the effective date of this Order, Colt Mortgage does not violate ORS 86A.239(2), OAR 441-865-0025, ORS 86A.112(2), OAR 441-865-0020(5), ORS 86A.112(1), and OAR 441-860-0070(1)(h), or the terms of this Order. If Colt Mortgage fails to satisfy this condition, this entire civil penalty will become immediately due and owing. Otherwise, the Director will waive the suspended portion of the civil penalty five years after the effective date of this Order.

35. The Director, pursuant to ORS 86A.115(9), hereby ORDERS that, effective the date that a final order is entered in this matter, Colt Mortgage's mortgage banker/broker license is REVOKED.

36. As a limited exception to the license revocation, the Director will permit Colt Mortgage to continue to work on the active loan transactions that Colt Mortgage listed in its March 14, 2024 letter to the Division ("March Letter"). Colt Mortgage agrees that this is for the specific purpose of bringing the loans listed in the March Letter to conclusion.

37. The Director authorizes this limited exception to the license revocation so the borrowers who have active loan transactions with Colt Mortgage are not unfairly disadvantaged.

38. The March Letter includes projected closing dates for the list of active loan transactions. If there are substantive changes to the closing dates, Colt Mortgage agrees

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that it will notify the Division within one month of learning of any change.

39. Colt Mortgage agrees that it will not solicit or accept any new loans. Aside from the loans listed in the March Letter, Colt Mortgage agrees that it will not engage in activity as a mortgage banker, as defined by ORS 86A.100(3)(a), a mortgage broker, as defined by ORS 86A.100(5)(a), or allow its employees to engage in activity as a mortgage loan originator, as defined by, ORS 86A.200(4)(a).

Dated this 12th day of November , 2024.

Andrew Stolfi, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

ENTITY CONSENT TO ENTRY OF ORDER

I, Richard Filley, state that I am an officer of Colt Mortgage, and I am authorized to act on its behalf. I have read the foregoing Consent Order, and 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. Colt Mortgage voluntarily and without any force or duress consents to the entry of this order, expressly waiving any right to a hearing in this matter. Colt Mortgage 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 or the Oregon Securities Law. Colt Mortgage will fully comply with the terms and conditions stated herein.

Colt Mortgage further assures the Director that neither Colt Mortgage nor its officers, directors, employees, or agents will affect mortgage transactions in Oregon

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unless such activities are in full compliance with this Order. Colt Mortgage understands that this Consent Order is a public document.

Pursuant to this Order, Richard Filley agrees that he will not own, control, act as a partner, officer, director, Qualifying Individual, or a mortgage loan originator for a mortgage banker or mortgage broker that is required to be licensed by the Division, pursuant to ORS 86A.103.

Dated this 10th day of October , 2024.

By:

/s/ Richard Filley
Richard Filley

Office Held:

State of Oregon

County of Douglas

Signed or attested before me on this 10th day of October, 2024.

/s/ Angela Joy Tatom

Notary Public

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