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

In the Matter of: Jerry Martinez NMLS# 780581, Respondent	Case No. M-24-0020 FINAL ORDERS TO CEASE AND DESIST, AND DENYING MORTGAGE LOAN ORIGINATOR LICENSE, ENTERED BY DEFAULT

On August 20, 2024, the Director of the Oregon Department of Consumer and Business Services for the State of Oregon (the "Director"), through the Oregon Division of Financial Regulation (the "Division"), served Respondent Jerry Martinez ("Martinez") an Order to Cease and Desist, Proposed Order Denying Mortgage Loan Originator License, and Notice of Right to a Hearing ("Notice Order") via regular and certified United States mail at Martinez's last two known addresses: 1488 SE 18th Avenue, Hillsboro, Oregon 97123 and 1155 SW Morrison Street, Suite 200, Portland, Oregon 97205. The Notice Order sent to the Hillsboro address was returned as "No Such Number," and the Notice Order sent to the Portland address was returned as "Forward Expired."

On August 20, 2024, Martinez contacted the Division. After speaking with Martinez, the Division confirmed his email address and sent the Notice Order to the email address he provided, g******@yahoo.com.

On August 26, 2024, Martinez asked the Division to resend the Notice Order via email, and the Division resent the order to him as requested. Upon receipt, Martinez expressed thanks and appreciation to the Division for resending the Notice Order, and replied that he would be reaching out soon.

The Notice Order offered Martinez an opportunity for a hearing, if requested in writing within 60 days of service. The Notice Order further informed Martinez that if a

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hearing was not conducted because Martinez did not timely request a hearing or otherwise defaulted, then the designated portion of the Division's file, which includes all materials Martinez submitted, would automatically become part of the contested case record to prove a *prima facie* case. Martinez has not made a written request for a contested hearing, and the time to do so has expired.

After considering the relevant portions of the Division's file in this matter, the Director finds that the record proves a *prima facie* case. Now, therefore, the Director makes the following Findings of Fact and Conclusions of Law and issues the following Orders.

FINDINGS OF FACT

The Director FINDS that:

2020 MLO License Application

1. On September 2, 2020, Martinez applied for an Oregon mortgage loan originator ("MLO") license with the Division through the National Multistate Licensing System ("NMLS").

2. Upon review, one of the Division's compliance specialists (hereinafter "Compliance Specialist") set a license item on Martinez's license application, which instructed him to contact the Division regarding an entry on his background check.

3. When a "license item" is set on an applicant or licensee's license, NMLS automatically sends a message to the account holder's email address of record. At all times material, Martinez listed his email address of record as g******@yahoo.com.

4. Martinez contacted the Compliance Specialist and explained that, in July 2016, he was terminated from a former employer for accepting unauthorized deposits from his mortgage clients. He stated that, due to his former employer's reported lack of operational support and leadership, he was losing clients and could not conclude his transactions in a timely manner.

5. Martinez devised a scheme designed to retain mortgage clients that required the

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clients to deposit funds directly with him as a "retainer." This practice was not allowed under company policy, and he admitted that this was done for his own benefit.

6. Martinez said that, at the time, he did not know this activity was prohibited under company policy. Once he learned that he was out of the compliance, he stated that he returned the unauthorized deposits he had accepted.

7. In light of the activity described in Paragraphs 4-5, the Division determined that it would not approve Martinez's license application, but would allow him to voluntarily withdraw, in lieu of a formal denial.

8. On September 30, 2020, Martinez withdrew his application.

National Lending Group, LLC

9. On May 10, 2021, National Lending Group, LLC ("NLG") applied for an Oregon mortgage banker/broker license with the Division.

10. Martinez was the Managing Owner and Qualifying Individual for NLG.

11. NLG's principal place of business was located at 9620 NW Tanasbourne Drive, Suite 300, Hillsboro, Oregon 97124.

12. On May 19, 2021, NLG received an Oregon mortgage banker/broker license.

2021 MLO Application

13. On May 28, 2021, Martinez applied again for an Oregon MLO license.

14. The Division found that the concerns noted during Martinez's first MLO application, as described in Paragraphs 4-5, remained and determined that his application would not be approved. In lieu of a formal license denial, Martinez was again offered the opportunity to voluntarily withdraw his application.

15. On October 22, 2021, Martinez withdrew his application.

16. NLG applied to renew its license for 2022. The Division placed eight license items on NLG's license that noted errors or omissions on its application that needed to be addressed before the renewal could proceed.

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17. Martinez and NLG did not address the license items, and the company's license went into Terminated - Fail to Renew status on January 1, 2022, and then later, Terminated – Expired status on May 18, 2022.

NLG - Martinez Advertising

18. In January 2022, it came to the Division's attention that NLG's website was advertising Martinez's mortgage services individually, despite Martinez not holding a MLA license with the Division.

19. Within NLG's website, Martinez had a personal page that included his name, phone number, NMLS ID, and picture at the top, with the greeting "Welcome to my website."

20. Martinez's page stated, "Whether you are buying, selling, refinancing, or building your dream home, you have a lot riding on your loan specialist. Since market conditions and mortgage programs change frequently, you need to make sure you're dealing with a top professional who is able to give you quick and accurate financial advice. I have the expertise and knowledge you need to explore the many financing options available.

21. The website further stated, "I hope you'll browse [obscured] different loan programs I have available, use my decision-making tools and calculators, and apply for a loan in just four easy steps with the short form Application. After you've applied, I'll call you to discuss the details of your loan, or you may choose to set up an appointment with me using the online form."

22. Right below this narrative, was a link to start the application process, which included spots for the borrowers to fill out their contact information, loan amount, property value, loan type, and credit history.

23. Under the application section on the website, and below Martinez's picture, there was also a spot for borrowers to provide other information to receive a loan quote. This included: the borrowers' contact information, state of residency or property location, credit history, loan amount, property value, loan type, income verification, and property use.

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24. On January 25, 2022, based on the concerns noted on Martinez's personal advertisement on NLG's website, the Division issued a warning letter to Martinez and NLG. The warning letter was sent by email and regular mail to Martinez's and NLG's addresses of record.

25. The letter warned that, under the Oregon Mortgage Lender Law, an unlicensed individual cannot rely on a company's mortgage banker/broker license to originate loans. All individuals engaging in origination activities must obtain an individual MLO license. In addition, the letter further warned Martinez that the Oregon Mortgage Lender Law prohibited false, misleading, or deceptive advertising.

26. On March 2, 2022, the Division sent Martinez an email warning that NLG was still operating its website even though its license had expired, and the Division had not approved its license renewal. The message further warned that its website needed to be taken down unless or until its license was renewed.

27. NLG later removed its entire website.

28. Also in March 2022, the Division found that an individual who was not licensed as an Oregon MLO, "T.G.," was listing his job title as "Mortgage Loan Officer" for NLG on LinkedIn. In the mortgage industry sometimes the job titles of "loan originator" and "loan officer" are used interchangeably.

29. On March 10, 2022, the Division contacted T.G. and requested that he remove the NLG Mortgage Loan Officer job listing since he was not a licensed MLO, and NLG did not have a current mortgage banker/broker license.

30. After receiving the warning, T.G. removed these references from his profile.

31. The Division contacted NLG regarding T.G.'s activity, and the company reported that he had not originated any loans or engaged in origination activity.

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2022 MLO Application

32. On August 4, 2022, Martinez applied again for an Oregon MLO license. He answered "No" to disclosure Question Q1 that asks, "Have you ever voluntarily resigned, been discharged, or permitted to resign after allegations were made that accused you of: (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?"

33. The Division had information indicating that Martinez's answer to Question Q1 should have been "Yes," based on the circumstances surrounding his 2016 termination from a prior employer.

34. Accordingly, the Division placed a license item on Martinez's application indicating that the answer to this question should be "Yes." He responded that he did not understand the question, but he later changed his answer to "Yes."

35. On November 9, 2022, the Division placed another deficiency on Martinez's application noting that a child support account was showing as past due. The deficiency requested that Martinez respond to show that the account was current, or amend the application to include a payment plan.

36. Martinez did not respond.

37. Other outstanding deficiencies still remain on Martinez's license application.

Smart Mortgage, LLC

38. In November 2023, it came to the Division's attention that Smart Mortgage, LLC, an Oregon licensed mortgage banker/broker, was advertising Martinez's mortgage services individually. This was done in the same manner that Martinez had advertised his personal services through NLG.

39. Within Smart Mortgage's website, Martinez had the same personal page and greeting, "Welcome to my website." It also included the exact same verbiage, website layout, picture, and loan application and inquiry portals, as described in Paragraphs 19-23, that he had used for NLG.

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40. This was nearly eight months after the Division had warned Martinez that advertising in this manner without a MLO license could be misleading.

41. The Division inquired to Smart Mortgage, and the company replied that Martinez had not engaged in origination activity.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

42. By devising a scheme that required his mortgage clients to make unauthorized deposits directly to him as a retainer, which was contrary to his employer's policies, Martinez failed to demonstrate financial responsibility sufficient to command the confidence of the community and warrant the determination that he will operate honestly, fairly and efficiently within the purposes of ORS 86A.200 to 86A.239, in violation of ORS 86A.212(1)(d). This violation constitutes grounds to deny Martinez's license application.

43. By failing to respond and provide additional information to several license items placed on his 2022 MLO license application, including one placed on November 9, 2022, noting that a child support account was showing past due, the Director is not satisfied that the information contained in Martinez's license application is accurate and complete, in violation of ORS 86A.212(3)(a). This violation constitutes grounds to deny Martinez's license application.

44. By advertising his personal mortgage services through Smart Mortgage, which indicated that he could engage in loan origination activity, including taking loan applications or discussing loan terms, after the Division had previously warned him that this advertising was misleading, Martinez engaged in unfair or deceptive practices, in violation ORS 86A.236(5). This violation is grounds to deny Martinez's license application, under ORS 86A.224(1)(d), because he was not licensed to engage in loan origination activity.

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ORDERS

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING:

45. The Director, pursuant to ORS 86A.224(2)(a), hereby ORDERS Martinez to Cease and Desist from violating ORS 86A.212(1)(d), ORS 86A.212(3)(a), and ORS 86A.236(5).

46. The Director, pursuant to ORS 86A.224(1)(a), hereby ORDERS that, effective the date a final order is entered in this matter, Martinez's application for a mortgage loan originator license is DENIED.

47. This is a "Final Order" under ORS 183.310(6)(b). Subject to this provision, the entry of this Order does not limit further remedies that may be available to the Director under Oregon law.

Dated this _____ day of _____ , 2024.

Andrew Stolfi, Director
Department of Consumer and Business Services

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Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

NOTICE OF RIGHT TO JUDICIAL APPEAL

You are entitled to judicial review of this order in accordance with ORS 183.482. You may request judicial review by filing a petition with the Court of Appeals in Salem, Oregon within 60 days from the date this order is served.

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