

1  
2 STATE OF OREGON  
3 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
4 DIVISION OF FINANCIAL REGULATION

5 In the Matter of:

6 Amstar Service aka Amstar Services,  
7 Michael Grinnell, Alex Newman

DM-19-0126

FINAL ORDER TO CEASE AND DESIST  
AND ORDER ASSESSING CIVIL  
PENALTIES ENTERED BY DEFAULT

8 Respondents.

9 On May 11, 2020, the Director of the Department of Consumer and Business Services for  
10 the State of Oregon (“Director”), acting pursuant to Oregon Revised Statutes (“ORS”) 86A.100  
11 et seq. and Oregon Administrative Rules (“OAR”) 441-850-0005 through 441-885-0010  
12 (collectively, the “Oregon Mortgage Lender Law”) and ORS 697.602 through 697.842 and OAR  
13 441-910-0000 through 441-910-0200 (collectively, “the Oregon Debt Management Service  
14 Provider Law”), issued Administrative Order No. DM-19-0126: Order to Cease and Desist,  
15 Proposed Order Assessing Civil Penalties and Notice of Right to a Hearing (“the Order”) to  
16 Amstar Service (“Amstar”), Michael Grinnell (“Grinnell”), and Alex Newman (“Newman”).

17 On May 12, 2020, the Director mailed a true copy of the Order by regular, first-class mail  
18 and by certified mail, postage prepaid addressed to Amstar at 1055 West 7<sup>th</sup> Street Penthouse  
19 Suite, 33<sup>rd</sup> Floor, Los Angeles, California 90017. A green card evidencing receipt was signed on  
20 May 18, 2020 and returned.

21 On May 12, 2020, the Director mailed a true copy of the Order by regular, first-class mail  
22 and by certified mail, postage prepaid addressed to Grinnell, and a separate mailing addressed to  
23 Amstar, at 10535 Lindley Avenue, Apt. 10 Northridge, CA 91326. Green cards evidencing  
24 receipt of both mailings were signed on May 15, 2020 and returned.

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1 On May 12, 2020, the Director mailed a true copy of the Order by regular, first-class mail  
2 and by certified mail, postage prepaid addressed to Newman at 1055 West 7<sup>th</sup> Street Penthouse  
3 Suite, 33<sup>rd</sup> Floor, Los Angeles, California 90017. A green card evidencing receipt was signed on  
4 May 18, 2020 and returned.

5 The Order offered Amstar, Grinnell, and Newman an opportunity for a hearing, if  
6 requested in writing within 20 days. The Notice Order further informed Amstar, Grinnell, and  
7 Newman that if a hearing was not conducted because the parties did not timely request a hearing  
8 or otherwise defaulted, then the designated portion of the Division’s file would automatically  
9 become part of the contested case record to prove a *prima facie* case. Neither Amstar, Grinnell,  
10 nor Newman has not made a written request for a contested hearing, and the time to do so has  
11 expired.

12 After considering the relevant portions of the Division’s file in this matter, the Director  
13 finds that the record proves a *prima facie* case.

14 Now, therefore, the Director makes the following Findings of Fact and Conclusions of  
15 Law and issues the following Order:

16 FINDINGS OF FACT

17 The Director FINDS that:

- 18 1. Amstar was a California entity operating from 1055 West 7<sup>th</sup> Street Penthouse Suite, 33<sup>rd</sup>  
19 Floor, Los Angeles, California 90017.
- 20 2. Amstar has never been registered to do business with the California or Oregon  
21 Secretaries of State.
- 22 3. On April 25, 2018, “Amstar Services” was filed as a fictitious business name in Los  
23 Angeles County. At all times material, Grinnell was an owner and control person of Amstar and  
24 engaged in business activity involving Oregon consumer “CI” and Oregon residential property.



1 4. At all times material, Newman was employed by or associated with Amstar as a Client  
2 Representative.

3 5. Amstar, Grinnell and Newman have never held an Oregon mortgage banker/broker  
4 license or been registered to provide debt management services in Oregon.

5 6. Newman and Grinnell have never been licensed as an Oregon mortgage loan  
6 originator.

7 7. At all times material, individuals CI and PI were party to a mortgage loan secured by  
8 Oregon residential property.

9 8. CI and PI were interested in lowering the interest rate and monthly payments on their  
10 mortgage loan, so CI applied to Amstar for assistance in obtaining a loan modification.

11 9. CI's application, signed and dated May 29, 2018, includes an agreement authorizing  
12 Amstar to discuss his request for payment assistance programs including: loan modification,  
13 forbearance, and refinance with his lender, Ditech. The agreement further authorizes Amstar to  
14 work out the program eligibility terms and payment agreement with Ditech on his behalf.

15 10. Amstar provided CI with a written agreement for fee-based loan modification services,  
16 which CI signed, dated June 12, 2018, and returned.

17 11. Amstar prepared a Settlement Terms Form with modified loan provisions that included a  
18 2% interest rate and a total monthly mortgage payment of \$605.69, which CI also signed on June  
19 12, 2018. These terms would be a reported monthly savings of \$294.31.

20 12. CI's primary contact for his transaction at Amstar was Client Representative Alex  
21 Newman, who offered to negotiate the terms of CI's loan modification.

22 13. CI paid Amstar three monthly installments by check of \$1,062.33 from June through  
23 August 2018, totaling \$3,186.99. Amstar cashed the checks. Grinnell's name appears on the back  
24 of two checks under the deposit information and is identified as the "owner" of Amstar Service.



1 14. PI received a confusing call from Amstar regarding their loan modification.

2 15. In response, CI wrote a letter to Amstar on November 20, 2018, requesting clarification. In  
3 the letter he stated “This is confusing, and wrong. I feel that I and PI have been lied to, swindled  
4 out of the rate that I and PI was told for our home; as well as the lower Payment too (sic).” CI  
5 continued, “Please, I beg you to respond to my request of finding out what the heck is going on.”

6 16. As their home was headed for foreclosure, on December 5, 2018, CI and PI filed a  
7 complaint against Amstar with the Oregon Division of Financial Regulation for the mishandling  
8 of their loan modification transaction.

9 17. As of the date of their complaint, CI and PI have not received the information requested  
10 from Amstar or a refund of the fees paid to Amstar for loan modification services.

11 18. A Division Compliance Specialist contacted Grinnell and Newman regarding CI’s  
12 complaint.

13 19. On December 6, 2018, Newman replied by email stating that Amstar only had one Oregon  
14 client, was no longer in business and “...has not been in operation since April 1<sup>st</sup> of 2018.”

15 20. On December 20, 2018, Grinnell replied by email stating that “That name [Amstar] was  
16 disbanded in April of this year as was everything else...”

17 **CONCLUSIONS OF LAW**

18 The Director CONCLUDES that:

19 21. Amstar, Grinnell and Newman acted as a “mortgage broker” under ORS  
20 86A.100(5)(a)(C) when, for compensation or in the expectation of compensation, they either  
21 directly or indirectly made, negotiated, or offered to make or negotiate, a modification to the  
22 terms and conditions of CI’s and PI’s mortgage loan.

23 22. By conducting business as a mortgage broker on CI’s and PI’s loan modification  
24 transaction, Amstar, Grinnell and Newman engaged in “residential mortgage transactions in this



1 state” under ORS 86A.103(2) without being licensed as a mortgage banker/broker, in violation  
2 of ORS 86A.103(1).

3 23. Amstar, Grinnell and Newman received money or other valuable consideration, or  
4 expected to receive money or other valuable consideration, for obtaining or attempting to obtain,  
5 as an intermediary on CI’s and PI’s behalf, a concession from a creditor including, but not  
6 limited to, a reduction in the principal, interest, penalties or fees associated with the debt under  
7 ORS 697.602(2)(d) without being registered as a debt management service provider under ORS  
8 697.632, in violation of ORS 697.612(1)(a).

9 24. By accepting an initial fee in excess of \$50 (\$3,186.99) from CI and PI for a debt  
10 management service when the debt was not settled with the creditor, Amstar and Grinnell  
11 violated ORS 697.692(1)(a).

12 25. By accepting a fee of \$3,169.99 from CI and PI for a debt management service when the  
13 debt was not settled with the creditor and the loan’s principal was not reduced, Amstar and  
14 Grinnell violated ORS 697.692(1)(e).

15 26. Grinnell and Newman offered to negotiate a modification to the terms and conditions of  
16 CI’s and PI’s residential mortgage loan without being licensed as a mortgage loan originator, in  
17 violation of ORS 86A.203.

18 27. By sending an email to the Division stating that Amstar had ceased operations on April 1,  
19 2018 when he had offered loan modifications services through Amstar to CI and PI in May and  
20 June 2018, Newman filed a report with the Director which was known to be false in a material  
21 respect or manner, in violation of ORS 86A.154(4).

22 28. By sending an email to the Division stating that Amstar had ceased operations in April of  
23 2018 when the company accepted CI’s and PI’s fees through September 2018, Grinnell filed a  
24 report with the Director which was known to be false in a material respect or manner, in

1 violation of ORS 86A.154(4).

2 29. By offering to provide loan modification services that both he and Amstar were  
3 unlicensed to provide, Grinnell and Newman caused CI and PI to suffer harm under ORS  
4 86A.224(2)(c).

5 ORDER

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

7 30. Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director hereby ORDERS Amstar,  
8 Grinnell and Newman, and all entities owned or controlled by Amstar, Grinnell and Newman, to  
9 CEASE AND DESIST from violating the Oregon Mortgage Lender Law and the Oregon Debt  
10 Management Service Providers Law.

11 31. Pursuant to ORS 86A.992, the Director may assess a civil penalty in the amount of  
12 not more than \$5,000 per violation against any person who violates or who procures, aids or abets  
13 in the violation of any provision of ORS 86A.095 to 86A.198 or any rule or order issued  
14 under ORS 86A.124 or 86A.242. Pursuant to the authority of ORS 697.832, the Director may  
15 assess a civil penalty in an amount of not more than \$5,000 per violation against any person who  
16 violates ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or any order  
17 issued under ORS 697.825.

18 32. Pursuant to ORS 86A.992 and ORS 697.832, the Director hereby ORDERS Amstar to pay  
19 a CIVIL PENALTY in the amount of \$10,000. This includes \$5,000 for the violation of ORS  
20 86A.103(1) (unlicensed mortgage broker)/ORS 697.612(1) (unregistered debt management  
21 service provider) and \$5,000 for the violation of ORS 697.692(1)(a)/ORS 697.692(1)(e) (fee  
22 violation).

23 33. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS Grinnell  
24 to pay a CIVIL PENALTY in the amount of \$15,000. This includes \$5,000 for the violation of

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1 ORS 86A.103(1) (unlicensed mortgage broker)/ORS 697.612 (unregistered debt management  
2 service provider)/ORS 86A.203 (unlicensed MLO), \$5,000 for the violation of ORS  
3 697.692(1)(a)/ORS 697.692(1)(e) (fee violation), and \$5,000 for the violation of ORS 86A.154(4)  
4 (filing false report).

5 34. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS  
6 Newman to pay a CIVIL PENALTY in the amount of \$10,000. This includes \$5,000 for the  
7 violation of ORS 86A.103(1) (unlicensed mortgage broker)/ORS 697.612 (unregistered debt  
8 management service provider)/ORS 86A.203 (unlicensed MLO) and \$5,000 for the violation of  
9 ORS 86A.154(4) (filing false report).

10 35. Pursuant to ORS 86A.224(2)(c), the Director hereby ORDERS Grinnell and Newman to  
11 pay \$3,186.99 RESTITUTION to consumers CI and PI.

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

15 SO ORDERED this 25<sup>th</sup> day of June, 2020.

16  
17 Andrew R. Stolfi, Acting Director  
18 Department of Consumer and Business Services

19 /s/ Dorothy Bean  
20 Dorothy Bean, Chief of Enforcement  
21 Division of Financial Regulation

22 NOTICE OF RIGHT TO JUDICIAL APPEAL

23 Except as provided in ORS 697.825(2)(e), you may be entitled to judicial review of this Order  
24 under 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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