BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS
STATE OF OREGON
for the
DEPARTMENT OF CONSUMER & BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

IN THE MATTER OF:	)	**FINAL ORDER TO CEASE AND**
	)	**DESIST, REVOKING MORTGAGE**
DONALD JOSEPH HEFFLINGER	)	**LOAN ORIGINATOR LICENSE, AND**
	)	**ASSESSING CIVIL PENALTIES**
NMLS #412358		
		OAH Case No. 2016-ABC-00153
		Agency Case No. M-15-0002

HISTORY OF THE CASE

On January 26, 2016, the Department of Consumer & Business Services, Division of Financial Regulation (Division) issued an Order to Cease and Desist, Order Revoking Mortgage Loan Originator License, Order Assessing Civil Penalties, and Notice of Right to a Hearing (Notice) to Donald Hefflinger.

On February 16, 2016, Mr. Hefflinger signed a Final Order to Cease and Desist, Order Granting Conditional Mortgage Loan Originator License, Order Assessing Civil Penalties, and Consent to Entry of Order (Final Consent Order), agreeing to resolve and settle the matter with the Division. Also on February 16, 2016, Mr. Hefflinger requested an administrative hearing, to preserve his hearing rights in the event the parties became unable to reach an agreement on an approved payment plan for the civil penalties owed by Mr. Hefflinger.

On April 25, 2016, Mr. Hefflinger requested that the Division rescind the Final Consent Order.

On May 17, 2016, the Division referred the matter to the Office of Administrative Hearings (OAH) for a contested case hearing. The OAH assigned Senior Administrative Law Judge (ALJ) Joe L. Allen to the matter. A prehearing conference was scheduled for June 20, 2016.

On June 6, 2016, Mr. Hefflinger requested a postponement of the scheduled prehearing conference for medical reasons. The Division did not oppose the postponement request. ALJ Allen granted the request and the prehearing conference was rescheduled for August 26, 2016.

On August 23, 2016, Mr. Hefflinger requested a postponement of the August 26, 2016 prehearing conference for medical reasons. The Division opposed the postponement request, and ALJ Allen denied the request.

On August 25, 2016, Mr. Hefflinger again requested a postponement of the August 26, 2016 prehearing conference, for medical reasons and also due to a medical appointment conflict. ALJ Allen granted the postponement request due to the appointment conflict. The prehearing conference was rescheduled for September 8, 2016.

On September 8, 2016, ALJ Allen held a telephone prehearing conference. Mr. Hefflinger represented himself. Senior Assistant Attorney General (AAG) Joanna Tucker Davis represented the Division. A hearing was scheduled for March 6 through 10, 2017.

On December 8, 2016, the Division issued an Amended Order to Cease and Desist, Order Revoking Mortgage Loan Originator License, Order Assessing Civil Penalties, Order Denying License Renewal, and Notice of Right to a Hearing (Amended Notice) to Mr. Hefflinger.

On December 30, 2016, Mr. Hefflinger filed a Motion to Dismiss with the OAH. On January 20, 2017, Ms. Tucker Davis filed the Division's response to the motion, correctly referring to it as a Motion for Summary Determination.[1] On January 23, 2017, Mr. Hefflinger filed a Supplemental Motion to Dismiss, raising additional grounds for the motion.

On February 1, 2017, the Division filed a Notice of Reassignment of Counsel, stating that AAG Tyler Anderson had been assigned to represent the Division, and a Motion to Postpone the hearing scheduled for March 6 through 10, 2017. On February 2, 2017, ALJ Allen granted the Division's postponement request. A prehearing conference was scheduled for March 6, 2017.

Also on February 2, 2017, AAG Anderson filed the Division's response to Mr. Hefflinger's supplemental motion. Thereafter, the OAH temporarily reassigned the case to Senior ALJ Rick Barber to rule on Mr. Hefflinger's motions.

On March 2, 2017, Mr. Hefflinger requested a postponement of the March 6, 2017 prehearing conference, for medical reasons. The Division opposed the postponement request, and ALJ Allen denied the request.

On March 6, 2017, ALJ Allen held a telephone prehearing conference. Mr. Hefflinger represented himself. AAG Anderson represented the Division. A hearing was scheduled for August 7 through 10, 2017.

On April 7, 2017, ALJ Barber issued a Ruling on Motion for Summary Determination (Motion to Dismiss), denying Mr. Hefflinger's motion.

On July 19, 2017, attorney Darian Stanford notified the OAH and AAG Anderson that he was now representing Mr. Hefflinger. On July 21, 2017, Mr. Hefflinger, through counsel, requested a postponement of the August 7 through 10, 2017 hearing. The Division did not oppose postponement and ALJ Allen granted the request.

On August 7, 2017, ALJ Allen held a telephone prehearing conference. Mr. Stanford

[1] Motions to Dismiss are not contemplated in the Administrative Procedures Act (APA), and are instead treated as a Motion for Summary Determination under OAR 137-003-0580.

represented Mr. Hefflinger. AAG Anderson represented the Division. A hearing was scheduled for February 5 through 7, 2018.

On January 24, 2018, the Division issued a Second Amended Order to Cease and Desist, Order Revoking Mortgage Loan Originator License, Order Assessing Civil Penalties, Order Denying License Renewal, and Notice of Right to a Hearing (Second Amended Notice).

On February 1, 2018, the Division issued a Third Amended Order to Cease and Desist, Order Revoking Mortgage Loan Originator License, Order Assessing Civil Penalties, Order Denying License Renewal, and Notice of Right to a Hearing (Third Amended Notice).

On February 5, 2018, the parties convened for hearing before ALJ Allen. Mr. Stanford represented Mr. Hefflinger. AAG Anderson represented the Division. Upon Mr. Hefflinger's objection to new allegations contained in the Division's Third Amended Notice, ALJ Allen converted the hearing into a prehearing conference and rescheduled the hearing for March 28 through 30, 2018.

On February 21, 2018, attorney David Hutchinson notified the OAH and AAG Anderson that he had assumed representation of Mr. Hefflinger.

On March 1, 2018, Mr. Hefflinger, through counsel, filed a Motion for Other Relief.

On March 5, 2018, the OAH reassigned the matter to Senior ALJ Jennifer H. Rackstraw.

On March 12, 2018, the Division filed its response to the Motion for Other Relief.

On March 14, 2018, the Division issued a Fourth Amended Order to Cease and Desist, Order Revoking Mortgage Loan Originator License, Order Assessing Civil Penalties, Order Denying License Renewal, and Notice of Right to a Hearing (Fourth Amended Notice).

On or around March 14, 2018, Mr. Hefflinger requested a postponement of the March 28 through 30, 2018 hearing for medical reasons. The Division opposed the postponement request. On March 16, 2018, ALJ Rackstraw granted the request and subsequently scheduled a status conference for March 19, 2018.

On March 19, 2018, ALJ Rackstraw held a status conference. Mr. Hutchinson represented Mr. Hefflinger. AAG Anderson represented the Division. ALJ Rackstraw informed the parties that Mr. Hefflinger's Motion for Other Relief was denied as moot because it was based on the Division's Third Amended Notice, which was superseded by the Division's recent issuance of a Fourth Amended Notice. A new briefing schedule was set for the filing of a renewed motion based on the Fourth Amended Notice. The parties discussed how to proceed with a contested case hearing given Mr. Hefflinger's alleged health issues. The parties agreed to continue that discussion following the conference, and to report back to the ALJ at a subsequent status conference.

On March 26, 2018, Mr. Hefflinger, through counsel, filed another Motion for Other Relief, requesting that the ALJ strike certain claims on the Fourth Amended Notice that had been resolved via a settlement agreement.

On March 28, 2018, ALJ Rackstraw held a status conference. Mr. Hutchinson represented Mr. Hefflinger. AAG Anderson represented the Division. Due to Mr. Hefflinger's reported significant health conditions, ALJ Rackstraw granted his request for a 45-day set over. ALJ Rackstraw scheduled another status conference for May 18, 2018, to discuss Mr. Hefflinger's health status and recommendations from his health care providers.

On March 29, 2018, the Division filed its response to the March 26, 2018 Motion for Other Relief. On May 18, 2018, ALJ Rackstraw issued a Ruling on Respondent's Motion for Other Relief, denying the motion.

On May 18, 2018, ALJ Rackstraw held a status conference. Mr. Hutchison represented Mr. Hefflinger. AAG Anderson represented the Division. Due to Mr. Hefflinger's reported significant health conditions, the parties agreed to a 60-day set over to allow for settlement negotiations. ALJ Rackstraw scheduled another status conference for August 16, 2018, to discuss the status of settlement negotiations.

On August 16, 2018, ALJ Rackstraw held a status conference. Mr. Hutchison represented Mr. Hefflinger. AAG Anderson represented the Division. Because Mr. Hefflinger represented to Mr. Hutchison that his health was declining, the parties agreed to hold a limited hearing where the Division would present its witnesses and testimony, which would be transcribed. The parties stipulated that Mr. Hutchison would review the transcript with Mr. Hefflinger and would, at a later date, have the opportunity to cross examine the Division's witnesses and present Mr. Hefflinger's case. ALJ Rackstraw scheduled the limited hearing for December 17 and 18, 2018.

On December 17 and 18, 2018, ALJ Rackstraw convened the limited hearing. The hearing was held in-person at the Tualatin OAH office. AAG Anderson represented the Division. Tippi Pearse also appeared on behalf of the Division. Mr. Hutchison represented Mr. Hefflinger. Mr. Hefflinger did not appear. The following witnesses testified on behalf of the Division: Charmaine Houriet (formerly known as Charmaine Houriet-McCarty), Brian Nelson, Dwayne Edsinga, Sue Melnick, Gary Deutsch, Sheryl Ivey, Kirsten Anderson, Joyce Pierce, John Ivey, and Ryan Volkrodt. At the conclusion of the limited hearing, the parties agreed to hold a status conference on March 15, 2019.

On March 15, 2019, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hutchison represented Mr. Hefflinger. Due to a reported worsening of Mr. Hefflinger's medical condition, the parties agreed to hold another status conference on May 29, 2019. The status conference was subsequently rescheduled for June 13, 2019.

On June 13, 2019, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hutchison represented Mr. Hefflinger. Due to a reported worsening of Mr. Hefflinger's medical condition, the parties agreed to hold another status conference on September 4, 2019.

On September 4, 2019, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hutchison represented Mr. Hefflinger. Mr. Hutchison advised that he had been unable to make contact with Mr. Hefflinger beyond receipt of a few medical documents that Mr. Hefflinger sent to Mr. Hutchison. The parties agreed to hold another status conference on September 18, 2019.

On September 18, 2019, prior to the scheduled status conference, Mr. Hutchison notified AAG Anderson and ALJ Rackstraw that he had been unable to confer with Mr. Hefflinger and proposed cancelling the scheduled status conference. ALJ Rackstraw granted the request, and rescheduled the status conference for October 24, 2019.

On October 24, 2019, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hutchison represented Mr. Hefflinger. Due to Mr. Hefflinger's inability to participate due to alleged medical conditions, the parties agreed to hold another status conference on January 31, 2020.

On January 31, 2020, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hutchison represented Mr. Hefflinger. AAG Anderson indicated that the Division had received information that Mr. Hefflinger had allegedly forged and/or falsified medical documents pertaining to his medical condition for the purpose of prolonging and/or avoiding the contested case process. Mr. Hutchison notified ALJ Rackstraw that he and his firm were withdrawing from representing Mr. Hefflinger at that time. The parties scheduled another status conference for 90 days after the receipt of Mr. Hutchison's written withdrawal of representation. Mr. Hutchison withdrew as Mr. Hefflinger's counsel effective February 14, 2020.

On February 10, 2020, the Division issued a Fifth Amended Order to Cease and Desist, Order Revoking Mortgage Loan Originator License, Order Assessing Civil Penalties, Order Denying License Renewal, and Notice of Right to a Hearing (Fifth Amended Notice).

The OAH scheduled a status conference for May 12, 2020. On May 11, 2020, Mr. Hefflinger requested a postponement of the status conference. ALJ Rackstraw denied the request. On May 12, 2020, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hefflinger did not appear. ALJ Rackstraw scheduled the continued hearing for September 29, 2020 through October 2, 2020, at the Tualatin OAH office.

On August 11, 2020, the OAH scheduled a status conference for August 20, 2020. On August 20, 2020, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hefflinger did not appear. The Division and the ALJ discussed Mr. Hefflinger's medical documents allegedly showing a conflict with the scheduled hearing due to a surgical procedure. The Division objected to postponing the hearing without authentication of the medical records submitted by Mr. Hefflinger.

On August 21, 2020, ALJ Rackstraw emailed the parties, notifying them that she had scheduled a status conference for September 3, 2020, and that Mr. Hefflinger was required to have a medical provider (or one of their staff members) present at the status conference to

confirm he had a medical procedure scheduled that conflicted with the scheduled hearing dates. ALJ Rackstraw also notified Mr. Hefflinger that his failure to do so could result in a denial of the postponement.

On September 3, 2020, ALJ Rackstraw held a status conference. AAG Anderson represented the Division. Mr. Hefflinger appeared without a medical provider or staff member. ALJ Rackstraw took oral arguments regarding Mr. Hefflinger's request to postpone the scheduled hearing and subsequently denied the request. ALJ Rackstraw notified the parties that the hearing would be held as scheduled beginning on September 29, 2020 via Skype video conference. Mr. Hefflinger notified ALJ Rackstraw that he intended to request a change of ALJ.

On September 3, 2020, Mr. Hefflinger requested a change of ALJ in writing. On September 10, 2020, Presiding ALJ Monica Whitaker granted Mr. Hefflinger's request for a change of assigned ALJ. The matter was reassigned to ALJ Joe Allen.

On September 11, 2020, the Division filed a written request of change of ALJ with the OAH. On September 15, 2020, Presiding ALJ Whitaker granted the Division's request for a change of assigned ALJ. The matter was reassigned to ALJ Kate Triana.

On October 14, 2020, the OAH scheduled a status conference for October 26, 2020. That same day, Mr. Hefflinger requested the status conference be rescheduled to a date after December 15, 2020, due to his alleged medical condition. On October 21, 2020, Mr. Hefflinger submitted another request to postpone the October 26, 2020 status conference due to his alleged medical condition. On October 21, 2020, ALJ Triana denied Mr. Hefflinger's requests to postpone the status conference.

On October 22, 2020, Mr. Hefflinger submitted a written request for a change of assigned ALJ. On October 23, 2020, Chief ALJ John Mann denied Mr. Hefflinger's request for a change of assigned ALJ.

On October 25, 2020, Mr. Hefflinger requested another change of assigned ALJ. He also requested a "substitution" of ALJ Joe Allen. On October 26, 2020, Presiding ALJ Whitaker denied Mr. Hefflinger's request for a change of assigned ALJ.

On October 26, 2020, ALJ Triana convened a status conference. AAG Anderson represented the Division. Mr. Hefflinger participated without counsel. The parties agreed to hearing dates of May 4 through May 7, 2021. The parties agreed to hold the hearing by Skype video conference, and agreed that Mr. Hefflinger could appear by phone for the hearing. Mr. Hefflinger confirmed that the OAH had the correct mailing address for him.

On November 3, 2020, the OAH mailed via first class mail a Notice of Video Conference/Telephone Hearing to Mr. Hefflinger at his address on file with the OAH. On December 1, 2020, the United States Postal Service (USPS) returned that notice to the OAH, with a stamp stating "RETURN TO SENDER." The OAH resent the notice to Mr. Hefflinger via certified mail. The USPS returned the notice as "unclaimed" and "unable to forward."

On March 25, 2021, the OAH converted the video platform for the scheduled hearing from Skype to WebEx. The OAH notified the parties via an Amended Notice of Video Conference/Telephone Hearing. The OAH mailed notice to Mr. Hefflinger at his address on file. On April 5, 2021, the USPS returned the notice. The notice had been stamped "RETURN TO SENDER" and Mr. Hefflinger's name and address had been torn off the notice. The OAH resent the notice to Mr. Hefflinger via certified mail.

On April 12, 2021, the OAH received a written request from Mr. Hefflinger to reschedule the hearing because he allegedly had a surgery scheduled for May 4, 2021.

On April 20, 2021, the OAH received notice from Mr. Hefflinger that Slinde Nelson law firm "has and continues to represent" him in this matter and requested that all future correspondence be directed to that firm (including lawyer David Hutchinson). On April 28, 2021, Slinde Nelson law firm confirmed that it did not represent Mr. Hefflinger.

On April 29, 2021, ALJ Triana denied Mr. Hefflinger's request to postpone the hearing. ALJ Triana also notified Mr. Hefflinger that Slinde Nelson law firm had confirmed that it did not represent him.

On May 3, 2021, Mr. Hefflinger filed a "motion for dismissal, statute of limitations" with the OAH, requesting that Chief ALJ Mann rule on the motion. He also filed a renewed request that the hearing be postponed and/or cancelled. Chief ALJ Mann delegated review of Mr. Hefflinger's motion to Presiding ALJ Whitaker. On May 3, 2021, Presiding ALJ Whitaker denied Mr. Hefflinger's motion to dismiss the hearing. The hearing remained scheduled to begin on May 4, 2021.

At 9:00 AM on May 4, 2021, ALJ Triana convened a hearing via WebEx and the OAH phone bridge. AAG Anderson appeared as representative for the Division. Ms. Pearse also appeared on behalf of the Division. Mr. Hefflinger did not appear for the hearing. The Division elected not to call additional witnesses. After more than 15 minutes elapsed, ALJ Triana closed the record and concluded the hearing.

On May 28, 2021, ALJ Triana issued the Proposed Order. Respondent did not file exceptions to the Proposed Order. The Division adopts the ALJ's Proposed Order and issues its Final Order accordingly. The Division has only made a few minor grammatical changes one correction to the Division's name in the Order section.

ISSUES

1. Whether Mr. Hefflinger acted as a mortgage loan originator under ORS 86A.200(4)(a) by taking an application for or negotiating the terms of Oregon residential mortgage loans for CH, DD, PK, and/or SI on behalf of Bay Equity.

2. Whether Mr. Hefflinger violated ORS 86A.203(1) by engaging in business as a mortgage loan originator on Oregon residential mortgage loans for CH, DD, PK, and/or SI when he was not licensed to do so.

3. Whether Mr. Hefflinger violated ORS 86A.236(3) and ORS 86A.154(2) by making an untrue statement of material fact to CH.

4. Whether Mr. Hefflinger violated ORS 86A.224(1)(c) by making a false statement on his license application for an Oregon loan originator license.

5. Whether Mr. Hefflinger violated ORS 86A.224(1)(c) by making a false statement or material misstatement of fact on a renewal application for his Oregon loan originator license.

6. Whether Mr. Hefflinger violated ORS 86A.236(4) by filing or causing to be filed with the Director statements that were known to be false in a material manner.

7. Whether Mr. Hefflinger violated ORS 86A.154(4) by filing documents on three separate occasions with the Division which were known to be false.

8. Whether the Division may order Mr. Hefflinger to cease and desist from violating any provision of the Oregon Mortgage Lender Law. ORS 86A.224(2)(a).

9. Whether the Division may deny Mr. Hefflinger's request for renewal of his Oregon loan originator license. ORS 86A.224.

10. Whether the Division may revoke Mr. Hefflinger's Oregon loan originator license. ORS 86A.224.

11. Whether the Division may assess a civil penalty of up to $5,000 per violation of the Oregon Mortgage Lender Law, for a total civil penalty of $25,000. ORS 86A.224(3)(a).

EVIDENTIARY RULING

Pleadings P1 through P110, submitted by the Division, were admitted into the hearing record. The Division's Exhibits A1 through A29 and Mr. Hefflinger's Exhibits R1 through R54 were admitted into evidence by ALJ Rackstraw at the December 17 and 18, 2018, limited hearing.

The Division's Exhibits A30 through A34 were admitted into evidence at the May 4, 2021 hearing. The May 4, 2021 hearing record was held open for the specific purpose of the Division marking and submitting the Third Amended Notice as a Pleading. The Division did not submit the pleading and the record was closed without it.

FINDINGS OF FACT

1. At all times material to this order, Mr. Hefflinger resided and worked in Oregon. (Ex. R2 at 2.)

2. In 2008, John Ivey and Sheryl Ivey (referred to as "SI" on the Fifth Amended

Notice) worked with Mr. Hefflinger to secure a loan for the purchase of a home at SE Cascade View Court in Clackamas, Oregon. (Tr. at 256, 259.) Mr. Hefflinger told the Iveys the loan would have an interest rate of approximately 4 percent, would require a 1 percent down payment, and would not have private mortgage insurance (PMI). However, a few days before closing, Mr. Hefflinger notified the Iveys that the interest rate for the loan would be 5 ½ percent with a 3 percent down payment required, and that there would be PMI required on the loan. The Iveys were dissatisfied with the terms of the loan, but decided to move forward with the loan because they did not have another housing option lined up. (Tr. at 257-258.) Following that experience, Mr. Ivey notified Mr. Hefflinger that he was "extremely disappointed" with the terms of the loan. (Tr. at 259.) Mr. Hefflinger apologized and stated that he would help the Iveys refinance their loan at Mr. Hefflinger's cost. (Tr. at 259-260.) The Iveys tried to work with Mr. Hefflinger over several years to refinance their loan, when Mr. Hefflinger finally notified them that he could refinance their loan at 4.7 or 4.8 percent interest. (Tr. at 260.)

3. On November 8, 2013, Bay Equity hired Mr. Hefflinger as a sales assistant. (Ex. A2 at 3.) As a sales assistant, he was not authorized to perform any loan origination activities. (*Id.* at 2; Tr. at 97.) The terms of his employment included an expectation that he obtain his mortgage loan originator license within 60 days of hire. When Mr. Hefflinger did not obtain his mortgage loan originator license within 60 days of hire, Bay Equity placed him on a notice of termination, but gave him additional time to obtain his mortgage loan originator license because Mr. Hefflinger claimed a death in his family caused the delay. (Ex. A2 at 1.)

4. In December of 2013, Mr. Hefflinger contacted Charmaine Houriet (referred to as "CH" in the Fifth Amended Notice) about refinancing her mortgage. He had assisted Ms. Houriet with a mortgage loan in 2012. (Ex. A1 at 2.) He told Ms. Houriet that it was an "opportune time" to refinance. (Tr. at 19.) Ms. Houriet began working with Mr. Hefflinger on the refinance. Her goals for refinancing included ending her PMI payments and obtaining a line of credit to pay for her son's college bills, medical bills, and the building of a garage onto her home. (Ex. A1 at 2; Tr. at 21, 25, 46, 48, 50.) During the refinancing process, Mr. Hefflinger falsely held himself out to be a Senior Loan Officer with Bay Equity. (Ex. A4 at 1.) He told Ms. Houriet that Bay Equity was based in Washington and that he had a Washington mortgage loan originator license. (Tr. at 23.)

5. On December 27, 2013, Ms. Houriet completed and signed a Uniform Residential Loan Application for her property on Brockway Road in Oregon City, Oregon. She listed the reason for the refinance as "cash-out other." (Ex. A3 at 1.) During the process, Mr. Hefflinger discussed loan options, interest rates, the type of loan Ms. Houriet would be entering into, and the subject property address with Ms. Houriet. He told Ms. Houriet that Bob Ennis was helping him with the loan. (Tr. at 27.) Mr. Hefflinger also brought up concerns he had regarding Ms. Houriet's credit. He advised her to take a loan from her mother to pay off the debt to increase her credit score, so he could get her a better interest rate. (Tr. at 27-28.)

6. During the refinancing process, an appraisal was conducted on Ms. Houriet's property. It returned an estimated value of $420,000. (Tr. at 34.) Mr. Hefflinger notified Ms. Houriet of the result of the appraisal, that the appraiser had "not appraised the property correctly," and that Mr. Hefflinger would have another appraisal done. (Tr. at 32.) Mr. Hefflinger

did not arrange for a second appraisal and falsely represented to Ms. Houriet that the second appraisal came back with an estimated value of $475,000. (Tr. at 33-35, 207.)

7. On January 13, 2014, the Iveys submitted a Uniform Residential Loan Application for a refinance loan of their property at SE Cascade View Court in Clackamas, Oregon. (Ex. A17 at 1.) During the application process, the Iveys worked solely with Mr. Hefflinger on the majority of the refinance application. (Tr. at 75, 77, 123, 263.) Mr. Hefflinger discussed the terms of the refinance loan with the Iveys, including the type of loan, the subject property address, the interest rate of the loan, the loan duration, and the amount of the loan. (Tr. at 123, 263.) However, before the refinance loan was completed, Mr. Hefflinger advised the Iveys to cancel their loan with Bay Equity and take their business to another company with Mr. Hefflinger. Mr. Hefflinger told Ms. Ivey what to say in her email cancelling the loan with Bay Equity. (Tr. at 125.) The Iveys ultimately did not complete the refinance with Mr. Hefflinger at any business he worked for. (Tr. at 79.)

8. On January 17, 2014, Paul Kinville (referred to as "PK" in the Fifth Amended Notice) completed and signed a Uniform Residential Loan Application for a refinance of his property on 138th Avenue in Portland, Oregon. (Ex. A13 at 1.) During the application process, Mr. Hefflinger met with Mr. Kinville to prepare the application and collect income documentation. (Ex. A15 at 1.) Mr. Hefflinger held himself out to be the loan originator and discussed loan terms and interest rates with Mr. Kinville. (Tr. at 224.)

9. On January 27, 2014, Dr. David Doyle (referred to as "DD" in the Fifth Amended Notice) completed and signed a Uniform Residential Loan Application for a refinance of his property on Lenore Street in Happy Valley, Oregon. (Ex. A12 at 1.) Dr. Doyle worked solely with Mr. Hefflinger during the process. Mr. Hefflinger discussed the loan terms and interest rates with Dr. Doyle for the refinance loan. (Tr. at 222.)

10. On January 30, 2014, Mr. Hefflinger informed the staff working at Bay Equity on the loans for Mr. Kinville and Dr. Doyle via email that "direct contact on Kinville and Doyle is only through me." (Ex. A14 at 1.)

11. On February 7, 2014, Bay Equity received an approved underwriting decision for Ms. Houriet's refinance. (Ex. A8.)

12. On February 12, 2014, Ms. Houriet sent an email to Bay Equity at the instruction of Mr. Hefflinger that read:

> Please cancel my file with Robert Ennis at Bay Equity. I am unsatisfied with his service. Please do not have Bob or yourself contact me from this point forward via e-mail or phone.
>
> Please send me a cancellation notice showing this file is closed.

(Ex. A7 at 1.) Mr. Hefflinger told Ms. Houriet what to say in the email. (Tr. at 42.) Ms. Houriet sent the email because Mr. Hefflinger told her that Bay Equity would not complete her refinance

loan and that at his new position with PNC Bank he could get her a refinance loan with the terms she had requested. (Tr. at 25-26, 39, 42-43, 101.) Bay Equity was willing to complete Ms. Houriet's refinance. (Ex. A1 at 2; Tr. at 99.)

13. On February 12, 2014, Edgar Evanado sent an letter to Bay Equity that read:

> Please cancel my loan with Bay Equity LLC and Robert Ennis. I am not satisfied with the loan officer Robert Ennis['] service and I want a cancellation letter sent to me. Please do not contact me any more via phone or email.

(Ex. A7 at 2.)

14. On February 12, 2014, Dr. David Doyle sent a letter to Bay Equity that read:

> Please cancel my loan with Robert Ennis at Bay Equity. I am unsatisfied with the service from Robert Ennis my loan officer. Please do not contact me via email or phone.

(Ex. A7 at 3.)

15. On or around February 12, 2014, Jason Karam sent a letter to Bay Equity that read:

> I, Jason Karam, am not satisfied with Robert Enniss [*sic*] services. Please cancel my phone loan with Robert Ennis, Bay Equity Home Loans.

(Ex. A7 at 4.)

16. On February 12, 2014, Dan Bean sent an email to Bay Equity that read:

> Please cancel my home loan application with Bay Equity[.] * * * I am not satisfied with the service I have received with Bay Equity and request a written notice of cancellation of said loan.

(Ex. A7 at 5.)

17. On or around February 14, 2014, Mr. Hefflinger took and passed the tests required to apply for a mortgage loan originator license. (Ex. A2 at 1; Tr. at 156.)

18. On February 20, 2014, Mr. Hefflinger voluntarily terminated his employment with Bay Equity. (Ex. A2 at 1.) After leaving Bay Equity, Mr. Hefflinger filed a claim for overtime and unpaid wages. He was reportedly "very threatening and difficult to deal with." (*Id.* at 2.) Bay Equity paid the wage claim to "end all communications with him and move on from a very expensive and costly situation with a person of questionable motives and character." (*Id.*)

19. On or around February 22, 2014, Mr. Hefflinger began working for PNC Mortgage.

(Ex. A29 at 52.)

20. On April 5, 2014, PNC Mortgage completed a refinance of Ms. Houriet's mortgage with Mr. Hefflinger as the loan officer. (Ex. A10 at 1.) The terms of the refinance were not what Ms. Houriet expected. There was no line of credit, the interest rate on the loan was not what Mr. Hefflinger had told her previously, and the loan included PMI. (Tr. at 24-25, 46.) At signing, Mr. Hefflinger told Ms. Houriet that he knew the loan was not what she wanted, but that he would obtain a line of credit from Key Bank on her behalf and refinance her loan in a year. (Tr. at 25.)

21. On June 30, 2014, Ms. Houriet filed a complaint with the Division regarding Mr. Hefflinger. (Ex. A1 at 1.) She reported, in part:

> When Don initially contacted me, the only reason I was going to refinance was to get rid of the $400.00 a month mortgage insurance, cash out for college, medical bills and build a garage onto my home. In fact the loan was nothing what I wanted and was not in my best interest to take. * * * I have since found out that Don lied about Bay Equity and that I infact [*sic*] had a loan with them anc ould [*sic*] have closed in 30 days. Additionally, I have spoken with the appraiser Tad Gotting and he NEVER re-valued my house at $475,000.00. * * *

(*Id.* at 2.) The refinance loan she completed with Mr. Hefflinger had a negative financial impact on Ms. Houriet. (Tr. at 50.) She continued to pay PMI, she was unable to obtain a line of credit to pay for her son's schooling, and she had to repay the loan she took from her mother. (Tr. at 45-46, 50.)

22. On September 17, 2014, Mr. Hefflinger submitted an application to the Division for an Oregon mortgage loan originator license. (Ex. A25 at 1; Tr. at 169.) The employment history section of the application requested all employment history for the prior 10 years. Mr. Hefflinger listed that he currently worked for Maverick Funding Corporation in Oregon City. (Ex. A25 at 3.) He also reported the following prior employment: Maverick Funding Corporation from July 2014 through August 2014; PNC Bank, National Association from February 14, 2014 through July 21, 2014; Sterling Savings Bank from August 30, 2013 through January 2, 2014; Willamette Valley Bank from April 15, 2013 through August 29, 2013; Bank of England from November 2, 2012 through April 16, 2013; Buffalo Federal Savings Bank from September 26, 2011 through October 31, 2012; Cosmopolitan Funding from July 2007 through November 2008; Chase Home Finance from December 2006 through June 2008; Majestic Mortgage Services from December 2003 through December 2006; National City Mortgage from March 2003 through November 2003; and Wells Fargo from June 2001 through March 2003. (*Id.* at 3-7.) Mr. Hefflinger did not list any employment with Bay Equity on the license application. (*Id.*) To complete and submit the application, Mr. Hefflinger had to attest that that the information in the application was current, true, accurate, and complete. (*Id.* at 10.)

23. On September 25, 2014, the Division granted Mr. Hefflinger an Oregon mortgage loan originator license. (Ex. A29 at 73.)

24. On October 4, 2015, the Division received an online complaint from an individual identified as Mr. Financial I. Fraud, with an email address of financialfraud1977@yahoo.com. (Ex. A19 at 1.) The complaint was against Jennifer Ann Boumann, a reported loan officer with "M&K Ass.//River Capital Mtg./Michael Knapp/President." (*Id.*) The complaint alleged:

> Unlicensed loan originator activity from (2008-Present) for Jennifer Ann Boumann. Jennifer Ann Boumann originated residential home loans in the State of Oregon for my friends and family while Jennifer Ann Boumann worked unlicensed for M&K Associates, River Capital, American Pacific Mortgage and Wealthbridge Mortgage. Jennifer Boumann was paid cash under the table by all 4 companies to originate and sell residential home loans in the State of Oregon. Jennifer Boumann Legal Shield Cash Pyramid Scheme. Jennifer Boumann 714 SE Bidwell Portland, OR. 97202 503-864-6737 971-533-6737 Jennifer Boumann Start Date: 10/29/2012 River Capital (TEAM DAS) 503-715-0144 Ext:104 NMLS ID 298152 Telephone: 503-419-8010 Fax: 503.200.1293 Jennifer Ann Boumann/Legal Shield. Jennifer Ann Boumann states that she works for the District Attorney of Portland, Oregon. Misrepresentation and cash Pyramid scheme for Legal Shield. One Pre-Paid Way Ada, OK 74820 (580) 436-1234. Member Services. (800) 654-7757 MemberServices@LegalShield.com mizzjenb@gmail.com https://hotornot.com/jennifer.boumann Jennifer Boumann: Unlicensed Originator activity. Start:10/29/2012 American Pacific Mortgage Corp. Michael Knapp NMLS: 110919 Phone: 503-715-0144 Fax: 503-200-1293 Jennifer Boumann Unlicensed Originator activity. Start: 10/29/2012 M&K Aasociates [*sic*] Michael Knapp President 1000 SW Broadway, Suite 910 Portland, OR 97205 T: 503.706.2001 F: 503.200.1293 michael@mkplusa.com Jennifer Ann Boumann was also paid cash under the table by: M&K Associates River Capital American Pacific Mortgage Wealthbridge Mortgage Michael Knapp President/Erick J. Zuber Loan Officer 1000 SW Broadway, Suite 910 Portland, OR 97205 erick@mkplusa.com 503-706-2001 503.358.4143 Legal Shield and River Capital's New Friend 12/29/2012 Big news! River Capital has welcomed a new team member; Jennifer Boumann. Jennifer is so excited to be working with River Capital, just as we are. She is a very hard worker, not only juggling her single-mom life and working hard with us, but also working part time for a wonderful company called Legal Shield. Come down and meet Jennifer! We're ready for any of your mortgage or refinance needs. The Daily Das: River Capital's New Friend Jen Boumann Thank You!!:) Excited for my new career and working with an awesome team smile emoticon October 29, 2012 at 10:26pm Jennifer Boumann Wealthbridge Mortgage Corporation Ryan Long: 503-757-4459 or Joceyln Ham 503-473-2220 (1 year 2 months)|Beaverton, Or. Executed the loan origination process, including ordering credit reports, appraisals and preliminary title reports. Educated customers on the variety of loan products and available credit options. Analyzed applicants' financial status, credit and property evaluation to determine feasibility of granting loan. Performed daily maintenance of the loan applicant database. Adhered to all federal and state compliance

> guidelines relative to retail mortgage lending. Funded 1.5 million in loans in my first 60 days by filling my pipeline with prospects, and following up, building relationships and a warm referral base by networking with realtors and social media. Jennifer Boumann Linked in Account Quote: As a single mom, this membership has saved me thousands over the years I have had it. I am currently getting 25% off to sue someone. Our clients enjoy wholesale discounts over retail any day. 25% off of pre-existing issues as well. I have marketed everything out there from mortgage, retail, tanning products, jewelry, cellular, even education. I have never felt this good helping a client. We empower families, we protect them with Legal Shield. We have the best identity theft product on the market. This service is a small investment to save a lot of time and money, and our clients have less headaches. I compensate for referrals. Here at Legal Shield, our clients live more and worry less.

(*Id.* at 2.) The online form included a statement that "this complaint will become part of our permanent records." (*Id.*) To submit the form, the complainant had to read and certify that the information provided was true and correct. (*Id.*)

25. On October 8, 2015, the Division received an online complaint from an individual identifying himself as Mr. Concerned A. Consumers, with an email address of Consumer1977@gmail.com. (Ex. A20 at 1.) The complaint was against Jennifer Ann Boumann with "River Capital/M&K Associates/American Pacific Mtg." (*Id.*) The complaint alleged:

> Jennifer Ann Boumann illegally originated our residential home loans as was paid as a unlicensed mortgage professional from 2009-present for River Capital, M&K Associates and American Pacific Mortgage under Michael Knapp President and Loan Officer Erick Zuber. Jennifer Ann Boumann 714 SE Bidwell Portland OR. 97202 503-864-6737 971-533-6737 mizzjenb@gmail.com Michael Knapp & Eick [*sic*] Zuber Loan Officer 503.706.2001 1000 SW Broadway, Suite 910 Portland, OR 97205 T: 503.706.2001 F: 503.200.1293

(*Id.* at 2.) When asked what action the company or person could take to resolve this matter, the complainant wrote:

> Stop and cease all residential origination unlicensing [*sic*] activities from Jennifer Ann Boumann. Unlicensed originated my residential home loan and my family in laws residential home loans in Washington & Oregon from 2008-Present. Jennifer Ann Boumann worked for M&K Associates, River Capital, and American Pacific Mortgage. Jennifer Ann Boumann also was paid cash by the above named companies cash under the table for originating our residential and other families home loans and conning consumers if we paid Jennifer Ann Boumann 2k cash upfront for her mortgage fraud and legal shield services. Jennifer Ann Boumann is also running a cash pyramid scheme with Legal Shield and stating that she is an [*sic*] licensed attorney in Portland, Oregon. Please stop the misrepresentation, misconduct with Jennifer Ann

> Boumann. I also filed a complaint with the FTC in regards to her unlicensed mortgage misconduct with Legal Shield. Thank you, Concerned Consumers 10/8/2015

(*Id.*) The online form included a statement that "this complaint will become part of our permanent records." (*Id.*) To submit the form, the complainant had to read and certify that the information provided was true and correct. (*Id.*)

26. On October 17, 2015, the Oregon Department of Justice (DOJ) Consumer Complaint Form received an online complaint from "Ryan V" at rvoregoncityor@gmail.com, regarding River Capital Mortgage. (Ex. A23 at 4.) The complaint stated that:

> Jennifer Ann Boumann is advertising that she is a licensed mortgage broker and licensed Portland, Oregon Attorney for Legal Shield. Neither jobs or titles are true. Jennifer Ann Boumann is also running a[n] illegal pyramid cash scheme at Legal Shield. Jennifer Ann Boumann conned me into working with her as Legal Shield pyramid scheme and paid her cash to help me modify my home mortgage as a licensed loan officer at River Capital Mortgage and M&K Associates under Michael Knapp and Erick Zuber. Jennifer Ann Boumann is conning the State of Oregon as a[n] unlicensed mortgage broker at River Capital and advertising she is a licensed attorney and is accepting and not reporting cash received from her pyramid scam that she is coordinating out of her home. RV
>
> RV

(*Id.* at 5.) DOJ forwarded the complaint to the Division. (Tr. at 115, 183, 241.) Ryan Vocrodt had worked with Mr. Hefflinger and Ms. Boumann previously, but did not file the complaint. (Tr. at 81 – 84; 273 – 275.)

27. On October 21, 2015, Kirsten Anderson with the Division emailed rvoregoncityor@gmail.com regarding the October 17, 2015 complaint filed with DOJ. Ms. Anderson indicated that, based on the nature of the complaint, the complainant's last name or property address would be helpful in the investigation. She also requested copies of any advertisements or other materials where Ms. Boumann represented that she could originate and/or negotiate mortgage loans. (Ex. A23 at 6.) Ms. Anderson did not receive a response to her email inquiry. (Tr. at 182.)

28. On October 23, 2015, American Pacific Mortgage Corporation (APMC) notified the Division that it had completed an investigation into the October 4, 2015 complaint and found that Ms. Boumann had worked as a business analyst for APMC from November 26, 2012 through December 12, 2012, and during that time she did not originate any loans. (Ex. A24 at 1.)

29. Prior to November 1, 2015, the Division notified Mr. Hefflinger that it was investigating him and that he would be subject to regulatory action. (Tr. at 175-177.)

30. On November 1, 2015, Mr. Hefflinger submitted a renewal application for his Oregon Mortgage Loan Originator License. (Ex. A26 at 11; Tr. at 169-170.) Mr. Hefflinger answered "No" in response to the questions asking "has any State or federal regulatory agency or foreign financial regulator authority or self-regulatory organization (SRO) ever: * * * entered an order against you in connection with a financial services-related activity * * * [or] * * * entered an order concerning you in connection with any license or registration" and "is there a pending regulatory action proceeding against you for any alleged violation described [in the prior questions.]" (Ex. A26 at 11.) To submit the application, Mr. Hefflinger had to verify that the information and statements in the application were current, true, accurate, and complete. (*Id.* at 12.)

31. On November 24, 2015, DOJ received an online complaint from "Erick Z" at protectoragainstfraud@gmail.com, regarding Jennifer Ann Boumann. (Ex. A23 at 1.) The complaint stated that:

> Jennifer Ann Boumann is working for River Capital Mortgage, M&K Associates, and legal Shield and is falsifying her identity and stating she is licensed mortgage broker with Michael Knapp owner of River Capital Mortgage and M&K Associates. Jennifer Boumann is also running a cash pyramid scheme stating that she will modify my home loan if I gave her $1,000 cash. Please get in contact with Jennifer Ann Boumann at 503-864-6737 & 971-533-6737. Jennifer, is also running a prescription drug scheme at her home located at 714 SE Bidwell Portland, OR. 97202. Mizzjenb@gmail.com and also http://hotornot.com/jennifer.boumann prostitution ring. Please stop these actions from Jennifer Ann Boumann.
>
> http: //hotornot.com/jennifer.boumann
> http: //hotornot.com/jennifer.boumann
> http://hotornot.com/jennifer.boumann

(*Id.*) DOJ forwarded the complaint to the Division. (Tr. at 115, 183, 241.) Erick Zuber did not file the complaint with the DOJ. (Tr. at 86-87.)

32. On November 30, 2015, Joyce Pierce with the Division emailed "Erick Z" at protectoragainstfraud@gmail.com regarding the November 24, 2015 complaint filed with DOJ. (Ex. A23 at 3.) Ms. Pierce indicated that she had not been able to prove the allegations in the complaint and requested that Erick Z provide information or proof regarding the allegations. (*Id.*)

33. The Division investigated all complaints it received alleging wrongdoing by Ms. Boumann and found no evidence that she was acting as an unlicensed loan originator. (Tr. at 186, 251.)

34. On January 13, 2016, a Division information technology (IT) specialist determined that the internet protocol (IP) address for the October 4, 2014 complaint was 73.37.72.240. The IP address for the October 8, 2014 compliant was 73.157.175.33. (Ex. A28 at 1-2; Tr. at 60-64.)

35. On February 26, 2016, Comcast Legal Response Center provided subscriber information relating to a court ordered subpoena. (Ex. A21 at 2.) The response indicated that the IP addresses of 73.37.72.240 (assigned at 7:18 p.m. on October 4, 2015) and 73.157.175.33 (assigned at 9:21 a.m. on October 8, 2015) belonged to the subscriber Donald Hefflinger at 16032 SE Chelsea Morning, Happy Valley, OR 97086-4217. (*Id.*)

36. On January 23, 2017, Mr. Hefflinger submitted a letter in response to the Division's Amended Notice. (Ex. R2 at 1.) In the letter, Mr. Hefflinger addressed many of the Division's allegations. In response to the finding that Mr. Hefflinger received an Oregon mortgage loan originator license on September 25, 2014, Mr. Hefflinger responded that "[t]his finding of fact is unknowingly true due to NMLS fraud and deceit on behalf of Monica Peoples at Maverick Funding Corp." (*Id.* at 5.) In response to the finding that Mr. Hefflinger requested renewal of his mortgage loan originator license on November 1, 2015, Mr. Hefflinger responded that "[t]his finding is true with the exception of being on medically prescribed narcotics for the past 2 years and had and was in a rehabilitation center for pain management and had unknowingly renewed my loan originator license because I wanted to stay in compliance with the State of Oregon." (*Id.* at 11.)

37. On April 5, 2017, in connection with a civil lawsuit Ms. Boumann filed against Mr. Hefflinger and Maverick Funding Corporation, Mr. Hefflinger provided a sworn deposition. (Ex. A29 at 1.) Ms. Boumann's attorney, Barbara Long, questioned Mr. Hefflinger about his mortgage loan originator licensure and the complaints he filed with the Division about Ms. Boumann, as follows:

> **Q. You only got your license -- your Oregon [mortgage loan originator] license, for the first time, on September 25th, 2014?**
>
> A. What was that date, again?
>
> **Q. September 25th, 2014.**
>
> A. Hold up. When I got my -- when I passed my state license, on February -- it might even say on here. No, it's in the system, when I have to go in the log-in. That's when I was actually approved through the state, because I took the state test exams and I passed them all. And that's when I was actually licensed -- physically licensed to be state. So Bay Equity was trying to say, "Hey, if you want to pursue our company, come and work for us, but we're not going to pay you until you sign on with our company." And I didn't like that.
>
> **Q. You are saying, in February of 2014, you were authorized to originate loans in Oregon, under the state licensing system?**
>
> A. Correct.
>
> **Q. It wasn't -- you didn't have to wait until September 25th?**

A. No. All Bay Equity had to do was push a button and I would have been -- bingo. Right there.

Q. So you would have been bingo, but you weren't already licensed, at that time?

A. Correct.

(Ex. A29 at 75-76.)

Q. Can you take a look at Exhibit 2 [NMLS Consumer Access log] and just let me know if everything looks accurate to you, to the best of your knowledge?

A. No. I didn't put Bay Equity on there.

Q. Why didn't you put Bay Equity on there?

A. Because I was dealing with back owed commissions, and I was dealing with an employment issue.

Q. So did you -- strike that. So you just didn't want them to be on this list?

A. I was dealing with them, right before I was going over to PNC Bank, and I wanted this to get handled before, I mean, anybody would. I mean, on an application, if you have money that's owed to you. And I got that money, according to my attorney, which I can provide you documents with, if you want.

Q. When's the last time you updated your NMLS listing?

A. I accidentally renewed my state license in -- I think it was 2015, when I was getting all these e-mails from Kristen Anderson, saying, "You need to renew your license," when I was in the hospital. And I remember going into the system, and I know it's really hard to get into the system, and it's really confusing to even go through the steps. And I remember talking to somebody on the NMLS website, saying, "Hey, you need to renew your license," and I renewed it with Academy Mortgage."

Q. Did you have to pay a fee to renew your license?

A. Correct.

Q. So you had to, what, submit a credit card payment?

A. Uh-huh, check.

Q. A check.
And you said did you that accidentally?

A. Yeah. I was under way too much medication. I was going through multiple surgeries, and I wanted to always be in compliance. I'm like a compliance king, and I just -- I'm just, I mean, very on that, with getting all my stuff correct. I even called, and they said, "Yes, you need to renew your license, even though you are injured, you are still in the hospital. You need to renew your license." And it cost a-hundred-and-something dollars. I just went ahead and paid it, honestly.

Q. It says that your license expired, I believe –

A. April.

Q. April 2016 –

A. 2016. Correct.

Q. At any time prior to April 2016, did you try to call and say, "Listen, I'm not doing very well. I accidentally renewed my license. Can you indicate that, please?"

A. (Non-verbal response.)

Q. "Yes"?

A. Many times to NMLS. Not to the state regulatory, but to the NMLS.

(*Id.* at 76-79.)

Q. Have you ever filed a complaint against her [Ms. Boumann] to the Oregon Division of Financial Regulation?

A. Yes.

Q. Tell me about that.

A. I wanted to keep that private. I was getting just mixed signals with all the medications that I was taking and stuff. * * *

* * * * *

Q. So you can't answer the question of why you filed the complaint –

A. Yeah, I can answer that. Yeah, I can answer that. Do you know what dates those complaints were filed?

Q. Here, why don't I -- I'll see if I -- I'll hand you the complaints. You can take a look at them. * * *

A: I can barely read this. I'm sorry. It's really bad. This one right here, the complaint on the unlicensed mortgage activity is a hundred percent true.

* * * * *

Q. So you had information that she [Ms. Boumann] was engaging in unlicensed loan originator activity –

A. Yeah, with Michael Knapp.

Q. Please let me finish the question.
-- from 2008 to present?

A. Yes.

Q. You thought she was currently employed by him --

A. No, no --

Q. -- at that time?

A. At WealthBridge, too.

Q. You thought she was -- when you submitted this on October 4th, 2015, you thought she was still employed there?

A. Yeah. She was employed there in 2012. Okay? Which the DCBS already clarified. They already showed that. They already showed me proof of that. And then they are investigating, now, more allegations that she was just terminated, back in November, before I met with Jen Boumann on November 7th.

Q. But this says, "2008 to present." I'm hearing you say something about 2012. I'm not hearing anything 2008 to present.

A. 2008, she worked for WealthBridge, and -- as an unlicensed loan officer. That's illegal. She has to -- even in her résumé, even with the DCBS, they are asking for advertisements, which I have, which says she's – "great time to

refinance." Can't do that. Sorry. Can't do it. She had advertisements and everything.

Q. So this was written on October 4th, 2015, did you know that she was engaging in these unauthorized activities in October of 2015?

A. No, I did not know.

Q. So when you say, "2008 to present" –

A. That's -- from 2008 to November of 2014, she was, she was doing unlicensed activity, under the table.

Q. But this complaint was for 2015, so there's a whole -- about a year, where you don't know –

A. No, I'm on drugs. I'm all lit up. I'm all on prescription medication. I have my attorney, Katherine Somervell, calling me up and saying, "You need to file a report against her. You need to file a report against the DCBS." That's why -- I mean -- I mean, now this whole thing is all screwed up, and -- because people are not telling the truth.

MS. LONG: Okay. He has waived the [attorney-client] privilege, now.
Q. You are saying that your attorney told you to file these complaints?

A. No, she didn't, specifically, tell me to. She said -- she found out through Michael Knapp, Erick Zuber, bunch of these people that I told her to get in contact with, that she was working for them.

Q. And she told you to – did your –

A. She didn't tell me to file the complaint. I filed the complaint on my own behalf, but I was incoherent, at the time.

Q. What drugs were you on, at the time[?]

A. Oh, God, hydromorphone, one less -- lower than heroin.

Q. Anything else?

A. Yeah, all types of stuff. Yeah, everything. I was -- my state of mind was not a thing. All I was hearing from my attorney was, "She said this, she said that." I mean, can you imagine the state that I was in? Do you have any empathy?

Q. I'll ask the questions. So you would not have filed this complaint, if you had not been on drugs, is your testimony?

A. Yes.

Q. You said that you considered LegalShield an illegal cash pyramid scheme.

A. Yes.

Q. You think it's illegal –

A. It is. I've already clarified that.

Q. Have you reported LegalShield?

A. No.

Q. And so you created the e-mail, "rvoregoncityor@gmail.com"?

A. Yes.

Q. And then it looks like you did another complaint, if you look at JB713.

A. I was on a lot of medications.

Q. It looks like you are doing this complaint, you are trying to make it look like Erick Zuber and Michael Knapp were filing the complaint.

A. Yeah, because they wouldn't do anything. They told me, on the phone, that they were paying her under the table, illegally, and he already has an infraction on it. And this was all Erick Zuber's idea to hire her. And neither of them wanted to come forward and tell the truth. And so be it. I was on a lot of medical prescriptions, at the time.

Q. Did you ever have any information that she was running a prescription -- I'm sorry -- a prostitution ring?

A. Yeah, with LegalShield. She slept with everybody. David Bruerd told me that. Many, many executives at LegalShield.

Q. Is that a prostitution ring, in your estimation?

A. Yeah. She's all over the Internet.

Q. And then you include the web page "hotornot.com."

A. Yep.

Q. What's your understanding of what that website is?

A. Well, David Bruerd's picture is in it, and Jen Boumann's picture is in it, of her flaunting her body all around. And I guess that's the new thing today.

Q. You think that's a current website?

A. No, that's been up for, probably, a long time, hasn't it? Yeah. Doesn't matter. It's still on there. What does she have? What is she ranking now? Is she ranking 3,000?

Q. And you looked for David Bruerd, too?

A. Yeah, he's on there.

Q. Who else is on there that you know?

A. I don't know. Other executives at LegalShield. It has a picture of her rubbing David Bruerd's bald head on the picture. I mean, what else am I supposed to say? I mean, I'm putting two and two together.

Q. Is there any evidence, besides that, that she was involved in a prostitution ring?

A. She said she had guys she met on Tinder, she's met on all types of thing[s] before, even before the day, actually, that she -- before Halloween, she's saying she's meeting some guy, with a bottle of wine, and coming over from these other websites, and to hook up and stuff. And I'm just, like, "That's your own business. I'm going trick or treating with my kids." I'm just telling you the honest truth. And it just sucks. That's all on me, though, those complaints. It's not when I was working for Maverick Funding. That's a hundred percent me.

(*Id.* at 244-251.)

38. Nathan Fennewald is a Physician Assistant at Oregon Health & Sciences University (OHSU) in the Department of Orthopedics and Rehabilitation (the Department). (Ex. A30 at 1.) He has worked in that position since April of 2016. The Department has been located at 3303 SW Bond Avenue in Portland, Oregon since April of 2017. Prior to that, the Department was located at 3181 SW Sam Jackson Park Road in Portland, Oregon with a secondary location at 1500 NW Bethany Boulevard in Beaverton, Oregon. (*Id.*)

39. On or around May 8, 2018, Mr. Hefflinger represented to Mr. Fennewald that he had

a surgical procedure done on his hip at OHSU. Based on Mr. Hefflinger's representation, Mr. Fennewald wrote a note on Mr. Hefflinger's behalf, stating that:

> [Mr. Hefflinger] is a patient at the Oregon Health & Science University.
>
> Mr. Hefflinger had 3 major surgeries done by Dr. Meeker. He had surgeries on 01/18/2015, 02/24/2015, 03/28/2016, and medical complications such as multiple embolism 7/1/2015. He has daily pain as a result of his original injury and prolonged recovery. He may have to have additional medical interventions in the future. He is scheduled to have a left shoulder arthroplasty on June 25, 2018 as well as a left hip revision arthroplasty planned for January, 2019.
>
> He had surgeries done by a different facility on 05/28/2016 and 09/01/2017.
>
> Due to his constant pain and his pain medications that he takes, he is not medically available to participate in any depositions, hearings, mediations or administrative hearings until January, 2020 pending any further medical complications.

(Ex. A31 at 1.) Mr. Fennewald later determined that Mr. Hefflinger did not have a surgical procedure done on his hip at OHSU. Following the May 8, 2018 note, Mr. Hefflinger asked Mr. Fennewald to write additional medical notes on his behalf. Mr. Fennewald declined to do so. (Ex. A30 at 2.) Mr. Hefflinger provided the May 8, 2018 note to the Division and the OAH. As a result of the note, the Division and the OAH agreed to postpone the administrative hearing in this matter. (Pleadings P56, P57.)

40. Mr. Hefflinger provided a medical note to the Division and the OAH, dated June 11, 2019, stating, in relevant part:

> [Mr. Hefflinger] is a patient at the Oregon Health and Science University.
>
> Mr. Hefflinger has had six major surgeries in the past 4 years. Most recently, in April 2019, he underwent a revision total left hip replacement. He has daily pain as a result of his original injuries and mental health disorders and has now been admitted into a long-term rehabilitation center. He also has an additional left shoulder surgery scheduled August 28, 2019. Due to his constant pain and pain medications that he takes daily he is not medically available to participate in any administration [*sic*] hearings or mediations until June 2020.

(Ex. A32 at 1.) The note had a signature, purporting to be Nathan Fennewald. (*Id.*) The note was on different letterhead than the May 8, 2018 note. (Exs. A31, A32.) Mr. Fennewald did not write or sign the note. (Ex. A30 at 2-3.) The note (incorrectly) listed Mr. Fennewald's work address as 1500 NW Bethany Blvd. in Beaverton, Oregon. The letterhead listed 3181 SW Sam Jackson Park Road in Portland, Oregon as the Department's address. (Ex. A32 at 1.) The note is not in

OHSU's computer system, EPIC, which stores all medical notes that OSHU employees draft. Mr. Hefflinger did not have a revision total left hip replacement surgery at OHSU in April 2019. The Department found that this surgery was not warranted for Mr. Hefflinger. (Ex. A30 at 2.) As a result of the June 11, 2019 note, the Division and the OAH agreed to postpone the administrative hearing in this matter. (Pleading P66.)

41. Mr. Hefflinger provided a medical note to the Division and the OAH, dated August 20, 2019, stating, in relevant part:

> [Mr. Hefflinger] is a patient at the Oregon Health & Science University.
>
> Mr. Hefflinger resides in a long term rehabilitation center and is rescheduled to have left shoulder arthroplasty September 24, 2019. Due to his constant pain and pain medications that he takes daily he is not medically available to participate in any administrative hearings until August, 2020 pending any further medical surgeries and complications.

(Ex. A33 at 1.) The note had a signature, purporting to be Nathan Fennewald. (*Id.*) The note was on different letterhead than the May 8, 2018 note. (Exs. A31, A33.) Mr. Fennewald did not write or sign the note. (Ex. A30 at 3.) The note (incorrectly) listed Mr. Fennewald's work address as 1500 NW Bethany Blvd. in Beaverton, Oregon. The letterhead listed 3181 SW Sam Jackson Park Road in Portland, Oregon as the Department's address. (Ex. A33 at 1.) The note is not in OHSU's EPIC computer system. (Ex. A30 at 3.) As a result of the August 20, 2019 note, the Division and the OAH agreed to further postpone the administrative hearing in this matter. (Pleading P69.)

42. Mr. Hefflinger provided a medical note to the Division and the OAH, dated October 22, 2019, stating, in relevant part:

> [Mr. Hefflinger] is a patient at the Oregon Health & Science University.
>
> Mr. Hefflinger continues to reside in a long term rehabilitation center and is rescheduled to have left shoulder arthroplasty November 13, 2019 at another facility. Due to his constant pain and pain medications that he takes daily he is not medically available to participate in any administrative hearings until November, 2020 pending any further medical surgeries and complications.

(Ex. A34 at 1.) The note had a signature, purporting to be Nathan Fennewald. (*Id.*) As with the June 11 and August 20, 2019 notes, Mr. Fennewald did not write or sign the October 22, 2019 note. (Ex. A30 at 3-4.) As a result of the October 22, 2019 note, the Division and the OAH agreed to postpone the administrative hearing in this matter. (Pleadings P72, 73.)

CONCLUSIONS OF LAW

1. Mr. Hefflinger acted as a mortgage loan originator under ORS 86A.200(4)(a) by taking an application for or negotiating the terms of Oregon residential mortgage loans for CH,

DD, PK, and SI on behalf of Bay Equity.

2. Mr. Hefflinger violated ORS 86A.203(1) by engaging in business as a mortgage loan originator on Oregon residential mortgage loans for CH, DD, PK, and SI when he was not licensed to do so.

3. Mr. Hefflinger violated ORS 86A.236(3) and ORS 86A.154(2) by making an untrue statement of material fact to CH.

4. Mr. Hefflinger violated ORS 86A.224(1)(c) by making a false statement or material misstatement of fact on his license application for an Oregon loan originator license.

5. Mr. Hefflinger violated ORS 86A.224(1)(c) by making a false statement or material misstatement of fact on an renewal application for his Oregon loan originator license.

6. Mr. Hefflinger violated ORS 86A.236(4) by filing or causing to be filed with the Director statements that were known to be false in a material manner.

7. Mr. Hefflinger violated ORS 86A.154(4) by filing documents on three separate occasions with the Division which were known to be false.

8. The Division may order Mr. Hefflinger to cease and desist from violating any provision of the Oregon Mortgage Lender Law.

9. The Division may deny Mr. Hefflinger's request for renewal of his Oregon loan originator license.

10. The Division may revoke Mr. Hefflinger's Oregon loan originator license.

11. The Division may assess a civil penalty of $25,000 against Mr. Hefflinger for violations of the Oregon Mortgage Lender Law as follows:

a. $5,000 for violations of ORS 86A.203;

b. $5,000 for violations of ORS 86A.154 and ORS 86A.236;

c. $15,000 for committing three violations of ORS 86A.154 and ORS 86A.236.

OPINION

The Division proposes to revoke Mr. Hefflinger's Oregon loan originator license, deny Mr. Hefflinger's request for renewal of the license, order Mr. Hefflinger to cease and desist from violation Oregon Mortgage Lender Laws, and assess a civil penalty for violations of the Oregon Mortgage Lender Law. As the proponent of the allegations, the Division has the burden to establish, by a preponderance of the evidence, that the allegations are correct and that it is entitled to take the proposed actions against Mr. Hefflinger. ORS 183.450(2) ("The burden of

presenting evidence to support a fact or position in a contested case rests on the proponent of the fact or position"); *Reguero v. Teachers Standards and Practices Commission,* 312 Or 402, 418 (1991) (burden is on Commission in disciplinary action); *Dixon v. Board of Nursing*, 291 Or App 207, 213 (2018) (in administrative actions, burden of proof is by a preponderance of the evidence). Proof by a preponderance of the evidence means that the fact finder is persuaded that the facts asserted are more likely than not true. *Riley Hill General Contractor v. Tandy Corp*., 303 Or 390, 402 (1987).

1. *Acting as a Mortgage Loan Originator Without a License*

ORS 86A.203, titled "License and unique identifier for mortgage loan originator; requirements; exemptions; rules," provides, in relevant part:

> (1) Except as provided in subsection (2) of this section, an individual may not engage in business as a mortgage loan originator in this state without first:
>
> (a) Obtaining and maintaining a mortgage loan originator's license under ORS 86A.212 or renewing a mortgage loan originator's license under ORS 86A.218; and
>
> (b) Obtaining a unique identifier from the Nationwide Mortgage Licensing System and Registry.

Mr. Hefflinger did not have a mortgage loan originator's license in Oregon until September 25, 2014. Thus, pursuant to ORS 86A.203(1) he was not allowed to engage in business as a mortgage loan originator in Oregon prior to that date. The Division alleges that Mr. Hefflinger violated this rule and acted as a mortgage loan originator by taking an application for or negotiating the terms of residential mortgage loans for Ms. Houriet, the Iveys, Mr. Kinville, and Dr. Doyle.

ORS 86A.200(4) defines "mortgage loan originator" as:

> (4)(a) "Mortgage loan originator" means an individual who, for compensation or gain:
>
> (A) Takes an application for a residential mortgage loan; or
>
> (B) Offers or negotiates terms for a residential mortgage loan.

ORS 86A.200(4)(b)(A) states that a "mortgage loan originator" does *not* include "[a]n individual who, as an employee or independent contractor, works solely as a loan processor or underwriter." In turn, ORS 86A.200(3)(a) defines a "loan processor or underwriter" as follows:

> "Loan processor or underwriter" means an individual who, after receiving an application, performs clerical or support duties that include:

(A) Receiving, collecting, distributing and analyzing information commonly used in processing or underwriting a residential mortgage loan; or

(B) Communicating with a consumer to obtain information necessary to process or underwrite a residential mortgage loan.

ORS 86A.200(3)(b) states that a "loan processor or underwriter" does *not* include "an individual who communicates with a consumer for the purpose of offering or negotiating residential mortgage loan terms with the consumer or offering counsel or consultation to the consumer concerning residential mortgage loan terms or rates."

ORS 86A.200(8) provides:

"Residential mortgage loan" means a loan that is secured by a mortgage, deed of trust or equivalent consensual security interest on four or fewer residential dwelling units, including but not limited to individual dwelling units, mobile homes, condominiums or cooperatives that are planned for or situated on real property in this state.

OAR 441-850-0005 provides that:

(21) "Loan terms" include, but are not limited to:

(a) The provisions related to the payment amounts, expressed either as a percentage or dollar amount;

(b) The length of the loan;

(c) The market or fully indexed rate;

(d) The start rate;

(e) The life cap rate; and

(f) Whether the loan permits negative amortization.

* * * * *

(28) "Originates" as used under section 3(2)(a) of 2017 Or Laws ch 636 § means providing a service involved in the creation of a residential mortgage loan, including but not limited to the taking of the loan application, loan processing, the underwriting and funding of the loan, and the processing and administrative services required to perform these functions.

Mr. Hefflinger contacted Ms. Houriet about refinancing her residential mortgage in December of 2013, while he was employed as a sales assistant with Bay Equity. He told Ms. Houriet that it was an "opportune time" to refinance her loan. They discussed her goals for refinancing, the different loan options available to her, possible interest rates, the type of loan Ms. Houriet could get, and the location of the subject property. She worked exclusively with Mr. Hefflinger when she completed and submitted her application for the refinance of her residential mortgage. The evidence establishes that Mr. Hefflinger both took Ms. Houriet's application for a residential mortgage loan and offered or negotiated terms with Ms. Houriet regarding her residential mortgage loan. Thus, he acted as a mortgage loan originator without a license in violation of ORS 86A.203(1).

As with Ms. Houriet, Mr. Hefflinger also acted as a mortgage loan originator when working with Mr. and Mrs. Ivey on the refinance of their loan. He discussed potential interest rates for a loan, the location of the subject property, the type of loan they wanted to take, the loan duration, and the amount of the loan. Additionally, he accepted their loan application. While the Iveys ultimately did not complete the refinance loan with Mr. Hefflinger, throughout the application process Mr. Hefflinger acted as a mortgage loan originator without a license in violation of ORS 86A.203(1).

Similarly, Mr. Hefflinger worked exclusively with Mr. Kinville and with Dr. Doyle on the refinance of their home loans. He discussed loan terms and interest rate with each of them. He collected income documentation and accepted each of their applications. He also notified other Bay Equity staff that he was the only person who was to have direct contact with either of them. Thus, Mr. Hefflinger acted as a mortgage loan originator without a license in violation of ORS 86A.203(1) in his interactions with both Mr. Kinville and Dr. Doyle.

2. *Untrue Statement of Material Fact to a Consumer*

ORS 86A.236 provides, in relevant part:

> A person who is subject to regulation under ORS 86A.200 to 86A.239 in connection with the person's activities as a mortgage loan originator may not:
>
> * * * * *
>
> (3) Knowingly make an untrue statement of a material fact or omit from a statement a material fact that would make the statement not misleading in light of the circumstances under which the person makes the statement[.]

ORS 86A.154 provides, in relevant part:

> It is unlawful for any person, directly or indirectly, in connection with the conduct of a mortgage banker or mortgage broker business:
>
> * * * * *

> (2) Knowingly to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading[.]

On February 12, 2014, Mr. Houriet requested to "cancel" her refinance loan application with Bay Equity after Mr. Hefflinger told her that Bay Equity would not complete her refinance loan. Mr. Hefflinger knew this was an untrue statement, as Bay Equity had received an approved underwriting decision for Ms. Houriet's refinance loan on February 7, 2014. Thus, Mr. Hefflinger's statements to Ms. Houriet regarding the status of her refinance loan were untrue and in violation of ORS 86A.154(2) and ORS 86A.236(3).

3. *Untrue Statement of Material Fact on Applications for Licensure*

ORS 86A.224 provides, in part:

> (1) In addition to authority the Director of the Department of Consumer and Business Services has under ORS 86A.095 to 86A.198, the director under this section has the authority, subject to ORS chapter 183, to deny, suspend, place conditions upon, revoke or decline to renew a mortgage loan originator's license or permanently prohibit a person from conducting business as a mortgage loan originator if:
>
> * * * * *
>
> (c) An applicant makes a false statement or a material misstatement of fact on an application for a mortgage loan originator's license or a licensed mortgage loan originator makes a false statement or a material misstatement of fact on an application to renew a mortgage loan originator's license[.]

On September 17, 2014, Mr. Hefflinger submitted an application to the Division for a mortgage loan originator license. The application requested his employment history for the prior 10 years. Mr. Hefflinger failed to list Bay Equity as an employer, even though he had worked for Bay Equity as a sales assistant from November 8, 2013 through February 20, 2014. Mr. Hefflinger attested that all the information in the application was true, accurate, and complete. However, his failure to list Bay Equity as a past employer was false statement, and thus grounds to revoke or decline to renew his mortgage loan originator's license under ORS 86A.224(1).

Likewise, on November 1, 2015, Mr. Hefflinger submitted an application for renewal of his mortgage loan originator license. On that renewal application, he answered "no" to the question asking if there was any pending regulatory action against him for any alleged violation of a financial services-related activity. Prior to submitting that application, the Division had notified Mr. Hefflinger that it was investigating him regarding financial services-related activity and that he would be subject to regulatory action. His failure to accurately report this information to the Division on his renewal application also provides grounds to revoke or decline to renew his mortgage loan originator's license under ORS 86A.224(1).

4. *Untrue Complaints Filed With the Division*

ORS 86A.236, titled "Prohibited activities," provides, in part:

> A person who is subject to regulation under ORS 86A.200 to 86A.239 in connection with the person's activities as a mortgage loan originator may not:
>
> * * * * *
>
> (4) Make or file or cause to be made or filed with the Director of the Department of Consumer and Business Services a statement, report or document that the person knows is false in a material respect or matter[.]

On October 4, 2015, Mr. Hefflinger filed a complaint with the Division under the name Financial I. Fraud, alleging that Ms. Boumann engaged in unlicensed mortgage loan activity. On October 8, 2015, Mr. Hefflinger filed a complaint with the Division under the name Concerned A. Consumers, alleging that Ms. Boumann engaged in unlicensed mortgage loan activity. On October 17, 2015 and November 24, 2015, Mr. Hefflinger filed complaints with the DOJ (under the names "Ryan V" and "Erick Z", respectively), alleging that Ms. Boumann engaged in unlicensed mortgage loan activity. The DOJ forwarded the complaints to the Division for investigation. The Division investigated all the complaints and found no evidence that Ms. Boumann engaged in any unlicensed mortgage loan activity. The evidence establishes that, at the time Mr. Hefflinger filed each of the complaints, he used names other than his own to file the complaints and knew the information contained in the complaints was false. Thus, he filed and caused to filed with the Division four statements which he knew were false, in violation of ORS 86A.236(4).

5. *Filing Untrue Medical Notes with the Division*

ORS 86A.154 provides:

> It is unlawful for any person, directly or indirectly, in connection with the conduct of a mortgage banker or mortgage broker business:
>
> * * * * *
>
> (4) To make or file, or cause to be made or filed, to or with the Director of the Department of Consumer and Business Services any statement, report or document which is known to be false in any material respect or matter.

On May 8, 2018, Mr. Fennewald wrote a medical note on Mr. Hefflinger's behalf regarding his medical status and inability to participate in an administrative hearing. That note was based, in part, on Mr. Hefflinger's false representations to Mr. Fennewald regarding past medical care he received. Upon learning of Mr. Hefflinger's misrepresentation, Mr. Fennewald declined to provide Mr. Hefflinger with any additional medical notes.

In June of 2019, August of 2019, and October of 2019, Mr. Hefflinger filed medical reports with the Division and OAH that he knew to be fraudulent. The notes purported to be authored by Mr. Fennewald, but Mr. Fennewald did not author any of them. These forged notes, falsely describing Mr. Hefflinger's medical condition, were filed with the express purpose of delaying the Division's administrative proceedings against Mr. Hefflinger for alleged misconduct relating to a mortgage broker business. Thus, Mr. Hefflinger's submission of the June 11, August 20, and October 22, 2019 medical notes violated ORS 86A.154(4).

6. *Revocation and Denial of Renewal of Mortgage Loan Originator License*

ORS 86A.224, provides, in relevant part:

> (1) In addition to authority the Director of the Department of Consumer and Business Services has under ORS 86A.095 to 86A.198, the director under this section has the authority, subject to ORS chapter 183, to deny, suspend, place conditions upon, revoke or decline to renew a mortgage loan originator's license or permanently prohibit a person from conducting business as a mortgage loan originator if:
>
> (a) A licensed mortgage loan originator violates a provision of ORS 86A.200 to 86A.239 or a rule or order the director issues under ORS 86A.200 to 86A.239;
>
> (b) The director makes a finding under ORS 86A.212 or 86A.218 that the director believes justifies a decision to deny or decline to renew a mortgage loan originator's license;
>
> (c) An applicant makes a false statement or a material misstatement of fact on an application for a mortgage loan originator's license or a licensed mortgage loan originator makes a false statement or a material misstatement of fact on an application to renew a mortgage loan originator's license; or
>
> (d) A person who is not exempted from the requirement to obtain a mortgage loan originator's license under ORS 86A.203 (2) conducts business as a mortgage loan originator without applying for and receiving a mortgage loan originator's license under ORS 86A.206 and 86A.212.

As discussed above, Mr. Hefflinger violated ORS 86A.203(1) when he acted as a mortgage loan originator without a license when he accepted applications for residential mortgage loans and offered or negotiated terms of residential mortgage loans with the following consumers: Ms. Houriet, Mr. and Mrs. Ivey, Mr. Kinville, and Dr. Doyle. These actions are grounds to revoke Mr. Hefflinger's mortgage loan originator license and deny him renewal of that license under ORS 86A.224(1)(d).

Mr. Hefflinger also violated ORS 86A.236(3) when he knowingly made an untrue statement of material fact to Ms. Houriet regarding her residential mortgage loan. This conduct is

grounds to revoke Mr. Hefflinger's mortgage loan originator license and deny him renewal of that license under ORS 86A.224(1)(a).

Mr. Hefflinger made an untrue statement regarding his past employment when he applied for his mortgage loan originator license by omitting his employment with Bay Equity on his application. This violation is grounds to revoke Mr. Hefflinger's mortgage loan originator license and deny him renewal of that license under ORS 86A.224(1)(c). Likewise, his failure to accurately answer the question regarding pending regulatory action against him is grounds to revoke Mr. Hefflinger's mortgage loan originator license and deny him renewal of that license under ORS 86A.224(1)(c).

Mr. Hefflinger filed two false complaints directly with the Division, and caused two other false complaints to be filed with the Division (through the DOJ), alleging that Ms. Boumann had engaged in unlicensed mortgage loan activity. The filing of these false complaints violated ORS 86A.236(4) and constitute grounds to revoke Mr. Hefflinger's mortgage loan originator license and deny him renewal of that license under ORS 86A.224(1)(a).

Considering the established violations in this matter, the Division is entitled to revoke Mr. Hefflinger's mortgage loan originator license and deny his request for renewal of that license.

7. *Cease and Desist Order*

ORS 86A.224(2) provides, in relevant part:

> The director, subject to ORS chapter 183, may order a person that is subject to regulation under ORS 86A.200 to 86A.239 to:
>
> (a) Cease and desist immediately or permanently from violating a provision of ORS 86A.200 to 86A.239 or from an act or practice related to mortgage loan origination that the director deems harmful to a consumer or to the public[.]

As discussed above, the Division has established that Mr. Hefflinger violated several provisions of the Oregon Mortgage Lender Laws. Thus, the Division may order Mr. Hefflinger to cease and desist from violating any provision of the Oregon Mortgage Lender Law.

8. *Civil Penalty*

ORS 86A.224(3) provides:

> (a) The director, in accordance with ORS 183.745, may impose a civil penalty in an amount not to exceed $5,000 for each separate instance of a violation of or failure to comply with the provisions of ORS 86A.200 to 86A.239 or a rule or order the director adopted or issued under ORS 86A.200 to 86A.239.

> (b) Every violation described in paragraph (a) of this subsection is a separate offense that is subject to a separate penalty. Each day in which the same violation occurs is a separate violation. A violation that continues for more than one day is a continuing violation that is subject to a maximum penalty of $20,000.

The Division proposed to assess a $25,000 civil penalty against Mr. Hefflinger for violations of the Oregon Mortgage Lender Laws. The Division assessed a $5,000 penalty for violations of ORS 86A.203 (acting as a mortgage loan originator without a license by accepting applications for residential mortgage loans and offering or negotiating terms of residential mortgage loans with four consumers). The Division also assessed a $5,000 penalty for violations of ORS 86A.154 and ORS 86A.236 (knowingly making an untrue statement of material fact to a consumer, knowingly making false statements or material misstatements of fact to the Division on an application for licensure, and knowingly filing or causing to be filed untrue complaints regarding Ms. Boumann). Finally, the Division assessed a $5,000 penalty for filing the June 2019 false medical note with the Division; a $5,000 penalty for filing the August 2019 false medical note with the Division; and a $5,000 penalty for filing the October 2019 false medical note with the Division.

The Division established that Mr. Hefflinger engaged in all the alleged violations found in the Fifth Amended Notice. Thus, the Division may impose a total civil penalty of $25,000. Pursuant to ORS 86A.224(3) and ORS 183.745(2), the civil penalty is due and payable 10 days after the final order imposing the civil penalty becomes final by operation of law or on appeal.

ORDER

The Department of Consumer & Business Services, Division of Financial Regulation, issues the following order:

The Division's February 10, 2020 Fifth Amended Notice is AFFIRMED.

The Division ORDERS Mr. Hefflinger to cease and desist from violating any provision of the Oregon Mortgage Lender Law pursuant to ORS 86A.224.

The Division DENIES Mr. Hefflinger's request for renewal of his Oregon loan originator license pursuant to ORS 86A.224 for his violations of ORS 86A.154(2) and (4), ORS 86A.203(1), and ORS 86A.236(3) and (4).

The Division REVOKES Mr. Hefflinger's Oregon loan originator license pursuant to ORS 86A.224 for his violations of ORS 86A.154(2) and (4), ORS 86A.203(1), and ORS 86A.236(3) and (4).

Pursuant to ORS 86A.224, the Division ASSESSES a civil penalty of $25,000 for violations of the Oregon Mortgage Lender Law as follows:

a. $5,000 for violations of ORS 86A.203;

b. $5,000 for violations of ORS 86A.154 and ORS 86A.236;

c. $15,000 for committing three violations of ORS 86A.154 and ORS 86A.236.

The civil penalty is due and payable 10 days after the final order imposing the civil penalty becomes final by operation of law or on appeal.

Dated this 8th day of July, 2021.

Andrew Stolfi, Director
Department of Consumer and Business Services

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

NOTICE OF RIGHT TO JUDICIAL APPEAL

Except as provided in ORS 86A.142, you may be entitled to judicial review of this Order 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.