

1 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
2 DIVISION OF FINANCE AND CORPORATE SECURITIES  
3 FINANCE SECTION  
4 BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
5 STATE OF OREGON

6 In the Matter of )

O-00-0040

7 LIFESTYLE MORTGAGE GROUP INC., )  
8 DAN NETTLETON AND )  
9 RICK GOODWIN )

FINAL ORDER BY DEFAULT -  
REVOCATION OF MORTGAGE  
BANKER/BROKER LICENSE AND  
IMPOSITION OF CIVIL PENALTIES

10 To: Lifestyle Mortgage Group Inc., Dan Nettleton, and Rick Goodwin  
11 c/o Scott Caplan  
12 921 SW Washington St. Suite 755  
13 Portland, Oregon 97205

14 On October 27, 2000, certified true copies of a Cease and Desist Order and a  
15 Notice of Intent to Revoke Mortgage Banker/Broker License and to Impose Civil  
16 Penalties were served upon Lifestyle Mortgage Group Inc., Dan Nettleton, and Rick  
17 Goodwin by certified mail. Dan Nettleton and Rick Goodwin each signed for their  
18 certified mail on October 28, 2000. The certified mail for Lifestyle Mortgage Group Inc.  
19 was signed for on October 30, 2000. This notice alleged that (1) Lifestyle Mortgage  
20 Group Inc.'s application for a license is currently incomplete, (2) that the most recent  
21 application for a mortgage banker/broker license filed by Lifestyle Mortgage Group Inc.  
22 contained false information; (3) that Lifestyle Mortgage Group Inc. engaged in  
23 unlicensed Oregon residential mortgage activity between June 9, 2000 and July 25,  
24 2000; (4) that Lifestyle Mortgage Group Inc. failed to response to a request for  
25 information sent by the Director of the Department of Consumer and Business Services  
26 (hereinafter "Director"); (5) that Lifestyle Mortgage Group Inc. failed to appear to give  
testimony on September 13, 2000 at 9 a.m. in response to a subpoena issued by the

1 Director; and (6) that Lifestyle Mortgage Group Inc. is insolvent. The Notice further  
2 granted to Lifestyle Mortgage Group Inc., Dan Nettleton, and Rick Goodwin an  
3 opportunity for hearing, if requested within 21 days of service of the Notice. No such  
4 request for hearing has been received by the Director. The Notice designated the  
5 Division of Finance and Corporate Securities' file on this matter as the record for  
6 purposes of default.

7 NOW THEREFORE, after consideration of the records and files of the Division  
8 of Finance and Corporate Securities relating to this matter, the Director enters the  
9 following Order.

#### 10 FINDINGS OF FACT

11 1. Lifestyle Mortgage Group, Inc., an Oregon corporation formed on May 1, 1998,  
12 engages in Oregon residential mortgage transactions. Lifestyle Mortgage Group, Inc.  
13 is owned by Dan Nettleton, who owns 60% of the company, and Rick Goodwin, who  
14 owns the remaining 40%. On June 23, 1998, the Director issued a mortgage lender  
15 license to Lifestyle Mortgage Group, Inc.

16 2. On May 11, 2000, the Director received a notice of surety bond cancellation  
17 for Lifestyle Mortgage Group, Inc.'s surety bond and mailed notice to Lifestyle Mortgage  
18 Group, Inc. that unless a replacement bond or reinstatement was received by June 9,  
19 2000, Lifestyle Mortgage Group, Inc.'s license would be cancelled. When the Division  
20 had not received a replacement bond or reinstatement on June 20, 2000, Lifestyle  
21 Mortgage Group, Inc.'s license was cancelled retroactively to June 9, 2000.

22 3. On July 21, 2000, Lifestyle Mortgage Group, Inc. filed with the Director an  
23 application for a new license that was accompanied by the licensing fee of \$500 in the  
24 form of check number 1734 payable to the State of Oregon drawn on Lifestyle Mortgage  
25 Group, Inc.'s Bank of America account number 32307038028869. On August 7, 2000,  
26 the Director received notice that the check had been returned by the bank for insufficient

1 funds. Lifestyle Mortgage Group, Inc. has not provided any other payment for the July  
2 2000 application's licensing fee than check number 1734.

3 4. On July 21, 2000, Lifestyle Mortgage Group, Inc. filed with the Director an  
4 application for a new license. As part of the application, Dan Nettleton, the 60% owner  
5 and experienced person for Lifestyle Mortgage Group, Inc., completed a Section 5 –  
6 Owner/Control Person Information. The Section 5 contains five questions answered for  
7 and signed by Dan Nettleton on June 15, 2000 just below the statement "I certify that  
8 the information provided in this application is current, accurate, and complete." If the  
9 answer to any question is "yes," a brief statement must be attached containing the case  
10 name, case number, and a brief description of the allegations. The final question is "In  
11 the 10 years immediately preceding the date of this application, have you filed or  
12 declared bankruptcy?" Like the other four questions, that question was marked "No" on  
13 Dan Nettleton's Section 5. In addition to the "No" answer, the application did not contain  
14 any case name, number or brief description of any allegations.

15 5. The Director reviews the circumstances of any event that causes a "yes"  
16 answer on an application before approval to determine if licensing is appropriate.

17 6. On January 6, 2000, Dan Nettleton and Cynthia Nettleton filed Chapter 13  
18 bankruptcy in case number 00-30108 in the United States Bankruptcy Court for the  
19 District of Oregon. A search of the records indicates that a dba of Life Style Mortgage  
20 Group does appear in reference to the bankruptcy filing.

21 7. On July 25, 2000, the Director issued a license to Lifestyle Mortgage Group  
22 Inc. based upon the July 21, 2000 application, but Lifestyle Mortgage Group, Inc. was  
23 not licensed between June 6, 2000 and July 25, 2000.

24 8. On July 20, 2000, Lifestyle Mortgage Group, Inc. contacted an appraiser about  
25 providing additional services on an Oregon residential mortgage transaction.

26 9. Between June 9, 2000 and July 25, 2000, Lifestyle Mortgage Group, Inc.

1 ordered credit reports including multiple orders placed by Dan Nettleton and Rick  
2 Goodwin.

3 10. Between June 9, 2000 and July 25, 2000, while Lifestyle Mortgage Group, Inc.  
4 did not have a license, Lifestyle Mortgage Group, Inc. submitted at least four loans to  
5 a lender for funding. The lender's records indicate that the applications were taken after  
6 the first license was cancelled but before the second license was issued. At least two  
7 of the loans funded before the second license was issued.

8 11. On July 21, 2000, the Director, pursuant to the powers granted under ORS  
9 59.885(2) to the Director to conduct investigations, sent a request by certified mail that  
10 Lifestyle Mortgage Group, Inc. provide by August 7, 2000 at 5 p.m. a list of Oregon  
11 residential mortgage transactions originated on or after June 9, 2000. Lifestyle  
12 Mortgage Group, Inc. received the letter on July 25, 2000. Lifestyle Mortgage Group,  
13 Inc. did not produce any records pursuant to that request and the company did not  
14 provide any reason for failing to comply.

15 12. On August 14, 2000, the Director, pursuant to the powers granted ORS  
16 59.885(2) to the Director to conduct investigations and ORS 59.915 to subpoena  
17 witnesses, compel their attendance, take evidence and require the production of  
18 documents, sent a subpoena to Lifestyle Mortgage Group, Inc. by certified and first  
19 class mail requiring that Lifestyle Mortgage Group, Inc. appear to give testimony and  
20 produce documents on September 13, 2000 at 9 a.m. The subpoena was received on  
21 August 15, 2000.

22 13. On September 12, 2000, Dan Nettleton left a voicemail message for the  
23 Director's compliance officer, Kirsten Jepsen, indicating that he would be out of state on  
24 the day of the appearance but would make other arrangements. Dan Nettleton did not  
25 make other arrangements, nor did he return any messages left for him regarding the  
26 subpoena. Lifestyle Mortgage Group, Inc. failed to appear on September 13, 2000 and

1 failed to produce the records requested in the subpoena.

2 14. Lifestyle Mortgage Group, Inc.'s check for the \$500 licensing fee and several  
3 checks to a credit reporting agency were not honored due to insufficient funds.

4 15. On July 21, 2000, the Director received a call from an appraiser who had not  
5 been paid by Lifestyle Mortgage Group, Inc. for services rendered.

6 16. On August 7, 2000, the Director received a call from a credit reporting service  
7 that indicated that it had not been paid for credit reports ordered by Lifestyle Mortgage  
8 Group, Inc.

9 17. On August 3, 2000, a former employee of Lifestyle Mortgage Group, Inc.  
10 called to report that payroll for the company had been late a couple of times, that the  
11 company had not paid the loan officer in full, that checks written by Lifestyle Mortgage  
12 Group, Inc. on their operating account had been returned for insufficient funds and that  
13 Lifestyle Mortgage Group, Inc. laid off the operations manager for financial reasons.

14 18. On August 3, 2000, another employee reported having to present a paycheck  
15 at the bank several times before the bank finally indicated that there were sufficient  
16 funds for payment. The employee also reported receiving payroll checks written on  
17 Lifestyle Mortgage Group, Inc.'s client trust account.

18 **ULTIMATE FINDINGS OF FACT**

19 1. Lifestyle Mortgage Group, Inc. engaged in Oregon residential mortgage transactions  
20 while not licensed between June 9, 2000 and July 25, 2000.

21 2. Because Lifestyle Mortgage Group, Inc.'s check for the filing fee submitted with July  
22 21, 2000 application was drawn on an account with insufficient funds, the application  
23 submitted by Lifestyle Mortgage Group, Inc. was incomplete in a material respect as  
24 of the date that it was submitted.

25 3. Because Lifestyle Mortgage Group, Inc. has not replaced the check with sufficient  
26 funds for the licensing fee, the application submitted by Lifestyle Mortgage Group,

1 Inc. was incomplete in a material respect as of this date.

2 4. Because the Section 5 completed by Dan Nettleton indicated that he had not filed  
3 for bankruptcy in the past 10 years even though he filed for bankruptcy in January  
4 2000, Lifestyle Mortgage Group, Inc. filed a document with the Director a document  
5 that was known to be false in a material respect or matter.

6 5. Because the Section 5 completed by Dan Nettleton indicated that he had not filed  
7 for bankruptcy in the past 10 years even though he filed for bankruptcy in January  
8 2000, Lifestyle Mortgage Group, Inc. filed an application which contained a  
9 statement that was, in light of the circumstances in which it was made, false or  
10 misleading with respect to any material fact.

11 6. Lifestyle Mortgage Group, Inc. failed to produce records required by the Director in  
12 response to the written request made on July 21, 2000 and the subpoena which  
13 required appearance and production on September 13, 2000 at 9 a.m.

14 7. Lifestyle Mortgage Group, Inc. is either insolvent or is in such a financial condition  
15 that the company cannot continue with safety to customers.

16 **CONCLUSIONS OF LAW**

17 1. Lifestyle Mortgage Group Inc. engaged in Oregon residential mortgage transactions  
18 while unlicensed in violation of ORS 59.845(1).

19 2. Lifestyle Mortgage Group, Inc.'s filing of a document which was known to be false  
20 in a material respect or matter is a violation of ORS 59.930(4).

21 3. Lifestyle Mortgage Group, Inc.'s submission of an application that was incomplete  
22 in a material respect as of the date that it was submitted constitutes grounds for  
23 revocation of the license pursuant to ORS 59.865(5).

24 4. Lifestyle Mortgage Group, Inc.'s submission of an application that remains  
25 incomplete as of this date constitutes grounds for revocation of the license pursuant  
26 to ORS 59.865(5).

1 5. Lifestyle Mortgage Group, Inc.'s failure to produce records required by the Director  
2 constitutes grounds to revoke the license pursuant to ORS 59.865(11).


3 6. Lifestyle Mortgage Group, Inc.'s insolvency or unsafe financial condition constitutes  
4 grounds to revoke the license pursuant to ORS 59.865(1).

5 **ORDER**

6 The Director, pursuant to ORS 59.865, hereby **REVOKES** the mortgage  
7 banker/broker license issued to Lifestyle Mortgage Group, Inc.

8 In addition, the Director, pursuant to ORS 59.996, hereby **ORDERS** Lifestyle  
9 Mortgage Group, Inc., Dan Nettleton and Rick Goodwin to pay the State of Oregon a  
10 civil penalty of \$6,300.00. This penalty is based upon (1) \$5000.00 for knowingly  
11 conducting unlicensed activity, \$200 for funding two loans while unlicensed (\$100 per  
12 loan) and \$100.00 for taking two loan applications that did not fund prior to licensing  
13 (\$50 per application) for a total of \$5,300.00 for unlicensed activity violations and (2)  
14 \$1,000.00 for filing a false document with the Director.

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16  
17 Dated this 12<sup>th</sup> day of November, 2000.

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20   
21 Richard M. Nockleby, Administrator  
22 Division of Finance and Corporate Securities

23 NOTICE: You are entitled to judicial review of this Order. Judicial review may be  
24 obtained by filing a petition for review within 60 days from the service of this Order.  
25 Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of  
26 Appeals.