| | 1 | STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES DIVISION OF FINANCE AND CORPORATE SECURITIES ENFORCEMENT SECTION BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES | | | | |
|---|----------|---|---|--|--|--|
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| | 6 | In the Matter of: | M-05-0022 | | | |
| | 7 | RODNEY L. SMITH, | FINAL ORDER TO CEASE AND DESIST ORDER ASSESSING CIVIL PENALTIES | | | |
| | | LIGHTHOUSE LENDING AND INVESTMENTS, INC. | BY DEFAULT | | | |
| | 8 | dba LIGHTHOUSE LENDING | | | | |
| | 9 | Respondents. | | | | |
| | 10 | | | | | |
| | 11 | WHEREAS, the Director of the Department of Consumer and Business Services for the | | | | |
| | 12 | State of Oregon (hereafter the "Director"), acting by and pursuant to the authority of the Oregon | | | | |
| | 13 | Mortgage Lender Law, Chapter 59 of the Oregon Revised Statutes (hereinafter cited as ORS | | | | |
| | 14 | Chapter 59), and other applicable authority, has investigated the activities of RODNEY L. | | | | |
| rities | 15 | SMITH, LIGHTHOUSE LENDING AND INVESTMENTS, INC. dba LIGHTHOUSE | | | | |
| orporate Securities ling te 410 | 16 | LENDING (hereinafter the "Respondents"); and | | | | |
| Corpors Iding uite 410 | ; 17 | WHEREAS, on May 9, 2005 and | May 23, 2005 the Director of the Department of | | | |
| ries Bui t NE, Si -3881 | 18 | Consumer and Business Services for the St | ate of Oregon (hereafter the "Director"), acting by | | | |
| of Finar I Indust er Stree R 97301 | 19 | and pursuant to the authority of Oregon M | fortgage Lending Law, Chapter 59 of the Oregon | | | |
| vision bor and Wint lem, O | 20 | Revised Statutes, and other applicable authority, issued Administrative Order | | | | |
| L S 3 L D | 4 | CEASE AND DESIST, AND ASSESSING | CIVIL PENALTIES AND NOTICE OF RIGHT | | | |
| | 21 22 | TO CONTESTED CASE HEARING (here | after "the Order") against the Respondents; and | | | |
| | | WHEREAS, on May 9, 2005 and M | lay 23, 2005 Respondents were duly served with a | | | |
| | 23 | true copy of the Order and Notice by certified and regular United States Mail, first class postage | | | | |
| | 24 | prepaid, addressed to Respondents at the following last known addresses respectively: 9301 SW | | | | |
| | 25 | Tagert St., #32; Tualatin, OR 97062; and 78 | 40 W San Miguel Ave.; Glendale, AZ 85303-5162. | | | |
| | 26 | None of the mailings made by regular mail | were returned. The certified mailing sent to the | | | |

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| 1 | Oregon address was returned marked as "Not Deliverable As Addressed, Unable To Forward" |
|---|---|
| 2 | the certified Arizona mailing was returned marked as "Unclaimed". |

NOW THEREFORE the Director, having determined that the time for these Respondents to request a hearing has passed, hereby issues the following Findings of Fact, Conclusions of Law, and Final Order:

FINDINGS OF FACT

The Director FINDS that:

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- 1. Lighthouse Lending and Investments, Inc. dba Lighthouse Lending (hereinafter, "Lighthouse Lending") as a mortgage broker with a principal place of business located at 9301 SW Tagert St. #32; Tualatin OR 97062. At all times material hereto, Lighthouse Lending was licensed as a mortgage broker in the State of Oregon. Notice has been given to Lighthouse Lending that their license will be terminated on April 28, 2005 based on notice that their bond has been cancelled. The mortgage broker license number for Lighthouse Lending is ML-962.
- 2. At all times material hereto, Rodney L. Smith (hereinafter, "Smith") was the president, owner, control person, and experienced person of Lighthouse Lending.
- 3. Marcy Garber (hereinafter, "Garber") was a loan originator licensed in Oregon to work for Lighthouse Lending from February 4, 2002 to July 8, 2004.
- 4. Beginning in 2003, Garber operated a branch office of Lighthouse Lending located at 413 Second Ave. SW in Albany, Oregon (hereinafter, "the Albany office").
- 5. At all times material to this order, the Albany office was not licensed in Oregon as a branch office of Lighthouse Lending.
- 6. At times during 2003 and 2004, Garber advertised residential loans, including FHA loans, in Oregon, from the Albany office.
- 7. On November 18, 2003, at the Albany office, Garber represented to two investigators employed by the Division of Finance and Corporate Securities working undercover as potential borrowers, that she could help them obtain an FHA loan and other mortgage loans.

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| 1 | 8. Beginning In 2003, Garber originated residential mortgage loans from the Albany | | | | | |
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| 2 | office to one or more borrowers when she was not qualified to do so because the Albany office | | | | | |
| 3 | was not licensed in Oregon. | | | | | |
| 4 | 9. Beginning in 2003, Garber advertised and conducted mortgage lending business as | | | | | |
| 5 | "America One Mortgage" at the Albany office. | | | | | |
| 6 | 10. At all times material to this order, "America One Mortgage" was not an assumed | | | | | |
| 7 | business name licensed with the Oregon Division of Finance and Corporate Securities. | | | | | |
| 8 | 11. On January 27, 2004, Smith admitted that he was aware of complaints and inquiries | | | | | |
| 9 | from borrowers, realtors, and attorneys regarding Garber's mortgage-related activities. | | | | | |
| 10 | 12. On January 27, 2004, Smith admitted that the Albany office was one of his offices. | | | | | |
| 11 | 13. On January 27, 2004, Smith admitted to the Director that he did not keep track of | | | | | |
| 12 | the mortgage loans Garber originated. | | | | | |
| 13 | 14. On January 27, 2004, Smith admitted to the Director that he did not ask anyone | | | | | |
| 14 | other than Garber about the mortgage-related activities of the Albany office. | | | | | |
| 15 | 15. On January 27, 2004, Smith admitted to the Director that he did not independently | | | | | |
| 16 | verify information Garber provided to Smith about her mortgage-related activities, and Smith | | | | | |
| 17 | stated, "I just trust her." | | | | | |
| 18 | 16. On January 27, 2004, Smith admitted that signage on the Albany office window | | | | | |
| 19 | advertised FHA loans although that office was not licensed and was not approved to provide or | | | | | |
| 20 | originate FHA loans. | | | | | |
| 21 | 17. A Default Judgment was entered on July 29, 2004 by Judge Steve Kosach against | | | | | |
| 22 | Lighthouse Lending and Investments, Inc. dba Lighthouse Lending, Rodney Smith, Marcy | | | | | |
| 23 | Garber and Does 1-5. The judgment was entered in Washoe County, Nevada, under case | | | | | |
| 24 | Number CV04-01206, and awarded the plaintiff \$173,400.14 as a principal sum with a | | | | | |
| 25 | contractual rate of interest at 7.625% interest accruing until the judgment is paid in full. | | | | | |

Respondents did not notify the Director of this judgment as required by OAR 441-860-0070.

| | 1 | CONCLUSIONS OF LAW |
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| | 2 | The Director CONCLUDES that: |
| | 3 | 1. Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba Lighthouse |
| | 4 | Lending, failed to diligently supervise or control the mortgage-related activities of Marcy |
| | 5 | Garber, in violation of ORS 59.885(4). |
| | 6 | 2 . Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba Lighthouse |
| | 7 | Lending, failed to diligently supervise the Albany office for compliance with the Oregon |
| | 8 | Mortgage Lender Law, in violation of OAR 441-860-0040. |
| | 9 | 3. Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba Lighthouse |
| | 10 | Lending, operated an unlicensed branch in violations of ORS 59.845 and OAR 441-860-0030. |
| | 11 | 4. Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba Lighthouse |
| | 12 | Lending, made materially false statements to the Director in violations of ORS 59.930. |
| | 13 | 5. Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba Lighthouse |
| | 14 | Lending, used or caused to be published advertisements that were false, misleading or deceptive, |
| Securities | 15 | in violation of ORS 59.945. |
| Ų | 16 | 6. Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba Lighthouse |
| s Building E, Suite 410 881 | 17 | Lending, failed to notify the Director within 30 days of the occurrence of at least one material |
| eet NE, 01-388 | 18 | litigation, in violation of OAR 441-860-0070. |
| Labor and Indus 350 Winter Stre Salem, OR 973(Telephone; (502) | 19 | ORDER |
| | 20 | NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS: |
| | 21 | 1. The Director, pursuant to ORS 59.885(4), hereby ORDERS that Rodney L. Smith, |
| | 22 | Lighthouse Lending and Investments, Inc. dba Lighthouse Lending will CEASE |
| | 23 | AND DESIST from: |
| | 24 | a. Failing to supervise the mortgage-related activities of at least one affiliated loan |
| | 25 | originator, in violation of ORS 59.865(15); |
| | 26 | b. Failing to supervise a branch office for compliance with the Oregon Mortgage Lender |
| | | Law, in violation of OAR 441-860-0040; and |

| | 1 | c. Engaging in activity through unlicensed locations in violation of ORS 59.845 and |
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| | 2 | OAR 441-860-0030; and |
| | 3 | d. Publishing advertisements that are false, misleading or deceptive in violation of ORS |
| | 4 | 59.945; and |
| | 5 | e. Violating any provision of Oregon Mortgage Lender Law, OAR 441-850-0005 |
| | 6 | through 441-885-0010 and any rule or order issued by the Director. |
| | 7 | 2. Pursuant to the authority of ORS 59.996(1), the DIRECTOR |
| | 8 | hereby ASSESSES a CIVIL PENALTY in the amount of \$10,000.00 (ten thousand |
| | 9 | dollars) against Respondents Rodney L. Smith, Lighthouse Lending and Investments, Inc. dba |
| | 10 | Lighthouse Lending, jointly and severally, for violating ORS 59.840 et seq., including but not |
| | 11 | limited to the specific statutes and rules set out above. |
| | TT | IT IS SO ORDERED. |
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| | 13 | Dated this 14th day of July, 2005, NUNC PRO TUNC July 14, 2005 at Salem, Oregon. |
| | 14 | CORY STREISINGER, Director Department of Consumer and Business Services |
| urities | 15 | |
| orate Securities | 16 | 41/2 |
| 1 Corpo uilding Suite 41 | 17 | Floyd Lanter, Administrator Division of Finance and Corporate Securities |
| tries Bretties Bretti | 18 | Division of Finance and Corporate Securities |
| Division of Final Labor and Indust 350 Winter Stree Salem, OR 9730 | 19 | |
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