DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES
ENFORCEMENT UNIT
BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

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| **In the Matter of:**<br><br>**Lie Tan and Advanced Real Estate Loans Co.,**<br><br>**Respondent.** | **M-05-0038**<br><br>**FINAL ORDER OF DENIAL OF MORTGAGE BANKER/BROKER LICENSE BY DEFAULT** |

On May 24, 2005, the Director of the Department of Consumer and Business Services for the State of Oregon (hereafter the "Director"), acting by and pursuant to the authority of Oregon Mortgage Lender Law, Chapter 59 of the Oregon Revised Statutes, and other applicable authority, issued Administrative Order No. M-05-0038, which was an Order Of Denial Of Mortgage Banker/Broker License And Notice Of Right Of Hearing (hereafter "the Order") against Respondent Lie Tan and Advanced Real Estate Loans Co.

On May 25, 2005, Respondent Lie Tan and Advanced Real Estate Loans Co. was duly served with a true copy of the Order and Notice by United States Mail, postage prepaid, and addressed to Respondent Lie Tan by first class as well as certified mail at the following last known address: 3801 Cherry Lane, Medford, Oregon 97504. On June 3, 2005, Lie Tan signed for the certified mail delivered by the United States Post Office. The first class mail has not been returned and is presumed delivered.

Respondent Lie Tan And Advanced Real Estate Loans Co. has not made a written request for a contested case hearing in this matter and the time to do so has expired.

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**NOW THEREFORE**, after consideration of the Investigation Report and accompanying exhibits submitted in this matter by Bill Hansen, Investigator, the investigation and litigation files in this matter, and the licensing files of Advanced Real Estate Loans Co. and Advanced Mortgage and Investments, Inc., the Director hereby issues the following Findings of Fact, Conclusions of Law, and Final Order:

## FINDINGS OF FACT

The Director **FINDS** that:

1. Advanced Real Estate Loans Co. (hereinafter, "Respondent") is an Oregon Corporation with a principal place of business located at 3801 Cherry Lane in Medford, Oregon.

2. On January 21, 2005, Respondent filed an application for an Oregon residential mortgage lender license with the Director.

3. Respondent's application indicated that Lie Tan is the sole owner, President and Experienced Person for Respondent.

4. Section 5 of Respondent's application listed Lie Tan's date of birth as September 4, 1966 and included a social security number.

5. Respondent's application noted that Lie Tan owned "Advanced Mortgage And" from January 1, 1996 through October 1, 2003.

6. The Director licensed Advanced Mortgage and Investments Inc. as an Oregon residential mortgage lender from January 5, 1996 through December 23, 2003. Lie Tan, born on September 4, 1966, was the sole owner, President and Experienced Person for Respondent.

7. Section 5 of Advanced Mortgage and Investments Inc.'s application for an Oregon residential mortgage lender license indicated that Lie Tan's date of birth is September 4, 1966 but listed a different social security number than that included on Section 5 of Respondent's application. The Section 5 is signed by Lie Tan.

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8. According to the Oregon Department of Motor Vehicle records, Lie Hung Tan, born on September 4, 1966, resides at 3801 Cherry Lane in Medford, Oregon while Lie Foen Tan, born on November 11, 1958, resides at a different address in Medford, Oregon.

9. According to a social security number verification performed by the Director, Lie Hung Tan is not listed in connection with the social security number included on the application from Advanced Mortgage and Investments Inc. while both Lie F. Tan and Lie Hung Horsley are listed in connection with the social security number included on Respondent's application.

10. Advanced Mortgage and Investments Inc. and Lie Tan failed to provide tax documents to former employees after the employees contacted Lie Tan requesting tax documents regarding pay.

11. On February 1, 2005, the Director sent Respondent a letter indicating that Respondent's application for an Oregon residential mortgage lender license was incomplete because it was missing the required financial statement including a profit and loss statement and a balance sheet as well as the required surety bond.

12. To satisfy the financial statement requirement, Respondent filed the personal financial statements of Lie Tan along with a profit and loss statement for Respondent indicating no income or expenses.

13. The profit and loss statement of Lie Tan included in the financial statements indicated a net loss of $2,190.94.

14. The balance sheet, dated December 31, 2004, indicated that Lie Tan owned a number of properties whose combined value equaled $3,490,900.00 along with current assets including bank accounts and cash totaling $973.10 and vehicles and life insurance with a value of $17,474.68. All together, the balance sheet indicated a total of assets of $3,509,347.78.

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15. The balance sheet also indicated that Lie Tan owed in personal loans and notes payable a total of $185,358.73 as well as mortgages on the properties in the amount of $1,579,749.94 for total liabilities of $1,785,108.67.

16. Despite the apparent net worth in excess of $1,724,239.00, Lie Tan filed bankruptcy on September 17, 2004 in case number 04-61694 FRA-11 and was still in the bankruptcy process at the time of application.

## CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. By completing the Section 5 – Owner Control Person form of the applications for Advanced Mortgage and Investments, Inc. and Respondent with two different social security numbers, including one social security number that does not belong to her, Lie Tan violated ORS 59.930(4) by filing a document with the Director that is known to be false in any material respect or matter.

2. Violations of ORS 59.930(4) constitute unfair or unethical practices or conduct in connection with the mortgage business.

3. ORS 59.865(2) provides that engaging in unfair or unethical practices or conduct in connection with the mortgage business is grounds to deny an Oregon residential mortgage license to an applicant.

4. ORS 59.870 provides that if an owner has been guilty of any act or omission which would be cause for denying, suspending or revoking the license of an individual mortgage banker or mortgage broker, the Director may enter an order against the applicant or licensee under ORS 59.865

5. Therefore, because Lie Tan violated ORS 59.930(4) by filing a document with the Director known to be false in a material respect thus engaging in unfair or unethical practices or conduct in connection with the mortgage business, which constitutes grounds to deny issuing a license to an applicant under ORS 59.865(2), and

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Lie Tan is the sole owner of Respondent, the Director may deny Respondent an Oregon residential mortgage lender license pursuant to ORS 59.865(2) in connection with ORS 59.870.

6. Advanced Mortgage and Investments, Inc., by and through its sole owner Lie Tan, violated 26 CFR § 31.6051-1 by failing to provide W-2s to its employees.

7. Advanced Mortgage and Investments, Inc., by and through its sole owner Lie Tan, violated OAR 150-316.202(3) by failing to provide copies of the W-2 to be filed with the Oregon personal income tax return to its employees.

8. Violations of 26 CFR § 31.6051-1 and OAR 150-316-202(3) are illegal practices or conduct in any business or profession.

9. ORS 59.865(2) provides that engaging in an illegal practice or conduct in any business is grounds to deny an Oregon residential mortgage license to an applicant.

10. Therefore, because Lie Tan violated 26 CFR § 31.6051-1 and OAR 150-316-202(3) as the sole owner of Advanced Mortgage and Investments, Inc. thus engaging in an illegal practice or conduct in the conduct of any business or profession, which constitutes grounds to deny issuing a license to an applicant under ORS 59.865(2), and Lie Tan is the sole owner of Respondent, the Director may deny Respondent an Oregon residential mortgage lender license pursuant to ORS 59.865(2) in connection with ORS 59.870.

11. Respondent submitted the financial statements of Lie Tan to support that Respondent is not insolvent, however Lie Tan had filed for bankruptcy and was still in the bankruptcy process at the time of application thus Respondent is insolvent or cannot engage in business with safety to the customers of the applicant or licensee, which constitutes grounds to deny Respondent an Oregon residential mortgage lender license pursuant to ORS 59.865(1).

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12. If Respondent did not intend to rely on the financial statements of Lie Tan as part of its application despite having submitted them to the Director, then Respondent has failed to submit financial statements required by OAR 441-860-0020, therefore it has filed an application for a license that is incomplete in a material respect.

**ORDER**

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

The Director, pursuant to ORS 59.865, hereby **DENIES** a mortgage lender license to Advanced Real Estate Loans Co.

The entry of this Order in no way limits further remedies which may be available to the Director under Oregon law.

IT IS SO ORDERED.

Dated this 20th day of June, 2005, at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

Floyd Lanter, Administrator
Division Of Finance And Corporate Securities

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