



1 Renner” or “Renner”). He has a business address of 2233 NW Flanders, Suite #7; Portland, OR
2 97209. He is the owner and president of Respondent Pearl.

3 3. Respondent Pearl submitted an application to the Division of Finance and Corporate
4 Securities (hereinafter the “Division”) on April 28, 2005. In response to that application,
5 Division staff conducted interviews and gathered information relating to the application. As of
6 June 21, 2005, a mortgage lending or mortgage broker’s license had not been granted to either
7 Respondent.

8 4. In reviewing the application, Division staff determined the following:
9 a. On page 1 of Section 5, the application is incorrect with respect to felony convictions;
10 to wit: Respondent Renner does have a felony conviction that occurred within the last 10
11 years; and
12 b. The site listed as Respondents’ primary business address at 2233 NW Flanders, Suite
13 #7, is a vacant apartment building.

14 5. Separate and apart from the application process, the Division became aware of
15 advertising for Pearl Mortgage through various sources including the advertisements themselves.
16 The Division opened an investigation into the practices of Respondents Pearl and Renner,
17 including conducting interviews and gathering facts and other information relating to
18 Respondents’ conduct.

19 6. Respondent Renner purchased advertising for Respondent Pearl, to be published in at
20 least one publication, including but not limited to the Northwest Examiner. Such advertising for
21 Respondent Pearl was run at times between at least January 1, 2005 and May 10, 2005.

22 7. The advertisements for Respondent Pearl stated, among other things, “1.25% Lowest
23 Mortgage Rates Available!”, “No Points or Broker Fees”, and “No Limit on Cash Out”. The
24 advertisements listed an address of 2233 NW Flanders, Suite #7; Portland, OR 97210, and a
25 phone number of (503) 519-6522. At the bottom of the advertisement was the statement “CALL
26 NOW!”.



1 8. Respondents purchased and caused to be published advertising holding out both
2 respondents as licensed and available to provide mortgage loans. However, neither was licensed
3 with the Division.

4 9. Respondent Renner meet with Division staff on June 9, 2005 at the Division office in
5 Salem. During that meeting, Respondent Renner told Division staff that the boxes currently
6 stored at his office on NW Flanders contained only "shadow copies" of files that he worked on at
7 Morgan Financial. He told Division staff that Morgan Smith told him to take the files with him
8 when he left Morgan Financial. Division staff obtained these boxes of documents from the
9 office on NW Flanders on June 30, 2005, and reviewed them on July 5 and July 6, 2005 at the
10 Division office. These files, contained, among other things, documents bearing original
11 signatures of borrowers, files containing transactions bearing the names of Morgan Financial
12 staff other than Respondent Renner, and other documents that were clearly originals and not
13 merely copies.

14 10. ORS 59.845(1) states that "it is unlawful for any person to engage in residential mortgage
15 transactions in this state as a mortgage banker or mortgage broker unless the person is licensed.
16 Under ORS 59.845(2), any act constituting the business of a mortgage banker or mortgage
17 broker meets the definition of engaging in such transactions.

18 11. ORS 59.840(7)(c) states that a person acts as a mortgage broker if, for compensation or in
19 the expectation of compensation, a person makes, negotiates or offers to make or negotiate
20 mortgage loan.

21 12. ORS 59.945(1) states that "a mortgage banker or mortgage broker shall not use or cause
22 to be published any advertisement that contains any false misleading or deceptive statement or
23 representation".

24 13. ORS 59.930 states in relevant part that "it is unlawful for any person, directly or
25 indirectly, in connection with the conduct of a mortgage banker or mortgage broker business: (1)
26 To employ any device, scheme or artifice to defraud; (2) Knowingly to make any untrue

1 statement of a material fact or to omit to state a material fact necessary in order to make the
2 statements made, in the light of the circumstances under which they are made, not misleading;
3 (3) To engage in any act, practice or course of business which operates or would operate as a
4 fraud or deceit upon any person.”

5 CONCLUSIONS OF LAW

6 The Director **CONCLUDES** that Respondents Pearl and Renner violated the Oregon
7 Mortgage Lending laws as follows:

8 1. Acted as a mortgage broker as defined under Oregon law, including but not limited to
9 holding themselves out as licensed mortgage brokers and soliciting residential mortgage loans.
10 Respondents therefore engaged in residential mortgage transactions, as defined under Oregon
11 law, in this state as a mortgage banker or mortgage broker without a license in violation of
12 Oregon law, including but not limited to ORS 59.845; and

13 2. Directly or indirectly, in connection with the conduct of a mortgage banker or
14 mortgage broker business employed a device, scheme or artifice to defraud, knowingly made
15 material omissions, and engaged in any act, practice or course of business which operates or
16 would operate as a fraud or deceit upon any person by virtue of holding themselves out as
17 licensed mortgage brokers, with an active business at the address of 2233 NW Flanders, and as
18 able to engage in residential mortgage transactions, all in violation of Oregon law, including but
19 not limited to ORS 59.930 and 59.945.

20 ORDER

21 1. The Director, pursuant to ORS 59.840 *et seq.*, including but not limited to ORS
22 59.885(4), hereby **ORDERS** that Respondents Pearl and Renner each **CEASE AND DESIST**
23 from violating any provision of Oregon Mortgage Lender Law, ORS 59.840 *et seq.*, OAR 441-
24 850-005 through 441-885-0010 and any rule, order or policy issued by the Division.

25 2. The Director, pursuant to ORS 59.996 hereby **ORDERS** the Respondents, jointly and
26 severally are assessed a total penalty of \$5,000.00.

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 3. The Director, pursuant to ORS 59.865, 59.860, 59.870, 59.880, 59.885, hereby
2 **ORDERS** that the Respondent Pearl is granted a temporary license subject to the following
3 conditions, such that if Respondent Pearl is not in compliance at any time with any of the
4 following conditions, the license shall immediately revoked:

5 a. The term of the license is sixty (60) days, such that the license, if not renewed,
6 will expire 60 calendar days after the date of issuance as indicated on the license;

7 b. Heightened supervision is required as set forth below; and

8 c. The licensee is subject to the following conditions:

9 1) Respondent Pearl must designate a compliance supervisor who shall be
10 responsible for ensuring that all mortgage related activities of Respondent Pearl
11 subject to Oregon law are conducted in conformance with the applicable statutes
12 and regulations;

13 2) The name of the person designated under paragraph 1 (c) (1) above
14 shall be provided to the Division no later than five business days after the person
15 begins work for Respondent Pearl;

16 3) Respondent Renner or the person designated under paragraph 1 (c) (1)
17 above shall conduct a monthly review of Respondent Pearl's business practices to
18 ensure that they are in conformance with Oregon law; and

19 4) Respondent Renner and the person designated under paragraph 1 (c)
20 (1) above shall provide a certification to the Division that the review required
21 under paragraph 1 (c) (3) above was completed and that the business and business
22 practices of Respondent Pearl are in compliance with Oregon law.

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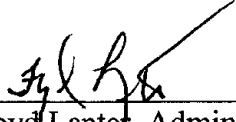
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1 The date of this order is the day the Director signs the order. The entry of this Order in
2 no way limits further remedies which may be available to the Director under Oregon law.

3 Dated this 14th day of July, 2005 at Salem, Oregon.

4 **CORY STREISINGER, Director**
5 **Department of Consumer and Business Services**


6 
7 Floyd Lanter, Administrator
8 Division of Finance and Corporate Securities

9 **CONSENT TO ENTRY OF ORDER**

10 I, David T. Renner, individually and as the owner and president of Pearl Mortgage
11 Group, Inc., state that I have read the foregoing Order and that I know and fully understand the
12 contents hereof; that I have been advised of the right to a hearing and of the right to be
13 represented by counsel in this matter; that I voluntarily and without any force or duress, consent
14 to the entry of this Order, expressly waiving any right to a hearing in this matter; that I
15 understand that the Director reserves the right to take further actions to enforce this Order or to
16 take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law;
17 and that I will fully comply with the terms and conditions stated herein.

18 I further assure the Director that neither I nor the employees or independent contractors
19 of Pearl Mortgage Group, Inc. will effect mortgage transactions in Oregon unless such activities
20 are in full compliance with Chapter 59 of the Oregon Revised Statutes. I understand that this
21 Consent Order is a public document.

22 Dated this 17 day of JULY, 2005.

23 By 
24 David T. Renner Individually and as
25 Owner & President for Pearl Mortgage Group, Inc.
26

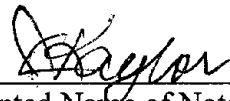
Division of Finance and Corporate Securities
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CORPORATE ACKNOWLEDGMENT

There appeared before me this 12 day of JULY, 2005, David T. Renner, who was first duly sworn on oath, and stated that they were and currently hold the corporate positions set out above, and that they are authorized and empowered to sign this Consent to Entry of Order individually and on behalf of Pearl Mortgage Group, Inc. and to bind Pearl Mortgage Group, Inc. to the terms hereof.



(Printed Name of Notary Public)

Notary Public

for the State of:

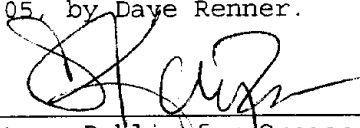
My commission expires: 9-28-07

Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97331-3888
Telephone: (503) 378-4387



STATE OF OREGON, COUNTY OF Multnomah) ss.

The foregoing instrument was acknowledged before me this 12TH day of JULY
2005, by Dave Renner.



Notary Public for Oregon
My Commission Expires: 09-28-07

