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

In the Matter of: **ERIC CHRISTOPHERSON, GRANVILLE BUDLONG and ROBERT PADUANO, individuals** **Respondents.**	**M-06-0042-3, M-06-0042-4, M-06-0042-5** **ORDER TO CEASE AND DESIST, ORDER IMPOSING CIVIL PENALTIES** **And** **CONSENT TO ENTRY OF ORDER**

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Eric Christopherson, Granville Budlong and Robert Paduano (hereinafter "Respondents") and determined that these individuals engaged in activities constituting violations of **ORS 59.840** *et seq.* (hereinafter cited as the Oregon Mortgage Lender Law); and

WHEREAS Respondents wish to resolve and settle this matter with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Respondents hereby **CONSENT** to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director **FINDS** that:

1. At all times relevant herein, Gibraltar Funding Corp. (hereinafter "Gibraltar") was a corporation located at 5011 Ocean Boulevard, Suite 305 in Sarasota, Florida (hereinafter "the Florida location"). As part of the application to obtain an Oregon residential mortgage license submitted to the Division of Finance and Corporate Securities (hereinafter "The Division"), Gibraltar reported that Eric Christopherson (hereinafter "Christopherson") owned 10% of the

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company and Zuzana Paduano owned the remaining 90% of the company. Robert Paduano (hereinafter "Paduano") reported to the California Department of Corporations that he was the Managing Director of Operations for Gibraltar. Granville Duke Budlong (hereinafter "Budlong") operated as the Operations Manager for Gibraltar. Andra Griffin acted as the Office Manager and Paralegal. Jodi Gastel and Jill Gastel were employees of Gibraltar.

2. On May 10, 2006, Anthony Miller signed a contract to purchase all the assets of Gibraltar from Christopherson and Zuzana Paduano. The sale was to be handled through Superior Escrow and the contract provided for the release of all funds to the sellers by June 21, 2006. By separate agreement, Miller agreed to continue to employ the managers and staff at the Florida location on a trial period of three months. Anthony Miller moved the headquarters of Gibraltar to 175 Fulton Avenue, Suite 305 in Hempstead, New York 11550 (hereinafter "the New York location") effective June 30, 2006.

3. Gibraltar was licensed to engage in Oregon residential mortgage transactions from October 11, 2005 through October 12, 2006 at the Florida location. Although Gibraltar provided notice on July 3, 2006, that the company had moved its corporate headquarters to the New York location, the Division never issued an amended license to cover the New York location before Gibraltar's license to engage in Oregon residential mortgage transactions was cancelled for failure to renew on October 12, 2006. Therefore, the only location ever licensed to engage in Oregon residential mortgage loans was the Florida location.

4. Fairlane Mortgage, Inc. (hereinafter "Fairlane") is a corporation located at 34880 Road J.7 in Mancos, Colorado with a mailing address of 303 North Broadway, Box 10, Cortez, Colorado 81321 that engages in residential mortgage transactions. Julie Nodalske is the President and sole principle of Fairlane. Fairlane Mortgage, Inc. has never been licensed to engage in Oregon residential mortgage transactions.

5. On an unknown date prior to May 2006, Gibraltar sent Fairlane a facsimile advertising that Fairlane could "use our [Gibraltar's] licenses for loans outside your area." The

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advertisement listed Oregon as a state in which Gibraltar was approved and Fairlane could do loans through Gibraltar.

6. In May 2006, Fairlane had contact with S[redacted] and E[redacted] Y[redacted] about originating an Oregon residential mortgage loan for the Y[redacted] purchase of a home located in Oregon to be their primary residence (hereinafter "the Y[redacted] loan").

7. On or about May 8, 2006, Fairlane made application to Gibraltar for approval to use Gibraltar's license to engage in mortgage transactions. Gibraltar provided a Broker Application & Background Information and a Broker Agreement for Fairlane to completed. The Broker Agreement listed Fairlane as the "Broker" and set forth in Section 1. of Article I that "Broker desires to submit loan application to Gibraltar Funding Corp. for approval and/or funding/purchase, together with any required documentation and all amendments, supplements and modification thereto." All the other provisions of the Broker Agreement set forth a standard relationship allowing a broker to submit loans for approval or purchase to Gibraltar. There was no contract or application to process loans for Gibraltar.

8. Gibraltar provided Fairlane with instructions regarding the data to be used when "processing" for Gibraltar that included the name of the interviewer, Christopherson, and the location to be listed on the application, which was the licensed location of Gibraltar. The instructions also included a "general process description" that directed "[b]efore submitting your loan, please send us the GF REG package." The next sentence of the description is that "[w]e will add this loan to our internal pipeline and make sure you have a user name and password for whichever lender you have chosen." The GF REG package included a loan submittal form and loan application, payment agreement and GF Remote Processing Contract/Pipeline Registration Form.

9. On May 11, 2006, Fairlane accepted a residential loan application from E[redacted] and S[redacted] Y[redacted] for the Y[redacted] loan. Following Gibraltar's written instructions, the application listed Christopherson as the interviewer, Gibraltar as the interviewer's employer and listed the

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Florida location (hereinafter "the Y[redacted] Application").

10. Gibraltar provided Fairlane a Remote Processing Contract & Pipeline Registration Form and Payment Agreement that was completed on May 12, 2006 for the Yun loan. The Payment Agreement anticipated that the broker check for completing the Yun loan would be $1,352.50 of which Gibraltar would receive a funding fee of $595.00 and the remaining $757.50 would be transferred to the "Client," which was listed as Julie Nadolske.

11. On or about May 18, 2006, Gibraltar charged $30.00 to a VISA card held by Fairlane or Julie Nadolske to pay for a credit report for the Y[redacted] loan.

12. Gibraltar accepted Fairlane's application to use Gibraltar's license and the documents associated with the Y[redacted] loan including the Remote Process Contract & Pipeline Registration Form and Payment Agreement. Gibraltar allowed the Y[redacted] application to be submitted to Wells Fargo Bank, N.A. On May 30, 2006, Wells Fargo Bank, N.A. issued a commitment to fund the Y[redacted] loan that listed Gibraltar as the broker but "Fair Lane" as the broker contact.

13. On June 30, 2006, Wells Fargo Bank, N.A. funded the Y[redacted] loan. Gibraltar was to receive $1,851.20 in processing and broker fees for the Y[redacted] loan.

14. Following close, Fairlane received a check payable to Gibraltar for $2,346.20 which represented broker and processing fees of $1851.20 and third-party fees for an appraisal and credit reports of $495.00. Fairlane tried to contact Gibraltar at the Florida location but found that the office was closed.

15. On July 10, 2006, Julie Nadolske as President of Fairlane wrote a letter to the escrow company to return the check issued to Gibraltar at the close of the Y[redacted] loan requesting that it be reissued to Fairlane or that the escrow company issue checks to pay the appraisal and credit reports directly, return Gibraltar's fee to B[redacted] and S[redacted] Y[redacted] and issue Fairlane a check for the remainder of $1,286.20. In the letter, Fairlane acknowledges that it "was paying him [Eric Christopherson of Gibraltar] a fee of $595 to use his company as a licensed company in the state of Oregon."

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16. On or about June 30, 2006, Anthony Miller was told that there were irregularities occurring at the Florida location, including allegations that people at the Florida location were creating false W-2s and pay stubs. The Florida location was also not responding to requests from the New York location to provide information about the pipeline of loans and deposits from closed loans. In response to this information, Anthony Miller sent employees from the New York location to the Florida location to investigate the allegations (hereinafter "the Investigation").

17. As part of the Investigation, Miller's employees found email dated June 28, 2006 sent between Andra Griffin and Robert Paduano. In the e-mail, Andra Griffin wrote that she does not want to do any more W-2s or pay stubs for Paul Mayer, noting that since she made them for Robert Paduano, Jill Gastel, Jodi Lee Gastel and Granville D. "Duke" Budlong have all asked her to do the same thing. In response, Robert Paduano instructed Andra Griffin to show Eric Christopherson how to make the documents. When Andra Griffin objected that she could lose her job and her Certified Paralegal "license," Robert Paduano responded that they can't submit the loan without the false documents and that she can't get into trouble for "[p]rinting up paystubs [sic] at the request of your employer..." and "it's who uses the paperwork not who does it" that gets into trouble.

18. As part of the Investigation, Miller's employees found a Verification of Employment signed by Amy Miller and dated November 3, 2005 verifying that Jodi Gastel is employed by Gibraltar as a Senior Processor who made $49,156 through November 1, 2005 (hereinafter "the Jodi Gastel November VOE").

19. As part of the Investigation, Miller's employees found a Verification of Employment signed by Amy Miller and dated November 3, 2005 verifying that Jill Gastel is employed by Gibraltar as an Office Manager who made $51,667 through November 1, 2005 (hereinafter "the Jill Gastel November VOE").

20. As part of the Investigation, Miller's employees found a residential mortgage loan

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application signed by Jill Gastel on October 27, 2005 stating that she was employed as the Office Manager for Gibraltar earning $4,924 per month (hereinafter "the Jill Gastel application"). Christopherson signed the application as the loan originator for Gibraltar on October 27, 2005.

21. The Jodi Gastel November VOE, the Jill Gastel November VOE and the Jill Gastel application were submitted to WinStar Mortgage Partners, Inc. dba Partner Loan Services (hereinafter "WinStar"). On November 15, 2005, WinStar provided a loan of $352,000 to Jill and Jodi Gastel secured by residential real property.

22. The New York Location reported that the income information contained in the Jodi Gastel November VOE, the Jill Gastel November VOE, and the Jill Gastel application was false.

23. As part of the Investigation, Miller's employees found a Verification of Employment signed by "Duke Budlong" and dated March 16, 2006 verifying that Jodi Gastel is employed by Gibraltar as a Senior Processor who made $59,000 in 2005 and $12,917 through March 15, 2006 (hereinafter "the Jodi Gastel March VOE").

24. As part of the Investigation, Miller's employees found a Verification of Employment signed by "Duke Budlong" and dated March 16, 2006 verifying that Jill Gastel is employed by Gibraltar as an Office Manager who made $5,417 per month (hereinafter "the Jill Gastel March VOE").

25. The New York Location reported that the income information contained in the Jodi Gastel March VOE and the Jill Gastel March VOE was false.

26. The Jodi Gastel March VOE and the Jill Gastel March VOE were submitted to Flagstar Bank, FSB (hereinafter "Flagstar"). On April 14, 2006, Flagstar provided a loan of $370,500 to Jill and Jodi Gastel secured by residential real property.

27. As part of the Investigation, Miller's employees found a pay stub for Granville D. Budlong dated May 31, 2006 from Gibraltar for bi-monthly earnings of $7,000.00 (hereinafter "the Budlong pay stub").

28. The New York location reported that Granville D. Budlong only made $4,000.00 per

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month.

29. The Director's records list Christopherson is a 30% owner, Control Person and Experienced Person for Allegro Funding Corp (hereinafter "Allegro") with principal offices located at 7700 Square Lake Blvd, Jacksonville, Florida 32256.

30. Suzana Paduano is a 70% owner and Sandra Budlong is listed as a Control Person of Allegro.

31. On May 9, 2007, the Director issued Allegro a license to engage in Oregon residential mortgage transactions.

32. On or about June 16, 2008, pending the resolution of this case, Allegro's license was conditioned by the Director, see case M-08-0008-1. Allegro's license is further conditioned, see case M-08-0008-2, pursuant to the resolution of this case.

CONCLUSIONS OF LAW

The Director **CONCLUDES** that:

1. Fairlane violated ORS 59.845(1) when Fairlane negotiated a mortgage loan for B[redacted] and S[redacted] Y[redacted] secured by residential real property located in Oregon in expectation of compensation when Fairlane did not have an Oregon license.

2. Eric Christopherson aided and abetted Fairlane's violation of ORS 59.845(1) when Gibraltar sent Fairlane an advertisement that Fairlane could use Gibraltar's license, Gibraltar entered into a broker agreement and remote processing contract with Fairlane, Eric Christopherson was listed as the loan originator the Y[redacted] loan application, Gibraltar and Eric Christopherson allowed the Y[redacted] loan application to be submitted to Wells Fargo Bank N.A. listing Gibraltar as the broker but Fairlane as the contact and Gibraltar entered into a Payment Agreement with Fairlane.

3. Eric Christopherson violated ORS 59.930(2) when Jill Gastel and Eric Christopher signed the Jill Gastel application containing information about Jill Gastel's income known to be false.

4. Eric Christopherson violated ORS 59.930(3) when Andra Griffin created false documents

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at Robert Paduano's request and with Eric Christopherson's knowledge to assist Paul Mayer to obtain a residential mortgage loan.

5. Granville Budlong violated ORS 59.930(2) when he signed the Jodi Gastel March VOE with income information known to be false to assist Jodi Gastel to obtain a residential mortgage loan.

6. Granville Budlong violated ORS 59.930(2) when he signed the Jill Gastel March VOE with information known to be false to assist Jill Gastel to obtain a residential mortgage loan.

7. Robert Paduano violated ORS 59.930(3) when he participated in a scheme to defraud involving Andra Griffin creating documents known to be false or deceptive at Jodi Gastel's request to assist her to obtain a residential mortgage loan.

8. Robert Paduano violated ORS 59.930(3) when he participated in a scheme to defraud involving Andra Griffin creating documents known to be false or deceptive at Jill Gastel's request to assist her to obtain a residential mortgage loan.

9. Robert Paduano violated ORS 59.930(3) when Andra Griffin created false documents at Robert Paduano's request to assist Paul Mayer to obtain a residential mortgage loan.

ORDER

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

The Director, pursuant to ORS 59.885(4) hereby **ORDERS** that Eric Christopherson, Granville Budlong and Robert Paduano will **CEASE AND DESIST** from violating any provision of Oregon Mortgage Lender Law, OAR 441-850-0005 through 441-885-0010 and any rule, order or policy issued by the Division.

The Director, pursuant to ORS 59.996, hereby **ORDERS** Eric Christopherson, Granville Budlong and Robert Paduano to pay the State of Oregon a combined civil penalty of $30,000. The civil penalty is based upon $10,000 for Christopherson's violation of ORS 59.845(1), ORS 59.930(2) and ORS 59.930(3), $10,000 for Budlong's violations of ORS 59.930(2) and $10,000

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for Paduano's violations of ORS 59.930(3). Respondents are jointly and severally liable for the civil penalty.

For the civil penalty assigned to Respondents, the Director suspends payment of $15,000 for a four-year period. If, in the period between the date of this Order to four years from the date of this Order, any Respondent violates any provision of the Oregon Mortgage Lender Law or any rule, order or policy issued by the Director, the suspended portion of the assessed civil penalty will become immediately due and payable. If all Respondents do not violate the Oregon Mortgage Lender Law, or any rule, order or policy issued by the Director in four years from the date of this Order, the suspended portion of the civil penalty is waived.

If Respondents fail to comply with the payment schedule, are late with a scheduled payment, or do not make a scheduled payment, then the entire unpaid portion of the civil penalty, and statutory interest accruing from the date the Director signs this Order, will become immediately due and payable.

Respondents will pay a down payment of $ 1,000 (one thousand dollars) to the Oregon Division of Finance and Corporate Securities, Oregon Department of Consumer and Business Services at the time the Order is signed, and will pay the remaining $14,000 (fourteen thousand dollars) balance of the civil penalty in monthly payments of no less than $600 (six hundred dollars) per month, beginning no later than December 15, 2008. The monthly payments will be due on the fifteenth day of each month. There is no prepayment penalty. There is no interest for the civil penalty installment payments, so long as payments are timely made in compliance with this payment plan.

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

Dated this 25th day of November, 2008 at Salem, Oregon.

CORY STREISINGER, Director
Department of Consumer and Business Services

David Tatman

David C. Tatman, Administrator
Division of Finance and Corporate Securities

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CONSENT OF ENTRY OF ORDER

I, Eric Christopherson, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that I voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discover of other violations of the Oregon Mortgage Lender Law; and that I will fully comply with the terms and conditions stated herein.

I further assures the Director that neither I, nor any employees or agents of mine will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law.

I understand that this Consent Order is a public document.

Dated this 17th day of NOV 2008.

By _____

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ACKNOWLEDGMENT

Dated this 17th day of, NOV 2008

_____
Notary Public

My commission expires: 12/04/2011

JANIE LEE HAMMERBACHER
MY COMMISSION # DD739336
EXPIRES December 04, 2011
(407) 398-0153 FloridaNotaryService.com

CONSENT OF ENTRY OF ORDER

I, Granville Budlong, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that I voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discover of other violations of the Oregon Mortgage Lender Law; and that I will fully comply with the terms and conditions stated herein.

I further assures the Director that neither I, nor any employees or agents of mine will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law.

I understand that this Consent Order is a public document.

Dated this 17th day of NOV 2008.

By GBudlong

ACKNOWLEDGMENT

Dated this 17th day of, NOV 2008

Laurie Hammerbacher

Notary Public

My commission expires: 12/04/2011

LAURIE LEE HAMMERBACHER
MY COMMISSION # DD739336
EXPIRES December 04, 2011
(407) 398-0153 FloridaNotaryService.com

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CONSENT OF ENTRY OF ORDER

I, Robert Paduano, state that I have read the foregoing Order and that I know and fully understand the contents hereof; that I have been advised of the right to a hearing and of the right to be represented by counsel in this matter; that I voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing in this matter; that I understand that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discover of other violations of the Oregon Mortgage Lender Law; and that I will fully comply with the terms and conditions stated herein.

I further assures the Director that neither I, nor any employees or agents of mine will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law.

I understand that this Consent Order is a public document.

Dated this 17th day of Nov 2008.

By _____

ACKNOWLEDGMENT

Dated this 17th day of, Nov 2008

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Notary Public

My commission expires: 12/04/2011

LAURIE LEE HAMMERBACHER
MY COMMISSION # DD739336
EXPIRES December 04, 2011
(407) 398-0153 FloridaNotaryService.com

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