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STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES

BEFORE THE DIRECTOR OF THE DEPARTMENT
OF CONSUMER AND BUSINESS SERVICES

In the Matter of:

1st American Consulting, LLC and Steve
Richard Schneider aka Scott Schneider,

Respondents.

DM-11-0026

Final Order to Cease and Desist and
Final Order Assessing Civil Penalty
Entered by Default

On July 1, 2011, the Director of the Department of Consumer and Business Services for the State of Oregon (“Director”) acting pursuant to the authority contained in Oregon Revised Statutes (“ORS”) 86A.100 *et. seq.* and Oregon Administrative Rules (“OAR”) 441-850-0005 through 441-885-0010 (together “Oregon Mortgage Lender Law”) and ORS 697.602 to 697.842 and OAR 441-910-0000 through 441-910-0120 (together “Oregon Debt Management Service Provider Law”) issued Administrative Order No. DM-11-0026 Order to Cease and Desist, Proposed Order Assessing Civil Penalty and Notice of Opportunity for a Hearing (“Proposed Order”) against 1st American Consulting, LLC (“1st American”) and Steve Richard Schneider aka Scott Schneider (“Schneider”).

On February 8, 2012, Schneider, individually and on behalf of 1st American, was mailed by certified and first class U.S. mail at 3272 SW 153rd Drive, Beaverton, OR 97006, a true copy of the Proposed Order. The certified mailing was returned unclaimed, but Schneider called the Division on February 27, 2012 to discuss the Proposed Order. Schneider’s telephone call to the

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 Division and his subsequent telephone conversations with me about the Proposed Order are
2 evidence that he and 1st American were properly service by actual notice.

3 Neither Respondent has made a written demand for a contested case hearing in this
4 matter and the time to do so has expired.

5 NOW THEREFORE, after consideration of the file in this matter maintained by the
6 Oregon Department of Consumer and Business Services, the Director hereby issues the
7 following Findings of Fact, Conclusions of Law, and Final Orders.

8 **FINDINGS OF FACT**

9 The Director FINDS that:

10 1. Respondent 1st American was an Oregon limited liability company with its principal
11 place of business at 215 SE 102nd, Portland Oregon. Respondent 1st American is not a licensed
12 mortgage banker or mortgage broker in Oregon and is not registered as a debt management
13 service provider in Oregon.

14 2. Schneider acted on behalf of 1st American and was reported as the registered agent for
15 1st American. Schneider's address is 38360 SE Lusted Road, Boring, Oregon. Schneider is not a
16 licensed mortgage banker or mortgage broker, licensed loan originator, was not reported as a
17 loan originator for 1st American and is not registered as a debt management service provider in
18 Oregon.

19 3. At all times relevant to this matter, the individual consumers identified herein as
20 "LG", "PO", "GO", and "CM" were Oregon residents. At all relevant times herein, LG, PO,
21 GO, and CM were parties to a home mortgage loan secured by real estate located in Oregon.

22 4. At all times relevant to this matter, the individual consumer identified herein as "RD"
23 was a North Carolina resident. At all relevant times herein, RD was a party to a home mortgage
24 loan secured by real estate located in Banner Elk, North Carolina.

25 5. At all times relevant to this matter, Respondents marketed residential loan
26 modification services through the website www.fac5.com and <http://activerain.com/fac5>.



1 6. On information and belief, when consumers contact Respondent 1st American,
2 Respondents promise to help consumers modify their residential real estate loans to make their
3 payments more affordable including, but not limited to, a reduction in the principal, interest, fees,
4 or charges associated with consumers' residential real estate loans.

5 7. As instructed by Respondents, consumers submit their personal nonpublic financial
6 information, including details about their residential real estate mortgages and income, together
7 with an advance fee to Respondents in exchange for a promise to receive the mortgage loan
8 assistance with negotiating a change in the terms of their residential real estate loans.

9 8. In January 2009, Respondents offered to negotiate a loan modification for RD. Based
10 upon Respondents' representations, RD agreed to accept Respondents' offer, for which RD paid
11 \$1,500.00 by certified check to Respondents.

12 9. Following receipt of payment from RD, Respondents failed to provide services that
13 were promised and RD was unable to reach Respondents to inquire.

14 10. In June 2009, Respondents, through Schneider, offered to negotiate a loan
15 modification for LG. Based upon Respondents' representations, LG agreed to accept
16 Respondents' offer, for which LG paid \$3,250.00 to Respondents in the form of three separate
17 checks. On June 30, 2009, LG provided Respondents with a check in the amount of \$1,650.00
18 as advance fees for services to be provided by Respondent. On July 28, 2009, LG provided an
19 additional check in the amount of \$500.00 to Respondent. Finally, on September 30, 2009, LG
20 provided a final payment of \$1,100.00 to Respondent.

21 11. Respondents did not provide LG with a contract for services.

22 12. During the process, Schneider told LG to stop making mortgage payments in order
23 to get the attention of the lender, which LG did. Although LG received a trial modification, LG
24 was denied a permanent modification. LG eventually personally negotiated a modification, but
25 was in a worse position due to the roughly \$8,000.00 deficiency incurred due to the advice
26 given by Schneider.



1 13. In the summer of 2009, Respondents, through Schneider, offered to negotiate a loan
2 modification for CM. Based upon Respondents' representations, CM agreed to accept
3 Respondents' offer, for which CM paid \$1,600.00 to Respondents in the form of two separate
4 checks. On July 27, 2009, CM provided Respondents with a check in the amount of \$500.00 as
5 advance fees for services to be provided by Respondent. On September 25, 2009, CM provided
6 an additional check in the amount of \$1,100.00 to Respondent.

7 14. Respondents did not provide CM with a contract for services.

8 15. Schneider instructed CM to stop making his payments or communicating with CM's
9 lender. Schneider indicated that he would negotiate CM's modification and that CM should
10 bring Schneider any communications sent by the lender. CM followed Schneider's instructions.
11 Schneider eventually stopped communicating with CM's lender and the lender denied CM a
12 modification because the lender did not receive the required paperwork.

13 16. In January 2010, PO and GO contracted with Respondents for loan modification
14 services. Although PO and GO signed a contract, Schneider took the consumers' copy with him
15 and failed to provide a copy despite the consumers' request for one.

16 17. In exchange for the services that Respondents were to provide, PO and GO paid 1st
17 American Consultants \$500.00 by check on January 5, 2010.

18 18. On January 25, 2010, 1st American Consulting issued invoice no. 156 to P.O. to bill
19 for a balance of \$495.00 for a "loan modification" job with a salesperson of "Steve Schenieder"
20 [sic].

21 19. In response to the invoice, PO and GO paid 1st American Consulting an additional
22 \$495.00 by check dated February 4, 2010.

23 20. After receiving the advance payments PO and GO, Respondents stopped having any
24 regular or meaningful contact with them. Despite e-mails and telephone calls from Consumers,
25 Respondents failed to respond to their inquiries concerning the status of negotiations with their
26 residential real estate mortgage lenders or servicers.



1 mortgage broker.

2 4. Respondents acted as a “mortgage loan originator” as defined by ORS 59.840(4) (now
3 at ORS 86A.236(4)(a)) when they offered to negotiate terms for a residential mortgage loan in
4 exchange for compensation.

5 5. Respondents performed a “debt management service” as defined by ORS
6 697.602(2)(c) when they offered to modify terms and conditions of an existing loan or obligation
7 in exchange for payment of an advance fee.

8 6. With regard to PO and GO, Respondents violated ORS 697.612(1)(a) when they
9 performed a debt management service without first registering with the Director under ORS
10 697.632.

11 7. Respondents violated ORS 697.652(1) by failing to enter into a written contract for
12 the provision of debt management services with LG and CM.

13 8. Respondents violated ORS 697.652(3) by failing to provide GO and PO copies of the
14 agreement that GO and PO entered into with Respondents.

15 9. The fees collected by Respondent from LG, CM and PO and GO exceeded the
16 amounts permitted by ORS 697.692(1).

17 10. Respondents violated ORS 697.662(7)(a) when Respondents collected fees from LG,
18 CM and PO and GO that exceeded the amounts permitted by ORS 697.692(1).

19 **ORDERS**

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

21 1. The Director, pursuant to his authority under ORS 86A.127 (formerly ORS 59.885)
22 and ORS 697.825 hereby ORDERS Respondents to CEASE AND DESIST from violating
23 Oregon’s Mortgage Lender Law and Oregon’s Debt Management Service Providers Law.

24 2. The Director, pursuant to ORS 86A.992 (formerly ORS 59.996), and ORS 697.832,
25 may assess civil penalties of up to \$5,000.00 per violation against persons who violate the
26 Oregon Mortgage Lender Law and the Debt Management Service Providers Law. Pursuant to

1 these provisions, the Director, hereby ORDERS Respondents to pay the State of Oregon a civil
2 penalty totaling \$40,000.00. This civil penalty is based on a \$5,000.00 civil penalty for the
3 violation of ORS 86A.103(1) (formerly ORS 59.845(1)), \$5,000.00 civil penalty for the
4 violation of ORS 697.612(1), \$5,000.00 each for two violations of ORS 697.652(1), \$5,000.00
5 for one violation of ORS 697.652(3) and \$5,000.00 each for three violations of ORS
6 697.662(7)(a) as described herein. This civil penalty is joint and several among Respondents.

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

9 Dated this 16th day of April, 2012 NUNC PRO TUNC July 1, 2011.

11 PATRICK M. ALLEN, Director
12 Department of Consumer and Business Services

13 /s/ David Tatman
14 David C. Tatman, Administrator
15 Division of Finance and Corporate Securities

16 NOTICE: you are entitled do judicial review of this Order. Judicial review may be obtained by
17 filing a petition with the court of Appeals in Salem, Oregon within 60 days from the service of
18 this Order.

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Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter Street NE, Suite 410
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