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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:

Case No. DM-11-0050

American Economic Solutions,

Respondent.

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

On July 22, 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 Laws and Rules”) and ORS 697.602 to 697.842 and OAR 441-910-0000 through 441-910-0120 (“Oregon Debt Management Service Provider Laws and Rules”), issued Administrative Order No. DM-11-0022 Order to Cease and Desist, Proposed Order Assessing Civil Penalty and Notice of Right to a Hearing (“Notice Order”) against American Economic Solutions.

On April 5, 2012, American Internet Mortgage, Inc. was properly served the Notice Order by certified U.S. mail at 4121 Camino Del Rio S., San Diego, CA 92108. Respondent has not made a written demand for a contested case hearing in this matter and the time to do so has expired.

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

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 **FINDINGS OF FACT**

2 The Director FINDS that:

3 **A. Respondent**

4 1. American Economic Solutions (hereinafter "Respondent") lists its address as 2667
5 Camino Del Rio South, Suite 214, San Diego, California 92108.

6 2. Respondent is not a licensed mortgage banker, broker, or loan originator in Oregon and
7 is not registered as a debt management service provider in Oregon.

8 3. Respondent has not obtained a unique identifier from the Nationwide Mortgage
9 Licensing System and Registry.

10 **B. DK Transaction**

11 4. At all times relevant to this matter, the individual consumer identified herein as "DK"
12 was an Oregon resident. At all relevant times herein, DK was a party to a home mortgage loan
13 secured by real estate located in Bend, Oregon.

14 5. On or about September 15, 2009, Respondent and DK entered into a contract whereby
15 Respondent agreed to negotiate a loan modification for a loan secured by residential real
16 property located in Bend, Oregon on behalf of DK in exchange for valuable consideration.

17 6. On September 15, 2009, DK paid \$4,000 to Respondent.

18 7. On information and belief, Respondent has not conducted any substantive
19 conversations with DK's mortgage lender that have resulted in a modification of DK's
20 residential real estate loan.

21 **C. DN Transaction**

22 8. At all times relevant to this matter, the individual consumer identified herein as "DN"
23 was an Oregon resident. At all relevant times herein, DN was a party to a home mortgage loan
24 secured by real estate located in Medford, Oregon.

25 9. On or about May 31, 2009, Respondent and DN entered into a contract whereby
26 Respondent agreed to negotiate a loan modification for a loan secured by residential real



1 property located in Medford, Oregon on behalf of DN in exchange for valuable consideration.

2 10. In total DN paid Respondent \$2,495. On May 30, 2009, DN paid Respondent \$1,295.
3 On June 30, 2009, DN paid Respondent \$1,200.

4 11. On information and belief, Respondent has not conducted any substantive
5 conversations with DN's mortgage lender that have resulted in a modification of DN's
6 residential real estate loan.

7 12. On or about September 21, 2010, the Division of Finance and Corporate Securities
8 notified Respondent in writing that it was required to comply with the licensing requirements of
9 the Oregon Mortgage Lender law or the registration requirements of the statutes regarding debt
10 management service providers to collect and retain fees in exchange for offering to assist Oregon
11 consumers in adjusting the terms of their residential real estate loans.

12 13. The Division requested, in writing, that Respondent refund the fees collected from
13 DN within 21 days from September 21, 2010, because it did not perform its promise to obtain a
14 modification of the terms of DN's residential real estate loan.

15 14. As of the date of this order, Respondent has failed to refund the fees that it collected
16 from DN.

17 **CONCLUSIONS OF LAW**

18 The Director CONCLUDES that:

19 15. Respondent acted as a "mortgage broker" as defined by ORS 86A.100(7)(a)(C) when
20 they offered to negotiate the terms of DK and DN's mortgage loan in exchange for
21 compensation.

22 16. Respondent engaged in a "residential mortgage transaction in this state" as defined by
23 ORS 86A.103(2) when they offered to negotiate a home mortgage loan secured by real estate
24 located in Oregon.

25 17. Respondent violated ORS 86A.103(1) two times, when they engaged in a residential
26 mortgage transaction in Oregon without first being licensed as either a mortgage banker or



1 mortgage broker as described herein.

2 18. Respondent violated ORS 86A.154(2) when it knowingly made an untrue statement
3 of material fact by telling DK that Respondent would attempt to negotiate DK's residential real
4 estate loan when in reality Respondent did not conduct any substantive conversations with DK's
5 mortgage lender that have resulted in a modification of DK's residential real estate loan.

6 19. Respondent violated ORS 86A.154(2) when it knowingly made an untrue statement
7 of material fact by telling DN that Respondent would attempt to negotiate DN's residential real
8 estate loan when in reality Respondent did not conduct any substantive conversations with DN's
9 mortgage lender that have resulted in a modification of DN's residential real estate loan.

10 20. Respondent performed a "debt management service" as defined by ORS
11 697.602(2)(c) when they offered to modify terms and conditions of an existing loan or obligation
12 in exchange for compensation.

13 21. Respondent violated ORS 697.612(1)(a) two times, when they performed a debt
14 management service for DK and DN without first registering with the Director under ORS
15 697.632.

16 22. The \$4,000 fee collected by Respondent from DK exceeded the amount permitted by
17 ORS 697.692(1).

18 23. The \$2,495 fee collected by Respondent from DN exceeded the amount permitted by
19 ORS 697.692(1).

20 24. Respondent violated ORS 697.662(7)(a) two times, when it collected fees from DK
21 and DN that exceeded the amounts permitted by ORS 697.692(1).

22 25. Respondent violated ORS 697.662(4) two times, when it offered to perform a debt
23 management service without evaluating, as part of the budget analysis the debt management
24 service provider must perform under ORS 697.652(2), whether the debt management service is
25 or would be advantageous to the consumer.

26 26. Respondent violated ORS 697.662(5) two times, when it performed a debt

1 management service without having a good faith belief formed after conducting an evaluation
2 described in ORS 697.662(4) that the consumer can or will comply with the terms of the
3 agreement described in ORS 697.652.

4 **ORDERS**

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

6 *Cease and Desist Order*

7 27. Pursuant to his authority under ORS 86A.127 and ORS 697.825, the Director hereby
8 orders respondent to cease and desist from violating Oregon’s Mortgage Lender Laws and Rules
9 and Oregon’s Debt Management Service Providers Laws and Rules.

10 *Order Assessing Civil Penalty*

11 28. Pursuant to ORS 86A.992, and ORS 697.832, the Director may assess civil penalties
12 of up to \$5,000 per violation against persons who violate Oregon Mortgage Lender Laws and
13 Rules and Debt Management Service Providers Laws and Rules.

14 29. Pursuant to ORS 86A.992, and ORS 697.832, the Director, hereby orders Respondent
15 to pay the State of Oregon a civil penalty totaling \$40,000 calculated as follows:

- 16 (1) \$10,000 for unregistered and unlicensed loan modification activity in violation
17 of ORS 86A.103(1) and ORS 697.612(1);
- 18 (2) \$10,000 for mortgage fraud in violation of ORS 86A.154(2);
- 19 (3) \$10,000 for collecting excessive fees in violation of ORS 697.692(1) and ORS
20 697.662(7)(a); and
- 21 (4) \$10,000 for offering to perform a debt management service without a good
22 faith belief that it would actually be beneficial to the consumer in violation of
23 ORS 697.662(4) and ORS 697.662(5).

24 30. The entry of this Order in no way further limits remedies which may be available to

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26 ///



1 the Director under Oregon Law.

2 IT IS SO ORDERED.

3 Dated this 9th day of May, 2012.

4
5 PATRICK M. ALLEN, Director
6 Department of Consumer and Business Services

7 /s/ David Tatman --
8 David C. Tatman, Administrator
9 Division of Finance and Corporate Securities

10 **NOTICE:** You are entitled to judicial review of this Order. Judicial review may be obtained by
11 filing a petition with the Court of Appeals in Salem, Oregon within 60 days from the service of
12 this Order. Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court of
13 Appeals.

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