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

In the Matter of:

Lokman Financial Group, Inc., Lokman Debt Relief, Inc., and Reginald Sylvester dba Lokman Financial Group,

Respondents.

**DM-12-0009

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

On April 4, 2012, 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 (collectively “Oregon Mortgage Lender Laws and Rules”) and ORS 697.602 through 697.842 and OAR 441-910-0000 through 441-910-0120 (collectively “Oregon Debt Management Service Provider Laws and Rules”), issued Administrative Order No. DM-12-0009 Order to Cease and Desist, Proposed Order Assessing Civil Penalties and Notice of Right to a Hearing (“Notice Order”) against Lokman Financial Group, Inc. (“Lokman Financial Group”), Lokman Debt Relief, Inc. (“Lokman Debt Relief”), and Reginald Sylvester dba Lokman Financial Group (“Respondents”).

On April 5, 2012, all Respondents were properly served the Notice Order by certified U.S. Mail at 811 E. March Lane, Suite D, Stockton, CA 95207. In a letter to the Division, Reginald Sylvester requested a hearing on behalf of Lokman Financial Group and Lokman Debt Relief. Mr. Sylvester did not personally request a hearing and the time to do so has expired. In a letter dated April 26, 2012 from the Division to Mr. Sylvester, Lokman

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





1 Financial Group, and Lokman Debt Relief, Respondents were informed that pursuant to ORS
2 9.320, Lokman Financial Group and Lokman Debt Relief must be represented by an attorney
3 licensed to practice law in the State of Oregon. In a letter dated July 6, 2012 from the
4 Division to Mr. Sylvester, Mr. Sylvester was informed that pursuant to OAR 137-003-0550
5 the hearing request made on behalf of Lokman Financial Group and Lokman Debt Relief was
6 required to be ratified, in writing, by an attorney authorized to practice law in Oregon within
7 28 days from the date the request for hearing was received by the Division. In the same letter,
8 the Division extended the deadline to ratify the hearing request to July 16, 2012. Lokman
9 Financial Group and Lokman Debt Relief did not ratify their hearing request and the time to
10 do so has expired.

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

14 **FINDINGS OF FACT**

15 The Director finds that:

16 1. As listed on the California Secretary of State website as of February 8, 2012,
17 Lokman Financial is a California corporation, Entity No. C3018459, first filed on July 11,
18 2007, with an entity address of 811 E. March Lane, Suite D, Stockton, CA 95207, and its
19 status listed as suspended.

20 2. As listed on the California Secretary of State website as of February 10, 2012,
21 Lokman Debt Relief, Inc. (“Lokman Debt Relief”) is a California corporation, Entity No.
22 C3178753, first filed on January 16, 2009, with an entity address of 811 E. March Lane, Suite
23 D, Stockton, CA 95207, and its status listed as suspended.

24 3. As listed on the Oregon Secretary of State website as of March 6, 2012, Lokman
25 Financial Group is an assumed business name (“ABN”), Registry No. 683991-96, registered
26 by Reginald Sylvester (“Sylvester”), with a start date of May 10, 2010, and a principal place



1 of business of 2150 Commercial Street, Suite 100, Salem, OR 97302. The ABN is currently
2 active, and has been continuously registered since its start date on May 10, 2010.

3 4. At all times relevant to this matter, Reginald Sylvester, a natural person, was a
4 resident of California with a last known address of 6303 Greenfield Ln., Stockton, CA 95207.

5 5. At all times relevant to this matter, consumers “HM”, “JG”, “MR”, and “ME”
6 were Oregon residents.

7 6. At all times relevant to this matter, consumers JG, MR and ME were parties to
8 residential mortgage loans secured by real estate located in Oregon.

9 7. At no time relevant to this matter were Lokman Financial, Lokman Debt Relief or
10 Sylvester licensed with the Oregon Division of Finance and Corporate Securities
11 (“Division”) as a “mortgage broker” or “mortgage banker”, or registered as a “debt
12 management service provider”.

13 8. At various times in their communications with HM, JG, MR, and ME, agents for
14 Lokman represented the Lokman entity as “Lokman Financial Group, Inc.”, “Lokman Debt
15 Relief, Inc.”, “Lokman Financial Group” (collectively “Lokman”), and other entities.

16 A. Oregon Consumer HM

17 9. In early January 2010 Juan Carlos Arroyo, on behalf of Lokman, offered to
18 negotiate the modification of the terms of HM’s revolving credit accounts with Citi, American
19 Express, Bank of America, and Target National Bank.

20 10. On February 17, 2010, Lokman entered into a contract with HM (“HM Contract”)
21 whereby Lokman agreed to negotiate the modification of the terms of HM’s revolving credit
22 account with Citi, American Express, Bank of America, and Target National Bank.

23 11. HM received the HM Contract by facsimile. The document includes the facsimile
24 transmittal stamp information of Feb 16 2010 3:28 pm, Lokman Financial, and (503) 689-
25 1054. The document also provides the Lokman contracting party as “Lokman Debt Relief”.
26 The arbitration provision of the document lists the venue as T.B.D. and there is no notice or



1 governing law provision by which HM might conclude that Lokman’s principal place of
2 business is in California or Oregon. The document contains no other information identifying
3 the Lokman entity.

4 12. Section 8.2 of the HM Contract provides that Lokman charge HM \$495.00 as
5 “initial set-up”.

6 13. By check #519 dated January 18, 2010 made payable to “Lokman Financial” and
7 for the amount of \$400, HM made an advance payment for services to Lokman pursuant to
8 the terms of the HM Contract. The back of the check indicates that the check was deposited
9 at a Bank of America, NA institution, but the name of the endorsing party is illegible.

10 14. By check #527 dated March 15, 2012 made payable to “Lokman Financial Group”
11 and for the amount of \$500, HM made a payment for services to Lokman pursuant to the
12 terms of the HM Contract. The back of the check indicates that the check was deposited at a
13 Bank of America, NA institution, but the name of the endorsing party is illegible.

14 15. By check #1005 dated April 19, 2010 made payable to “Lokman Financial Group”
15 and for the amount of \$500, HM made a payment for services to Lokman pursuant to the
16 terms of the HM Contract. The back of the check indicates that the check was deposited at a
17 Bank of America, NA institution, but the name of the endorsing party is illegible.

18 16. HM received a “comparison of your situation” document by facsimile that
19 includes the facsimile transmittal stamp information of Feb 16 2010 3:28 pm, Lokman
20 Financial, and (503) 689-1054. The document includes, at the top of the page, the Lokman
21 Debt Relief logo and “Lokman Debt Relief, Inc., 811 E. March Lane, Suite B, Stockton, CA
22 95207, Phone (209) 476-8300 and Fax (209) 476-0220”. The document includes a payment
23 schedule including payment fees and savings. The document contains no other information
24 identifying the Lokman entity.

25 17. HM received a “Plan Summary Page” document by facsimile that includes the
26 facsimile transmittal stamp information of Feb 16 2010 3:28 pm, Lokman Financial, and



1 (503) 689-1054. The document includes estimated settlement costs, a fee schedule, estimated
2 savings and a payment quote for HM. The document contains no other information
3 identifying the Lokman entity.

4 18. HM received a “Client Information Form” document by facsimile that includes the
5 facsimile transmittal stamp information of Feb 16 2010 3:28 pm, Lokman Financial, and
6 (503) 689-1054. The document includes personal information about HM. The document
7 contains no other information identifying the Lokman entity.

8 19. HM received a “Limited Power of Attorney” document by facsimile that includes
9 the facsimile transmittal stamp information of Feb 16 2010 3:28 pm, Lokman Financial, and
10 (503) 689-1054. The document appoints “Lokman Debt Relief Services of Stockton,
11 California” as attorney and appoints Reginald Sylvester, Leticia Martinez and Lauren
12 Thompson as agents of “Lokman Debt Relief Services” to act on HM’s behalf. The document
13 contains no other information identifying the Lokman entity.

14 20. HM received an “Authorized Agreement for Direct Withdrawal” document by
15 facsimile that includes the facsimile transmittal stamp information of Feb 16 2010 3:28 pm,
16 Lokman Financial, and (503) 689-1054. The document authorizes “Lokman Debt Relief
17 Services” and “Vanco Services, LLC” to initiate debit entries from HM’s bank account. The
18 document contains no other information identifying the Lokman entity.

19 21. HM received a “Physical Hardship Letter” document by facsimile that includes the
20 facsimile transmittal stamp information of Feb 16 2010 3:28 pm, Lokman Financial, and
21 (503) 689-1054. The document indicates that it may be needed by “Debt Negotiations
22 Group” to help negotiate a settlement for HM. The document contains no other information
23 identifying the Lokman entity.

24 B. Oregon Consumer JG

25 22. On or about May 16, 2010, Mr. Arroyo, on behalf of Lokman, offered to negotiate
26 the loan modification of HG’s residential mortgage loan account #XXXXXX9195 with Wells



1 Fargo.

2 23. On May 16, 2010, Lokman entered into a contract with JG (“JG Contract”)
3 whereby Lokman agreed to: 1) contact JG’s lender and request a loan modification; 2)
4 provide lender with client documentation; 3) serve as JG’s liaison with lender; and 4) provide
5 JG with current market data and analysis as necessary (“JG Contract Services”).

6 24. JG received the JG Contract by facsimile. The document includes the facsimile
7 transmittal stamp information of 1/20/2011 2:05, From: Lokman Financial Gr., Fax: (800)
8 218-6101, To: Attn: Daisy Prieto, Fax: +1(971) 279-2122. The document includes the
9 Lokman Financial Group logo at the top of the first page. Below the signature block on the
10 last page of the document is “Lokman Financial Group, 2150 Commercial Drive SE, Salem,
11 OR 97302 – (800) 215-5121” and “Lokman Financial Group, Inc., 811 E. March Lane, Suite
12 B, Stockton, CA 95207. Ph: (209) 476-8300 – Fax: (888) 446-2366,
13 www.LokmanFinancial.com”. The document provides the Lokman contracting party as
14 “Lokman Financial Group, Inc.” and further refers to that group as “Lokman Financial
15 Group”. The document does not include a notice, governing law, or arbitration provision by
16 which JG might conclude that Lokman’s principal place of business is in California or
17 Oregon. The document contains no other information identifying the Lokman entity.

18 25. The note above the signature block in the JG Contract provides that services will
19 not be provided without required payment.

20 26. On or about May 16, 2010, JG paid Mr. Arroyo on behalf of Lokman an advance
21 cash fee of \$3,000 for JG Contract Services.

22 27. JG received “The Lokman Guarantee” document by facsimile. The document
23 includes the facsimile transmittal stamp information of 1/20/2011 2:05, From: Lokman
24 Financial Gr., Fax: (800) 218-6101, To: Attn: Daisy Prieto, Fax: +1(971) 279-2122. The
25 document has the Lokman Financial Group logo at the top of the page. The document
26 contains no other information identifying the Lokman entity.

1 503 465-4998, Cell: 209-430-1839, and 2150 Commercial St. SE, Salem, OR 97302 at the
2 bottom of the card. The business card contains no other information identifying the Lokman
3 entity.

4 D. Oregon Consumer ME

5 35. On or about December 11, 2009, Mr. Arroyo on behalf of Lokman, offered to
6 negotiate a loan modification of ME's residential mortgage loan account #XXXXXXX0182
7 with Chase.

8 36. On December 11, 2009, Lokman entered into a contract with ME ("ME Contract")
9 whereby Lokman agreed to: 1) contact ME's lender and request a loan modification; 2)
10 provide lender with client documentation; 3) serve as ME's liaison with lender; and 4)
11 provide ME with current market data and analysis as necessary ("ME Contract Services").

12 37. ME received the ME Contract from Lokman. The document includes the Lokman
13 Financial Group logo at the top of the page. Below the signature block the document includes
14 "Lokman Financial Group, 2150 Commercial Drive SE, Suite 100 Salem, OR 97302
15 www.LokmanFinancial.com". The document provides the Lokman contracting party as
16 "Lokman Financial Group, Inc." and further refers to that group as "Lokman Financial
17 Group". The document does not include a notice, governing law, or arbitration provision by
18 which ME might conclude that Lokman's principal place of business is in California or
19 Oregon. The document contains no other information identifying the Lokman entity.

20 38. Section 2 of the ME Contract provides that compensation for services will be
21 payable in a lump sum before services are rendered.

22 39. On December 15, 2009 and pursuant to the terms of the ME Contract, ME paid
23 Lokman Financial Group of Stockton, California an advance fee of \$3,500 for ME Contract
24 Services.

25 40. ME received a "Credit Report Authorization Form" document from Lokman. The
26 document includes, at the top of the page, the Lokman Financial Group logo and "Lokman





1 Financial Group, Inc., 811 E. March Lane, Suite B, Stockton, CA 95207, Phone: 209-476-
2 8300 – Facsimile: 209-476-0220”. The document further states that it may be used by
3 “Lokman Debt Relief, Inc.” to determine eligibility for the debt settlement program. The
4 document contains no other information identifying the Lokman entity.

5 41. ME received an “Authorization to Release Information” document from Lokman.
6 The document authorizes “Lokman Financial Group, Inc.” and its employees and its agents to
7 obtain certain information from Chase. The document includes, at the top of the page, the
8 Lokman Financial Group logo and “Lokman Financial Group, Inc., 811 E. March Lane, Suite
9 B, Stockton, CA 95207, Phone: (209) 476-8300 Facsimile: (209) 476-0200”. The eighth digit
10 in the facsimile number is inconsistent with Lokman’s facsimile number as listed on other
11 documents. The number was represented in other documents as a two rather than a zero. The
12 document further states that it may be used by “Lokman Debt Relief, Inc.” to determine
13 eligibility for the debt settlement program. The document contains no other information
14 identifying the Lokman entity.

15 42. ME received “The Lokman Guarantee” document from Lokman. The document
16 has the Lokman Financial Group logo at the top of the page. The document contains no other
17 information identifying the Lokman entity.

18 43. ME received a “Client Goal Sheet” document from Lokman. The document lists
19 ME’s goals as lower your monthly payment and balance reduction. The document has the
20 Lokman Financial Group logo at the top of the page. The document contains no other
21 information identifying the Lokman entity.

22 CONCLUSIONS OF LAW

23 The Director concludes that:

24 44. Lokman acted as a “mortgage broker”, as defined in ORS 86A.100(5)(a)(C), when
25 it, in exchange for compensation, negotiated or offered to negotiate mortgage loans for JG,
26 MR, and ME.

1 45. Lokman engaged in “residential mortgage transactions in this state”, as defined in
2 ORS 86A.103(2), when it acted as a mortgage broker for JG, MR, and ME.

3 46. Lokman violated ORS 86A.103(1) when it, on behalf of JG, MR, and ME,
4 engaged in residential mortgage transactions in this State without first being licensed as a
5 mortgage broker.

6 47. Lokman provided “debt management services”, as defined in ORS 697.602(2)(c),
7 when it offered to modify the terms and conditions of existing mortgage loans or obligations
8 or revolving credit agreements for HM, JG, MR, and ME.

9 48. Lokman violated ORS 697.612(1)(a) when it performed debt management services
10 for HM, JG, MR, and ME without first registering with the Division as a debt management
11 service provider under ORS 697.632.

12 49. Lokman violated ORS 697.692(1) when it collected initial fees of more than
13 \$50.00 for “debt management services’ from HM, JG, MR, and ME.

14 50. Lokman violated ORS 697.692(2) when it accepted advance payment for services
15 in the form of cash from JG and MR.

16 **ORDERS**

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

18 **ORDER TO CEASE AND DESIST**

19 51. The Director, pursuant to ORS 86A.127 and ORS 697.825, hereby orders Lokman
20 Financial Group, Lokman Debt Relief, and Reginald Sylvester to cease and desist from
21 violating the Oregon’s Mortgage Lender Law and Debt Management Service Provider Laws
22 and Rules.

23 **ORDER ASSESSING CIVIL PENALTIES**

24 52. The Director, pursuant to ORS 86A.992, and ORS 697.832, may assess civil
25 penalties of up to \$5,000 per violation against individuals who violate the Oregon Mortgage
26 Lender Law and Oregon Debt Management Service Provider Laws and Rules.



