

1  
2  
3 **STATE OF OREGON**  
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

6 **BEFORE THE DIRECTOR OF THE DEPARTMENT**  
7 **OF CONSUMER AND BUSINESS SERVICES**

8 In the Matter of:

**DM-12-0097**

9 Haben Tesfai dba State Law Group

**Final Order to Cease and Desist, Order  
Denying Debt Management Service  
Provider Registration, and Order Assessing  
Civil Penalties Entered by Default**

10 Respondent.

11  
12 On November 13, 2012, the Director of the Department of Consumer and Business  
13 Services for the State of Oregon (hereafter the “Director”), acting pursuant to the Oregon  
14 statutes regulating mortgage lending, ORS 86A.100 et seq., and debt management service  
15 providers, ORS 697.602 to 697.842, issued Administrative Order No. DM-12-0097 - Order to  
16 Cease and Desist, Proposed Order Denying Debt Management Service Provider Registration,  
17 Proposed Order Assessing Civil Penalties, and Notice of Right to a Hearing (hereinafter “the  
18 Order”) to Haben Tesfai dba State Law Group.

19 On November 14, 2012, Haben Tesfai was mailed a true copy of the Order by regular,  
20 first-class mail and by certified mail, postage prepaid addressed to 1418 Lemon Tree Cir,  
21 Upland, California 91768. A green card evidencing receipt was signed and returned, and the  
22 regular mailing was not returned.

23 On November 28, 2012, State Law Group was mailed a true copy of the Order by  
24 regular, first-class mail and by certified mail, postage prepaid addressed to 1720 East Garry  
25 Avenue, Suite 111, Santa Ana, California and to 1740 East Garry Avenue, Suite 221, Santa  
26 Ana, California 92705. The certified and regular mailings were returned as attempted unknown



1 and unable to forward.

2 On November 28, 2012, Haben Tesfai and State Law Group’s attorney of record was  
3 sent a true copy of the Order by email and acknowledged receipt on that same day.

4 Neither Haben Tesfai nor State Law Group made a written request for a contested case  
5 hearing in this matter, and the time to do so has expired.

6 **FINDINGS OF FACTS**

7 The Director FINDS that:

8 1. At all times material to this order, State Law Group (hereinafter “SLG”) was a  
9 California business with a principal location of 1720 East Garry Avenue, Suite 111, Santa Ana,  
10 California 92705.

11 2. A search of the California Secretary of State’s records shows no listing for a  
12 corporation, limited liability company, or limited partnership by the name of SLG during all  
13 times material to this order. Likewise, a search of the Oregon Secretary of State’s records  
14 shows no listing for a business entity by the name of State Law Group during all times material  
15 to this order

16 3. On or about March 3, 2011, the fictitious business name SLG was filed with  
17 the Orange County Clerk Recorder with business owners listed as Haben Tesfai (hereinafter  
18 “Tesfai”) and Sameer Qadri (hereinafter “Qadri”).

19 4. In April 2011, SLG applied to the Oregon Division of Finance and Corporate Securities  
20 (hereinafter “Division”) for registration as a debt management service provider. On the  
21 application and the accompanying surety bond, it is stated that SLG was a dba for Haben Tesfai  
22 only.

23 5. Neither SLG, nor Haben Tesfai, nor Sameer Qadri have ever held a license to engage in  
24 residential mortgage transactions as a mortgage broker in Oregon, and none have ever been  
25 registered to provide debt management services in Oregon.

26 6. A search of the California State Bar records show that Tesfai was an attorney licensed to





1 practice in California but is currently inactive, and Qadri is an attorney licensed to practice in  
2 California.

3 7. A search of Oregon State Bar records show that neither Tesfai nor Qadri have ever been an  
4 attorney licensed to practice in Oregon.

5 **I. Oregon consumer complaint**

6 8. At all times material to this order, consumer “EM” was an Oregon resident and was party  
7 to a residential mortgage loan secured by property located in Oregon.

8 9. Around April 2009, EM received a mailer advertisement stating:

9 “Citimortgage realizes that sometimes things happen that are out of your control,  
10 which can keep you from meeting your most important financial obligations.  
11 Citimortgage is committed to helping homeowners keep their homes... We would  
12 like to discuss your current loan situation to determine if you qualify for one of  
the Citimortgage workout options.”

13 10. At the bottom of the inside page in very small type it states “we are not an affiliate of,  
14 nor associated with Citimortgage or any Government agency.”

15 11. EM called the phone number listed on the mailer and was connected with SLG.

16 12. SLG offered, for a fee, to negotiate a modification of EM’s residential mortgage loan  
17 with EM’s lender including, but not limited to, a reduction in the principal, interest, penalties or  
18 fees associated with the loan.

19 13. SLG represented to EM that the company was authorized to assist EM in obtaining a  
20 loan modification on EM’s behalf from his lender.

21 14. On or about June, 10, 2011, per SLG’s request, EM deposited \$1,750 to SLG into a bank  
22 account specified by SLG for the loan modification services.

23 15. In February 2012, EM received a call from a SLG employee reporting that EM’s lender  
24 had approved a loan modification for EM’s residential mortgage loan, and the approval  
25 paperwork would be sent to EM. The SLG employee requested that EM deposit the remaining  
26 balance owed for loan modification services to SLG into a bank account specified by SLG.



1 16. EM replied that he would make the deposit after he received the loan modification  
2 approval paperwork. The SLG employee responded that, since EM had received a loan  
3 modification, he needed to make the deposit now.

4 17. EM complied, and on February 21, 2012, EM deposited \$1,710 to SLG into a bank  
5 account specified by SLG for the remaining balance owing for loan modification services.

6 18. EM never received the promised loan modification approval paperwork from SLG.  
7 He attempted to contact SLG and has not received a refund or any further contact from SLG.

8 19. EM contacted his lender regarding the loan modification approval that SLG told him he  
9 received. The lender replied that it had not approved a loan modification for EM and had never  
10 worked with anyone from SLG on a loan modification for EM.

11 20. The lender informed EM that it was in the process of foreclosing on his home.

12 21. EM immediately began the short-sale process.

13 **II. Debt management service provider registration application**

14 22. In August 2011, the Division received notification that there was an open complaint with  
15 the Oregon Department of Justice (hereinafter "DOJ") against SLG regarding the loan  
16 modification services.

17 23. The Division informed Tesfai that his application could not be processed until the  
18 complaint was resolved with DOJ. The Division requested that Tesfai notify when the  
19 complaint was resolved with DOJ, and then the Division would confirm with DOJ.

20 24. The Division has not received any further contact from Tesfai regarding the status of the  
21 DOJ complaint, but DOJ confirmed that their office sent a warning letter to SLG and later  
22 referred EM's complaint to the Division.

23 **CONCLUSIONS OF LAW**

24 The Director CONCLUDES that:

- 25 1. SLG acted as a "mortgage broker" under ORS 86A.100(5)(a)(C) when, for  
26 compensation, or in the expectation of compensation, either directly or indirectly made,



1 negotiated, or offered to make or negotiate a modification to the terms and conditions of EM's  
2 mortgage loan.

3 2. SLG engaged in "residential mortgage transactions in this state" under ORS 86A.103(2)  
4 by acting as a mortgage broker when SLG offered to negotiate a modification to the terms and  
5 conditions of EM's residential mortgage loan secured by property located in Oregon.

6 3. SLG violated ORS 86A.103(1) by engaging in residential mortgage transactions in  
7 Oregon without first obtaining a license as a mortgage broker.

8 4. SLG may not rely upon the exclusion from the definition of mortgage broker contained  
9 in ORS 86A.100(5)(b) because neither Tesfai nor Qadri is an attorney licensed or authorized to  
10 practice law in Oregon.

11 5. SLG knowingly misrepresented to EM that the lender had approved EM's loan  
12 modification when SLG had not contacted the lender, and the lender had not approved EM's  
13 loan modification in violation of ORS 86A.154(2).

14 6. SLG's violation of ORS 86A.154(2) constitutes dishonest, fraudulent or illegal practices  
15 or conduct in a business or profession, or unfair or unethical practices or conduct in  
16 connection with a debt management service under ORS 697.752(2). This is grounds to deny  
17 SLG's debt management service provider registration application.

18 7. The statements contained in SLG's advertisement regarding Citimortgage are misleading  
19 and deceptive as it leads the reader to believe that the advertisement was sent by Citimortgage  
20 when the advertisement was actually sent by SLG, and no relationship existed between  
21 Citimortgage and SLG in violation of ORS 86A.163(1) and OAR 441-870-0080(1)(n).

22 8. SLG received money or other valuable consideration, or expected to receive money or  
23 other valuable consideration, for obtaining or attempting to obtain, as an intermediary on EM's  
24 behalf, a concession from a creditor including, but not limited to, a reduction in the principal,  
25 interest, penalties or fees associated with the debt under ORS 697.602(2)(d) without registering  
26 under ORS 697.632 in violation of ORS 697.612(1)(a).



1 9. SLG may not rely upon the exclusion from the registration requirement for a debt  
2 management service provider contained in ORS 697.612(3)(b) because neither Tefai nor Qadri  
3 is an attorney licensed or authorized to practice law in Oregon.

4 10. SLG's violation of ORS 697.612(1)(a), a violation of ORS 697.602 to 697.842, is also a  
5 violation of ORS 697.662(11). SLG's violation of ORS 697.662(11) constitutes grounds under  
6 ORS 697.752(4) to deny SLG's debt management service provider registration application as a  
7 violation of ORS 697.642 to 697.702.

8 11. SLG violated ORS 697.692 by accepting or receiving an initial fee of more than \$50  
9 from EM.

10 12. SLG's violation of ORS 697.692, a violation of ORS 697.642 to ORS 697.702, is  
11 grounds to deny SLG's debt management service provider registration application under ORS  
12 697.752(4).

13 13. SLG knowingly misrepresented to EM that the lender had approved EM's loan  
14 modification when SLG had not contacted the lender, and the lender had not approved EM's  
15 loan modification in violation of ORS 697.662(1).

16 14. SLG's violation of ORS 697.662(1) is grounds to deny SLG's debt management service  
17 provider registration application as dishonest, fraudulent or illegal practices or conduct in a  
18 business or profession, or unfair or unethical practices or conduct in connection with a debt  
19 management service under ORS 697.752(2).

20 15. SLG's violation of ORS 697.662(1) is also grounds to deny SLG's debt management  
21 service provider registration application as demonstrated negligence or incompetence in  
22 performing a debt management service under ORS 697.752(10).

23 16. SLG's violation of ORS 697.662(1) is also grounds to deny SLG's debt management  
24 service provider's registration application as a violation of ORS 697.642 to 697.702 under ORS  
25 697.752(4).



**ORDER**

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:

Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director ORDERS SLG, and all entities owned or controlled by Tesfai and SLG, to CEASE AND DESIST from violating the Oregon statutes regulating mortgage lending, ORS 86A.100 et seq., and the Oregon statutes regulating debt management service providers, ORS 697.602 to 697.842.

Pursuant to ORS 697.752, the Director DENIES Haben Tesfai dba State Law Group's debt management service provider license.

Pursuant to ORS 86A.992, the Director may assess a CIVIL PENALTY in the amount of not more than \$5,000 per violation against any person who violates or who procures, aids or abets in the violation of any provision of ORS 86A.095 et seq. or any rule or order issued under ORS 86A.124 or 86A.242. Pursuant to ORS 697.832, the Director may assess a CIVIL PENALTY in an amount of not more than \$5,000 per violation against any person who violates ORS 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or any order issued under ORS 697.825.

a. Pursuant to ORS 86A.224(3)(a) and ORS 697.832, the Director hereby ORDERS SLG to pay a CIVIL PENALTY in the amount of \$20,000. This civil penalty is based upon \$5,000 for the violation of ORS 697.612(1)(unlicensed mortgage broker)/ORS 697.612 (unregistered debt management service provider), \$5,000 for the violation of ORS 86A.154 (mortgage fraud)/ORS 697.662(1), \$5,000 for the violation of ORS 86A.163 (misleading ad), and \$5,000 for the violation of ORS 697.692 (unlawful debt management service fee).

///

///

///

///

1 This Order is as “Final Order” under ORS 183.310(6)(b). Subject to that provision, the  
2 entry of this Order does not limit other remedies that are available to the Director under Oregon  
3 Law.

4 Dated this 14th day of March , 2013.

5 PATRICK M. ALLEN, Acting 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 may be entitled to judicial review of this Order. Judicial review may be obtained  
11 by filing a petition with the Court of Appeals in Salem, Oregon within 60 days from the service  
12 of this Order. Judicial review is pursuant to the provisions of ORS 183.482 to the Oregon Court  
13 of Appeals.  
14

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
Division of Finance and Corporate Securities  
Labor and Industries Building  
350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387

