

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-13-0056**

9 Terrance England dba Mortgage Auditing  
10 Solutions, and Gary Johnson,  
11 Respondents.

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

12 On June 21, 2013, the Director of the Department of Consumer and Business Services  
13 for the State of Oregon (“Director”), acting pursuant its authority granted in Oregon Revised  
14 Statutes (“ORS”) 86A.100 *et seq.*, and Oregon Administrative Rules (“OAR”) 441-850-0005  
15 through 441-885-0010 (collectively “Oregon Mortgage Lender Law”) and ORS 697.602 to  
16 697.842 and OAR 441-910-0000 through 441-910-0120 (collectively “Oregon Debt  
17 Management Service Provider Law”) issued Administrative Order No. DM-13-0056, Order to  
18 Cease and Desist, Proposed Order Assessing Civil Penalties and Notice of Right to a Hearing  
19 (Notice Order).

20 On July 12, 2013, a certified true copy of the Notice Order was sent via certified and  
21 first class U. S. mail to Respondent Terrance England (England). The green card was returned  
22 to the Division showing that someone (the writing was illegible) had signed for the document on  
23 July 12, 2013. The document sent first class mail has not been returned by the United States  
24 Post Office.

25 On July 12, 2013, a certified true copy of the Notice Order was sent via certified and  
26 first class U. S. mail to Respondent Gary Johnson (Johnson). The certified mail return receipt



1 was returned to the Division showing that someone, (the writing was illegible) had signed for  
2 the document on July 12, 2013. The document sent first class mail has not been returned by the  
3 United States Post Office.

#### 4 **FINDINGS OF FACTS**

5 The Director finds that:

6 1. At all times material to this Order, Mortgage Auditing Solutions (“MAS”) reported a  
7 principal place of business of 23121 Verdugo Drive, Suite 201, Laguna Hills, California 92653.

8 2. According to the Orange County business registry of fictitious business names, Terrance  
9 England (England) is the business owner of MAS.

10 3. MAS is not registered to do business with the California Secretary of State or with the  
11 Oregon Secretary of State.

12 4. MAS has never been registered with the Oregon Secretary of State to do business in  
13 Oregon.

14 5. Neither MAS nor England, nor Gary Johnson (Johnson) have ever held a license to engage  
15 in residential mortgage transactions as a mortgage broker in Oregon and have never been  
16 registered to provide debt management services in Oregon.

17 6. At all times material to this order, consumer “LS” was an Oregon resident and was party to  
18 a home mortgage loan secured by real estate located in Oregon.

19 7. In late 2012, LS saw MAS’s television commercial offering loan modification services in  
20 Oregon. LS subsequently sought a residential loan modification from MAS.

21 8. LS paid MAS \$495 on December 14, 2012, for loan modification services before services  
22 were rendered.

23 9. Johnson originally managed the case for LS and told LS that MAS was in contact with  
24 LS’s lender, Vanderbilt, and that MAS had submitted a report to Vanderbilt concerning LS’s loan  
25 modification.

26 //





1 10. After assuring LS that his application was in order, Johnson told LS that his case was being  
2 transferred to England for further development.

3 11. LS spoke with England regarding his loan modification on several occasions. LS  
4 requested that England provide LS a copy of the report MAS submitted to Vanderbilt.

5 12. In spite of LS's repeated requests for a copy of the report, England refused to provide LS a  
6 copy of the report MAS sent to Vanderbilt.

7 13. After LS submitted the \$495 payment, MAS did not provide loan modification services, a  
8 loan modification, or a refund.

### 9 **CONCLUSIONS OF LAW**

10 The Director concludes that:

11 1. England and Johnson acted as a "mortgage broker" under ORS 86A.100(5)(a)(C)  
12 when England and Johnson, for compensation, or in the expectation of compensation, either  
13 directly or indirectly made, negotiated, or offered to make or negotiate a modification to the  
14 terms and conditions of a mortgage loan.

15 2. England and Johnson engaged in "residential mortgage transactions in this state"  
16 under ORS 86A.103(2) by acting as a mortgage broker when England and Johnson offered to  
17 negotiate a modification to the terms and conditions of LS's residential mortgage loan secured  
18 by property located in Oregon.

19 3. England and Johnson violated 86A.103(1) by engaging in residential mortgage  
20 transactions in Oregon without first obtaining a license as a mortgage broker under ORS  
21 86A.095 to 86A.198.

22 4. England and Johnson received money or expected to receive money for providing  
23 advice, assistance, instruction or instructional material concerning a debt management service,  
24 or modifying the terms and conditions of an existing loan under ORS 697.602(2)(c), in violation  
25 of ORS 697.612(1)(b)(E).

26 //

1 5. England and Johnson violated ORS 697.692 by accepting or receiving an initial fee  
2 of more than \$50 from LS.

3 6. England and Johnson knowingly misrepresented to LS that they would provide  
4 loan modification services, failed to provide loan modification services, and failed to provide a  
5 refund in violation of ORS 86A.154(2).

6 **ORDERS**

7 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDER:

8 1. Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director hereby orders  
9 England and Johnson, and all entities owned or controlled by England and Johnson to cease and  
10 desist from violating the Oregon statutes regulating mortgage lending, ORS 86A.100 et seq.,  
11 and debt management service providers, ORS 697.602 to 697.842.

12 2. Pursuant to ORS 86A.992, the Director may assess a civil penalty in the amount not to  
13 exceed \$5,000 per violation against any person who violates or who procures, aids or abets in the  
14 violation of any provision of ORS 86A.095 to 86A.198 or any rule or order issued under ORS  
15 86A.124 or 86A.242. Pursuant to the authority of ORS 697.832, the Director may assess a civil  
16 penalty in an amount not to exceed \$5,000 per violation against any person who violates ORS  
17 697.612 or 697.642 to 697.702, rules adopted under ORS 697.632, or any order issued under  
18 ORS 697.825.

19 3. The Director orders Respondents to pay civil penalties in the amount of  
20 \$20,000 as follows:

- 21 a. \$10,000 (\$5,000 civil penalty for each individual) for England and Johnson  
22 individually committing one violation of ORS 86A.103(1) (unlicensed mortgage  
23 broker) and 697.612 (unregistered debt management service provider) (one  
24 violation per individual).
- 25 b. \$10,000 for England and Johnson, jointly and severally, committing one violation  
26 of ORS 697.692 (unlawful debt management service provider) (\$5,000 civil



1 penalty) and jointly and severally committing one violation of ORS  
2 86A.154(2)(mortgage fraud) (\$5,000 civil penalty).

3 4. Pursuant to ORS 697.718, as England and Johnson were required to obtain  
4 registration as a debt management service provider under ORS 697.612 and did not do so.  
5 Therefore, England and Johnson are liable, jointly and severally, to consumers who suffer an  
6 ascertainable loss of money or property in connection with England and Johnson's violation  
7 of a provision of ORS 697.652, 697.662, 697.682, 697.692 or 697.707.

8 Dated this 22nd day of August, 2013.

9  
10 PATRICK M. ALLEN, Director  
11 Department of Consumer and Business Services

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

15 Notice

16 You are entitled to judicial review of this Order. Judicial review may be obtained by filing a  
17 petition with the Court of Appeals in Salem, Oregon within 60 days from the service of this  
18 order.

