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: **Cstone Mortgage, Inc.** **NMLS # 173855** **Respondent.**	**M-13-0107 & M-13-0127** **Order to Cease and Desist, Order Assessing Civil Penalty, and Consent to Entry of Order**

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (hereinafter "the Director") conducted an investigation of Cstone Mortgage, Inc. (Cstone) and determined that Cstone engaged in activities constituting a violation of 86A.100 et seq. and OAR 441-850-0005 through 441-885-0010 (hereinafter collectively cited as the "Oregon Mortgage Lender Law"); and

WHEREAS Cstone wishes to resolve and settle these matters with the Director,

NOW THEREFORE, as evidenced by the authorized signature subscribed on this order, Cstone hereby **CONSENTS** to entry of this order upon the Director's Findings of Fact and Conclusions of Law as stated hereinafter:

FINDINGS OF FACT

The Director FINDS that:

1. Cstone Mortgage, Inc. (Cstone) is foreign corporation first licensed to do business in Oregon on October 17, 2012. The corporation first formed on August 15, 2007.

2. Cstone obtained an Oregon mortgage broker license from the Division of Finance and Corporate Securities (Division) on November 1, 2012, NMLS# 173855.

3. Cstone's principal place of business is located at 4545 Murphy Canyon Road, Suite 213, San Diego, CA 92123.

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Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

4. The Oregon Mortgage Lender Law requires licensed mortgage bankers and mortgage brokers to file an annual report with the Division concerning their mortgage lending activity.

5. The deadline for filing the annual report for 2012 mortgage lending activity was March 31, 2013.

6. By January 11, 2013, the Division made public a website https://www4.cbs.state.or.us/exs/dfcs/mlrpt/index.cfm that licensees were to use to file their annual reports. The Division posted a link to that website from the Division's mortgage lending home page along with information on the annual report requirements.

7. The Division's mortgage lending home page also included a prominent notice about the requirement.

8. On January 11, 2013, the Division sent an e-mail to the e-mail address of record for Cstone, ejorissen@cstonemortge.com, reminding Cstone that they had not filed the annual report and the deadline was March 31, 2013

9. After sending the e-mail to Cstone on January 11, 2013, a problem was discovered with the Division's website and the Division notified Cstone of the problem.

10. On January 14, 2013, the Division sent an e-mail to Cstone alerting them that the website was again working correctly and that they must file the report by March 31, 2013.

11. On January 23, 2013, Cstone changed their primary contact information to ejorissen@cornerstonemortgagegroup.com.

12. On March 18, 2013, the Division sent Cstone a reminder e-mail to the company's e-mail address of record noting that the company had not yet filed and annual report and that the deadline to do so was March 31, 2013.

13. On April 3, 2013, Cstone had not filed an annual report for 2012.

14. On April 3, 2013, the Division sent Cstone a warning letter to the address of record in NMLS notifying that they are required to file the 2012 annual report for Oregon. The letter

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warned that if Cstone did not file by May 3, 2013, the matter would be referred for enforcement action and a civil penalty assessed.

15. On April 3, 2013, the Division also sent an email to Cstone notifying them of the missed deadline and warning them of the enforcement action and civil penalty for failure to file by May 3, 2013.

16. Since Cstone did not file its annual report by May 3, 2013, the matter was referred for enforcement on May 7, 2013.

17. Cstone filed the annual report on June 17, 2013.

18. In 2011, NMLS released its mortgage call report ("MCR") functionality. The MCR is comprised of individual reports of activity by state, called Residential Mortgage Loan Activity reports ("RMLA") that are compiled and submitted by the company to NMLS on a quarterly basis for each state in which the company does business or sponsors a mortgage loan originator license.

19. The MCR functionality was developed to provide entities licensed as mortgage brokers the ability to submit quarterly activity reports. Licensed mortgage brokers must submit MCR reports through the NMLS system within 45 days of the end of the quarter.

20. The NMLS online resource center provides the following MCR submission deadlines: (1) Quarter one - January 1 through March 31 - due May 15; (2) Quarter two ("Q2") April 1 through June 30, due August 14; (3) Quarter three ("Q3") July 1 through September 30, due November 14; and (4) Quarter four ("Q4") October 1 through December 31, due February 14.

21. Since this report was first required for the first quarter of 2011, the Division has undertaken an extensive campaign to notify licensed mortgage brokers of the new MCR reporting requirement.

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22. On May 7, 2013, the Division sent an email message to Cstone, at ejorissen@cornerstonemortgagegroup.com advising them of the upcoming deadline of May 15, 2013 to file the 2013 Q1 report.

23. On May 17, 2013, after verifying that Cstone was licensed during the Q1 2013 period but still had not filed the MCR report, the Division sent a second email message to Cstone, granting a time extension to June 16, 2013 to file the Q1 2013report and informing the company that it could be subject to civil penalties for failure to file by the extended deadline.

24. On May 17, 2013, in addition to the aforementioned e-mail, the Division sent a letter to the address on file for Cstone advising Cstone that if the Q1 2013 MCR report was not filed by the June 16th deadline, the matter would be referred for enforcement action.

25. On May 17, 2013, The Division also placed a deficiency on the company's license notifying the company of the obligation to file the RMLA for Oregon. The deficiency included a deadline of June 16, 2013, or the company would b referred for enforcement action.

26. On June 17, 2013, the Division reviewed NMLS and confirmed that Cstone had not filed its Q1 2013MCR and the matter was then referred to enforcement.

27. On June 27, 2013, Cstone filed the Q1 2013 MCR report.

CONCLUSIONS OF LAW

The Director concludes that:

1. By failing to file the Oregon annual report for 2012 mortgage lending activity by March 31, 2013, Cstone violated ORS 86A.112(3) and OAR 441-865-0025.

2. By failing to file the Q1 2013 MCR including RMLA for Oregon in NMLS by May 15, 2013, Cstone violated ORS 86A.239(2).

ORDERS

NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

1. The Director, pursuant to ORS 86A.127, hereby orders Cstone to Cease and Desist from violating Oregon's Mortgage Lender Law.

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2. The Director, pursuant to ORS 86A.992, may assess civil penalties of up to $100 per day each day the Oregon annual report is not filed. The Director, pursuant to ORS 86A.992(2), hereby orders Cstone to pay a civil penalty of $1,000 for the violation of ORS 86A.112(3) and OAR 441-865-0025.

3. The Director, pursuant to ORS 86A.224, may assess civil penalties of up to $5,000 per violation of the Oregon Mortgage Lender Law. Further, the Director may assess civil penalties of up to $20,000 for a continuing violation of the Oregon Mortgage Lender laws and Rules. The Director, pursuant to ORS 86A.224(3)(a), hereby orders Cstone to pay a civil penalty of $2,000 for the violation of ORS 86A.239(2).

4. Cstone shall enclose a check for $3,000 along with the signed Consent Order and submit both documents to the Division in a timely manner.

Dated this 2nd day of August , 2013 at Salem, Oregon.

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

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

ENTITY CONSENT TO ENTRY OF ORDER

I, _____, state that I am an officer of Cstone and I am authorized to act on its behalf. I have read the foregoing order and that I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Cstone voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. Cstone understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law. Cstone will

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fully comply with the terms and conditions stated herein.

Cstone further assures the Director that neither Cstone nor its officers, directors, employees, or agents will effect mortgage transactions in Oregon unless such activities are in full compliance with the Oregon Mortgage Lender Law. Cstone understands that this Consent Order is a public document.

Dated this 30 day of July 2013, at San Diego, California.

By /S/Erik Jorrisen

CStone President
Office Held

ENTITY ACKNOWLEDGMENT

State of California)
)ss.
County of)

There appeared before me this _____day of_____, 2013, _____who was first duly sworn on oath, and stated that (s)he was and is an officer of Cstone and that (s)he is authorized and empowered to sign this Consent to Entry of Order on behalf of Cstone and to bind Cstone to the terms hereof.

/s/ See attached CA All-Purpose Cert of Acknowledgement
Notary Public for the State of: California
My commission expires: _____

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State of California)
County of San Diego)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

On July 30, 2013 before me, Sara Jorissen, Notary,
(here insert name and title of the officer)
personally appeared Erik Jorissen, Cstone President

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who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SARA JORISSEN
COMM. #1875378
Notary Public · California
San Diego County
My Comm. Expires Jan. 1, 2014

Signature _____ (Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of State of Oregon / Cstone Mortgage, containing 6 pages, and dated 7/30/13.

The signer(s) capacity or authority is/are as:

- ☐ Individual(s)
- ☐ Attorney-in-Fact
- ☒ Corporate Officer(s) President (Title(s))
- ☐ Guardian/Conservator
- ☐ Partner - Limited/General
- ☐ Trustee(s)
- ☐ Other: _____

representing: _____ (Name(s) of Person(s) or Entity(ies) Signer is Representing)

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
☒ form(s) of identification ○ credible witness(es)

Notarial event is detailed in notary journal on:
Page # 29 Entry # 3

Notary contact: 858-752-4939

Other

☐ Additional Signer(s) ☐ Signer(s) Thumbprint(s)

☐ _____

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