

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

**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: Franklin Financial Services, Inc. <p style="text-align: center;">Respondent.</p>	DM-14-0027 Final Order to Cease and Desist and Order Assessing Civil Penalties Entered by Default
--	--

On June 19, 2014, the Director of the Department of Consumer and Business Services for the State of Oregon (hereafter the “Director”), acting pursuant to the Oregon statutes regulating mortgage lending, ORS 86A.100 et seq., and debt management service providers, ORS 697.602 to 697.842, issued Administrative Order No. DM-14-0027: Order to Cease and Desist, Proposed Order Assessing Civil Penalties and Notice of Right to a Hearing (hereinafter “the Order”) to Franklin Financial Services (hereinafter “Franklin”).

On July 19, 2014, a true copy of the Order was mailed by regular, first-class mail and by certified mail postage prepaid addressed to Franklin Financial Services, 3000 Citrus Circle, Suite 216, Walnut Creek, California 94595. A signed green card evidencing receipt of the mailing was returned to the Director.

Franklin has not made a written request for a hearing, and the time to do so has now passed.

FINDINGS OF FACTS

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 The Director FINDS that:

- 2 1. Franklin Financial Services, Inc. (hereinafter “Franklin”) is a California corporation
3 operating from 3000 Citrus Circle, Suite 215, Walnut Creek, California 94589.
- 4 2. Franklin uses the fictitious business name Franklin Financial Services that was
5 registered with Contra Costa County, California in 2007.
- 6 3. At all times material to this order, Franklin was not registered to do business in Oregon.
- 7 4. At all times material to this order, Franklin was not licensed to engage in Oregon
8 residential mortgage transactions as a mortgage broker or registered as a debt management service
9 provider in Oregon.
- 10 5. At all times material to this order, “AK” was an Oregon resident party to a home mortgage
11 loan secured by real estate located in Oregon.
- 12 6. AK received a call from a representative of Franklin offering to negotiate a modification
13 to the terms and conditions of her residential mortgage loan including, but not limited, to
14 reducing monthly payments with her lender and provide advice, assistance, instruction, or
15 instructional material concerning negotiating a modification to the terms and conditions of her
16 loan.
- 17 7. From January through March 2011, AK paid Franklin \$2,250 total in three installments
18 for loan modification services including an upfront fee of \$750.
- 19 8. AK did not receive a refund or a loan modification. Franklin stated that AK was non-
20 responsive to requests for information and documentation necessary to work on the file.

21 CONCLUSIONS OF LAW

22 The Director CONCLUDES that:

- 23 1. Franklin acted as a “mortgage broker” under ORS 86A.100(5)(a)(C) when, for
24 compensation or in the expectation of compensation, either directly or indirectly made,
25 negotiated, or offered to make or negotiate a modification to the terms and conditions of AK’s
26 mortgage loan.
2. Franklin engaged in “residential mortgage transactions in this state” under ORS



1 86A.103(2) by acting as a mortgage broker when it offered to negotiate a modification to the
2 terms and conditions of AK's residential mortgage loans secured by property located in Oregon.

3 3. Franklin violated 86A.103(1) by engaging in residential mortgage transactions in
4 Oregon without first obtaining a license as a mortgage broker under ORS 86A.095 to 86A.198.

5 4. Franklin received money or other valuable consideration, or expected to receive money
6 or other valuable consideration, for obtaining or attempting to obtain, as an intermediary on
7 AK's behalf, a concession from a creditor including, but not limited to, a reduction in the
8 principal, interest, penalties or fees associated with the debt without registering under ORS
9 697.602(2)(d) in violation of ORS 697.612(1)(a).

10 5. Franklin received money for providing advice, assistance, instruction or instructional
11 material concerning a debt management service under ORS 697.602(2)(d) in violation of ORS
12 697.612(1)(b)(E).

13 6. Franklin violated ORS 697.692(1)(a) by charging an initial fee of more than \$50 for loan
14 modification services from AK.

15 **ORDERS**

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

17 1. Pursuant to ORS 86A.127(4) and 697.825(1)(a), the Director hereby **ORDERS** Franklin
18 and all entities owned or controlled by Franklin to **CEASE AND DESIST** from violating the
19 Oregon Mortgage Lender Law and the Oregon statutes regulating debt management service
20 providers, ORS 697.602 to 697.842.

21 2. Pursuant to ORS 86A.992, the Director may assess a **CIVIL PENALTY** in the amount of
22 not more than \$5,000 per violation against any person who violates or who procures, aids or
23 abets in the violation of any provision of the Oregon Mortgage Lender Law. Pursuant to the
24 authority of ORS 697.832, the Director may assess a **CIVIL PENALTY** in an amount of not
25 more than \$5,000 per violation against any person who violates ORS 697.612 or ORS 697.642 to
26 697.702, or rules adopted under ORS 697.632.

a. Pursuant to ORS 86A.992(1) and ORS 697.832, the Director hereby **ORDERS**



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Franklin to pay a CIVIL PENALTY in the amount of \$10,000. This civil penalty is based upon \$5,000 for the violation of ORS 86A.103(1) (unlicensed mortgage broker)/ORS 697.612 (unregistered debt management service provider) and \$5,000 for the violation of ORS 697.692 (debt management service provider unlawful fees).

3. The Director designates the Division’s file on this matter, which includes all materials submitted by the party as the record in this case. Pursuant to OAR 137-003-0075(3), that record contains sufficient evidence of the existence of facts necessary to support a final order by default should the Director issue such an order.

Dated this 10th day of September, 2014

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

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

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