

Division of Finance and Corporate Securities
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**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCE AND CORPORATE SECURITIES**

In the Matter of:

Case No. M-13-0144

CJ Unlimited LLC, dba Cosmopolitan Funding
Group (NMLS ID# 158061),

Order Granting Conditional Mortgage Banker/
Broker License and Consent to Entry of Order

Respondent.

WHEREAS the Director of the Department of Consumer and Business Services for the State of Oregon (“Director”) conducted an investigation into the fitness of CJ Unlimited LLC (hereinafter “CJ” or “Respondent”) to obtain a mortgage banker/broker license under Oregon Revised Statutes (ORS) 86A.095 to 86A.198 and Oregon Administrative Rules (OAR) 441-850-0005 through 441-870-0081 (hereinafter collectively referred to as “Oregon Mortgage Lender Law”);

WHEREAS the Director has determined that the public interest is served by issuing a conditional mortgage banker/broker license to CJ pursuant to ORS 86A.115(4), (12) and (16);

WHEREAS CJ wishes to resolve and settle its application for licensure expeditiously and in full cooperation with the Director, CJ neither admits nor denies the allegations as set out below, but agrees to enter into a consent agreement and order (“Order”) with the Director for conditional licensure as a mortgage banker/broker pursuant to ORS 86A.095 to 86A.198;

NOW THEREFORE, the Director **GRANTS** a conditional mortgage banker/broker license to CJ subject to CJ continuously meeting the requirements to maintain the license. CJ



1 **CONSENTS** to entry of this Order upon the Director's Findings of Fact and Conclusions of law
2 as stated hereinafter:

3 I. FINDINGS OF FACT

4 The Director FINDS that:

- 5 1. CJ is a domestic LLC that was first registered with the Oregon's Secretary of State on
6 April 2, 1998, as CJ Unlimited Corporation.
- 7 2. CJ was first licensed as an Oregon Mortgage Banker/Broker with the
8 Division of Finance and Corporate Securities (Division) in 1999 as CJ Unlimited Corporation,
9 ML-2005
- 10 3. CJ's principal place of business is located at 1119 7th Street, Oregon City,
11 Oregon 97045.
- 12 4. Cristie Stevens (Stevens) is the President of CJ and Donna Brown is the broker of record
13 and qualifying individual.

14 **The Steve Nassar Matter**

- 15 5. On or about May 13, 2009, the Division received an unclassified report summary from
16 the Federal Bureau of Investigations (FBI) concerning possible mortgage fraud by Steve Nassar
17 (Nassar).
- 18 6. The investigation revealed that on or about December 2008, OM obtained a loan through
19 Respondent. The loan originator was Nassar, who was registered with CJ. The lender was
20 Hyperion.
- 21 7. A random sampling was conducted by Hyperion, and the sampling revealed that the
22 verification of employment (VOE) for OM's second job was completed by OM's roommate and
23 co-worker, PJ.
- 24 8. PJ signed a VOE for OM indicating that PJ was a resident manager for the
25 employer when in fact she was a part-time on-call employee and was not authorized to sign a
26 VOE on behalf of the employer.



1 9. In addition to the falsified VOE, an unsigned letter on the employer's letterhead dated
2 December 8, 2008 stated the OM began working for the employer on December 1, 2006 as a
3 volunteer and became a paid employee on March 5, 2007. This was not true as OM began
4 working for the employer in March of 2007 as a part-time, on-call employee and remained in
5 that position as of December 2008.

6 10. As part of its investigation, the FBI received a letter from OM's employer denying the
7 falsified VOE and stating that both OM and PJ had admitted to falsifying the VOE and providing
8 the company's letter head to Nassar. However, both OM and PJ denied ever seeing the completed
9 December 8th letter.

10 11. Both OM and PJ stated that the loan originator, Steve Nassar, had coached them
11 on how to complete the VOE documents to augment OM's employment history in order for her
12 to obtain a more favorable loan.

13 12. Although Nassar engaged in these actions in the name of CJ, CJ did not approve of his
14 actions and he was subsequently fired by CJ.

15 **The Sheila Smith Matter**

16 13. Sheila Smith (Smith) was licensed as a loan originator with the Real Estate Loan
17 Company (RELC), license number ML-129 in 1994 but the license was surrendered on April 7,
18 2008.

19 14. Smith (54661) was initially approved for a mortgage loan originator license by the
20 Division on July 31, 2010. The license went inactive on January 27, 2012 and became active
21 again on March 12, 2012.

22 15. Smith became affiliated with Fairway Independent Mortgage Corporation (Fairway)
23 ML-3791 on April 11, 2008, and RELC became a DBA of Fairway.

24 16. After leaving Fairway on or about March 2, 2012, Smith became associated with CJ on
25 March 13, 2012. During the time period in question, there is no indication in NMLS that CJ ever
26 licensed RELC or the Lake Oswego office as branch office of CJ.



1 17. On or about September 26, 2012, MM and NM, applied for a loan through CJ for their
2 property located at 2004 NW LaCamas Drive, Camas, Washington 98607. CJ maintains that the
3 loan was applied for online and that MM works in the same office in Oregon where several
4 clients refer business to Smith.

5 18. On or about December 10, 2012, the Division was contacted by a mortgage consultant.
6 The consultant was working with a client who had recently applied for a loan with Smith.

7 19. When the consultant checked NMLS, she discovered that the license of the RELC had
8 been surrendered several years ago but the website for the company was still active.

9 20. During the Division's investigation, a review of the RELC website revealed that the
10 website (www.realestateloan.com) and associated e-mail allowed Smith to accept loan
11 applications and indicated that Smith was associated with Fairway Independent Mortgage
12 Corporation, ML-3791, a former employer of Smith.

13 21. The documentation related to MM and MN's loan application lists Stevens as the loan
14 originator rather than Smith and lists the business address as 1119 7th Street, Oregon City, Oregon
15 97045, not the Lake Oswego address.

16 22. A review of the e-mails sent to MM from Smith listed the address of Smith at RELC
17 as 4800 SW Meadows Road Suite 300, Lake Oswego, Oregon. Neither the name nor the address
18 of RELC was licensed to be used by CJ.

19 23. MM revealed to the Division that MM only spoke with Smith and did not recall ever
20 speaking to Stevens during the loan application process. In addition, Smith was not licensed to
21 originate loans involving property located in Washington. The loan never funded.

22 24. A review of the documentation pertaining to MM and NM's loan application revealed
23 that the interest rate float/lock agreement was a blank document but signed by MM and NM.

24 25. During the time of MM and NM's loan application, neither the name RELC nor the
25 office location in Lake Oswego were registered or licensed with the Division.

26 //



1 26. The advertising at www.sheilasmithblog.com did not include a mortgage lender
2 license, a company NMLS ID number, or a loan originator's NMLS ID number.

3 27. The Division also discovered that the website for CJ listed the physical address of
4 RELC as 4000 SW Meadows Road, Suite 380, Lake Oswego, Oregon, when the correct address
5 is 4800 SW Meadows Road, Suite 300 Lake Oswego, Oregon 97305.

6 28. The Division further discovered that the CJ website, www.cosmopolitan.com, included
7 several dbas that were no longer connected to CJ and also listed several other DBAs that were
8 operational but not registered or licensed with the Division.

9 29. At the time of the investigation, other business names associated with Respondent
10 that were either inactive or not registered with the Division were Cosmo Home Team, The
11 Bradshaw Partnership, McDowell Capital, The Rodriguez Group, and The W Group.

12 30. During the time period relevant to the MM and NM loan process, the only dbas listed
13 on CJ's website were: CJ Unlimited LLC, Eagle Ridge Mortgage, River City Mortgage, Venture
14 Funding Group, Cosmopolitan Funding Group, and Turn Key Mortgage.

15 31. In addition to the principle location of CJ, 1119 7th Street, Oregon City, Oregon, only
16 two other branches were licensed by the Division. Those two locations were 20001 W TV Hwy,
17 Suite 100, Aloha, Oregon (NMLS ID 805987) and 931 SW King Avenue, Portland, Oregon
18 (NMLS ID 79854).

19 32. An application for the licensure of the Lake Oswego branch was not received by the
20 Division until December 17, 2012.

21 33. It was further discovered through communications with Stevens, that CJ had
22 implemented a policy to delete e-mails and other personal documents as soon as loans funded as
23 means of preventing identify theft as well as preventing possible computer problems.

24 **The Martin Monsivais Matter**

25 34. One of the 14 incomplete personnel ledgers found during the May 8th and 9th of 2013
26 exam was for Martin Monsivais (Monsivais). A review of the personnel ledger available during



1 the exam revealed the employment start date for Monsivais was 5-2011. A specific start date
2 was not included in the personnel ledger, but his new hire paperwork is dated March 7, 2013.

3 35. Monsivais works at Eagle Ridge Mortgage, 20001 SW TV Hwy, Aloha, Oregon.
4 Brian Merritt (Merritt) is the branch manger and Eagle Ridge Mortgage is a dba of CJ.

5 36. Merritt supplied a letter as part of the examination explaining that due to a large
6 Spanish speaking population in the area, a translator was needed and that Monsivais provided
7 translation services while obtaining training and education to become a loan originator.

8 37. Although Merritt stated that Monsivais provided translations services for Eagle
9 Ridge, a review of the banking ledger for CJ during the relevant time period, did not reveal that
10 any payments were made to Monsivais for translations services or otherwise.

11 38. Merritt further stated that in addition to Monsivais's training, it was felt that
12 Monsivais's name and photo could be placed on the company's website.

13 39. On or about January 14, 2013, the website www.myoregonloan.com, a website
14 associated with Eagle Ridge, included a photo of Monsivais, his phone number and promotion of
15 his ability to speak Spanish along with the photos of two licensed loan originators.

16 40. Monsivais requested an Oregon Loan Originator License on March 17, 2013 and
17 his status as a loan originator did not became active until April 22, 2013.

18 41. Print and website advertising for Eagle Ridge Mortgage listed Brain Merritt as an
19 Owner, but Eagle Ridge Mortgage is a dba registered to Respondent. Merritt is not an owner of
20 or a control person for Respondent.

21 42. In addition to the above problems noted with the Eagle Ridge website, the Division
22 also noted that the advertisement did not list the Oregon issued license number nor the NMLS
23 number in a prominent location nor did the website list the unique identifier for the mortgage loan
24 originators listed on the website.

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1 **Exam**

2 43. On May 8th and 9th of 2013, the Division conducted a routine office exam of CJ at its
3 principal office location.

4 44. The personnel ledgers were incomplete for 14 of the 15 ledgers reviewed, by among
5 other things, failing to include such things as the work addresses, incomplete start dates, late
6 criminal background checks, and no list or an incomplete list of responsibilities.

7 45. During the exam, 18 loan files were reviewed. Many of the loan files were
8 incomplete by, among other things, failing to include float/lock agreements, including incomplete
9 or missing terms on certain documents, failing to update GFEs and TILs as needed, failing to
10 include either initial or final loan applications, and certain documents or terms were missing, i.e.,
11 credit reports seven of the files did not have float/lock agreements, five files were either
12 incomplete or missing terms, one file did not contain a final HUD-1 settlement statement and
13 one file contained a fee for a "Rainy Day" program.

14 **II. CONCLUSIONS OF LAW**

15 The Director CONCLUDES that:

16 1. By Smith having accepted an application for a Washington borrower allowing
17 Nassar to submit false information on the OM loan, and placing Stevens' name on the MM and
18 NM loan application when the borrowers had only worked with Smith, CJ failed to adequately
19 supervise its loan originators in violation of ORS 86A.115(16)¹ and OAR 441-860-0040 (1).

20 2. Respondent's failure to supervise is grounds for the Director to deny, condition,
21 revoke, or suspend the license under ORS 86A.115(16).

22 3. By failing to notify the Director of CJ's intent to transact business at the Lake
23 Oswego, Oregon location, CJ violated OAR 441-860-0030(1).

24 4. By displaying the incorrect NMLS identifier, CJ violated OAR 441-870-0080(2).

25 ¹ At the time of the violation involving Nassar, ORS 59.865(15) was in place. The statute was renumbered
26 to its current designation in 2009.



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- c. Respondent shall apply for and obtain a license for all branch offices before the office becomes operational.
- d. Respondent shall not use or cause to be published any advertisement that contains any false, misleading or deceptive statement or representation.
- e. Respondent shall maintain, for a period of five years, all records that would be needed by an independent accountant to prepare a complied, reviewed or audited financial statement on CJ's business.
- f. Respondent shall maintain personnel records that contain the name, date of birth, position or title and responsibilities, unique identifiers, starting date, and date and reason for termination of salaried employees.
- g. Respondent shall ensure that all of its mortgage loan originators use their unique identifier when soliciting loans, advertising their services, and disseminating promotional materials.
- h. Respondent shall ensure that all of its advertisements that are disseminated by any means contain CJ's name and/or assumed business name as it appears on file with the Director.
- i. Respondent shall maintain copies of all correspondence to and from consumers.
- j. Respondent shall not allow a person's name to appear as loan originator on a loan application if that person did not act as the loan originator for the loan.
- k. Respondent shall engage the services of a quality control specialist (e.g. either a person or a company) to quarterly review the lending practices of Respondent. This procedure shall remain in place until the company has gone through two exam cycles in which the company consistently scores a three or better on the exam. The following conditions shall apply to this process.



- 1 i. The quality control specialist need not be the same entity during the
2 period in which quarterly reviews are required;
- 3 ii. The quality control specialist shall make at least quarterly reports. The
4 reports shall be maintained by Respondent and made available to the
5 Division upon request;
- 6 iii. Within ten (10) days of the retention of the quality control specialist,
7 Respondent will provide the following to the Division:
- 8 (a) The name of the individual or entity;
- 9 (b) The qualifications of the individual or entity;
- 10 (c) Confirmation that the individual or entity will make quarterly
11 reports regarding the entity's review.

12 2. Pursuant to ORS 86A.992(1) Respondent shall pay a \$15,000 civil penalty for
13 the following violations:

- 14 a. \$5,000 for violating ORS 86A.115(16);
- 15 b. \$5,000 for violating ORS 86A.163, OAR 441-870-0080 and 441-860-0030;
- 16 c. \$5,000 for violating ORS 86A.115(12).

17 3. However, the Division will suspend \$7,500 of the civil penalty for a period of
18 five years. If, in the period between the date of the order to five years from the date of the
19 order, Respondent violates any provision of the Oregon Mortgage Lender Law, OAR 441-
20 850-0005 through 441-885-0010 or any rule, order, or policy issued by the Division, the
21 suspended portion of the assessed civil penalty will become immediately due and payable. If
22 Respondent does not violate the Oregon Mortgage Lender Law, OAR 441-850-0005 through
23 441-885-0010 or any rule, order, or policy issued by the Division in five years from the date
24 of the order, the suspended portion of the civil penalty is waived.

25 4. Payment of the unsuspended portion of the civil penalty is due and payable in
26 monthly installments of at least \$500 per month beginning on the 3rd day of each month and



1 continuing to due on the same day each month thereafter until the full amount of \$7,500 is
2 paid in full. The first payment shall become due the 3rd day of the first month following the
3 date the Director signs this Order.

4 5. Respondents' failure to make a payment as it becomes due will be considered a
5 material breach of this agreement.

6 6. If Respondent fails to comply with the conditions of this license, Respondent agrees
7 to notify the Division of the failure to meet the conditions and surrender the license
8 immediately. If Respondent fails to surrender the license within seven days of providing
9 notification to the Division or from the date that the Division notifies Respondent that the
10 Director believes that there has been a violation of this Order, whichever is earlier, Respondent
11 agrees that the conditional mortgage banker/broker license shall be revoked immediately.

12 7. The date of this order is the day the Director or the Director's nominee signs the
13 Order. The entry of this Order does not in any way limit further remedies which may be
14 available to the Director under Oregon law.

15 Dated this 16th day of April, 2015.

16 Patrick M. Allen, Director
17 Department of Consumer and Business Services

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

21
22 **ENTITY CONSENT TO ENTRY OF ORDER**

23 I, Cristie Stevens, state that I am an officer of CJ Unlimited and I am authorized
24 to act on its behalf. I have read the foregoing order and that I know and fully understand the
25 contents hereof. I have been advised of the right to a hearing and of the right to be
26 represented by counsel in this matter. CJ voluntarily and without any force or duress

1 consents to the entry of this order expressly waiving any right to a hearing in this matter. CJ
2 understands that the Director reserves the right to take further actions to enforce this order or
3 to take appropriate action upon discovery of other violations of the Oregon Mortgage Lender
4 Law. CJ will fully comply with the terms and conditions stated herein.

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

9 Dated this 25th day of March 2015, at West Linn, Oregon.

10 By /s/Cristie Stevens
11 Office Held: President

12
13 **ENTITY ACKNOWLEDGMENT**

14 State of Oregon)
15)ss.
16 County of)

16 There appeared before me this 25th day of March, 2015,
17 /s/Cristie Stevens who was first duly sworn on oath, and
18 stated that (s)he was and is an officer of CJ and that (s)he is authorized and empowered
19 to sign this Consent to Entry of Order on behalf of CJ and to bind CJ to the terms
20 hereof.

21 /s/Shellene A. Schneider
22 Notary Public for the State of: Oregon
23 My commission expires: 4/29/2016
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