

1 STATE OF OREGON
2 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
3 DIVISION OF FINANCIAL REGULATION

4 In the Matter of:

5 Source Capital Funding, Inc.

6 NMLS# 237332 and

7 Ryan R. Burns, NMLS# 947114

8 Respondents.

M-15-0143

ORDER TO CEASE AND DESIST, ORDER
ASSESSING CIVIL PENALTIES, AND
CONSENT TO ENTRY OF ORDER

9
10 WHEREAS the Director of the Department of Consumer and Business Services for the
11 State of Oregon (hereinafter “the Director”) conducted an investigation of Source Capital
12 Funding, Inc. (hereinafter “Source Capital”) and Ryan R. Burns (hereinafter “Burns”) and
13 determined that Source Capital and Burns engaged in activities constituting violations of ORS
14 86A.100 et seq. and OAR 441-850-0005 through OAR 441-885-0010 (hereinafter cited as the
15 “Oregon Mortgage Lender Law”); and

16 WHEREAS Source Capital and Burns neither admit nor deny the allegations in this order
17 but wish to resolve and settle this matter with the Director,

18 NOW THEREFORE, as evidenced by the authorized signatures subscribed on this order,
19 Source Capital and Burns hereby CONSENT to entry of this order upon the Director’s Findings
20 of Fact and Conclusions of Law as stated hereinafter.

21 I. FINDINGS OF FACT

22 The Director FINDS that:

23 1. Source Capital is a corporation headquartered in California with its corporate office
24 located at 11440 West Bernardo Court, Suite 272, San Diego, California 92127.

25 2. Burns was hired on October 1, 2013 by Source Capital as an underwriter.

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





1 3. Source Capital was issued an Oregon mortgage lending license (ML-5296) on May 5,
2 2014.

3 4. On November 18, 2014, Burns took an application for a residential mortgage loan.

4 5. On or around January 22, 2015, Source Capital's, website advertised that "In 2014,
5 Oregon became part of our lending portfolio and we have funded loans throughout Portland,
6 Salem, Corvallis and Bend."

7 6. On or around January 22, 2015, Source Capital's website advertised that Source Capital
8 operates an office in Portland, OR.

9 7. On February 3, 2015, an examiner employed by the Oregon Division of Finance and
10 Corporate Securities, now known as the Oregon Division of Financial Regulation, (hereinafter
11 "Division") completed a desk examination of the books and records of Source Capital, and the
12 company received a score of 5 out of a possible 5, with 5 being the worst.

13 8. On April 2, 2015, in response to the Division's examination, Source Capital
14 acknowledged that Burns applied for an Oregon mortgage loan originator license on December
15 16, 2014 that was approved on January 30, 2015.

16 9. The Director accepted Source Capital's sponsorship request for Burns on January 30,
17 2015.

18 10. On April 2, 2015, in response to the Division's examination, Source Capital
19 acknowledged that the website statement about funded loans in Oregon was not true.

20 11. On April 2, 2015, in response to the Division's examination, Source Capital
21 acknowledged that the website statement about a Portland, OR office was not true.

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1 II. CONCLUSIONS OF LAW

2 The Director CONCLUDES that:

3 1. On November 18, 2014, Burns engaged in business as a mortgage loan originator without
4 an Oregon mortgage loan originator license by taking an application for a residential mortgage
5 loan. This was a violation of ORS 86A.203(1)(a).

6 2. Source Capital violated OAR 441-860-0040(3)(a) by failing to ensure that Burns
7 obtained an Oregon mortgage loan originator license prior to engaging in business as a mortgage
8 loan originator.

9 3. Source Capital violated OAR 441-880-0315(2) by allowing Burns to engaged in business
10 as a mortgage loan originator prior to the Director having accepted Source Capital's sponsorship
11 request for Burns.

12 4. Source Capital violated ORS 86A.163(1) by advertising that the company had funded
13 loans throughout Portland, Salem, Corvallis and Bend.

14 5. Source Capital violated ORS 86A.163(1) by advertising that the company operates a
15 branch office in Portland, OR.

16 III. ORDER

17 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

18 The Director, pursuant to ORS 86A.127(4), hereby orders Source Capital to cease and
19 desist from violating the Oregon Mortgage Lender Law. The Director, pursuant to ORS
20 86A.224(2)(a), hereby orders Burns to cease and desist from violating the Oregon Mortgage
21 Lender Law.

22 The Director, pursuant to ORS 86A.992(1) and ORS 86A.224(3)(a), may assess civil
23 penalties of up to \$5,000 per violation of the Oregon Mortgage Lender Law. The Director,
24 pursuant to ORS 86A.992(1), hereby ORDERS Source Capital to pay a total civil penalty of
25 \$2,250, which includes civil penalties of \$750 each for two separate violations of ORS 86A.163

1 (prohibited advertisements) and \$750 for a violation of OAR 441-860-0040 and OAR 441-880-
2 0315 (allowing engagement in business as a mortgage loan originator without license and
3 sponsorship). The Director, pursuant to ORS 86A.224(3)(a), hereby ORDERS Burns to pay a
4 civil penalty of \$1,000 for one violation of ORS 86A.203 (unlicensed mortgage loan originator
5 activity).

6 The total civil penalty and the signed consent order are due from Source Capital and
7 Burns on or before March 11, 2016.

8 The entry of this Order in no way limits further remedies which may be available to the
9 Director under Oregon law.

10 Dated this 10 day of March, 2016.

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

13 /s/ Laura Cali
14 Laura N. Cali
15 Administrator, Division of Financial Regulation

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1 ENTITY CONSENT TO ENTRY OF ORDER

2 I, Sacha Ferrandi, state that I am an officer of Source Capital and I am authorized to act
3 on its behalf. I have read the foregoing order, and I know and fully understand the contents
4 hereof. I have been advised of the right to a hearing and of the right to be represented by
5 counsel in this matter. Source Capital voluntarily and without any force or duress consents to
6 the entry of this order expressly waiving any right to a hearing in this matter. Source Capital
7 understands that the Director reserves the right to take further actions to enforce this order or to
8 take appropriate action upon discovery of other violations of the Oregon Mortgage Lender Law.
9 Source Capital will fully comply with the terms and conditions stated herein.

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

14
15 By /s/ Sacha Ferrandi
16 Sacha Ferrandi
17 President
18 Office Held

19 ENTITY ACKNOWLEDGMENT

20 There appeared before me this 2 day of March , 2016, Sacha
21 Ferrandi, who was first duly sworn on oath, and stated that he was and is an officer of Source
22 Capital and that he is authorized and empowered to sign this Consent to Entry of Order on
23 behalf of Source Capital and to bind Source Capital to the terms hereof.

24 /s/ Marie Gleason
25 Notary Public for the State of: CA
My commission expires: 3/22/2019

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1 CONSENT TO ENTRY OF ORDER

2 I, Ryan Burns, state that I have read the foregoing order, and I know and fully understand
3 the contents hereof. I have been advised of the right to a hearing and of the right to be
4 represented by counsel in this matter, and I desire to resolve and settle this matter with the
5 Director. I voluntarily, without any force or duress, consent to the entry of this order, expressly
6 waiving any right to a hearing in this matter. I understand that the Director reserves the right to
7 take further actions to enforce this order or to take appropriate action upon discovery of other
8 violations of the Oregon Mortgage Lender Law, and I will fully comply with the terms and
9 conditions stated herein.

10 I understand that this consent order is a public document.

11
12 By /s/ Ryan Burns
13 Ryan Burns

14 Signed or attested before me on this 2 day of March, 2016

15 By Ryan Burns

16
17 /s/ Marie Gleason

18 Notary Public for the State of: CA

19 My commission expires: 3/22/2019

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