

1 broker (License No. 544) pursuant to Chapter 645B of NRS. First Interstate operated within
2 the State of Nevada as a licensed mortgage broker until it failed to renew its license on June
3 30, 2007, and closed on July 3, 2007. See, 645B.050(1). The Division currently classifies First
4 Interstate's license as closed. All factual allegations herein occurred while First Interstate held
5 an active mortgage broker license.

6 WHEREAS, based upon information and belief, Greg Navone ("Navone") was the
7 owner, president, secretary, treasurer, and a director of First Interstate from its incorporation
8 until its dissolution.

9 WHEREAS, based upon information and belief, on November 4, 2004, Randall Bell
10 ("Bell") was licensed by the Division as a mortgage agent (License No. 27227) pursuant to
11 Chapter 645B of NRS and was affiliated with, or employed by, First Interstate from February
12 14, 2005, until March 14, 2006.

13 WHEREAS, based upon information and belief, on December 26, 2002, Earnest
14 Weaver ("Weaver") was registered with FID and was subsequently licensed by the Division as
15 a mortgage agent (License No. 8886) pursuant to Chapter 645B of NRS until his license
16 expired on June 14, 2008, for failure to renew. See, NRS 645B.430(2). Weaver was affiliated
17 with, or employed by, First Interstate from October 28, 2004, until October 10, 2005, and from
18 January 8, 2007, to April 23, 2007.

19 WHEREAS, based upon information and belief, on June 28, 2005, Sheila Stranahan
20 ("Stranahan") aka Sheila M. Lombard was licensed by the Division as a mortgage agent
21 (License No. 31304) pursuant to Chapter 645B of NRS. Stranahan was affiliated with, or
22 employed by, Gordon Lending Corporation, a mortgage broker licensed by the Division, from
23 June 28, 2005, until July 31, 2005, and was affiliated with, or employed by, First Interstate
24 from October 27, 2005, until December 7, 2005.

25 WHEREAS, based upon information and belief, at relevant times herein mentioned, Jay
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1 Langner (“Langner”) was and is a real estate broker licensed by the California Department of
2 Real Estate (License No. 01112665) and affiliated with, or employed by, Pacific Hills Realty
3 located at 27352 Via Priorato, San Juan Capistrano, California 92675.

4 WHEREAS, based upon information and belief, Langner has never been licensed by
5 the Division as a mortgage agent or mortgage broker and Pacific Hills Realty has never been
6 licensed by the Division as a mortgage broker.

7 WHEREAS, pursuant to NRS 645B.060, the Division is charged with conducting
8 “...such investigations as may be necessary to determine whether any person has violated
9 any provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
10 Commissioner....” See, NRS 645B.060(2)(c).

11 WHEREAS, pursuant to NRS 645B.610, the Division is also charged with investigating
12 “...each violation alleged in [a] complaint...” received by the Division and “...shall determine
13 from the investigation whether there is reasonable cause to believe that the person committed
14 the alleged violation....” See, NRS 645B.610(1), (3).

15 WHEREAS, pursuant to NRS 645B.060, the Division is further charged with conducting
16 “...such other investigations, periodic or special audits, investigations and hearings as may be
17 necessary for the efficient administration of the laws of this State regarding mortgage brokers
18 and mortgage agents....” See, NRS 645B.060(2)(e).

19 WHEREAS, pursuant to NRS 645B.670, “(f)or each violation committed by a mortgage
20 broker, the Commissioner may impose upon the mortgage broker an administrative fine of not
21 more than \$10,000, may suspend, revoke or place conditions upon his license, or may do
22 both, if the mortgage broker, whether or not acting as such...(i)s grossly negligent or
23 incompetent in performing any act for which he is required to be licensed pursuant to the
24 provisions of this chapter...(d)oes not conduct his business in accordance with law or has
25 violated any provision of this chapter, a regulation adopted pursuant to this chapter or an
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1 order of the Commissioner...(h)as knowingly made or caused to be made to the
2 Commissioner any false representation of material fact...(h)as engaged in any other conduct
3 constituting a deceitful, fraudulent or dishonest business practice...(h)as failed to exercise
4 reasonable supervision over the activities of a mortgage agent as required by NRS 645B.460.
5 See, NRS 645B.670(2)(b), (c), (g), (o), (q).

6 WHEREAS, pursuant to NRS 645B.020, "(i)f a mortgage broker will conduct business
7 at one or more branch offices within this State, the mortgage broker must apply for a license
8 for each such branch office." See, NRS 645B.020(2).

9 WHEREAS, pursuant to NRS 645B.080, "(e)ach mortgage broker shall keep and
10 maintain at all times at each location where the mortgage broker conducts business in this
11 state complete and suitable records of all mortgage transactions made by the mortgage
12 broker at that location" and "(e)ach mortgage broker shall submit to the Commissioner each
13 month a report of the mortgage broker's activity for the previous month. The report
14 must...(s)pecify the volume of loans arranged by the mortgage broker for the month or state
15 that no loans were arranged in that month...." See, NRS 645B.080(1), (2)(a).

16 WHEREAS, pursuant to NRS 645B.460, "(a) mortgage broker shall exercise
17 reasonable supervision over the activities of his mortgage agents...." See, NRS 645B.460(1).

18 WHEREAS, the PARTIES wish to resolve this matter without the necessity of the filing
19 of a complaint, if one has not been filed as of the date Respondent executes this Agreement,
20 or if a complaint has been filed, without the necessity of a formal hearing.

21 NOW, THEREFORE, in consideration of the representations, covenants and conditions
22 set forth herein, the PARTIES stipulate and agree as follows:

- 23 1. Respondent consents that it was grossly negligent or incompetent by:
24 (a) conducting mortgage lending activities at an unlicensed branch, in violation
25 of NRS 645B.020(2);
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1 (b) failing to maintain complete and suitable records of all mortgage
2 transactions, in violation of NRS 645B.080(1), 2(a); and

3 (c) failing to exercise reasonable supervision of the activities of its mortgage
4 agents, in violation of NRS 645B.460(1); by failing to implement and maintain safeguards to
5 protect the sensitive customer information contained in 40 boxes of records that had been
6 placed in a trash dumpster, in violation of the Gramm-Leach Bliley Act, 15 USC §6801, et seq.

7 2. Respondent consents that the above-mentioned conduct constitutes a deceitful,
8 fraudulent or dishonest business practice, in violation of NRS 645B.670(20)(o).

9 3. Respondent hereby acknowledges and agrees, with full knowledge, to waive its
10 right to have the Division file a complaint, if one has not been filed by the date that
11 Respondent executes this Agreement, or if a complaint has been filed, to go to a hearing in
12 this matter.

13 4. In light of the Parties' desire to resolve this matter, Respondent agrees to
14 surrender its mortgage broker license to the Division with the understanding Respondent will
15 not apply for any licensure within the State of Nevada subject to this Division's jurisdiction for
16 a period of FIVE (5) YEARS from the date of execution of this Agreement.

17 5. Respondent agrees that in the event that it violates any of the provisions of this
18 Agreement, the Division shall retain any and all remedies available to it in accordance with
19 NRS Chapter 645B.

20 6. The Parties agree and acknowledge that this Agreement shall constitute the
21 complete and final resolution of any issues arising out of the Division's investigation into
22 Respondent's conduct as specified herein.

23 7. The Parties represent and warrant that the person executing the instant
24 Agreement on behalf of each Party has full power and authority to do so, and has the legal
25 capacity to conduct the legal obligations assigned to it hereunder.
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1 8. Respondent further acknowledges and agrees that the Division shall retain the
2 original of the Agreement.

3 9. This Agreement may be signed in counterparts and a facsimile signature shall
4 be deemed as valid as an original, however, Respondent shall immediately forward all original
5 signature pages to the Division.

6 10. The Agreement, as well as the rights and obligations of the Parties hereto shall
7 be interpreted, governed, and construed pursuant to the laws of the State of Nevada.

8 11. Any action to enforce the Agreement shall be brought in the Eighth Judicial
9 District Court of the State of Nevada in and for Clark County.

10 12. If the Division is successful in any action to enforce this Agreement, the court
11 may award it attorney's fees. It is specifically agreed that reasonable attorney's fees for the
12 State-employed attorneys shall be \$125 per hour.

13 13. Failure to declare a breach or the actual waiver of any particular breach of the
14 Agreement or its material terms, by either Party, shall not operate as a waiver by such Party
15 of any of its rights or remedies as to any other breach.

16 14. The Respondent has the right to retain an attorney to review this Agreement at
17 its sole cost and expense and has freely and voluntarily chosen not to do so.

18 15. Other than the fines and investigative costs set forth herein, each side shall pay
19 its own costs and fees, including attorney's fees.

20 16. If any provision contained in the Agreement is held to be unenforceable by a
21 court of law or equity, the Agreement shall be construed as if such a provision(s) did not exist
22 and the unenforceability of such provision(s) shall not be held to render any other provision(s)
23 of the Agreement unenforceable.

24 17. The Agreement constitutes the entire Agreement of the Parties, and it is
25 intended as a complete and exclusive statement of the promises, representations,
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1 negotiations, and discussions of the Parties. Unless otherwise expressly authorized by its
2 terms, the Agreement shall be binding upon the Parties unless the same is in writing, signed
3 by the respective Parties hereto, and approved by the Office of the Attorney General.

4 18. **NOTICE TO RESPONDENT:** By executing this Agreement, you hereby agree
5 that you are waiving certain rights as set forth herein. As the Respondent, you are specifically
6 informed that you have the right to request that the Division file an administrative complaint
7 against you, at any hearing on such a complaint you have the right to appear and be heard in
8 your defense, either personally or through your counsel of choice. If the Division were to file a
9 complaint, at the hearing, the Division would have the burden of proving the allegations in the
10 complaint and would call witnesses and present evidence against you. You would have the
11 right to respond and to present relevant evidence and argument on all issues involved. You
12 would have the right to call and examine witnesses, introduce exhibits, and cross-examine
13 opposing witnesses on any matter relevant to the issues involved.
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15 You would have the right to request that the Commissioner of the Division issue
16 subpoenas to compel witnesses to testify and/or evidence to be offered on your behalf. In
17 making this request, you may be required to demonstrate the relevance of the witness's
18 testimony and/or evidence. Other important rights you have are listed in NRS Chapter 645B
19 and NRS Chapter 233B.
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21 19. Neither this Agreement nor any statements made concerning this Agreement
22 may be discussed or introduced into evidence at the hearing of the complaint, if the Division
23 must ultimately put on a case based upon Respondent's failure to comply with the terms and
24 conditions of this Agreement.

25 20. Respondent understands and agrees that this Agreement may be used to show
26 that past violations have occurred should any future disciplinary action be taken by the
27 Division.
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1 21. In consideration of execution of this Agreement, the Respondent for itself, its
2 owners, and their heirs, executors, administrators, successors, and assigns, hereby release,
3 remise, and forever discharge the State of Nevada, the Department of Business and Industry
4 of the State of Nevada, the Division, and each of their members, agents, attorneys (including
5 any and all employees of the Nevada Attorney General), and employees in their individual and
6 representative capacities, from any and all manner of actions, causes of action, suits, debts,
7 judgments, executions, claims, and demands whatsoever, known and unknown, in law or
8 equity, that the Respondent ever had, now has, may have, or claim to have against any or all
9 of the persons or entities named in this section, arising out of or by reason of the Division's
10 investigation, into this matter, and all other matters relating thereto.

11 22. Respondent hereby indemnifies and holds harmless the State of Nevada, the
12 Department of Business and Industry of the State of Nevada, the Division, and each of their
13 members, agents, and employees, and employees of the Nevada Attorney General in their
14 individual and representative capacities against any and all claims, suits, and actions brought
15 against said persons and/or entities by reason of the Division's investigation into this
16 disciplinary action, this Agreement, and all other matters relating thereto, and against any and
17 all expenses, damages, and costs, including court costs and attorney fees, which may be
18 sustained by the persons and/or entities named in this section as a result of said claims, suits,
19 and actions.

20 IN WITNESS WHEREOF, the Parties have caused the Agreement to be signed and
21 intend to be legally bound thereby.

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NEXT PAGE IS SIGNATURE PAGE

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27 DATED this ____ day of October, 2009.

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1 First Interstate Mortgage Corporation

2 By: _____
3 Greg Navone

4 DATED this _____ day of October, 2009.

5 State of Nevada
6 Department Of Business and Industry
7 Division of Mortgage Lending

8 By: _____
9 Joseph L. Waltuch, Commissioner

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