

1 STATE OF NEVADA
2 DEPARTMENT OF BUSINESS AND INDUSTRY
3 DIVISION OF MORTGAGE LENDING

4 * * *

5 In re:
6 Lordsman, Inc., a California corporation,
7 Respondent.
8
9

10 FINAL ORDER

11 The State of Nevada, Department of Business and Industry, Division of Mortgage
12 Lending (hereinafter, the "Division"), having served the Respondent, Lordsman, Inc.
13 (hereinafter, "Respondent") on May 5, 2009, with its Notice of Intent to Revoke Mortgage
14 Broker License, Notice of Intent to Impose Fine and Notice of Right to Request Hearing,
15 attached hereto as Exhibit "1" and incorporated herein by reference, which notified
16 Respondent that a final order would issue in this matter unless, within twenty (20) days of
17 entry and receipt of said Order, Respondent requested a hearing to contest the charges
18 against it, with said request to be made in writing, and;
19

20 Said Order having been sent to Respondent via certified mail and regular mail on , May
21 5, 2009, and received by Respondent on June 5, 2009, and;
22

23 Respondent having failed to request a hearing in this matter, and good cause
24 appearing:

25 ///

26 ///

27 ///

28

1 NOW, THEREFORE, **IT IS HEREBY ORDERED** that, pursuant to NRS 645B.670,
2 Respondent mortgage broker license in the State of Nevada is **REVOKED**.

3 **IT IS FURTHER ORDERD** that pursuant to NRS 645B.670 and NRS 645B.690,
4 Respondent will be subject to the administrative fines, fees and/or costs as set forth in the
5 original Order attached hereto as Exhibit "1".

6 **IT IS FURTHER ORDERED** that the sum of said administrative fines, fees and/or costs
7 be paid in full within **thirty (30) days** of entry of the Order;

8 Dated this 30th day of June, 2009.
9

10
11
12 State of Nevada
13 Department of Business and Industry
14 Division of Mortgage Lending

15
16 By: Joseph L. Waltuch
17 Joseph L. Waltuch, Commissioner
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT “1”

1
2
3
4
5
6
7
8

**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING**

9
10
11
12
13
14
15
16
17
18
19

In re:
Lordsman, Inc., a California corporation,
Respondent.

20
21
22
23
24
25
26
27
28

**NOTICE OF INTENT TO REVOKE MORTGAGE BROKER
LICENSE, NOTICE OF INTENT TO IMPOSE FINES
AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapter 645B of the Nevada Revised Statutes ("NRS") and Chapter 645B of the Nevada Administrative Code ("NAC"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over mortgage brokers and mortgage agents, as well as mortgage broker and mortgage agent activity. *See*, NRS 645B.060(1), NRS 645B.670 and NRS 645B.690. Pursuant to that authority, the Division makes Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Upon information and belief, Lordsman, Inc. ("Lordsman") was incorporated in the State of California on or about December 8, 2000. Currently, Lordsman's corporate status with the California Department of Corporations is suspended.

2. On July 21, 2005, Lordsman was issued a mortgage broker license (License No. 1934) pursuant to Chapter 645B of NRS. Lordsman operated within the State of Nevada as a licensed mortgage broker until it surrendered its license on November 30, 2007. The Division currently classifies Lordsman's license as closed. All factual allegations herein occurred while

1 Lordsman held an active mortgage broker license.

2 3. Based upon information and belief, Glenn Traylor ("Traylor") is and has been the
3 president and sole shareholder of Lordsman since its incorporation.

4 4. At relevant times herein mentioned, Traylor was the qualified employee of
5 Lordsman.

6 5. Based upon information and belief, at relevant times herein mentioned, Todd
7 Strane ("Strane"), M. Morrisroe, M. Acuna, K. Carreras, D. Sheridan, J. Wilson, M. Savage, A.
8 Feghi, M. Sayed and E. Dena, Garrett Rease, Heather Estabrook, Ryan Rasmussen, Frank
9 Barriga, Charles Heppan, Adonis Hampton, Richard Apocada, Chris Kifaya, Tina Morello,
10 Susan Ocampo, James Ipek, Douglas Sheridan, Marc Schwartz, Darren Kobayashi, Moe
11 Sayed, Jermaine Wilson, Rick Cavener and Leo Panzarella each held himself out as being a
12 mortgage agent licensed by the Division pursuant to Chapter 645B of NRS and affiliated with,
13 or employed by, Lordsman.

14 6. On September 6, 2007, the Division commenced an examination of Lordsman
15 pursuant to Chapter 645B of NRS. During the examination, the Division discovered violations
16 of laws and regulations by Lordsman, including the following:
17

18 a. Lordsman and Traylor, as its qualified employee, allowed mortgage agents
19 who were not eligible to be licensed under Chapter 645B of NRS to use Lordsman's license to
20 misrepresent to consumers and lenders that they were licensed and authorized under
21 Chapter 645B of NRS to make mortgage loans on properties located in Nevada. Through its
22 monthly operating reports, Lordsman admitted to the Division that it allowed unlicensed
23 mortgage agents to originate loans using its license. Lordsman reported, and the Division
24 confirmed, that the following loans were originated by unlicensed loan originators during
25 calendar year 2007:
26
27
28

<u>Borrower Name</u>	<u>Date Loan Closed</u>	<u>Loan Originator</u>
Desalniers	January 26, 2007	M. Morrisroe
Desalniers	January 26, 2007	M. Morrisroe
Davis	March 19, 2007	M. Acuna
Martin	April 4, 2007	T. Strane
Wright	April 11, 2007	M. Acuna
Bailey	May 2, 2007	K. Carreras
Bailey	May 2, 2007	K. Carreras
Montgomery	May 9, 2007	D. Sheridan
DeMorfin	May 31, 2007	J. Wilson
Hutchens	June 8, 2007	M. Savage
Hutchens	June 8, 2007	M. Savage
Esconda	July 18, 2007	A. Feghi
Murguia	July 2, 2007	M. Sayed
Wittman	July 12, 2007	E. Dena

b. The following additional loans were originated by unlicensed loan originators and were not originated by Traylor, as reported by Lordsman:

<u>Borrower Name</u>	<u>Date Loan Closed</u>	<u>Loan Originator</u>
Antes	August 2, 2007	Garrett Rease
Cassella	June 8, 2007	Heather Estabrook
Covarrubias	June 1, 2007	Ryan Rasmussen
Gaxiola	July 10, 2007	Frank Barriga
Gerby	July 24, 2007	Charles Heppan
Green	July 24, 2007	Frank Barriga
Hampton	October 13, 2006	Adonis Hampton

1	Holmes	July 2, 2007	Richard Apocada
2	Jackson	July 17, 2007	Chris Kifaya
3	Munson	September 14, 2006	Todd Strane
4	Obregon	August 25, 2006	Tina Morello
5	Paoella	December 12, 2006	Susan Ocampo
6	Perez	August 6, 2007	Frank Barriga
7	Reilly	July 16, 2007	James Ipek
8	Robinson	November 22, 2006	Douglas Sheridan
9	Roy	August 3, 2007	Garrett Rease
10	Santos	August 18, 2006	Todd Strane
11	Santucci	November 9, 2006	Douglas Sheridan
12	Tran	October 3, 2006	Marc Schwartz
13	Villaluz	July 30, 2007	Frank Barriga
14	Wells	April 4, 2007	Darren Kobayashi

c. The following additional loans were originated by unlicensed loan originators and were not reported on the monthly activity reports submitted by Lordsman to the Division:

	<u>Borrower Name</u>	<u>Date Loan Closed</u>	<u>Loan Originator</u>
19	Callahan	February 7, 2007	Moe Sayed
20	Cano	October 31, 2006	Jermaine Wilson
21	Dunlap	November 28, 2006	Rick Cavener
22	Hall	August 20, 2006	Leo Panzarella
23	Minjares	November 6, 2006	Todd Strane
24	Moore	January 18, 2007	Todd Strane
25	Moore	February 1, 2007	Todd Strane
26	Moore	February 1, 2007	Todd Strane
27	Moore	February 1, 2007	Todd Strane
28	Moore	February 1, 2007	Todd Strane

1	Moore	February 28, 2007	Todd Strane
2	Moore	February 28, 2007	Todd Strane
3	Witter	August 31, 2006	Darren Kobayashi

4 d. The following mortgage broker fees paid by lenders to Lordsman at closing
5 (commonly known as a yield spread premium or "YSP") were not disclosed to the borrower on
6 the Good Faith Estimate ("GFE"), as required by the Real Estate Settlement Procedures Act
7 ("RESPA"), 12 USC § 2607:

8	<u>Borrower Name</u>	<u>Date Loan Closed</u>	<u>YSP Paid Per HUD-1</u>
9			
10	Aguirre, Alredo	June 25, 2007	\$1,220.00 (1 st mortgage)
11	Aguirre, Alredo	June 25, 2007	\$76.25 (2 nd mortgage)
12	Ahmed, Sohair and Talaat	May 14, 2007	\$1,980.00
13	Bejarano, Carlos	November 3, 2006	\$2,790.00
14	Breax, Paul and Linda	October 30, 2006	\$7,275.84
15	Cano, Carmen	October 31, 2006	\$1,710.00
16	Cassella, Doris	June 8, 2007	\$5,619.25
17	Holmes, Danielle	May 11, 2007	\$5,648.00
18	Malpezzi, Bill	June 14, 2007	\$22,794.68
19	Minjares, Katherine	November 6, 2006	\$6,723.50
20	Montgomery, James	May 9, 2007	\$2,266.00
21	Obregon, Armando	August 25, 2006	\$2,490.00
22	Paolella, Mark	December 12, 2006	\$9,300.00
23	Parsons, Jerry	November 5, 2006	\$1,674.95
24	Petropoulos, Christine	January 12, 2007	\$4,274.00
25	Robinson, Marvin	November 22, 2006	\$11,237.00
26	Santos, Joy A.	August 31, 2005	\$2,843.75
27			
28			

1	Santos, Melissa	August 18, 2006	\$6,000.00 (1 st mortgage)
2	Santos, Melissa	August 18, 2006	\$770.00 (2 nd mortgage)
3	Santucci, Dominick	November 9, 2006	\$7,056.00
4	Spragnuolo, Judy	September 12, 2006	\$1,344.00
5	Ward, John L.	July 27, 2006	\$1,878.00

6 7. Pursuant to NRS 645B.400, "(a) person shall not act as or provide any of the
7 services of a mortgage agent or otherwise engage in, carry on or hold himself out as
8 engaging in or carrying on the activities of a mortgage agent unless the person has a license
9 as a mortgage agent issued pursuant to NRS 645B.410." See, NRS 645B.400.
10

11 8. Pursuant to NRS 645B.900, unless a person is exempt from Chapter 645B of NRS
12 and complies with exemption requirements, "(i)t is unlawful for any person to offer or provide
13 any of the services of a mortgage broker or mortgage agent or otherwise to engage in, carry
14 on or hold himself out as engaging in or carrying on the business of a mortgage broker or
15 mortgage agent without first obtaining the applicable license issued pursuant to this
16 chapter...." See, NRS 645B.900.
17

18 9. Pursuant to NRS 645B.460, "(a) mortgage broker shall exercise reasonable
19 supervision over the activities of his mortgage agents...." See, NRS 645B.460(1).
20

21 10. Pursuant to NAC 645B.310, in determining whether a mortgage broker has
22 maintained adequate supervision of a mortgage agent, the Commissioner will consider
23 whether "...the mortgage broker has made a reasonable effort to investigate the background
24 and experience of a prospective mortgage agent and hire only a mortgage agent whose
25 background and experience indicate that the person is trustworthy and competent to conduct
26 the business of a mortgage agent...." See, NAC 645B.310(1).
27

28 11. Pursuant to NRS 645B.060, the Division is charged with conducting "...such
investigations as may be necessary to determine whether any person has violated any

1 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
2 Commissioner....” See, NRS 645B.060(2)(c).

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

7 13. Pursuant to NRS 645B.060, the Division is further charged with conducting
8 “...such other investigations, periodic or special audits, investigations and hearings as may be
9 necessary for the efficient administration of the laws of this State regarding mortgage brokers
10 and mortgage agents....” See, NRS 645B.060(2)(e).

11 14. Pursuant to NRS 645B.670, “(f)or each violation committed by a mortgage broker,
12 the Commissioner may impose upon the mortgage broker an administrative fine of not more
13 than \$10,000, may suspend, revoke or place conditions upon his license, or may do both, if
14 the mortgage broker, whether or not acting as such...(i)s grossly negligent or incompetent in
15 performing any act for which he is required to be licensed pursuant to the provisions of this
16 chapter...(d)oes not conduct his business in accordance with law or has violated any
17 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
18 Commissioner...(h)as knowingly made or caused to be made to the Commissioner any false
19 representation of material fact...(h)as engaged in any other conduct constituting a deceitful,
20 fraudulent or dishonest business practice....” See, NRS 645B.670(2)(b), (c), (g), (o).

21
22
23 **VIOLATIONS OF LAW**

24 After investigating this matter, it has been determined that:

- 25 a. Commencing in or around August 2006 through November 2007, Lordsman
26 was grossly negligent or incompetent in allowing unlicensed mortgage agents to originate
27 loans using its mortgage broker license, in violation of NRS 645B.670(2)(b);
28

1 b. By allowing unlicensed mortgage agents to originate loans using its mortgage
2 broker license, Lordsman did not conduct its business in accordance with law, in violation of
3 NRS 645B.670(2)(c);

4 c. By representing that loans were originated by Traylor rather than unlicensed
5 mortgage agents and by failing to report loans which were originated by unlicensed mortgage
6 agents on its monthly activity reports, Lordsman knowingly made or caused to be made to the
7 Commissioner false representations of material facts, in violation of NRS 645B.670(2)(g);

8 d. By the above-mentioned conduct, Lordsman engaged in conduct constituting
9 a deceitful, fraudulent or dishonest business practice, in violation of NRS 645B.670(2)(o); and
10

11 e. By failing to disclose to borrowers the YSPs paid by lenders to Lordsman at
12 closing, Lordsman violated RESPA, 12 USC § 2607.

13 **ORDER**

14 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,**
15 pursuant to NRS 645B.750, that upon written application to the Division within **twenty (20) days**
16 of the date of this Order, Lordsman shall be entitled to a hearing with regards to the contents of
17 this Order, as referenced below. At that hearing, the Division will seek to:
18

19 1. Revoke Lordsman's mortgage broker license for its violations of Chapter 645B of
20 NRS;

21 2. Impose an administrative fine against Lordsman in the amount of Two Hundred Thirty
22 Thousand Dollars and No Cents (\$230,000.00), representing an administrative fine in the
23 amount of Five Thousand Dollars and No Cents (\$5,000.00) for each of the forty-six (46) loans
24 referenced above wherein Lordsman allowed unlicensed mortgage agents to originate loans
25 using its mortgage broker license;

26 3. Impose an administrative fine against Lordsman in the amount of Twenty-Two
27 Thousand Dollars and No Cents (\$22,000.00), representing an administrative fine in the amount
28

1 of One Thousand Dollars and No Cents (\$1,000.00) for each of the twenty-two (22) loans
2 referenced above wherein Lordsman failed to disclose to borrowers the YSPs paid by lenders
3 to Lordsman at closing;

4 4. Recover the Division's investigative costs in the amount of \$ 300.00, administrative
5 costs in the amount of \$ 180.00 and the Division's attorney's fees, if any, incurred herein,
6 each to be proven at the hearing; and

7 5. Require payment, in full, by Lordsman to the Division of the administrative fines in the
8 aggregate amount of Two Hundred Fifty-Two Thousand Dollars and No Cents (\$252,000.00) as
9 well as the Division's investigative costs, administrative costs, examination fees and attorney's
10 fees within **thirty (30) days** of entry of the Final Order.
11

12 Should Lordsman not request a hearing **within twenty (20) days** of the date of this
13 Order, the Division will enter a Final Order in this matter against Lordsman, as required by NRS
14 645B.750(2).

15 Dated this 1st day of May , 2009.

16
17 **STATE OF NEVADA**
18 **DEPARTMENT OF BUSINESS AND INDUSTRY**
19 **DIVISION OF MORTGAGE LENDING**

20 By: 
21 **JOSEPH L. WALTUCH, COMMISSIONER**

CERTIFICATE OF SERVICE

1
2
3 **I certify that I am an employee of the State of Nevada, Department of Business and Industry**
4 **Division of Mortgage Lending, and that on May 5, 2009, I deposited in the U.S. mail, postage**
5 **prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of**
6 **the foregoing, NOTICE OF INTENT TO REVOKE MORTGAGE BROKER LICENSE AND**
7 **NOTICE OF INTENT TO IMPOSE FINES AND NOTICE OF RIGHT TO REQUEST**
8 **HEARING for LORDSMAN INC, addressed as follows:**
9

10
11 **Glenn Traylor**
12 **Lordsman Inc.**
13 **27132 Paseo Espada**
14 **Ste. 423**
15 **San Juan Capistrano, CA 92675**

16 **Certified Receipt Number: 7006 2760 0000 0875 9902**

17
18
19 **DATED this 4th day of May, 2009**

20
21
22 **By:** 
23 **Employee of the Division**
24
25
26
27
28

CERTIFICATE OF SERVICE

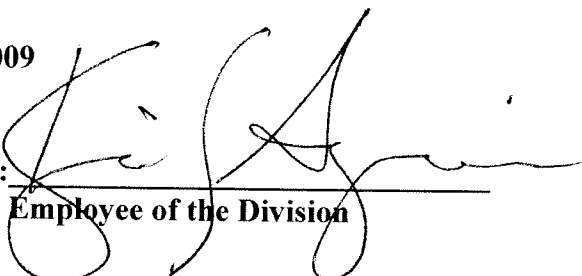
I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on July 1, 2009, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, FINAL ORDER for LORDSMAN, INC, addressed as follows:

**Glenn Traylor
Lordsman, Inc.
27132 Paseo Espada
Ste.423
San Juan Capistrano, CA 92675**

Certified Receipt Number: 7006 2760 0000 0875 9438

DATED this 1st day of July, 2009

By:



Employee of the Division