

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

4 In re:  
5 Lawrence Sherman,  
6 Respondent.  
7  
8  
9

10 **ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO**  
11 **IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING**

12 The licensing and regulation of mortgage brokers and mortgage agents in the State of  
13 Nevada is governed by Chapter 645B of the Nevada Revised Statutes ("NRS") and Chapter  
14 645B of the Nevada Administrative Code ("NAC"). The State of Nevada, Department of  
15 Business and Industry, Division of Mortgage Lending ("the Division") has the general duty to  
16 exercise supervision and control over mortgage brokers and mortgage agents, as well as  
17 mortgage broker and mortgage agent activity. See, NRS 645B.060(1), NRS 645B.670 and  
18 NRS 645B.690. Pursuant to that authority, the Division makes the following Factual  
19 Allegations, Violations of Law, and Order:  
20

21 **FACTUAL ALLEGATIONS**

22 1. Based upon information and belief, Village Oaks Financial Group, Inc. ("Village  
23 Oaks Financial") is a corporation organized and existing under the laws of the State of  
24 Nevada since its incorporation on approximately November 7, 1997. Presently, Village Oaks  
25 Financial's status with the Nevada Secretary of State is "active."  
26

27 2. Based upon information and belief, on approximately September 9, 1999, Village  
28 Oaks Financial dba Village Oaks Mortgage ("Village Oaks Mortgage") was registered with,

1 and issued a mortgage broker license (No. 375) by, the Financial Institutions Division,  
2 Department of Business and Industry, State of Nevada ("FID") pursuant to Chapter 645B of  
3 NRS.

4 3. On approximately July 1, 2004, the Division commenced licensing and supervising  
5 mortgage brokers and mortgage agents pursuant to Chapter 645B of NRS.

6 4. Based upon information and belief, from approximately September 9, 1999, to date,  
7 Village Oaks Mortgage has been operating within the State of Nevada as a licensed mortgage  
8 broker.

9 5. The Division currently classifies Village Oaks Mortgage's license as "active."  
10

11 6. Based upon information and belief, on approximately January 5, 2001, Respondent,  
12 Lawrence Sherman aka Larry Sherman ("Respondent") was issued a mortgage agent license  
13 (No. 2179) by FID pursuant to Chapter 645B of NRS. On approximately January 6, 2006,  
14 Respondent's mortgage agent license was cancelled for failure to renew. See, NRS  
15 645B.430(1).

16 7. Based upon information and belief, from approximately January 5, 2001, until  
17 approximately January 28, 2005, Respondent was affiliated with, or employed by, Village  
18 Oaks Mortgage as a licensed mortgage agent at Village Oaks Mortgage's principal office in  
19 Henderson, Nevada.  
20

21 8. Based upon information and belief, commencing on approximately January 28,  
22 2005, Respondent was the qualified employee for Village Oaks Mortgage's branch office in  
23 Laughlin, Nevada and conducted mortgage lending activity at that office on behalf of Village  
24 Oaks Mortgage until approximately May 8, 2008, when the branch office closed.

25 9. Based upon information and belief, from approximately June 2008 and continuing  
26 thereafter, Respondent conducted, and continues to conduct, mortgage agent activity on  
27 behalf of Village Oaks Mortgage and otherwise held himself out, and continues to hold  
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1 himself out, as engaging in or carrying on the activities of a mortgage agent licensed by the  
2 Division pursuant to Chapter 645B of NRS, as evidenced by a custom rate sheet, a true and  
3 correct copy of which is attached hereto as **Exhibit "A"** and incorporated herein by reference  
4 as though set forth in full.

5 10. The Division currently classifies Respondent's mortgage agent status as "license  
6 application pending."

7 11. On April 28, 2009, the Division received a written complaint ("Complaint") from an  
8 individual, GW ("Complainant") alleging, among other things, that notwithstanding that  
9 Respondent is an unlicensed mortgage agent:  
10

11 a. Respondent nevertheless solicits mortgage business from individuals in real  
12 estate offices; and

13 b. The owner of Village Oaks Mortgage allows Respondent to originate  
14 mortgage loans and the pays him "under the table."

15 12. In his letter to the Division dated April 4, 2009, in response to the Complaint,  
16 Respondent stated:

17 a. In December 2004, Respondent had his mortgage agent license transferred  
18 to Village Oaks Mortgage's branch office in Laughlin, Nevada where he was the designated  
19 qualified employee;  
20

21 b. When Village Oaks Mortgage's branch office in Laughlin, Nevada closed in  
22 2008, Respondent was transferred back to Village Oaks Mortgage's principal office in  
23 Henderson, Nevada; and

24 c. Respondent and Village Oaks Mortgage "thought that all (Respondent)  
25 needed to do was transfer (his) license since (he) had been an employee of the Henderson  
26 office prior to being the qualified employee of Laughlin."  
27  
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1 Further, Respondent acknowledged that Heather Zaborsky, the owner of Village Oaks  
2 Mortgage, "continues to pay (him) as she has since January 2001...", as Ms. Zaborsky stated  
3 in her letter to the Division.

4 13. In his letter dated May 12, 2009, to Heather Zaborsky, Michael D. Haley, a Division  
5 compliance audit investigator:

6 a. Advised Ms. Zaborsky that Respondent was not licensed as a mortgage  
7 agent by the Division; and

8 b. Ordered that Respondent "cease any activities on behalf of Village Oaks  
9 Mortgage that requires licensing under NRS 645B. Further, (Respondent) CANNOT be paid  
10 for any loan that has been originated and is currently in the 'pipeline' but not yet closed..."

11 14. In her letter dated May 25, 2009, in further response to the Division, Ms. Zaborsky:

12 a. Confirmed that at the end of the month, the secretary/treasurer of Village  
13 Oaks Mortgage "totals up (Respondent's) commission deducting his draw amount of  
14 \$2,600.00 and pays (Respondent) the balance of his commission."

15 b. Provided a spreadsheet of all loans originated by Respondent from May 16,  
16 2008, to May 11, 2009.

17 A true and correct copy of Ms. Zaborsky's May 25, 2009, letter to the Division and the  
18 spreadsheet are attached hereto as **Exhibit "B"** and incorporated herein by reference as  
19 though set forth in full.

20 21 15. Pursuant to NRS 645B.060, the Division is charged with conducting "...such  
22 investigations as may be necessary to determine whether any person has violated any  
23 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the  
24 Commissioner..." See, NRS 645B.060(2)(c).

25 26 16. Pursuant to NRS 645B.060, the Division is further charged with conducting  
27 "...such other investigations, periodic or special audits, investigations and hearings as may be  
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1 necessary for the efficient administration of the laws of this State regarding mortgage brokers  
2 and mortgage agents....” See, NRS 645B.060(2)(e).

3 17. Pursuant to NRS 645B.610, if a person properly files a complaint with the Division,  
4 the Division is further charged with investigating “...each violation alleged in the complaint...”  
5 and the Division”...shall determine from the investigation whether there is reasonable cause  
6 to believe that the person committed the alleged violation....” See, NRS 645B.610(1), (3).

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

11 19. 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....”

17 20. Pursuant to NRS 645B.450, “(a) mortgage broker shall not associate with or  
18 employ a person as a mortgage agent or authorize a person to be associated with the  
19 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the Division  
20 pursuant to NRS 645B.410. See, NRS 645B.450(2).

21 21. After receiving the Complaint regarding Respondent, the Division conducted an  
22 investigation of the allegations in question. This investigation revealed, among other things,  
23 that:

24 a. At no time, since approximately January 6, 2006, when his license was  
25 cancelled for failure to renew, has Respondent been licensed as a mortgage agent by the  
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1 Division pursuant to Chapter 645B of NRS;

2 b. From approximately May 16, 2008, and continuing thereafter, Respondent  
3 offered or provided unlicensed mortgage agent services, including soliciting prospective  
4 clients and originating 48 mortgage loans;

5 c. At relevant times herein mentioned, Respondent held himself out, and  
6 continues to hold himself out, as engaging in or carrying on the activities of a mortgage agent  
7 licensed by the Division pursuant to Chapter 645B of NRS, as evidenced by a custom rate  
8 sheet (**Exhibit "A"**); and

9 d. Complainant's allegation that Respondent was being paid "under the table"  
10 was not substantiated.  
11

12 22. Pursuant to NRS 645B.690, "(i)f a person offers or provides any of the services of  
13 a mortgage broker or mortgage agent or otherwise engages in, carries on or holds himself out  
14 as engaging in or carrying on the business of a mortgage broker or mortgage agent and, at  
15 the time...(t)he person was required to have a license pursuant to this chapter and the person  
16 did not have such a license...the Commissioner shall impose upon the person an  
17 administrative fine of not more than \$10,000 for each violation and if the person has a license,  
18 the Commissioner shall revoke it...." See, NRS 645B.690(1)(a).  
19

20 23. Pursuant to NRS 645B.670, "(f)or each violation committed by a mortgage agent,  
21 the Commissioner may impose upon the mortgage agent an administrative fine of not more  
22 than \$10,000, may suspend, revoke or place conditions upon his license, or may do both, if  
23 the mortgage agent, whether or not acting as such...(h)as violated any provision of this  
24 chapter, a regulation adopted pursuant to this chapter or an order of the Commissioner or has  
25 assisted or offered to assist another person to commit such a violation." See, NRS  
26 645B.670(3)(j).  
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28 24. Pursuant to NAC 645B.340, "...if a person engages in an activity in violation of the

1 provisions of this chapter or chapter 645B of NRS, the Commissioner may issue an order to  
2 the person directing the person to cease and desist from engaging in the activity. See, NAC  
3 645B.340(1).

#### 4 VIOLATIONS OF LAW

5 After investigating this matter, it has been determined that from May 2008 to date, on  
6 multiple occasions, Respondent engaged, and continues to engage, in unlicensed mortgage  
7 agent activity, in violation of NRS 645B.400, NRS 645B.900 and NRS 645B.670(3)(j).

#### 8 ORDER

9 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS,**  
10 pursuant to NRS 622.080 and NAC 645B.340, after having determined that Respondent  
11 engaged in activities for which Respondent has not received a license or certificate of  
12 exemption, in violation of Chapter 645B of NRS, that **RESPONDENT IMMEDIATELY CEASE**  
13 **AND DESIST** from the following activities:  
14

- 15 1. Conducting any and all unlicensed mortgage agent activity in the State of Nevada;
- 16 2. Advertising for and soliciting mortgage business within the State of Nevada; and
- 17 3. Holding himself out as engaging in or carrying on the activities of a mortgage agent  
18 licensed by the Division pursuant to Chapter 645B of NRS.

19 **IT IS FURTHER ORDERED**, pursuant to NAC 645B.340(4), that upon filing a verified  
20 petition with the Division within **thirty (30) days** of receipt of this Order to Cease and Desist,  
21 Respondent shall be entitled to a hearing with regard to the contents of this Order to Cease  
22 and Desist. Respondent is advised, however, that the provisions of this Order to Cease and  
23 Desist are effective immediately upon Respondent being served therewith, whether or not  
24 Respondent requests a hearing.

25 **NOTICE TO RESPONDENT:** If you request a hearing, you are specifically informed  
26 that you have the right to appear and be heard in your defense, either personally or through  
27  
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1 your counsel of choice at your own expense. At the hearing, if one is timely requested, the  
2 Division will call witnesses and present evidence against you. You have the right to respond  
3 and to present relevant evidence and argument on all issues involved. You have the right to  
4 call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any  
5 matter relevant to the issues involved.

6 If the Division prevails at any hearing, it may request that attorney's fees and costs be  
7 awarded pursuant to NRS 622.400.

8 **IT IS FURTHER ORDERED**, pursuant to NRS 645B.750, that upon written application  
9 to the Division within **twenty (20) days** of the date of this Order, Respondent shall be entitled  
10 to a hearing with regards to the contents of this Order referenced below. At that hearing the  
11 Division will seek to:  
12

13 1. Impose an administrative fine against Respondent in the amount of Five Thousand  
14 Dollars and No Cents (\$5,000.00) for Respondent's multiple violations of Chapter 645B of  
15 NRS, the Division's investigative costs in the amount of Six Hundred Ninety Dollars and No  
16 Cents (\$690.00) as well as the Division's attorney's fees, if any, incurred herein, to be proven  
17 at the hearing; and  
18

19 2. Require Respondent's payment, in full, of the administrative fine, investigative costs  
20 as well as the costs and fees to the Division within **thirty (30) days** of entry of the Final Order.

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# **EXHIBIT “A”**

Village Oaks Mortgage  
175 Cassia Way Suite A 114  
Las Vegas, NV 89014  
(702) 456-4564 Cell (702) 379-4214

# Larry Sherman

## Custom Rate Sheet

Conforming Fixed 30 year:                      Rate                      Origination                      Discount

**4.750**                      **1**                      **0**

Conforming Fixed 20 year:                      Rate                      Origination                      Discount

**4.625**                      **1**                      **0**

Conforming Fixed 15 year:                      Rate                      Origination                      Discount

**4.375**                      **1**                      **0**

FHA/VA Fixed 30 year:                      Rate                      Origination                      Discount

**5.000**                      **1**                      **0**

Call for additional program pricing...

*"We Make Loans, Not Promises"*

This information is for real estate  
Professionals and is not intended  
For public distribution.

Date: 04/20/09

# **EXHIBIT “B”**



"We Make Loans, Not Promises"

MB #7848

Bullhead Office  
3550 North Lane Ste. 102  
Bullhead City, AZ 86442  
Phone (928) 763-3773  
Fax (928) 763-6927

Henderson Office  
175 Cassia Way Ste A114  
Henderson, NV 89014  
Phone (702) 456-4564  
Fax (702) 456-0661

05/25/2009

State of Nevada  
Department of Business and Industry  
Division of Mortgage Lending  
7220 Bermuda Road, Ste. A  
Las Vegas, NV 89119

Attn.: Michael D. Haley

Subject: Letter dated May 12, 2009

Dear Mr. Haley,

As requested in your May 12, 2009 letter I have requested Mr. Sherman to stop all activities as a mortgage agent with Village Oaks Mortgage. Village Oaks has also stopped paying Mr. Sherman his draws and commission.

In addition to the above-mentioned requests, I have attached the following for your review:

1. For all loans originated by Mr. Sherman on or after May 9, 2008 through the present please provide a list or spreadsheet containing the following:
  - a. The date the loan originated
  - b. The amount of the loan
  - c. The date the loan closed - if it has closed
  - d. The amount of fees earned by Village Oaks - closed loans only - with a running total
  - e. The amount of commission paid to Mr. Sherman - closed loans only - with a running total
2. For each loan identified in item 1 above please provide a copy of the HUD-1 supporting item 1d and a copy of the commission check supporting item 1e.

Please note Mr. Sherman is paid a draw twice a month. At the end of the month, Louise (secretary/treasurer) of Village Oaks Mortgage, totals up his commission deducting his draw amount of \$2,600.00 and pays him the balance of his commission. I have attached the print-out that is provided to Mr. Sherman to show the total commission made for that month minus the \$2,600.00 draw. If you have any questions, Louise asked that you contact her directly at 928-763-3373.



**"We Make Loans, Not Promises"**

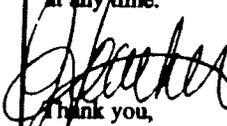
MB #7848

Bullhead Office  
3550 North Lane Ste. 102  
Bullhead City, AZ 86442  
Phone (928) 763-3773  
Fax (928) 763-6927

Henderson Office  
175 Cassia Way Ste A114  
Henderson, NV 89014  
Phone (702) 456-4564  
Fax (702) 456-0661

I do ask again that the Commissioner take into consideration that Village Oaks Mortgage has been licensed since September 1999. We have always complied and done what we are told to do. Our examinations have always gone well and we take pride in the work we do. This was an error in judgment by me. I thought that notifying the division on what was taking place in Larry's life and explaining that we were trying to correct or resolve the situation was enough. I did truly believe that since we had not heard from the state or from the examiner any different than we were free to continue as we were conducting business. Again my error in judgment.

Please if you have any questions or need anything additional feel free to contact me at any time.

  
Thank you,  
Heather Zaborsky





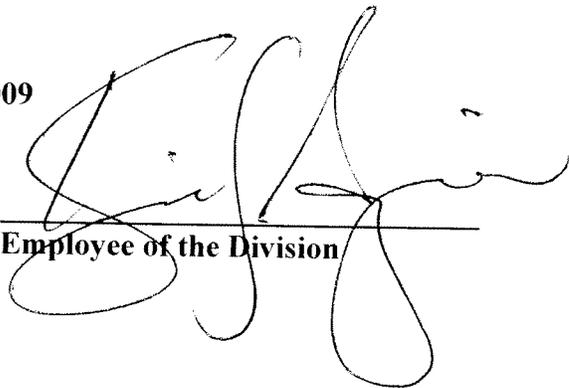
**CERTIFICATE OF SERVICE**

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 8, 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, **ORDER TO CEASE AND DESIST AND NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING** for **LAWRENCE SHERMAN**, addressed as follows:

**Lawrence Sherman  
6115 N. Conquistador Street  
Las Vegas, NV 89149**

**Certified Receipt Number: 7006 2760 0000 0875 9032**

**DATED this 7th day of July, 2009**

**By:**   
**Employee of the Division**