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

* * *

In re:
Pacific Bay Financial Corporation,
Respondent

FINAL ORDER

The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (hereinafter, the "Division"), having served the Respondent, Pacific Bay Financial Corporation, on November 12, 2009, with its Order to Cease and Desist and Imposing Licensure Conditions and Notice of Right to Request Hearing, attached hereto as Exhibit "1" and incorporated herein by reference, which notified Respondent that a final order would issue in this matter unless, within thirty (30) days of entry and receipt of said Order, Respondent either:

(1) requested a hearing to contest the charges against them, with said request to be made in writing, or

(2) Respondent deposited with the Division a corporate surety bond or substitute form of security, as required by Sec. 8 and 9 of Assembly Bill No. 486 of the 75th (2009) Legislative Session, or

(3) Respondent surrendered or inactivated its mortgage broker license and;
Said Order having been sent to Respondent via certified mail and regular mail, and received by Respondents on November 18, 2009, and;

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

3 NOW, THEREFORE, IT IS HEREBY ORDERED that, pursuant to NRS 645B.670,
4 Respondent must **IMMEDIATELY CEASE AND DESIST** all mortgage broker activity in the
5 State of Nevada for which a license pursuant to Chapter 645B of NRS is required.

6
7 Dated this 16th day of December, 2009.
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10 State of Nevada
11 Department of Business and Industry
12 Division of Mortgage Lending

13 By: Joseph L. Waltuch
14 Joseph L. Waltuch, Commissioner
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EXHIBIT “1”

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

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In re:
Pacific Bay Financial Corporation,
Respondent.

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**ORDER TO CEASE AND DESIST AND ORDER IMPOSING LICENSURE CONDITIONS
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"), as amended by Assembly Bills 486 and 523 of the 75th (2009) Legislative Session ("AB 486" and "AB 523," respectively), and by 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 and see AB 486 and AB 523. Pursuant to that authority, the Division makes Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Based upon information and belief, Respondent, Pacific Bay Financial Corporation ("Respondent") is a Broker with an office located at 2445 W. Horizon Ridge Pkwy, Ste. 160, Henderson, NV 89052.

2. On 7/1/2009, Respondent was issued a mortgage broker license (License No. 3194) pursuant to Chapter 645B of NRS. At all relevant times herein mentioned, Respondent operated within the State of Nevada as a licensed mortgage broker. The Division currently

1 classifies Respondent's license as "active." All factual allegations herein occurred while
2 Respondent held an active mortgage broker license.

3 3. Pursuant to AB 486, effective October 1, 2009, "as a condition to doing business in
4 [Nevada], each mortgage broker shall deposit with the Commissioner and keep in full force
5 and effect a corporate surety bond payable to the State of Nevada," in the amount of
6 \$50,000.00 for the principal office and \$25,000.00 for each branch office, not to exceed
7 \$75,000.00, "which is executed by a corporate surety satisfactory to the Commissioner and
8 which names as principals the mortgage broker and all mortgage agents employed by or
9 associated with the mortgage broker," or a substitute form of security. See, Sections 8 and 9
10 of AB 486.
11

12 4. Through e-mails prior to October 1, 2009, the Division notified Respondent of the
13 requirement that he deposit with the Division, by October 1, 2009, a surety bond payable to
14 the State of Nevada, in the amount of \$50,000.00 for the principal office and \$25,000.00 for
15 each branch office, not to exceed \$75,000.00, which names as principals Respondent and all
16 mortgage agents employed by or otherwise associated with Respondent, or a substitute form
17 of security, pursuant to AB 486.
18

19 5. By letter dated October 1, 2009, the Division notified Respondent of the
20 requirement that Respondent deposit the surety bond, or substitute form of security, with the
21 Division by the extended deadline of November 2, 2009, and advised that "if the Division is
22 not in physical receipt of the requisite surety bond or substitute form of security...by
23 November 2, 2009...the Division intends to exercise the provisions prescribed in NRS 645B
24 and will serve upon (Respondent) a Notice of Intent to Revoke (Respondent's) mortgage
25 broker license...."
26

27 6. Pursuant to NRS 645B.670, as amended by AB 523, "[f]or each violation committed
28 by a mortgage broker, the Commissioner may impose upon the mortgage broker an

1 administrative fine of not more than \$25,000.00, may suspend, revoke or place conditions
2 upon his license, or may do both, if the mortgage broker, whether or not acting as
3 such...[d]oes not conduct his business in accordance with law or has violated any provision of
4 this chapter, a regulation adopted pursuant to this chapter or an order of the
5 Commissioner....” See, NRS 645B.670(2)(c) and Section 55(2)(c) of AB 523.

6 7. Pursuant to NAC 645B.340(1), “[i]f a person engages in an activity in violation of the
7 provisions of this chapter or chapter 645B of NRS, the Commissioner may issue an order to
8 the person directing the person to cease and desist from engaging in the activity.”

9 VIOLATIONS OF LAW

10 After investigating this matter, it has been determined that Respondent failed to
11 deposit with the Commissioner, on or before November 2, 2009, a surety bond payable to the
12 State of Nevada, in the amount of \$50,000.00 for the principal office and \$25,000.00 for each
13 branch office, not to exceed \$75,000.00, which names as principals Respondent and all
14 mortgage agents employed by or otherwise associated with Respondent, or a substitute form
15 of security, in violation of Chapter 645B of NRS and Sections 8 and 9 of AB 486.

16 ORDER

17
18 **NOW, THEREFORE**, pursuant to NRS 622.080, NRS 645B.670 and NAC
19 645B.340, the Commissioner of the Division hereby orders that Respondent **IMMEDIATELY**
20 **CEASE AND DESIST** from advertising for, soliciting and conducting any and all mortgage
21 broker activity in the State of Nevada for which a license pursuant to Chapter 645B of NRS is
22 required, except upon the following conditions:
23

24 1. If Respondent is servicing any mortgage loan for private investors or
25 private lenders, Respondent shall:
26

27 a. provide written documentation to the Commissioner within three
28 (3) business days from service of this Order on Respondent of a complete list of all such loans

1 being serviced and of all bank accounts (including bank account number and bank name and
2 address) where any trust or escrow moneys, however denominated (such as interest reserve or
3 construction control accounts), are held, along with the balances in such accounts, for all such
4 loans.

5 b. provide written documentation to the Commissioner within five (5)
6 business days from service of this Order on Respondent that the servicing of every such loan,
7 including all relevant documentation, including any loan servicing agreement(s) pertaining
8 thereto, and all escrow or trust funds relating thereto, has been assigned or transferred to
9 another business entity authorized to service mortgage loans in the state of Nevada or has
10 been released to the owner(s) of such loan.
11

12 c. except as provided for in subsection (b), above, not disburse any
13 funds in its trust or escrow accounts to any person not authorized to receive such funds or in
14 violation of NRS Chapter 645B.

15 d. cease all efforts to have investors or lenders in private investor or
16 private lender loans transfer their interests in such loans to entities (such as limited liability
17 companies or business trusts) for purposes including, but not limited to, loan payment
18 collection, loan servicing or property management.
19

20 2. Whether or not Respondent is servicing any mortgage loan for private
21 investors or private lenders, Respondent shall immediately:

22 a. notify in writing all parties involved in an open or pending loan
23 transaction, and all private investors and private lenders whose loans are being serviced by
24 Respondent, of the failure of Respondent to post a bond or other substitute security as required
25 by law and of the contents of this Order.
26

27 b. delete from all advertising material, including Respondent's
28 websites, if any, all references to its ability to conduct mortgage brokering or lending activity in

1 the state of Nevada for which a license under Chapter 645B is required, and all references to its
2 mortgage broker license number.

3 3. Respondent may continue to process and close, and receive
4 compensation for, any mortgage loan that on the date of service of this Order on Respondent is
5 in any stage of completion (i.e. is in the 'pipeline'); provided, however, that Respondent
6 immediately terminate the mortgage agent status of all mortgage agents employed by or
7 otherwise associated with Respondent whose services are not necessary to the completion of
8 such loan(s), and, within three (3) business days of such termination, completes and provides
9 to the terminated mortgage agents and to the Division a Mortgage Agent Termination or
10 Disassociation form.
11

12 4. Respondent shall within three (3) business days of service of this
13 Order on Respondent provide to the Division a written list of all such loans in any stage of
14 completion as provided for in Number 3, above, that Respondent intends on completing.
15 Respondent may, in the alternative, cancel any such loan and refund to the respective
16 borrower any advance fees being held by Respondent or transfer such loan to another entity
17 authorized to make mortgage loans in the state of Nevada upon the written consent of the
18 respective borrower.
19

20 5. Upon closing and funding of the last loan provided for in number 3,
21 above, Respondent shall immediately terminate the mortgage agent status of all remaining
22 mortgage agents employed by or otherwise associated with Respondent, and, within three (3)
23 business days of such termination, complete and provide to the terminated mortgage agents
24 and to the Division a Mortgage Agent Termination or Disassociation form.
25

26 6. Respondent shall notify the Division in writing immediately upon
27 cessation of its mortgage broker activities.
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All notices to the Division must be sent by U.S. Postal Service or private carrier or delivery service to:

Division of Mortgage Lending
7220 Bermuda Road, Suite A
Las Vegas, NV 89119

or may be sent by email to jwaltuch@mld.nv.gov.

IT IS FURTHER ORDERED that Respondent's failure to abide by any of the above referenced conditions now imposed upon its license under NRS Chapter 645B shall constitute grounds for summary suspension or other discipline, including a revocation of license and/or fine, deemed appropriate in the discretion and within the statutory authority of the Commissioner.

IT IS FURTHER ORDERED that, pursuant to NAC 645B.340(4), upon filing a verified petition with the Division, Respondent shall be entitled to a hearing with regard to the contents of the instant Order.

NOTICE TO RESPONDENT: If you request a hearing, you are specifically informed that you have the right to appear and be heard in your defense, either personally or through your counsel of choice at your own expense. At the hearing, if one is timely requested, the Division will call witnesses and present evidence against you. You have the right to respond and to present relevant evidence and argument on all issues involved. You have the right to call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any matter relevant to the issues involved. If the Division prevails at any hearing, it may request that attorney's fees and costs be awarded pursuant to NRS 622.400. Should Respondent not request a hearing within **thirty (30) days** of the receipt of the instant Order, the Division will enter a Final Order in this matter.

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2 **Respondent is advised, however, that the provisions of this Order to Cease and Desist**
3 **and Order Imposing Licensure Conditions are effective immediately upon Respondent's**
4 **being served therewith, whether or not Respondent requests a hearing.**

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6 Dated this 12th day of November, 2009.

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9 State of Nevada
10 Department of Business and Industry
11 Division of Mortgage Lending

12 By: Joseph L. Waltuch
13 Joseph L. Waltuch, Commissioner
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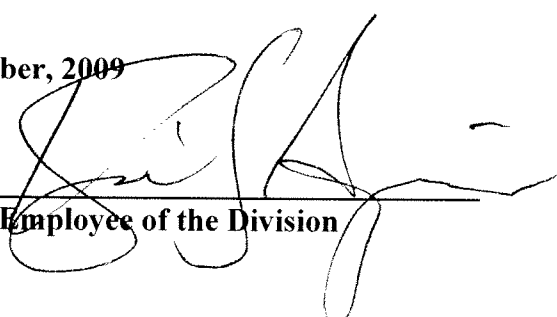
CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on December 18, 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 TO CEASE AND DESIST AND IMPOSING LICENSURE CONDITIONS for PACIFIC BAY FINANCIAL CORPORATION, addressed as follows:

**Payman Kermanshahi
Pacific Bay Financial Corporation
2445 W. Horizon Ridge Pkwy, Ste. 160
Henderson, NV 89052**

Certified Receipt Number: 7008 1830 0002 7959 5260

DATED this 17th day of December, 2009

**By: 
Employee of the Division**