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

In re:

U.S. Loan Modification Services, LLC,
Jeff Strum, Gail Strum

Respondents.

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**ORDER TO CEASE AND DESIST,
ORDER IMPOSING LICENSURE CONDITIONS,
NOTICE OF INTENT TO IMPOSE FINE
AND NOTICE OF RIGHT TO REQUEST HEARING**

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The licensing and regulation of loan modification consultants, foreclosure consultants and other persons providing 'covered services' as defined in Nevada Revised Statutes ("NRS") 645F.310 in the State of Nevada is governed by Chapter 645F of NRS and by permanent regulation R052-09 promulgated pursuant thereto (the "Regulation"). 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 covered service providers, foreclosure consultants and loan modification consultants. See Chapter 645F of NRS and the Regulation. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

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FACTUAL ALLEGATIONS

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1. Based upon information and belief, and at all relevant times herein mentioned, U.S. Loan Modification Services ("U.S. Loan") was and is a Nevada limited liability company with an office located at 2461 Professional Court #110, Las Vegas, Nevada. Currently, U. S. Loan's status with the Nevada Secretary of State is "active."

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2. On approximately January 27 2010, the Division issued U.S. Loan an independent licensee covered service provider license (License No. 3351). The Division

1 currently classifies U.S. Loan's license as "closed."

2 3. Based upon information and belief, and at all relevant times herein mentioned,
3 Jeff Strum ("JS"), an individual, and Gail Strum ("GS"), an individual, were the owners, officers
4 and managers of U.S. Loan.

5 4. On approximately January 27, 2010, the Division issued JS an associated
6 licensee license (License No. 46769) as an employee of U.S. Loan. The Division currently
7 classifies JS's license as "inactive."

8 5. On approximately January 12, 2010, the Division issued GS an associated
9 licensee license (License No. 46768) as an employee of U.S. Loan. The Division currently
10 classifies GS's license as "inactive."

11 6. U.S. Loan, JS and GS are hereinafter referred to individually as Respondent or
12 collectively as Respondents, as the context requires.

13 7. Pursuant to the Regulation, "[i]n addition to the other duties imposed upon the
14 Commissioner by law for the general supervision of licensees, the Commissioner
15 will...[c]onduct an examination of each independent licensee doing business in this State
16 within 3 months after the independent licensee commences business in this State and at least
17 annually thereafter..." See the Regulation, Section 63.

18 8. Pursuant to Section 63 of the Regulation, the Division commenced a regularly
19 scheduled annual examination of U.S. Loan on April 5, 2010 which revealed, among other
20 things, that U.S. Loan:

21 a. Failed to place moneys collected from homeowners for the provision of
22 covered services into a separate trust account at a federally insured depository institution
23 located in this state and designated as "trust funds," "escrow accounts," or some other
24 appropriate name indicating the funds did not belong to U.S. Loan, and commingled
25 homeowners' money with its own;
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1 b. Failed to keep and maintain complete and suitable records of all covered
2 services transactions it conducted, including, but not limited to, records related to the trust
3 account(s) which clearly identify: the name, address and telephone number of each
4 homeowner; the account number of each loan; the address and contact information of each
5 lender or loan servicer related to each loan; the amount and date of each deposit; and the
6 amount and date of each withdrawal with the name of each recipient;

7 c. Failed to reconcile its bank accounts and/or failed to have monthly
8 reconciled balances on deposits equal to all moneys collected and deposited and not yet
9 legitimately disbursed;

10 d. Withdrew moneys collected from homeowners from its bank account
11 without being able to explain what the money was used for; and

12 e. Utilized or converted trust moneys for its own personal business purposes.

13 9. Pursuant to NRS 645F.394, "[a]ll money paid to a person who performs any
14 covered service for compensation, a foreclosure consultant or a loan modification consultant
15 by a person in full or partial payment of covered services to be performed: (a) [m]ust be
16 deposited in a separate checking account located in a federally insured depository financial
17 institution or credit union in this State which must be designated a trust account; (b) [m]ust be
18 kept separate from money belonging to the person who performs any covered service for
19 compensation, the foreclosure consultant or the loan modification consultant; and (c) [m]ust
20 not be withdrawn by the person who performs any covered service for compensation,
21 foreclosure consultant or loan modification consultant until the completion of every covered
22 service as agreed upon in the contract for covered services." See NRS 645F.394(1).

23 10. Pursuant to Section 73 of the Regulation, "a 'separate trust account' means a
24 trust account maintained with a federally insured depository institution located in this State
25 that is separate from accounts belonging to the independent licensee. The trust account:
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1 [m]ust at all times have a reconciled balance on deposit equal to all money collected and
2 deposited and not yet legitimately disbursed... [and] [m]ust be reconciled monthly by the
3 independent licensee..."

4 11. Pursuant to NRS 645F.394, "[t]he person who performs any covered service for
5 compensation, the foreclosure consultant or the loan modification consultant shall keep
6 records of all money deposited in a trust account pursuant to subsection 1. The records must
7 clearly indicate the date and from whom he or she received money, the date deposited, the
8 dates of withdrawals, and other pertinent information concerning the transaction, and must
9 show clearly for whose account the money is deposited and to whom the money belongs.
10 The person who performs any covered service for compensation, the foreclosure consultant
11 or the loan modification consultant shall balance each separate trust account at least monthly
12 and provide to the Commissioner, on a form provided by the Commissioner, an annual
13 accounting which shows an annual reconciliation of each separate trust account. All such
14 records and money are subject to inspection and audit by the Commissioner and authorized
15 representatives of the Commissioner." See NRS 645F.394(2).
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17 12. Pursuant to Section 74 of the Regulation "1. Except as otherwise provided in
18 this section, not later than 120 days after the last day of each fiscal year for an independent
19 licensee, the independent licensee shall submit to the Commissioner a financial statement
20 that: a. [i]s dated not earlier than the last day of the fiscal year; and b. [h]as been prepared
21 from the books and records of the independent licensee by an independent certified public
22 accountant who holds a permit to engage in the practice of certified public accounting in this
23 State or another state."
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25 13. To date, U.S. Loan has failed to file its financial statement with the
26 Commissioner.
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1 14. Pursuant to Section 103 of the Regulation, “[f]or each violation committed by a
2 person who engages in an activity for which licensure as a covered service provider,
3 foreclosure consultant or loan modification consultant is required under this chapter and
4 chapter 645F of NRS, without regard to whether the person is licensed under this chapter and
5 chapter 645F of NRS, the Commissioner may impose upon the person an administrative fine
6 of not more than \$10,000, and if the person holds a license as a covered service provider,
7 foreclosure consultant or loan modification consultant, the Commissioner may suspend,
8 revoke or place conditions upon the person’s license, or may do both, if the person... [d]oes
9 not conduct business in accordance with law or has violated any provision of this chapter or
10 chapter 645F of NRS or any order of the Commissioner;...[i]s in such financial condition that
11 the person cannot continue in business with safety to his customers;...[or] [h]as commingled
12 the money or other property of a client with his own or has converted the money or property of
13 others to his own use...” See Section 103(3)(a), (c), (d), and (n) of the Regulation.
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15 15. Pursuant to Section 103 of the Regulation, “[a] person who engages in an
16 activity for which licensure as a covered service provider, foreclosure consultant or loan
17 modification consultant is required under this chapter and chapter 645F of NRS, without
18 regard to whether the person is licensed under this chapter and chapter 645F of NRS, may be
19 required by the Commissioner to pay restitution to any person who has suffered an economic
20 loss as a result of a violation of the provisions of this chapter or chapter 645F of NRS....” See
21 Section 103(2) of the Regulation.
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23 16. Pursuant to Section 108 of the Regulation, “[i]f a person engages in an activity
24 in violation of the provisions of this chapter or chapter 645F of NRS or an order of the
25 Commissioner, the Commissioner may issue an order directing the person to cease and
26 desist from engaging in the activity.” See Section 108(1) of the Regulation.
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VIOLATIONS OF LAW

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2 Respondent U.S. Loan violated NRS 645F.394 and Section 103 of the Regulation in
3 that such Respondent:

4 1. Failed to file an annual accounting and a financial statement, in violation of NRS
5 645F.394(2) and Section 74 of the Regulation;

6 2. Failed to deposit client moneys in a trust account and/or removed money from a
7 trust account when not authorized to do so, in violation of NRS 645F.394(1) and (2) and
8 Sections 73 and 103(3)(n) of the Regulation;

9 3. Does not conduct business in accordance with law, in violation of Section
10 103(3)(c) of the Regulation;

11 4. Is in such financial condition that it cannot conduct business with safety to its
12 customers, in violation of Section 103(3)(d) of the Regulation; and

13 5. Has commingled clients' money with its own or has converted such money to its
14 own use, in violation of NRS 645F.394(1) and (2) and Regulation 103(3)(n).
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ORDER

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17 **NOW, THEREFORE, THE COMMISSIONER OF THE DIVISION HEREBY ORDERS**
18 **that, based on Respondent U.S. Loan's multiple violations of Chapter 645F of NRS and the**
19 **Regulation, and pursuant to Chapter 645F of NRS and Section 108(1) of the Regulation,**
20 **RESPONDENTS U.S. LOAN, JS AND GS, AND EACH OF THEM, IMMEDIATELY CEASE**
21 **AND DESIST** from the following activities:
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23 1. Advertising for and/or soliciting covered services, foreclosure consultant and/or
24 loan modification consultant business in the State of Nevada, whether as an independent
25 licensee or as an associate licensee, without further written approval of the Division to
26 conduct such activities; and
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1 2. Offering or providing any of the services of a covered service provider
2 foreclosure consultant and/or loan modification consultant, or otherwise engaging in, carrying
3 on or holding themselves out as engaging in or carrying on the business of a covered service
4 provider, foreclosure consultant and/or loan modification consultant, whether as an
5 independent licensee or as an associate licensee, in the State of Nevada without further
6 written approval from the Division to conduct such activities.

7 **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 108(4) of
8 the Regulation, that upon filing a verified petition with the Division within **twenty (20) days** of
9 receipt of this Order to Cease and Desist, Respondents, and each of them, shall be entitled to
10 a hearing with regard to the contents of this Order to Cease and Desist. Each such
11 Respondent is advised, however, that the provisions of this Order to Cease and Desist are
12 effective immediately upon such Respondent being served therewith, whether or not such
13 Respondent requests a hearing.

14 **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 113(2) of
15 the Regulation that upon written application to the Division within **twenty (20) days** of the
16 date of this Order, Respondents, and each of them, shall be entitled to a hearing with regards
17 to the contents of this Order referenced hereafter. At that hearing the Division will seek:

18 1. The imposition of an administrative fine against Respondents, jointly and
19 severally, in the amount of Fifty Thousand Dollars and No Cents (\$50,000.00), payable to the
20 Division on account of such Respondents violations of Chapter 645F of NRS and the
21 Regulation, the Division's examination fees in the amount of Four Thousand Seven Hundred
22 and Forty Dollars and No Cents (\$4,740.00), the Division's investigatory and other costs in the
23 amount of One Hundred Eighty Dollars and No Cents (\$180.00), as well as the Division's
24 attorney's fees, if any, incurred herein, all to be proven at the hearing; and
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1 2. Payment, in full, to the Division of both the administrative fine in the amount of
2 Fifty Thousand Dollars and No Cents (\$50,000.00), the Division's examination fees to date in
3 the amount of Four Thousand Seven Hundred and Forty Dollars and No Cents (\$4,740.00),
4 the Division's investigatory and other costs in the amount of One Hundred Eighty Dollars and
5 No Cents (\$180.00), as well as the Division's attorney's fees, if any, by such Respondents,
6 who shall be jointly and severally liable, within **thirty (30) days** of entry of the Final Order.

7 **IT IS FURTHER ORDERED**, pursuant to Chapter 645F of NRS and Section 103(2) of
8 the Regulation, that Respondents immediately (a) cancel all contracts, if any, with Nevada
9 homeowners and refund to such homeowners all moneys collected by such Respondents
10 from such homeowners for which completed services have not been rendered, or (b) obtain
11 the written consent of the homeowners to transfer their files, moneys and contracts to a
12 licensed, bonded independent licensee, HUD-approved counseling service or other entity
13 exempt from Chapter 645F of NRS.

14 **IT IS FURTHER ORDERED**, that Respondents shall:

15 1. Immediately notify in writing all homeowners involved in an open or pending
16 covered service transaction of this Order;
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18 2. Submit to the Commissioner, within three (3) business days from the date of the
19 service of this Order, a list of all open or pending covered service transactions, along with proof
20 of mailing of the written notice required in section 1, above;
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22 3. Retain, within five (5) business days after service of this Order and at their own
23 expense and choosing, a Nevada licensed or registered certified public accountant to reconcile
24 all books and records of the licensed entity's operating accounts and trust accounts maintained
25 for customer funds, including reconciliation to bank statements, and all transfers between
26 operation and trust accounts, from inception of Respondent U.S. Loan to May 25, 2010, and
27 submit the reconciliation to the Commissioner within thirty (30) days from the date of the service
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1 of this Order. Such reconciliation shall specifically include a complete accounting of all moneys
2 that, pursuant to NRS 645F.394 and Section 103 of the Regulation, should have been held in
3 trust for each homeowner for whom Respondent U.S. Loan has not fully completed covered
4 services for which it contracted. Further, such certified public accountant shall be unrelated to
5 Respondents or their family members, and Respondents shall provide the name, address, and
6 telephone number of such certified public accountant to the Division immediately upon his or
7 her retention;

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9 4. Upon submission to the Commissioner of the reconciliation provided for in
10 Number 3, above, Respondents shall deposit sufficient money into a trust account(s) to rectify
11 any shortfall that is discovered as a result of such reconciliation, and shall provide proof of such
12 deposit in writing to the Commissioner; and

13 **NOTICE TO RESPONDENTS:** If you request a hearing, you are specifically informed
14 that you have the right to appear and be heard in your defense, either personally or through
15 your counsel of choice at your own expense. At the hearing, if one is timely requested, the
16 Division will call witnesses and present evidence against you. You have the right to respond
17 and to present relevant evidence and argument on all issues involved. You have the right to
18 call and examine witnesses, introduce exhibits and cross-examine opposing witnesses on any
19 matter relevant to the issues involved.
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21 All notices to the Division must be sent by U.S. Postal Service or private carrier or
22 delivery service to:

23 Commissioner
24 Division of Mortgage Lending
25 7220 Bermuda Road, Suite A
Las Vegas, NV 89119

26 **IT IS FURTHER ORDERED** that if any Respondent fails to abide by any of the above
27 referenced conditions now imposed upon his, her or its license under NRS Chapter 645F and
28 the Regulation, such failure shall constitute grounds for summary suspension, revocation or

1 other discipline deemed appropriate in the discretion and within the statutory authority of the
2 Commissioner.

3 Should Respondents, or any of them, not timely request a hearing within **twenty (20)**
4 **days** of the date of this Order; the Division will enter a Final Order in this matter against such
5 Respondents, and each of them, as required by Section 113(2) of the Regulation. The
6 Division's Final Order will require payment by such Respondents, jointly and severally, of the
7 administrative fine, examination fees, investigatory and other costs, the Division's attorney's
8 fees and restitution amounts within **thirty (30) days** of the entry of the Final Order.
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10 Dated this 9th day of June, 2010.

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

14 By:

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16 Joseph L. Waltuch, Commissioner
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