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

* * *

In re:
FIRST INTERSTATE MORTGAGE CORPORATION, A NEVADA CORPORATION
Respondent.

STIPULATED SETTLEMENT AGREEMENT

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"), respectively, and the regulations promulgated thereunder. The State of Nevada, Department of Business and Industry, Division of Mortgage Lending ("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 hereby enters into the following Stipulated Settlement Agreement ("Agreement") with First Interstate Mortgage Corporation ("Respondent") as follows:

RECITALS

WHEREAS Respondent was a corporation organized and existing under the laws of the State of Nevada since on or about April 7, 2003. As of August 7, 2008, Respondent's corporate status with the Nevada Secretary of State is "dissolved."

WHEREAS Respondent was first registered with the Financial Institutions Division on or about July 16, 2003 and was subsequently licensed by the Division as a mortgage broker

1 (License No. 544) in or about March 2004 pursuant to NRS 645B.

2 WHEREAS Respondent operated within the State of Nevada as a licensed mortgage
3 broker until it failed to renew its license on June 30, 2007, and closed on July 3, 2007. See
4 NRS 645B.050(1). All recitals herein occurred while Respondent held an active mortgage
5 broker license. The Division currently classifies Respondent's license as "closed."

6 WHEREAS at all relevant times herein mentioned, Greg Navone (hereinafter "Navone")
7 was the owner, president, secretary, treasurer, and a director of Respondent from its
8 incorporation until its dissolution.
9

10 WHEREAS at all relevant times herein mentioned, Respondent's principal office was
11 located at 801 S. Decatur, Las Vegas, Nevada 89107.

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

16
17 WHEREAS pursuant to NRS 645B.060, the Division commenced an examination of
18 Respondent on March 14, 2006 (hereinafter "March 2006 Examination") which revealed that
19 Respondent conducted mortgage lending activities at unlicensed branch offices located at 851
20 S. Rampart, Las Vegas, Nevada and 6396 McLeod, Suite 3, Las Vegas, Nevada, respectively.
21

22 WHEREAS the March 2006 Examination also revealed that Respondent associated
23 with or employed at least one unlicensed mortgage agent and failed to exercise reasonable
24 supervision over the activities of that agent and its other mortgage agents.

25 WHEREAS the March 2006 Examination also revealed that Respondent failed to keep
26 and maintain complete and suitable records of all mortgage transactions and failed to exercise
27 reasonable supervision over the activities of its mortgage agents..
28

1 WHEREAS the March 2005 Examination also revealed that Respondent failed to
2 implement and maintain safeguards to protect sensitive customer information, as evidenced
3 by the Las Vegas Metropolitan Police Department's seizure of forty (40) boxes of records
4 containing sensitive information from Respondent's trash dumpster at 801 S. Decatur.

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

8 WHEREAS pursuant to NRS 645B.400, "[a] person shall not act as or provide any of
9 the services of a mortgage agent or otherwise engage in, carry on or hold himself or herself
10 out as engaging in or carrying on the activities of a mortgage agent unless the person has a
11 license as a mortgage agent issued pursuant to NRS 645B.410."

12 WHEREAS pursuant to NRS 645B.450(2), "[a] mortgage broker shall not associate with
13 or employ a person as a mortgage agent or authorize a person to be associated with the
14 mortgage broker as a mortgage agent if the mortgage agent is not licensed with the
15 Division..."

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

18 WHEREAS pursuant to NRS 645B.080, "(e)ach mortgage broker shall keep and
19 maintain at all times at each location where the mortgage broker conducts business in this
20 state complete and suitable records of all mortgage transactions made by the mortgage
21 broker at that location."

22 WHEREAS pursuant to the Gramm-Leach-Bliley Act, 15 USC § 6801, et seq., "each
23 financial institution has an affirmative and continuing obligation to respect the privacy of its
24 customers and to protect the security and confidentiality of those customers' nonpublic
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1 personal information” and “shall establish appropriate standards... relating to administrative,
2 technical, and physical safeguards[.] 1. [T]o insure the security and confidentiality of customer
3 records and information; 2. [T]o protect against any anticipated threats or hazards to the
4 security or integrity of such records; and 3. [T]o protect against unauthorized access to or use
5 of such records or information which could result in substantial harm or inconvenience to any
6 customer.”
7

8 Pursuant to NRS 645B.670, “[f]or each violation committed by a mortgage broker, the
9 Commissioner...may suspend, revoke or place conditions upon his license... if the mortgage
10 broker, whether or not acting as such...[i]s grossly negligent or incompetent in performing any
11 act for which he is required to be licensed pursuant to the provisions of this chapter...[d]oes
12 not conduct his business in accordance with law or has violated any provision of this chapter,
13 a regulation adopted pursuant to this chapter or an order of the Commissioner...[h]as
14 knowingly made or caused to be made to the Commissioner any false representation of
15 material fact...[h]as engaged in any other conduct constituting a deceitful, fraudulent or
16 dishonest business practice...(h)as failed to exercise reasonable supervision over the
17 activities of a mortgage agent as required by NRS 645B.460. See, NRS 645B.670(2)(b), (c),
18 (g), (o), (q).
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21 WHEREAS upon closing the exit interview for the special examination in April 2007
22 Respondent ceased doing business and allowed its mortgage broker license to expire.

23 WHEREAS after settlement negotiations the Division and Respondent (collectively the
24 “Parties”) wish to resolve this matter without the necessity of a formal hearing.

25 NOW THEREFORE, in consideration of the representations, covenants, and conditions
26 set forth herein, IT IS HEREBY STIPULATED AND AGREED by the Parties that the purported
27 violations of NRS shall be settled on the following terms and conditions:
28

1 1. Respondent admits that it conducted mortgage lending activities at unlicensed
2 branch offices located at 851 S. Rampart, Las Vegas, Nevada, and 6396 McLeod, Suite 3, Las
3 Vegas, Nevada, respectively, in violation of NRS 645B.020(2);

4 2. Respondent admits that it associated with or employed at least one unlicensed
5 mortgage in violation of NRS 645B.450(2);

6 3. Respondent admits that it failed to exercise reasonable supervision over the
7 activities of its mortgage agents in violation of NRS 645B.460(1);

8 4. Respondent admits that it failed to keep and maintain suitable records of all
9 mortgage transactions in violation of NRS 645B.080;

10 5. Respondent admits that it failed to implement and maintain safeguards to protect
11 the sensitive customer information contained in the forty (40) boxes of records that had been
12 placed in the trash dumpster at 801 S. Decatur in violation of the Gramm-Leach Bailey Act, 15
13 USC§ 6801, et seq.

14 6. Respondent shall pay to the Division the sum of \$2,500.00 (Two Thousand Five
15 Hundred Dollars and No Cents) for its investigation, hearing, and other costs and \$5,730.00
16 (Five Thousand Seven Hundred and Thirty Dollars and No Cents) for attorney fees incurred
17 herein. Respondent shall make such payments, in full, by certified or other good funds to the
18 Division upon its execution of this Agreement.

19 7. Neither Respondent nor Navone will apply for a license for any activity licensed
20 by the Division for a period of five years from the date the Division executes this Agreement.

21 8. In the event Respondent violates any provision of this Agreement, the Division
22 shall retain any and all remedies available to it in accordance with NRS Chapter 645B.

23 9. The parties agree and acknowledge that this Agreement shall constitute the
24 complete and final resolution of any issues arising out of the Division's investigation into
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1 Respondent's conduct as specified herein.

2 10. The parties represent and warrant that the person executing the instant
3 Agreement on behalf of each party has full power and authority to do so, and has the legal
4 capacity to conduct the legal obligations assigned to it hereunder.

5 11. Respondent further acknowledges and agrees that the Division shall retain the
6 original of the instant Agreement.
7

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

11 13. The instant Agreement, as well as the rights and obligations of the parties
12 hereto, shall be interpreted, governed, and construed pursuant to the laws of the State of
13 Nevada.
14

15 14. Any action to enforce the instant Agreement shall be brought in the Eighth
16 Judicial District Court of the State of Nevada in and for Clark County.

17 15. If the Division is successful in any action to enforce this Agreement, the court
18 may award it attorney's fees. It is specifically agreed that reasonable attorney's fees for the
19 State-employed attorneys shall be \$ 142.55 per hour.
20

21 16. Failure to declare a breach or the actual waiver of any particular breach of the
22 instant Agreement or its material terms, by either party, shall not operate as a waiver by such
23 party of any of its rights or remedies as to any other breach.

24 17. If any provision contained in the instant Agreement is held to be unenforceable
25 by a court of law or equity, the instant Agreement shall be construed as if such a provision(s)
26 did not exist and the unenforceability of such provision(s) shall not be held to render any other
27 provision(s) of the instant Agreement unenforceable.
28

1 18. The instant Agreement constitutes the entire agreement of the parties, and it is
2 intended as a complete and exclusive statement of the promises, representations,
3 negotiations, and discussions of the parties. Unless otherwise expressly authorized by its
4 terms, the instant Agreement shall be binding upon the parties unless the same is amended in
5 writing and signed by the respective parties hereto.

6
7 19. In consideration for the execution of this Agreement, Respondent, for himself,
8 his heirs, executors, administrators, successors and assigns, hereby releases and forever
9 discharges the State of Nevada, the Division, the Nevada Attorney General, and each of their
10 members, agents and employees in their individual and representative capacities, from any
11 and all manner of actions, causes of action, suits, debts, judgments, executions, claims and
12 demands whatsoever known or unknown, in law and equity, that Respondent ever had, now
13 has, may have or claim to have against any and all of the persons or entities named in this
14 paragraph arising out of, or by reason of, the investigation of the allegations in the complaint
15 referenced above, this action or any other matter relating thereto.

16
17 20. In consideration for the execution of this Agreement, Respondent hereby
18 indemnifies and holds harmless the State of Nevada, the Division, the Nevada Attorney
19 General, and each of their members, agents and employees in their individual and
20 representative capacities, against any and all claims, suits and actions, brought against any of
21 the persons named in this paragraph by reason of the investigation of the allegations in the
22 complaint referenced above, this action and all other matters relating thereto, and against any
23 and all expenses, damages, charges and costs, including court costs and attorneys fees,
24 which may be sustained by any of the persons and entities named in this paragraph as a
25 result of said claims, suits and actions.

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27 21. Respondent enters into this Agreement freely and voluntarily. Respondent
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Nevada Office of the Attorney General
100 North Carson Street
Carson City, NV 89701-4717

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DATED this 15th day of December, 2010.

State of Nevada
Department of Business and Industry
Division of Mortgage Lending

By: Joseph L. Waltuch
Joseph L. Waltuch, Commissioner

APPROVED as to form:

By: _____
Colleen E. Hemingway
Deputy Attorney General
Counsel for Division

Nevada Office of the Attorney General
100 North Carson Street
Carson City, NV 89701-4717

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Department of Business and Industry
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By: Joseph L. Waltuch
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By: Colleen E. Hemingway
Colleen E. Hemingway
Deputy Attorney General
Counsel for Division