

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

Before the Commissioner of the Division of Mortgage Lending

In the Matter of:)
LANTZMAN MANAGEMENT, INC. D/B/A) Order No. 2016-022
LANTZMAN LENDING,)
Mortgage Broker License No. UNL,) Case No. 2016-022
and)
JUSTIN ROBERT LANTZMAN,)
Mortgage Broker License No. UNL,)
Respondents.)

ORDER TO CEASE AND DESIST,
ORDER IMPOSING AN ADMINISTRATIVE FINE AND INVESTIGATIVE COSTS,
AND
NOTICE OF OPPORTUNITY FOR ADMINISTRATIVE HEARING

Issued and Entered,
This 16th day of February, 2017,
By Cathy Sheehy,
Commissioner

I.
ORDER TO CEASE AND DESIST AND
ORDER IMPOSING AN ADMINISTRATIVE FINE AND INVESTIGATIVE COSTS

The Commissioner of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Commissioner") having been statutorily charged with the responsibility and authority to administer and enforce Chapter 645B of the Nevada Revised Statutes, 645B.010 *et seq.* ("the Statute"), and Chapter 645B of the Nevada Administrative Code, NAC 645B.001 *et seq.* ("the Regulation") (collectively, "the Act"), governing the licensing and conduct of mortgage brokers and mortgage agents doing business in the State of Nevada; and,

1 The Commissioner having been vested with general supervisory power and control over all
2 mortgage brokers and mortgage agents doing business in the State of Nevada pursuant to the Statute;
3 and,

4 The Commissioner having been further vested with broad authority to conduct investigations to
5 determine whether any person is violating or has violated any provision of the Act; and,

6 The Division of Mortgage Lending (the "Division") having received information indicating that
7 LANTZMAN MANAGEMENT, INC. D/B/A LANTZMAN LENDING ("LMI") and JUSTIN
8 ROBERT LANTZMAN ("LANTZMAN") (collectively, the "RESPONDENTS") are or were engaged
9 in activity requiring licensure as a mortgage broker under the Statute; and,

10 The Division having commenced an investigation of RESPONDENTS' business practices
11 pursuant to NRS 645B.060(2)(c), and having determined, from that investigation, that RESPONDENTS
12 were engaged in activity requiring licensure as a mortgage broker under the Statute; and,

13 The Division staff having reported the results of its investigation to the Commissioner; and,

14 The Commissioner having reviewed the results of the investigation, makes the following
15 FINDINGS OF FACT and CONCLUSIONS OF LAW:

16 **Findings of Fact**

17 1. NRS 645B.900 prohibits any person from offering or providing any of the services of a
18 mortgage broker or mortgage agent or otherwise engaging in, carrying on or holding himself or herself
19 out as engaging in or carrying on the business of a mortgage broker or mortgage agent without first
20 obtaining the applicable license issued pursuant to this chapter, unless the person is properly exempt
21 from licensure.

22 2. NRS 645B.0127(1) defines "[m]ortgage broker" to include any person who *directly or*
23 *indirectly* does any of the following:

24 (a) Holds himself or herself out for hire to serve as an agent for any
25 person in an attempt to obtain a loan which will be secured by a lien on
26 real property;

1 (b) Holds himself or herself out for hire to serve as an agent for any
2 person who has money to lend, if the loan is or will be secured by a lien on
3 real property;

4 (c) Holds himself or herself out as being able to make loans secured by
5 liens on real property;

6 (d) Holds himself or herself out as being able to buy or sell notes
7 secured by liens on real property; or

8 (e) Offers for sale in this State any security which is exempt from
9 registration under state or federal law and purports to make investments in
10 promissory notes secured by liens on real property.

11 3. The Division's investigation specifically found the following:

12 a. LMI is a Nevada foreign corporation organized under the laws of the state of
13 California (CA Entity C282308), holding a Nevada business license (NV Entity No. E0020072016-3),
14 and licensed by the California Bureau of Real Estate ("CA-BRE") as a corporate real estate broker with
15 a mortgage loan originator license endorsement (License No. 01522724, NMLS ID. No. 296471). LMI
16 is not currently and at no time relevant to this matter been licensed as a mortgage broker in Nevada
17 under the Statute.

18 b. Based upon information and belief, LMI's principal place of business is located
19 at 11696 Sorrento Valley Road, #201, San Diego, California, 92121.

20 c. Based upon information and belief, LANTZMAN is the president and chief
21 executive officer of LMI.

22 d. LANTZMAN is licensed by the CA-BRE as a real estate broker with a mortgage
23 loan originator license endorsement (License No. 01728350, NMLS ID. No. 312223). LANTZMAN is
24 not currently and at no time relevant to this matter been licensed as a mortgage broker or mortgage
25 agent in Nevada under the Statute.

26 e. LANTZMAN is also the identified executive officer, director, and promoter of a
27 pooled investment fund known as LMF 2, LP ("LMF"), registered as an active, domestic business by
28 the California Secretary of State since April 19, 2010, and which filed "Notice of Exempt Offering of

1 Securities” with the U.S. Securities and Exchange Commission in 2014, 2015, and 2016. Each such
2 filing specifies the principal place of business and contact information for LMF, as well as the street
3 address for LANTZMAN, as 11696 Sorrento Valley Road, Suite 201, San Diego, California 92121 (the
4 same address for LMI).

5 f. On or about November 4, 2015, the Division became aware of facts indicating
6 that RESPONDENTS were engaged in activity requiring licensure under the Statute. In particular, the
7 Division discovered that on the website www.biggerpockets.com, RESPONDENTS advertised and
8 promoted LMI’s services as a provider of hard-money loans in California, Nevada, Arizona and Texas,
9 and learned through RESPONDENTS’ own website located at www.lantzmanlending.com, that
10 RESPONDENTS offered direct lending services in those same states, including Nevada, wherein
11 RESPONDENTS touted their work and experience in arranging loans for private investors in the
12 acquisition or financing of residential, commercial, industrial, and multi-family real estate, including
13 “fix and flip” loans, and tailoring loan programs around the needs of a particular borrower. LMI
14 represented that no matter the type of real estate at issue, the company had a loan product to fit the
15 customer’s investment needs, stating that it “specializes in first trust deeds to investors” who purchase
16 commercial, as well as *residential* property. Describing the Las Vegas housing market as a particular
17 source of profitable investment opportunities, and urging potential borrowers or investors to complete
18 and submit the one-page, on-line application to LMI in order to receive a loan in as little as three days,
19 LMI specifically showcased among the described properties for loans it had recently funded, one
20 located in Reno, and two situated in Las Vegas, Nevada.

21 g. During the course of review of RESPONDENTS’ website by a Division
22 investigator, the investigator and a LMI representative participated in an online chat concerning private-
23 money loans on residential properties in Nevada wherein that LMI representative confirmed that LMI
24 engages in “a lot” of lending in Las Vegas and “occasionally” does so in northern Nevada; represented
25 that the money to fund LMI’s loans was its own money (“we do everything in house”); and expressed
26 that while LMI’s office was in San Diego (the company stated as not having a “formal office” in Las
27 Vegas), the representative traveled back and forth between these cities. The Division subsequently
28 discovered that at the time of the online chat, the LMI representative was an active, Nevada-licensed

1 mortgage agent, who during the time of the Division's investigation in this matter, was associated with
2 and served as the qualified employee for a licensed mortgage broker in Nevada.

3 h. The Division additionally learned that from on or about January 2015 through
4 March 2016, on at least eight occasions, RESPONDENTS directly or indirectly accepted respective
5 applications from Nevada borrowers or investors seeking to obtain loans secured by a lien on residential
6 property located in Nevada; that RESPONDENTS served as each borrower's or investor's agent and
7 assisted that borrower or agent in obtaining a loan secured by a lien on residential property located in
8 Nevada; and that in exchange for performing such services, RESPONDENTS received compensation in
9 the approximate total amount of \$33,821.00 for the charges relating to the *loan origination*, and
10 approximately \$4,800.00 in total amount for *document preparation*, concerning the subject Nevada
11 residential properties. While in four of these eight instances, LMI may have utilized LMF rather than
12 LMI to fund the loans, LMI received and collected all of the origination and loan document fees on or
13 about the time of closing on each loan.

14 i. The Division further learned that the Nevada-licensed broker who employed the
15 LMI representative who had participated in the aforementioned online chat, and for whom that LMI
16 representative served as its qualified employee at the time of the Division's investigation, allegedly
17 earned broker fees related to two of the eight loans. Another licensed broker in Nevada allegedly
18 earned broker fees related to the other six loans.

19 j. RESPONDENTS represented to the Division that because LMI was a private
20 loan investor using its own money, it believed it could fund loans through Nevada licensed brokers
21 without obtaining its own broker license and expressed that it had "*not directed any advertising to*
22 *Nevada residence[sic]/consumers.*" RESPONDENTS further contended that because LMI's website
23 had not been launched until July 2015, it had been available to the public only for a period of
24 approximately 5 months [from the time of the Division's December 1, 2015 request for information
25 concerning RESPONDENTS' business activities in Nevada], and "in that short period of time," did not
26 broker any loans in Nevada.

27 k. RESPONDENTS engaged in, carried on, or held themselves out as engaging in
28 or carrying on the business of a mortgage broker within the meaning of NRS 645B.0127, when in

1 IT IS FURTHER ORDERED that an administrative hearing shall be scheduled in this matter
2 only if RESPONDENTS timely request an administrative hearing in accordance with the instructions
3 set forth in Section II of this Order entitled Notice of Opportunity for an Administrative Hearing. **If no**
4 **administrative hearing is requested within 30 calendar days of the effective date of this ORDER,**
5 **RESPONDENTS shall be deemed to have waived and relinquished the right to an administrative**
6 **hearing in this matter and a FINAL ORDER shall be issued in this matter.**

7 IT IS FURTHER ORDERED that this Order shall be and is effective and enforceable on the
8 date that it is issued and entered, as shown in the caption hereof.

9 IT IS FURTHER ORDERED that this Order shall remain effective and enforceable until
10 terminated, modified, set aside, or suspended in writing by the Commissioner.

11 IT IS FURTHER ORDERED that the Commissioner specifically retains jurisdiction over the
12 matters contained herein and has the authority to issue such further order(s) as the Commissioner shall
13 deem just, necessary, and appropriate to enforce NRS 645B and NAC 645B and protect the public.

14 IT IS SO ORDERED.

15 DIVISION OF MORTGAGE LENDING

16 
17 By: 
18 Cathy Sheehy, Commissioner

19 II.

20 NOTICE OF OPPORTUNITY FOR ADMINISTRATIVE HEARING

21 **NAC 645B.515 provides as follows:**

22 If a person engages in an activity in violation of the provisions of this
23 chapter or chapter 645B of NRS, the Commissioner may issue an order to
24 the person directing the person to cease and desist from engaging in the
25 activity.

26 2. The order to cease and desist must be in writing and must state that, in
27 the opinion of the Commissioner, the person has engaged in an activity:
28

1 (a) For which the person has not received a license or certificate of
2 exemption as required by chapter 645B of NRS; or

3 (b) In a manner that violates the provisions of this chapter or chapter
4 645B of NRS.

5 3. A person who receives an order to cease and desist pursuant to this
6 section shall not engage in any activity governed by chapter 645B of NRS
7 after receiving the order unless the order is suspended or rescinded.

8 4. Not later than **30 calendar days** after receiving an order pursuant to
9 this section, the person who receives the order may file a verified petition
10 with the Commissioner to request a hearing. Upon receipt of the verified
11 petition, the Commissioner may, for good cause shown, suspend the order
12 pending the hearing. The Commissioner will hold the hearing on a date
13 not later than 30 calendar days after the date the petition is filed unless the
14 Commissioner and the person agree to another date. The order to cease
15 and desist is rescinded if the Commissioner fails to:

16 (a) Hold a hearing:

17 (1) Not later than 30 calendar days after the date the petition is filed; or

18 (2) On a date agreed to by the Commissioner and the person; or

19 (b) Render a written decision within 45 days after the date the hearing is
20 concluded.

21 5. The decision of the Commissioner after a hearing is a final decision
22 of the Division for the purposes of judicial review. [Emphasis added.]

23 **NRS 645B.750 provides as follows:**

24 1. If the Commissioner enters an order taking any disciplinary action against a
25 person or denying a person's application for a license, the Commissioner shall
26 cause a written notice of the order to be served personally or sent by certified
27 mail or telegram to the person.

28

1 2. Unless a hearing has already been conducted concerning the matter, the
2 person, upon application, is entitled to a hearing. If the person does not make
3 such an application **within 20 days** after the date of the initial order, the
4 Commissioner shall enter a final order concerning the matter.

5 3. A person may appeal a final order of the Commissioner in accordance with
6 the provisions of chapter 233B of NRS that apply to a contested case.

7 [Emphasis added.]

8 **If you wish to exercise your right to an opportunity for an administrative hearing, within**
9 **30 calendar days after receiving this Order, you must file a verified petition with the**
10 **Commissioner to request a hearing.**

11 The verified petition requesting a hearing must be delivered to:

12 Division of Mortgage Lending

13 Attn. Susan Slack

14 7220 Bermuda Road, Suite A

15 Las Vegas, Nevada 89119

16 **If you fail to timely file a verified petition to request a hearing, your right to a hearing to**
17 **contest this matter will be deemed waived and relinquished.**