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## **State issues fines, enforcement orders in two mortgage lending cases**

*Former managers ordered to pay fines and a mortgage company receives conditional license*

(Salem) — In an ongoing effort to strengthen its regulation of the mortgage lending industry, the Oregon Department of Consumer and Business Services ordered three former mortgage company principals to stop all unlawful activity in Oregon and issued a conditional license to another mortgage company.

The department, through its Division of Finance and Corporate Securities (DFCS) ordered Eric Christopherson, Granville Budlong, and Robert Paduano to cease and desist from engaging in fraudulent activity in connection with false documentation created to obtain mortgage loans. The division issued a \$30,000 fine with \$15,000 suspended for a four-year period as long as the individuals do not violate Oregon mortgage laws or any terms of the agreement.

Christopherson, Budlong, and Paduano previously worked as managers at Gibraltar Funding Corp., a mortgage company formerly based in Florida. DFCS investigated and discovered Gibraltar was sold to a New York owner. The new owner shut down the Florida location upon discovering fraudulent loans, and reported that Gibraltar originated several loans, including loans to Gibraltar employees, using false W-2s and pay stubs. Christopherson, Budlong, and Paduano all had knowledge of this fraudulent activity, including creation of false documents. None of the activity involved Oregonians. In July 2007, DFCS issued an enforcement order against Gibraltar for violations in connection with the fraudulent activity. Because Gibraltar's new owner acted quickly and appropriately in response, including closing the Florida office, no fine was issued. In addition, DFCS issued final orders to cease and desist by default with \$5,000 in fines respectively to former Gibraltar employees Jodi Gastel and Jill Gastel earlier this year.

Christopherson is currently the president and part owner of the Florida-based mortgage company, Allegro Funding Corp. DFCS issued a conditional license to Allegro requiring the company to hire a compliance specialist to allow for stronger oversight and to ensure all loans originated by Allegro are made in compliance with the Oregon Mortgage Lender Law. Allegro also agreed to additional DFCS examinations of the company. If Allegro violates any condition of the agreement, its license will be revoked.

“It is vital that individuals either allowing or aiding in fraudulent activity in connection with the mortgage industry be held accountable,” said David Tatman, administrator of the Division of Finance and Corporate Securities. “We expect firms and individuals working in Oregon or with Oregonians to adhere to high levels of ethics and good business practices.”

DFCS can help investors find licensing, registration, and enforcement history information on individuals, companies, and securities products. You can call DFCS toll-free at 866-814-9710, 503-378-4140 in Salem, or go to [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov).

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The Division of Finance and Corporate Securities, part of the Department of Consumer & Business Services, helps ensure that a wide range of financial products and services are available to Oregonians and helps protect consumers from financial fraud and abuse. For more information, visit [www.dfcs.oregon.gov](http://www.dfcs.oregon.gov).

The Department of Consumer and Business Services is Oregon's largest business regulatory and consumer protection agency. For more information, visit [www.dcbs.oregon.gov](http://www.dcbs.oregon.gov).