



IN THE MATTER OF THE MORTGAGE BROKERS ACT  
R.S.B.C. 1996, c. 313

-AND-

LOAN DEPOT CANADA

-AND-

DEAN FRANK JAMES WALFORD

**CEASE and DESIST ORDER**

(Pursuant to s.8(1.4) of the *Mortgage Brokers Act*)

I am advised, and based on the materials submitted by staff of the Registrar of Mortgage Brokers ("Staff"), I am of the opinion that:

**Background**

1. Loan Depot Canada ("LDC") is a registered partnership in Nova Scotia with a registered office at 2<sup>nd</sup> Floor – 64 Trider Crescent, Dartmouth, Nova Scotia. LDC's registered partners are Douglas Mahoney of Mount Uniacke, Nova Scotia and Kirsti Walford of Dartmouth, Nova Scotia.

2. Both Dean Frank James Walford ("Walford") and LDC are registered mortgage brokers in Nova Scotia, under the provisions of the *Mortgage Brokers' and Lenders' Registration Act*. Specifically, Walford and LDC have been a registered mortgage brokers in Nova Scotia since, respectively, April 30, 2002 and November 19, 2001. In addition, LDC was issued a lender permit under the *Nova Scotia Consumer Protection Act* on March 8, 2004, which remains valid.
3. Neither Walford nor LDC are registered mortgage brokers in British Columbia.

### Complaints and Investigation

#### Complaint in 2006

4. In March 2006, Staff received a complaint alleging that Walford was engaged in mortgage broker activity in British Columbia without being registered to do so.
5. Staff contacted Walford on pretext in June 2006. Staff's June 2, 2006 note to file regarding this exchange reads as follows:

"BDW spoke with Mr. Walford on a pretext basis on two occasions. In our first conversation, he advised he deals with some 30 lenders and suggested I complete an on line application on the loan depot website which would go directly to him. From that he would submit the application to lenders for pre approval. He then offered to meet with me when I visit Gibsons to look at real estate. In our second conversation he advised he charges no fees. When asked if he was licensed he said he was, upon which we challenged him and advised him of our requirements. He says he does not actively solicit [mortgage broker] business but rather is primarily involved in the car business in some shape or form. He says he hasn't gotten around to getting registered..."
6. On June 6, 2006, Staff wrote Walford, confirming their telephone discussions of June 1<sup>st</sup> and 2<sup>nd</sup>, 2006, and advising him of the legislative requirements in the *Mortgage Brokers Act* (the "Act"), which require a person to be registered in British Columbia before engaging in mortgage broker activity in this Province.

Investigation in 2010 and 2011

7. In September 2010, Staff began an investigation of [REDACTED] ("M [REDACTED]"), a registered submortgage broker in British Columbia with [REDACTED] ("S [REDACTED]"). In the context of that investigation, M [REDACTED]'s files were reviewed, in which Staff found two mortgage applications which appeared to have been prepared by Walford. Particulars of these applications are as follows:
- (a) Mortgage application for [REDACTED] ("G [REDACTED]") which includes the following:
- Mortgage application, printed September 7, 2010, for the refinancing of [REDACTED], Coquitlam, British Columbia, which was also identified as G [REDACTED]'s primary residence.
  - The brokerage named in the application was LDC of 64 Trider Crescent, Dartmouth, Nova Scotia, and the agent was identified as "Dean Walford." Contact phone and fax numbers each had a Nova Scotia area code.
- (b) Mortgage application for [REDACTED] ("Sc [REDACTED]") which includes the following:
- Mortgage application, which was printed March 3, 2010, indicating that Sc [REDACTED]'s primary residence was in Maple Ridge, British Columbia.
  - The brokerage named in the application was LDC of 64 Trider Crescent, Dartmouth, Nova Scotia and the agent was identified as "Dean Walford." Contact phone and fax numbers each had a Nova Scotia area code.
  - In the file was a cancelled cheque from S [REDACTED], in the amount of \$2137.50, payable to LDC. The memo line on the cheque reads "Referral – Sc [REDACTED]."
8. On January 19, 2011, as part of its investigation of M [REDACTED], Staff attended the offices of First National Financial LP ("First National"). At that time, First National provided Staff with a copy of a mortgage application which had been submitted

by Walford on behalf of [REDACTED] ("V[REDACTED]"). Details relating to that application include the following:

- The mortgage application sought \$960,000 in financing for the purchase of property in Langley, BC, with a closing date of April 23, 2008.
  - The mortgage application indicated that V[REDACTED] lived in Langley BC.
  - First National declined the application.
9. On April 18, 2011, a manager at First National advised Staff that First National had funded a number of mortgage applications which had been submitted by Walford. Copies of those mortgage files were provided to Staff by First National, and were found to contain the following relevant documents:

(a) Mortgage for [REDACTED] ("M[REDACTED]") which includes the following:

- Mortgage application printed May 28, 2009, for the refinancing of M[REDACTED]'s primary residence located at [REDACTED], Gibsons, British Columbia.
- Fax cover sheet from Walford, addressed to First National, dated June 12, 2009, attaching documents in support of the mortgage application. The fax cover sheet prominently features the name "Loan Depot Canada", as well as LDC's Nova Scotia address (64 Trider Crescent, Dartmouth), telephone and fax numbers. In addition, contact numbers in British Columbia are also provided.
- Form 10 dated June 12, 2009, which identifies Walford as the mortgage broker and which also indicates that Walford will be receiving a fee from the lender. Walford's address, according to the Form 10, is [REDACTED], Roberts Creek, British Columbia (the "Roberts Creek Address").
- Fixed Credit Disclosure Statement dated June 11, 2009, which identifies Walford as the broker on the transaction. Walford's address is given as the Roberts Creek Address.

- (b) Mortgage for [REDACTED] ("D [REDACTED]") which includes the following:
- Mortgage application, printed July 22, 2009, for the purchase of [REDACTED], Surrey, British Columbia. According to the application, D [REDACTED]' primary residence is in Richmond, British Columbia.
  - Fax cover sheet from Walford, addressed to First National, dated August 4, 2009, attaching documents in support of the mortgage application. The fax cover sheet prominently features the name "Loan Depot Canada", as well as LDC's Nova Scotia address (64 Trider Crescent, Dartmouth), telephone and fax numbers. In addition, contact numbers in British Columbia are also provided.
  - Form 10 dated July 30, 2009, which identifies Walford as the mortgage broker and which also indicates that Walford will be receiving a fee from the lender. Walford's address is given as the Roberts Creek Address.
  - Fixed Credit Disclosure Statement dated August 4, 2009, which identifies Walford as the broker on the transaction. Walford's address is given as the Roberts Creek Address.
- (c) Mortgage for [REDACTED] ("A [REDACTED]") which includes the following:
- Mortgage application, printed November 29, 2010, for the purchase of [REDACTED], Williams Lake, British Columbia. According to the application, A [REDACTED] lives in Surrey, British Columbia.
  - Filogix mortgage application printed November 19, 2010, indicating that the brokerage on the transaction is Walford of LDC. Contact information for Walford/LDC includes Nova Scotia fax and telephone numbers, and the following address: 64 Trider Crescent, Dartmouth, Nova Scotia.
  - Fax cover sheet from Walford, addressed to First National, dated November 29, 2010, attaching documents in support of the mortgage application. The fax cover sheet prominently features the name "Loan Depot Canada", as well as LDC's Nova Scotia address (64 Trider Crescent, Dartmouth), telephone and fax numbers.

- Mortgage commitment dated November 19, 2010, which identifies the broker in the transaction as Walford/LDC, of 64 Trider Crescent, Dartmouth, Nova Scotia.
  - Form 10 Borrower Conflict of Interest Disclosure Statement ("Form 10") dated December 1, 2010, which identifies Walford as the mortgage broker and which also indicates that Walford will be receiving a fee from the lender. Walford's address is given as the Roberts Creek Address
  - Fixed Credit Disclosure Statement dated December 1, 2010, which identifies Walford as the broker on the transaction. Walford's address is given as the Roberts Creek Address.
- (d) Mortgage for [REDACTED] ("G [REDACTED]") which includes the following:
- Mortgage application printed January 18, 2011 for the purchase of [REDACTED], Maple Ridge, British Columbia. According to the application, G [REDACTED]'s primary address is located in Vancouver, British Columbia.
  - Fax cover sheet from Walford, addressed to First National, dated January 14, 2011, attaching 35 pages of documents in support of the mortgage application, which prominently features the name "Loan Depot Canada", as well as LDC's Nova Scotia address (64 Trider Crescent, Dartmouth), telephone and fax numbers.
  - Form 10 dated January 14, 2011, which identifies Walford as the mortgage broker and which also indicates that that Walford will be receiving a fee from the lender. While Walford's street address is obscured, the Form 10 does indicate that his address is in Roberts Creek, British Columbia.
  - Fixed Credit Disclosure Statement dated January 14, 2011, which identifies Walford as the broker on the transaction. Walford's address is given as the Roberts Creek Address.
10. On May 5, 2011 and September 2, 2011, Staff was advised by First National that in addition to the aforementioned mortgages which did fund, there were an additional seven mortgage applications submitted by Walford between January

18, 2011 and March 17, 2011, for applicants who lived in British Columbia. All seven of these applications were declined by First National. Two of these mortgage applications were for mortgage pre-approvals, and five of them were for specific properties, each of which were located in British Columbia.

11. On May 11, 2011, Staff spoke with an investigator at MCAP who advised that in 2009, MCAP had funded \$4.3 million in mortgages, applications for which had been submitted by Walford. Of these mortgages, 47.1% of them were for properties located in British Columbia.
12. On May 12, 2011, Staff spoke with Walford by phone, at which time he advised as follows::
  - (a) He was not "looking to run" a mortgage brokerage in British Columbia.
  - (b) When asked if he did any deals in British Columbia since speaking with Staff in 2006, he replied:
 

"Deals that come in through the internet we process. But I do not solicit business or advertise or look for or, we do a lot of cross country stuff. We, we're a military hub town here so we do stuff all over the place provided our lender is registered in the province that the loans are going to."
  - (c) When discussing his understanding of the warning he had received in 2006, he advised:
 

"Again at that point my understanding was that the, you know not to, not to conduct, not to be trying to sell mortgages in British Columbia and I said that's absolutely not a problem, we will not conduct that. You know because online through the, through the website you know we do the same thing whether it's Ontario or Alberta..."
  - (d) When asked if he was dealing with any mortgages involving properties located in British Columbia he replied: "Not that I'm aware of at the moment. I don't do all the, any of the hands on stuff very often."
  - (e) When told that one needed to be registered when submitting mortgage applications for properties located in British Columbia, he replied:
 

"So, so if someone comes on the internet and applies...And if I, or, or they're living the Maritimes and they want to buy a home in BC...Like we're not, we can't facilitate that?"

...

So yeah o.k. I, I wasn't aware of that being issue, an issue. I thought again it, my definition of course would be that you hang a shingle and advertise and sell mortgages"

(f) In this discussion, Walford confirmed that he would "cease and desist, whatever, whatever you like" and that he would not likely take steps to get registered in British Columbia.

(g) Walford confirmed that he had worked with M [REDACTED] /S [REDACTED], and described the arrangement as follows:

"Well what we would do is we would send it over to [REDACTED] if it was, well stuff that anything was supposed to be, they would come in online, if it's supposed to be the co-brokered through his channel...And he's a specific private lender that we would use..."

(h) Walford advised that on deals he did with M [REDACTED] /S [REDACTED], a finder's fee upon closing would be paid. He estimated he had been paid between \$4,000 and \$5,000 in this manner over the past year.

(i) In deals he did with M [REDACTED] /S [REDACTED], applicants would deal directly with M [REDACTED]. Walford/LDC "would have nothing to do with the customer at all, other than being, positioning him on our page as a link."

(j) When asked when he had last completed a deal involving a property located in British Columbia, Walford replied: "I have no idea. I would have to look it up."

(k) Walford indicated that he was "no longer interest in the business" and that he was also going to remove the British Columbia link from LDC's website, as well as "the key words pertaining to British Columbia."

13. On May 19, 2011, Staff reviewed LDC's website at [www.loandepot.ca](http://www.loandepot.ca) and noted the following:

(a) LDC's contact information included the following phone and fax numbers: (902) 468-5333 and (902) 468-5744. These are the same phone numbers for LDC which appear on the G [REDACTED] and Sc [REDACTED] mortgage applications (see paragraph 7 above) and on the fax cover sheets submitted to First National in the A [REDACTED], D [REDACTED], M [REDACTED] and G [REDACTED] [REDACTED] transactions (see paragraph 9 above).

(b) Under the heading "Declared Income Services" it reads:



"Did you know that you may be able to secure a mortgage based on your stated income? Contact S [REDACTED] by applying now on line or phone us direct at 604-[REDACTED]."

(c) At the bottom of the home page it reads:

"So whether you are looking for Mortgage Solutions in Mission BC, Mortgage Solutions in Halifax, Nova Scotia or Mortgage Solutions in Vancouver B.C. we have a solution for you."

(d) The title on the website reads: "Loan Depot Canada – Atlantic Canada, Nova Scotia Mortgage Solutions, B.C. Mortgages."

14. On May 19, 2011, Staff reviewed the source coding for [www.loandepot.ca](http://www.loandepot.ca) and determined that the website's meta tag contained the term "BC mortgages." The use of "BC mortgages" on the website's meta tag increases the likelihood that an internet search engine will display [www.loandepot.ca](http://www.loandepot.ca) in the search results where someone searches the phrase "BC mortgages".
15. On May 19, 2011, Staff conducted "whois" search of [www.loandepot.ca](http://www.loandepot.ca) and determined that the administrative contact for that website is Walford whose given address is 64 Trider Crescent, Dartmouth, Nova Scotia.
16. On May 26, 2011, Staff wrote Walford again, confirming that the Act requires those engaged in mortgage brokering in British Columbia be licensed.
17. On July 20, 2011, Staff sent a pretext message to [loandepot@ns.sympatico.ca](mailto:loandepot@ns.sympatico.ca), seeking refinancing for property in British Columbia. A response sent back that day read "We currently do not lend in your province."

### Applicable legislation

18. Section 1 of the Act provides the following definitions:

"mortgage" includes every instrument by which

(a) land in British Columbia,

(b) for the purposes only of paragraphs (c) and (f) of the definition of "mortgage broker", sections 14.1 and 17.4 and Division 3 of Part 2, land, whether or not in British Columbia,

is in any manner, conveyed, assigned, pledged or charged as security for the payment of money or money's worth to be reconveyed, reassigned or released on satisfaction of the debt, but does not include an agreement for sale of or a right to purchase land or an interest in land;

"mortgage broker" means a person who does any of the following:

- (a) carries on a business of lending money secured in whole or in part by mortgages, whether the money is the mortgage broker's own or that of another person;
- (b) holds himself or herself out as, or by an advertisement, notice or sign indicates that he or she is, a mortgage broker;
- (c) carries on a business of buying and selling mortgages or agreements for sale;
- (d) in any one year, receives an amount of \$1 000 or more in fees or other consideration, excluding legal fees for arranging mortgages for other persons;
- (e) during any one year, lends money on the security of 10 or more mortgages;
- (f) carries on a business of collecting money secured by mortgages;

19. Section 8(1.4) of the Act provides as follows:

8(1.4) After giving a person an opportunity to be heard, the registrar may do one or more of the following:

- (a) order the person to cease a specified activity;
- (b) order the person to carry out specified actions that the registrar considers necessary to remedy the situation;
- (c) order the person to pay an administrative penalty of not more than \$50,000;

if, in the opinion of the registrar, the person was or is carrying on business as a mortgage broker or submortgage broker without being registered as required by this Act.

20. Section 8(2) of the Act provides as follows:

8(2) If the length of time that would be required to give a person an opportunity to be heard under subsection (1), (1.2), (1.3) or (1.4) would, in the registrar's opinion, be prejudicial to the public interest, the registrar may, without giving the person an opportunity to be heard, suspend a registration under subsection (1)(a) or (1.3)(a) or make an order under subsection (1)(c) or (d), (1.2)(a), (1.3)(c) or (d) or (1.4)(a) or (b).

21. Section 21(1)(a) of the Act provides as follows:

21(1) Unless exempted under section 1, a person must not do any of the following:

- (a) carry on business as a mortgage broker or submortgage broker unless the person is registered under this Act;

...

AND WHEREAS I AM THEREFORE OF THE OPINION THAT:

1. LDC and Walford are not registered to conduct mortgage broker activity in British Columbia, although they are both registered to do so in Nova Scotia.
2. Staff advised Walford of the requirements of the Act in 2006. In the face of that advice, Walford has submitted numerous mortgage applications to lenders, on behalf of British Columbia residents, with respect to properties located within this Province, most recently in the first three months of 2011.
3. Copies of mortgage applications submitted to First National clearly identify LDC as the entity for whom Walford is working. The Form 10s completed by Walford on those transactions which did complete clearly indicate that he is being paid a fee by the lender.
4. Walford advised Staff in May 2011 that he would cease his mortgage broker activities in British Columbia, and would ensure that all mention of mortgage broker services in British Columbia would be removed from the LDC website. Despite those assurances, and despite the fact that Walford is the administrative contact for LDC's website, those changes to LDC's website were never made.
5. While Walford has indicated that he will cease and desist any mortgage broker activity in British Columbia, I am still of the view that an urgent order is required given the following circumstances:
  - (a) Walford is a registered mortgage broker in Nova Scotia and thus familiar with legislative requirements associated with the industry.
  - (b) Walford was explicitly warned about the registration requirements in British Columbia in 2006, but chose to ignore them. Evidence before me suggests that he ignored Staff's warning and submitted mortgage applications in his name, and/or in the name of LDC, between 2008 and 2011 for British Columbia residents in respect of property located here. In documents submitted to lenders, he clearly

identified himself as the submortgage broker and/or LDC as the mortgage broker in the transactions.

- (c) In his May 2011 discussion with Staff, he suggested that he usually dealt with Nova Scotia residents who were moving to British Columbia. While this may be, and while that activity is problematic, the fact remains that he also submitted numerous mortgage applications to lenders on behalf of British Columbia residents and in respect of British Columbia property.
- (d) When asked by Staff when he had last completed a deal involving a borrower and property in British Columbia, Walford said he did not know. He had, however, submitted eight such applications to lenders in the first three months of this year alone, one of which (G [REDACTED]) funded, and none of which he disclosed to Staff.

I THEREFORE CONSIDER THAT LDC and Walford are conducting themselves in a manner that would enable me to make an order under section 8(1.4).

I AGREE with Staff that a hearing of this matter would involve several witnesses, and would take approximately five days to complete and could not be held for at least four months due to scheduling of parties, witnesses, counsel and the hearing officer.

I FIND that the length of time that would be required to hold a hearing in order to make an order under section 8(1.4) would be detrimental to the due administration of the Act. Walford and LDC, by engaging in unregistered mortgage broker activity, particularly when Walford had been specifically advised of the Act's requirements in 2006, and where he has promised to remove all mention of British Columbia mortgage broker services from LDC's website yet has not, has undermined the integrity of the mortgage broker industry in British Columbia.

I AM FURTHER OF THE OPINION that it is in the public interest to make a summary order under section 8(1.4)(a) and 8(2) of the Act so that the public is protected against further non-compliance with the Act's provisions.

I THEREFORE ORDER, pursuant to sections 8(1.4)(a) and 8(2) of the Act that LDC and Walford:

**Cease and desist engaging in unregistered mortgage broker activity in the Province of British Columbia, effective immediately, unless and until they become registered to do so under the provisions of the Act.**

TAKE NOTICE that LDC and Walford may, under section 9 of the Act, appeal this Order to the Financial Services Tribunal.

Issued this 12 day of Sept, 2011  
at Surrey, British Columbia



Carolyn Rogers  
Registrar of Mortgage Brokers  
Province of British Columbia

TO: Loan Depot Canada  
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B3B 1R6

Dean Frank James Walford

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