

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Unlicensed Activity of:

No. 12F-BD072-SBD

3 **COYOTE CAPITAL INVESTMENTS, LLC;**  
4 **STEVEN A. TURNER, MANAGER**

**CONSENT ORDER**

5 15230 North 75th Street, Suite 2005  
6 Scottsdale, Arizona 85260

Respondents.

7 On May 2, 2012, the Arizona Department of Financial Institutions (“Department”) issued a  
8 An Order to Cease and Desist; Notice of Opportunity For Hearing; Consent To Entry Of Order,  
9 alleging that Respondents had violated Arizona law. Wishing to resolve this matter in lieu of an  
10 administrative hearing, and without admitting or denying the following Findings of Fact and  
11 Conclusions of Law, Respondents Coyote Capital Invesetments, LLC and Steven A. Turner  
12 (“Respondents”) consent to the entry of the following Order.

13 FINDINGS OF FACT

14 1. Respondent Coyote Capital Investments, LLC (hereafter referred to as “Coyote  
15 Capital”) is an Arizona limited liability company which has engaged in the business of a mortgage  
16 banker within the meaning of A.R.S. § 6-941 *et seq.*

17 2. Respondent Steve A. Turner is a managing member of Coyote Capital and has,  
18 therefore, engaged in the business of a mortgage banker without the license required by A.R.S. § 6-  
19 941 *et seq.*, and/or in the business of a loan originator without the license required by A.R.S. § 6-  
20 991.03(A).

21 3. Coyote Capital and Mr. Turner (collectively referred to as “Respondents”) are not and  
22 were not, at any time material herein, authorized to transact business in Arizona as mortgage  
23 bankers, and Mr. Turner is not and was not, at any time material herein, authorized to transact  
24 business in Arizona as a loan originator.

25 4. Respondents are not exempt from licensure as a mortgage banker pursuant to A.R.S.  
26 § 6-942. Mr. Turner is not exempt from licensure as a loan originator pursuant to A.R.S. § 6-991.01.

1           5.       A person is engaging in the business of a “mortgage banker” if that person “for  
2 compensation or in the expectation of compensation either directly or indirectly makes, negotiates or  
3 offers to make or negotiate a mortgage banking loan or a mortgage loan.” *See* A.R.S. § 6-941(5).<sup>1</sup>

4           6.       A person acts as a “loan originator” when he or she “for compensation or gain or in  
5 the expectation of compensation or gain . . . [o]ffers or negotiates terms of a residential mortgage  
6 loan.” *See* A.R.S. § 6-991(12)(a)(ii). The term “residential mortgage loan” is defined as a “loan for  
7 personal family or household use that is secured by a mortgage, deed of trust or other equivalent  
8 consensual security interest on a dwelling . . . .” A.R.S. § 6-991(16).

9           7.       Respondents solicit funds from private investors to sustain their business activity as  
10 lenders, charging 18% monthly interest on all customer loans.

11          8.       According to Coyote Capital’s own forms, Coyote Capital is “the Lender [that] is  
12 providing Private Money for Loan funds,” and is “a private money source, who is not operating  
13 under any guidelines of Licenses, or under the supervision of any State Banking Department or any  
14 other Government Agency.”

15          9.       Coyote Capital has been in existence in Arizona since mid-2006, and according to  
16 Respondents’ own statistics, Coyote Capital has generated 564 loans with an average loan amount  
17 under \$45,000.

18          10.      Coyote Capital states that it has lent money for purposes of purchasing real property  
19 only to those buyers purchasing the property for investment or commercial purposes and not as a  
20 buyer’s primary or secondary personal residence.

21          11.      Based on Coyote Capital’s Property Worksheets and explanations, Coyote Capital has  
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23                   <sup>1</sup> The term “mortgage banking loan” means “a loan which is funded exclusively from the mortgage  
24 banker’s own resources, which is directly or indirectly secured by a mortgage or deed of trust or any lien  
25 interest on real estate located in this state and which is created with the consent of the owner of the real  
26 property.” A.R.S. § 6-941(6). The term “mortgage loan” means “any loan, other than a mortgage banking  
loan, secured by a mortgage or deed of trust or any lien interest on real estate located in this state and created  
with the consent of the owner of the real estate.” A.R.S. § 6-941(8).

1 been collecting, or expecting to collect, compensation,<sup>2</sup> in addition to interest from its borrowers.  
2 Overall, Coyote Capital claims it collected approximately \$84,675 in the so-called “documents fees”  
3 over the course of six (6) months.

4 12. Coyote Capital explains that the fees of \$84,675.00, which it collected, were not  
5 intended to “compensate” Coyote Capital but were intended for distribution to third parties for their  
6 services, as follows: (a) \$18,900.00 to Fuzi & Associates, a company which allegedly “handles the  
7 document preparation and closing of each loan,” (b) \$12,630.00 to BNK Accounting, LLC, “the  
8 independent bookkeeper who sets up the accounts and tracks borrower payments,” and (c)  
9 \$36,400.00 to 204WON, LLC, a company whose services include “document origination, drive  
10 reports concerning the property, broker price opinions, appraisals, home inspections, limited  
11 background check of the Buyer, recording fees, courier fees, escrow fees, and tax search reports.”  
12 Coyote Capital’s explanation is not sufficient.

13 13. However, Coyote Capital has not produced accounting or documents showing that the  
14 “document fees” allegedly charged for specific third-party services were incurred in connection with  
15 actual services rendered in each transaction by an independent third party and were billed or  
16 disclosed to Coyote Capital’s clients as such. Also, according to Coyote Capital’s own statement,  
17 the sum of \$16,745.00 out of \$84,675.00 was not paid to third parties, but was intended to be applied  
18 to “offset previous loan losses.” Further, According the documents provided by Coyote Capital, in  
19 several transactions, it had collected additional compensation for its mortgage banking services  
20 rendered in connection with refinancing, including pre-computed interest, which was paid at the time  
21 of closing, along with late charges and extension fees.<sup>3</sup>

22 14. The above-referenced practices of Respondents demonstrate that Respondent have

23 <sup>2</sup> The term “compensation” means “in applying that term’s definition in A.R.S. §§ 6-901, 6-941, and  
24 6-971, anything of value or any benefit including points, commissions, bonuses, referral fees, loan origination  
25 fees and other similar fees but excluding periodic interest resulting from the application of the note rate of  
interest to the outstanding principal balance remaining unpaid from time to time.” A.R.S. § 6-941(2).

26 <sup>3</sup> Extension fees are deemed “compensation” if the lender advances additional funds or increases the  
credit limit on an open-end mortgage as part of the extension. *See* A.A.C. Rule 20-4-102.

1 engaged in the business of mortgage banker, even though they are not licensed by the Department.  
2 Specifically, Coyote Capital makes, negotiates or offers to make or negotiate mortgage banking  
3 loans/mortgage loans, and it has done so for compensation or in the expectation of compensation  
4 while unlicensed as a mortgage banker.

5 15. These Findings of Fact shall also serve as Conclusions of Law.

6 **CONCLUSIONS OF LAW**

7 1. Pursuant to A.R.S. § 6-941 *et seq.*, the Superintendent has the authority and duty to  
8 regulate all persons engaged in the mortgage banker, commercial mortgage banker and loan  
9 originator business and with the enforcement of statutes, rules and regulations relating to mortgage  
10 bankers, commercial mortgage bankers and loan originators.

11 2. Respondents had engaged and/or are engaging in unlicensed activity as mortgage  
12 bankers, and Mr. Turner had engaged and/or is engaging in unlicensed activity as a loan originator.

13 3. By the conduct set forth in the Findings of Fact, Respondents have violated A.R.S. § 6-  
14 943(A), by acting as a mortgage banker in Arizona without having first applied for and obtained a  
15 mortgage banker license.

16 4. By the conduct set forth in the Findings of Fact, Mr. Turner has violated A.R.S. § 6-  
17 991.03(A), by acting as a loan originator in Arizona without having first applied for and obtained a  
18 loan originator license.

19 5. The violations set forth above constitute grounds for: (1) the issuance of an order  
20 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and  
21 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the  
22 Superintendent to correct the conditions resulting from the unlawful acts, practices, and transactions;  
23 (2) the imposition of a monetary civil penalty pursuant to A.R.S. § 6-132; and (3) an order or any  
24 other remedy necessary or proper for the enforcement of statutes and rules regulating mortgage  
25 bankers pursuant to A.R.S. § 6-941 *et seq.*

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**ORDER**

1. Respondents shall immediately stop the violations set forth in the Findings of Fact and Conclusions of Law.

2. Respondents shall immediately cease all mortgage banker and loan originator business in Arizona until such time as they have obtained mortgage banker and loan originator licenses from the Superintendent as prescribed by A.R.S. § 6-941 *et seq.*

3. Respondents shall immediately pay to the Department a civil money penalty in the amount of **thirty-five thousand dollars (\$35,000.00)**.

4. Respondents are jointly and severally liable for payment of the civil money penalty.

5. The provisions of this Order shall be binding upon Respondents, their employees, agents and other persons participating in the conduct of the affairs of Respondents.

6. This Order shall become effective upon service, and shall remain effective and enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated or set aside.

SO ORDERED this 18 day of June, 2012.

Lauren W. Kingry  
Superintendent of Financial Institutions

By:   
Robert D. Charlton  
Assistant Superintendent of Financial Institutions

**CONSENT TO ENTRY OF ORDER**

1. Respondents acknowledge that they have been served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the same, are aware of their right to an administrative hearing in this matter, and have waived the same.

2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.



1 Robert D. Charlton, Assistant Superintendent  
Lori Mann, Examiner in Charge  
2 ATTN: Sabrina Zimmerman  
Arizona Department of Financial Institutions  
3 2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018  
4

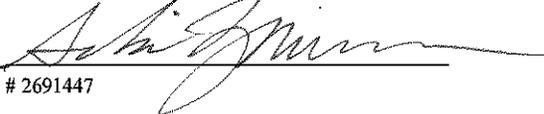
5 **COPY E-MAILED SAME DATE to:**

6 Carolyn Goldman, Esq.  
The Goldman Law Firm, P.C.  
16810 Avenue of the Fountains, Suite 221  
7 Fountain Hills, AZ 85268  
CarolynGoldman@aol.com  
8 Attorneys for Respondents

9 **AND COPY MAILED SAME DATE by**  
Certified Mail, Return Receipt Requested, to:

10 Coyote Capital Investments, LLC  
11 15230 North 75th Street, Suite 2005  
Scottsdale, Arizona 85260  
12 Respondent Company

13 Steven A. Turner  
15230 N. 75th Street, Suite 2005  
14 Scottsdale, AZ 85260  
Respondent and Statutory Agent  
15 for Respondent Company

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# 2691447

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