



IDAHO
DEPARTMENT OF FINANCE

C.L. "BUTCH" OTTER
Governor

GAVIN M. GEE
Director

Contact: Mike Larsen, Bureau Chief
Consumer Finance Bureau
(208) 332-8000

NEWS RELEASE

FOR IMMEDIATE RELEASE

November 12, 2008

Department of Finance Issues Cease-and-Desist Order

Local Mortgage Broker Mishandles Nonpublic Financial Documents

(Boise) – A cease-and-desist order was issued today against Boise-based mortgage broker, DMI Funding Incorporated, doing business as Direct Mortgage, for violating laws on the handling of documents containing personal private identifying and financial information of its customer loan applicants, investors, business associates, and employees.

“These sensitive documents should never have fallen outside of the control of Direct Mortgage,” said Gavin Gee, Idaho Department of Finance director. Investigators found that a private citizen bought these sensitive documents at an auction because Direct Mortgage apparently failed to pay storage unit costs after repeated notices. According to Department records, Direct Mortgage is owned by Karl Aguilera. The Department of Finance seized the documents and put them in safekeeping upon learning that they belonged to a licensed mortgage broker.

Gee said that an unidentified citizen reported the presence of sensitive personal financial records in a publicly accessible location. “Identity thieves could have wreaked havoc with this information,” he said. “While we’re not aware of actual misuse of individuals’ personal financial information in this instance, the potential for damage from identify theft was great.”

The cease-and-desist order requires Direct Mortgage to identify and notify the individuals whose personal and financial information may have been compromised. Gee said Direct Mortgage also must certify to the Finance Department that it has provided written notice of the potential breach to the affected individuals. “In addition, Direct Mortgage must certify that it has taken corrective measures and can ensure future compliance with federal and state laws regarding the safeguarding and disposing of confidential personal and financial documents.”

Gee commended Western Recycling and an unidentified private citizen for their immediate response to this serious mishandling of sensitive personal records, including individual loan applications, private citizen account numbers, social security numbers, and tax records.

Consumers may contact the Idaho Department of Finance by telephone at (208) 332-8000, or in Idaho toll-free at 1-888-346-3378. The Cease and Desist Order issued against DMI Funding Incorporated, doing business as Direct Mortgage, can be viewed online at: http://finance.idaho.gov/ConsumerFinance/Actions/Administrative/DMI_Funding_CD.pdf