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## Regulators agree to reduce OneCap Mortgage fine

### Lender's problems not over, official says

By JOHN G. EDWARDS  
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The state's banking regulator on Wednesday announced an agreement to reduce a fine against private lender OneCap Mortgage by more than half to \$85,000, which one investor called a "slap on the hand."

The Financial Institutions Division previously fined OneCap \$180,000 for making 18 unsecured installment loans without a license.

OneCap, a private lender managed by Vince Hesser, last month sued to stop the division from collecting the fine. The private lender asked Clark County District Judge Jessie Walsh to issue a temporary restraining order against the division's order.

The financial division agreed to reduce the fine to \$85,000, and OneCap dropped its appeal.

Bob Day, a 69-year-old retired medical professional who has \$500,000 invested with OneCap, was dissatisfied with the settlement agreement.

"The regulators here are useless," Day said. The \$85,000 fine, Day said, is "a slap on the hand."

A private lender such as OneCap can absorb the fine as a cost of doing business and continue violating the law, Day said.

Commissioner George Burns of the Financial Institutions Division said he cannot do anything but fine OneCap and order the company to stop making installment loans without a license.

"As a regulator, these are the only things we have the authority to do," Burns said.

The settlement holds OneCap accountable for breaking state lending laws, Burns said. But the settlement with the financial division doesn't end OneCap's regulatory problems.

Gewerter said he continues to negotiate for better terms under a cease-and-desist order and fine imposed by the Mortgage Lending Division in October.

Mortgage Lending Commissioner Joseph Waltuch ordered OneCap to stop making loans not secured by real estate and to discontinue misleading advertisements. Waltuch fined the company \$250,000.

Waltuch could suspend or revoke the mortgage brokerage license and shut down OneCap if the private lender fails to comply with his cease-and-desist order.

Many investors fear they would lose all their money if OneCap were shut down and forced into bankruptcy or receivership, Day said. OneCap was servicing loans totaling about \$400 million for 2,000 investors when the

financial and mortgage loan divisions first issued cease-and-desist orders.

OneCap attorney Harold Gewerter said OneCap made a business decision to drop the appeal of the financial division order and negotiate a settlement.

"That's time and money that could be better spent going after borrowers and getting investors paid," Gewerter said.

The OneCap attorney attributed problems at OneCap to the real estate bust.

"We're all casualties of the bad market," he said.

In recent months, OneCap has recovered \$78 million for investors from borrowers, but Gewerter said some of the installment loans remain unpaid.

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