

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

IN THE MATTER OF: )  
)  
MRD Enterprises, Inc., )  
d/b/a Blazevic Funding Group, )  
15418 Weir Street, Suite 130, )  
Omaha, Nebraska; )  
)  
Michael Donahoo, President; )  
Robin Donahoo, Secretary-Treasurer; )  
All other Officers, Directors, )  
Employees, and Agents Thereof )

ORDER TO  
  
CEASE AND DESIST

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Residential Mortgage Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-754 (Reissue 2010; Supp. 2011; LB 965, 2012) (“the RMLA”), the Loan Broker Act, Neb. Rev. Stat. §§ 45-189 to 45-191.11 (Reissue 2010; Supp. 2011) (“the LBA”), and the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2007, Cum. Supp. 2010; Supp. 2011) (“Securities Act”) (collectively “the Acts”).

Pursuant to Neb. Rev. Stat. § 45-741 (Reissue 2010), § 45-191.08 (Reissue 2010) and § 8-1115 (Reissue 2007) the DEPARTMENT has conducted an investigation of the acts of MRD Enterprises, Inc., d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska; Michael Donahoo, its President; Robin Donahoo, its Secretary-Treasurer; and all other Officers, Directors, Employees, and Agents thereof (collectively, “RESPONDENTS”).

In support of this Order, the DEPARTMENT makes the following Findings of Fact and Conclusions of Law:

## FINDINGS OF FACT

1. MRD Enterprises, Inc., d/b/a Blazevic Funding Group (“BLAZEVIC”) is a corporation organized pursuant to the laws of the State of Nebraska. According to the records of the Nebraska Secretary of State, Michael Donahoo is the President of BLAZEVIC and Robin Donahoo is its Secretary-Treasurer.

2. On or about June 18, 2012, the DEPARTMENT was contacted by a representative of the Better Business Bureau (“BBB”) regarding BLAZEVIC. The BBB had received a consumer complaint regarding BLAZEVIC. The consumer who filed the complaint had paid a one thousand dollar (\$1,000.00) membership fee to BLAZEVIC. In exchange, BLAZEVIC was to make a loan to the consumer that was secured by real estate. The complainant alleged that BLAZEVIC had failed to deliver on its promise to make a loan. The complainant stated that Michael Donahoo was the BLAZEVIC representative who had handled his loan application. The complainant ultimately withdrew his complaint stating that he had learned more about BLAZEVIC’s requirements to receive funding approval.

3. The BBB provided the DEPARTMENT with the URL for BLAZEVIC’s website, [www.blazevicfunding.com](http://www.blazevicfunding.com). The BBB also provided the DEPARTMENT with BLAZEVIC’s physical address at 15418 Weir Street, Suite 130, Omaha, Nebraska.

4. Upon receipt of the information from the BBB, the DEPARTMENT initiated an investigation into BLAZEVIC. As part of the investigation, the DEPARTMENT conducted an Internet search for additional information concerning BLAZEVIC and Michael Donahoo. The DEPARTMENT discovered a LinkedIn Page for “Michael and Robin Donahoo” from Omaha, Nebraska. LinkedIn is a social media website used

primarily by people in professional occupations for professional networking. Michael Donahoo was listed as the President, and Robin Donahoo was listed as the Secretary of MRD Enterprises, Inc. in the LinkedIn profile. The “company website” portion of the LinkedIn profile contained a link to BLAZEVIC’s website. Therefore, the DEPARTMENT concluded that MRD Enterprises, Inc. is the corporate entity responsible for the BLAZEVIC website and that Michael Donahoo and Robin Donahoo are affiliated with the BLAZEVIC website.

5. The DEPARTMENT reviewed BLAZEVIC’s website. Each page on the website contains the caption “Blazevic Funding Group, (877) 304-2453, Hard and Private Money Commercial and Residential Real Estate Funding.” From the website, it appears that BLAZEVIC offers several types of loan products, including loans for individuals purchasing real estate as an investment, loans for construction and improvements, and loans for individuals seeking to buy a residence.

6. BLAZEVIC’s website contains a webpage captioned “No Credit Check Program and Seller Financing.” This page outlines several requirements for this program including that the property must be “Owner-Occupied, Residential Properties 1-4 family only.” The webpage invites readers to “Call to see if you qualify for our ‘No Credit Check Program’ to become a Homeowner!” This webpage also contains an application form which collects information from the potential borrower including the maximum amount that the borrower wishes to borrow and the maximum monthly payment the borrower is willing to make.

7. BLAZEVIC’s website also contains a webpage captioned “Hard/Private Money Loans” which provides information related to loans for “Residential 1-4 Family,

Non-Owner Occupied. Condos . . . [and] commercial projects[.]” The webpage also states that the maximum loan amount was \$300,000.00, with higher amounts approved on an exception basis. The loans are secured by a first mortgage on the real estate.

8. According to BLAZEVIC’s website, it is a membership based program. In order to use BLAZEVIC’s services, a customer must make an advanced payment of \$997.00 for a membership fee.

9. BLAZEVIC’s website contains a “Frequently Asked Questions” webpage on which BLAZEVIC states that it makes loans in the “Lower 48 states, Alaska and Hawaii by exception.” Neither the website nor BLAZEVIC’s membership agreement contain any statement indicating that loans are not made in Nebraska. Therefore, BLAZEVIC is offering loans to be secured by dwellings and other real property located in Nebraska.

10. BLAZEVIC’s website also contains a webpage captioned “Investor Relations” which provides in pertinent part as follows:

**Investors, we have opportunities...**

Blazevic Funding Group has a turn-key, hands-off program for real-estate investors, with a healthy return on collateralized debt instruments. The minimum investment amount is \$5,000, and payouts begin immediately.

Please contact us for more details on this exciting investment opportunity.

11. At all times relevant to this Order, the RESPONDENTS have never been licensed as a mortgage banker, nor do they qualify for an exemption from licensing. Furthermore, at all times relevant to this Order, none of the individual RESPONDENTS have ever been licensed as mortgage loan originators in Nebraska.

12. RESPONDENTS have not filed the required disclosure statement or a copy of a loan brokerage agreement with the DEPARTMENT prior to acting as a loan broker in Nebraska.

13. At all times relevant to this Order, the collateralized debt instruments have not been registered for sale in Nebraska pursuant to the Securities Act. RESPONDENTS have not filed a claim of exemption under the Securities Act for the collateralized debt instruments with the DEPARTMENT.

14. At all times relevant to this Order, RESPONDENTS were not registered as broker-dealers or agents of broker-dealers.

15. On July 31, 2012, the DEPARTMENT sent an inquiry to Michael Donahoo regarding the BLAZEVIC website. The letter was mailed via certified mail to his address as contained in the records of the Nebraska Secretary of State. The letter requested a response on or before August 23, 2012. The letter was received on August 1, 2012, and the return receipt was signed by Robin Donahoo. No response to this letter has been received as of the date of this Order.

### **CONCLUSIONS OF LAW**

1. Neb. Rev. Stat. § 45-702(15) (LB 965, 2012) defines the term “mortgage banker,” in pertinent part, as any person who, for compensation or gain or in the expectation of compensation or gain, directly or indirectly makes, originates, services, negotiates, acquires, sells, arranges for, or offers to make, originate, service, negotiate, acquire, sell, or arrange for a residential mortgage loan.

2. Neb. Rev. Stat. § 45-702(26) (LB 965, 2012) defines the term “residential mortgage loan” as any loan or extension of credit, including a refinancing of a contract of sale or an assumption or refinancing of a prior loan or extension of credit, which is primarily for personal, family, or household use and is secured by a mortgage, trust deed,

or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling.

3. Neb. Rev. Stat. § 45-702(9) (LB 965, 2012) defines the term “dwelling” as a residential structure located or intended to be located in this state that contains one to four units, whether or not that structure is attached to real property, including an individual condominium unit, cooperative unit, mobile home, or trailer, if it is used as a residence.

4. Neb. Rev. Stat. § 45-702(16)(a) (LB 965, 2012) defines the term “mortgage loan originator” as an individual who for compensation or gain or in the expectation of compensation or gain (i) takes a residential mortgage loan application or (ii) offers or negotiates terms of a residential mortgage loan.

5. Neb. Rev. Stat. § 45-702(19) (LB 965, 2012) defines the term “offer” as every attempt to provide, offer to provide, or solicitation to provide a residential mortgage loan or any form of mortgage banking business. Offer includes, but is not limited to, all general and public advertising, whether made in print, through electronic media, or by the Internet.

6. Neb. Rev. Stat. § 45-705(1) (Reissue 2010) provides, in pertinent part, that no person shall act as a mortgage banker or use the title mortgage banker in this state unless he, she, or it is licensed or has registered with the DEPARTMENT.

7. Neb. Rev. Stat. § 45-727(1) (Reissue 2010) provides, in pertinent part, that an individual shall not engage in, or offer to engage in, the business of a mortgage loan originator with respect to any residential real estate or dwelling located or intended to be located in this state without first obtaining and maintaining annually a license from the DEPARTMENT.

8. Neb. Rev. Stat. § 45-744(1) (Reissue 2010) provides that the DEPARTMENT may order any person to cease and desist whenever the DEPARTMENT determines that the person has violated any provision of the RMLA.

9. As stated in Finding of Fact No. 6 above, BLAZEVIC's website contains a webpage captioned "No Credit Check Program and Seller Financing" which describes the basic features of a loan program for "Owner-Occupied, Residential Properties 1-4 family only." Such loans are secured by a dwelling as defined in Section 45-702(9) and therefore such loans are residential mortgage loans as defined by Section 45-702(26). BLAZEVIC, by advertising the availability of this program and by accepting applications through its website, was offering to make or arrange residential mortgage loans. Therefore, RESPONDENTS are acting as a mortgage banker by offering to make or arrange residential mortgage loans secured by a dwelling located in Nebraska.

10. As stated in Finding of Fact No. 6, above, BLAZEVIC's website contained an application form for potential borrowers to submit to apply for a loan. The website indicated that a representative of BLAZEVIC would contact the borrower to negotiate the terms of the loan. Therefore, the individual RESPONDENTS are acting as mortgage loan originators by offering to take applications and negotiate terms of loans secured by a dwelling located in Nebraska.

11. Neb. Rev. Stat. § 45-190(5) (Supp. 2011) defines the term "loan broker" in pertinent part as any person . . . who:

(a) For or in expectation of consideration from a borrower, procures, attempts to procure, arranges, or attempts to arrange a loan of money for a borrower;

(b) For or in expectation of consideration from a borrower, assists a borrower in making an application to obtain a loan of money;

(c) Is employed as an agent for the purpose of soliciting borrowers as clients of the employer; or

(d) Holds himself or herself out, through advertising, signs, or other means, as a loan broker[.]

12. Neb. Rev. Stat. § 45-190(1) (Supp. 2011) defines an “advance fee” as any fee, deposit, or consideration which is assessed or collected, prior to the closing of a loan by a loan broker and includes, but is not limited to, any money assessed or collected for processing, appraisals, credit checks, consultations, or expenses.

13. Neb. Rev. Stat. § 45-191.02 (Reissue 2010) provides that before advertising or making any oral or written representation or acting as a loan broker in this state a loan broker shall file with the DEPARTMENT one copy of the disclosure statement and one copy of any loan brokerage agreement.

14. RESPONDENTS are loan brokers under the LBA because RESPONDENTS have represented that they procure or arrange loans of money for borrowers and/or they have held themselves out, through advertising or other means, as loan brokers.

15. RESPONDENTS, via their website, solicited loan brokerage services without filing a disclosure statement or loan brokerage agreement with the DEPARTMENT, in violation of Neb. Rev. Stat. § 45-191.02(1) (Reissue 2010).

16. Neb. Rev. Stat. § 45-191(1) (Reissue 2010) provides, in pertinent part, that a loan broker shall not “[a]ssess or collect an advance fee from a borrower under a contract to provide services for the procurement of a loan of money[.]”

17. As stated in Finding of Fact No. 8, above, RESPONDENTS collect a \$997.00 membership fee from potential borrowers prior to closing a loan. The membership fee constitutes an advance fee as defined in Section 45-190(1). Therefore, RESPONDENTS,

by collecting such membership fees prior to the closing of a loan, violated Neb. Rev. Stat. § 45-191(1) (Reissue 2010).

18. Neb. Rev. Stat. § 45-191.09 (Reissue 2010) provides that the Director may issue a cease and desist order whenever he believes that any person or loan broker has engaged in or is about to engage in any act or practice constituting a violation of any provision of the LBA.

19. Neb. Rev. Stat. § 8-1001(15) (Supp. 2011) defines the term “security,” in pertinent part, as any note, stock, bond, investment contract, or in general any interest or instrument commonly known as a security.

20. The collateralized debt instruments, described in Finding of Fact No. 10 above, constitute securities, as defined by Neb. Rev. Stat. § 8-1101(15) (Supp. 2011), required to be registered, unless exempt from registration by Neb. Rev. Stat. § 8-1104 (Reissue 2007).

21. Neb. Rev. Stat. § 8-1108.01 (Reissue 2007) provides that, whenever it appears to the Director that the sale of any security is subject to registration under the Securities Act and is being offered or has been offered for sale without such registration, the Director may order the issuer or offeror of such security to cease and desist from the further offer or sale of such security unless and until it has been registered under the Securities Act.

22. Neb. Rev. Stat. § 8-1101(2) (Supp. 2011) defines the term “broker-dealer,” in pertinent part, as any person engaged in the business of effecting transactions in securities for the account of others or for his or her own account.

23. By offering the collateralized debt instruments, RESPONDENTS engaged in the business of effecting transactions in securities. Such activity constitutes acting as a broker-dealer, as defined in Neb. Rev. Stat. § 8-1101(2) (Supp. 2011).

24. Neb. Rev. Stat. § 8-1108.01(2) (Reissue 2007) provides that whenever it appears to the Director that any person is acting as a broker-dealer or an agent without registration as such, the Director may order such person to cease and desist from such activity unless and until he or she has been registered as such under the Securities Act.

25. This Order to Cease and Desist is necessary and appropriate in the public interest for the protection of Nebraska residents and is consistent with the purposes fairly intended by the policies and provisions of the Acts.

### **ORDER**

IT IS THEREFORE CONSIDERED, ORDERED, AND ADJUDGED that MRD Enterprises, Inc., d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska; Michael Donahoo, its President; Robin Donahoo, its Secretary-Treasurer; and all other Officers, Directors, Employees, and Agents thereof shall cease and desist from acting as a mortgage banker in Nebraska without obtaining the required license.

IT IS FURTHER ORDERED that Michael Donahoo, Robin Donahoo, and all other Officers, Directors, Employees, and Agents of MRD Enterprises, d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska, shall cease and desist from acting as mortgage loan originators in Nebraska without obtaining the required licenses.

IT IS FURTHER ORDERED that MRD Enterprises, Inc., d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska; Michael Donahoo, its President; Robin Donahoo, its Secretary-Treasurer; and all other Officers, Directors, Employees, and Agents thereof, shall immediately cease and desist from further advertising, including advertising via the Internet, and/or acting as loan brokers in Nebraska or

making any oral or written representations as a loan broker to Nebraska residents or collecting any advance fees from Nebraska residents, until they have complied with the provisions of the LBA.

IT IS FURTHER ORDERED that MRD Enterprises, Inc., d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska; Michael Donahoo, its President; Robin Donahoo, its Secretary-Treasurer; and all other Officers, Directors, Employees, and Agents thereof, shall immediately cease and desist from the further offer or sale of securities, including, but not limited to, the collateralized debt instruments, unless registered with the DEPARTMENT, or unless an exemption from registration under existing law can be shown by proof satisfactory to the DEPARTMENT.

IT IS FURTHER ORDERED that MRD Enterprises, Inc., d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska; Michael Donahoo, its President; Robin Donahoo, its Secretary-Treasurer; and all other Officers, Directors, Employees, and Agents thereof shall immediately cease and desist from acting as a broker-dealer or broker-dealer agent unless registered with the DEPARTMENT, or unless an exemption from registration under existing law can be shown by proof satisfactory to the DEPARTMENT.

IT IS FURTHER ORDERED that MRD Enterprises, Inc., d/b/a Blazevic Funding Group, 15418 Weir Street, Suite 130, Omaha, Nebraska; Michael Donahoo, its President; Robin Donahoo, its Secretary-Treasurer; and all other Officers, Directors, Employees, and Agents thereof, may file a written request for hearing within fifteen (15) business days after the date of this Order. A hearing will be scheduled within thirty (30) business days after the date of the DEPARTMENT's receipt of such a request unless the parties

consent to a later date or the hearing officer sets a later date for good cause. The party or parties requesting the hearing shall bear the cost of such hearing. If no hearing is requested and none is ordered by the Director, this Order shall remain in effect until it is modified or vacated.

DATED this 25<sup>th</sup> day of October, 2012.



**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE**

By: John Munn  
John Munn, Director

Commerce Court, Suite 400  
1230 "O" Street  
Lincoln, Nebraska 68508  
(402) 471-2171