

Salem Court Finds that Landmark Professional Mortgage Company’s Pre-Litigation Conduct was Reckless, Willful, and in Bad Faith, and that Landmark Co-Owner, David Hafner, Committed Fraud on the Court and on a Former Employee.

On April 23, 2025, Marion County Judge Sean Armstrong increased the total award to Katy Canales, a former employee of Landmark Professional Mortgage Company (LPMC) to over \$600,000, by adding over \$300,000 in attorney fees. This new award includes an attorney fee “multiplier” of 1.25 times the amount of legal fees incurred by Ms. Canales. The multiplier was added by the Court after finding that LPMC’s pre-litigation conduct was “reckless, willful, and in bad faith,” and that LPMC’s agent and part-owner, David Hafner, had perpetuated a fraud upon the Court and upon Ms. Canales. *See* Opinion and Order, dated April 23, 2025, pg. 2, sections (a) and (g).

Between 1998 through 2021, Ms. Canales worked as a loan originator for LPMC and its predecessor. Ms. Canales was consistently LPMC’s highest producing loan originator. In October 2017, LPMC created a bonus program for Ms. Canales that was based on the volume of loans she closed. Over the next four years, Ms. Canales consistently exceeded the thresholds described in the bonus agreement, leading to significant annual bonuses, which were tracked by Mr. Hafner on a spreadsheet, and added to her bonus account.

In July 2021, Ms. Canales resigned from LMPC and asked for a final payout of her bonus account. In response, LPMC and Mr. Hafner claimed Ms. Canales’ bonus account was just an “expense ledger,” despite the plain language in the bonus agreement which described Ms. Canales’ “bonus,” and never once mentioned “expenses.” At trial, LPMC owner Dave Hafner admitted that he had altered the spreadsheet tracking the bonus balance owed to Ms. Canales after receiving a September 2021 demand letter from Ms. Canales’ attorney, Anne Foster, of Smith Foster King LLP. The Court noted that in his July 12, 2024, declaration, Mr. Hafner did not disclose the existence of the bonus spreadsheets to Ms. Canales, and he did not disclose the fact that he modified them prior to commencement of litigation. In its opinion, the Court found that Mr. Hafner:

Only told part of the story—the part that serves defendant—while concealing from plaintiff and the Court the existence of evidence that he was aware of, that directly impugns the credibility of the representations he made in opposition to summary judgment, and that would have been useful to plaintiff.

In December 2024, almost three and a half years after Ms. Canales resigned, the Court held that LPMC must pay Ms. Canales the full balance of the bonus account, and statutory penalty wages. The Court then received briefing and argument regarding the payment of Ms. Canales’ attorney fees and litigation costs.

In its April 23, 2025, Opinion and Order, the Court explained why it concluded that a 1.25 multiplier was appropriate:

Employers who falsify evidence, deny its existence, disclose it at the last minute and then take disingenuous legal positions blaming a former employee or that employee’s counsel

for their own transgressions, as here, should understand that the courts are not a sporting arena where the application of the rules is more casual and less consequential; the sanctity of the judicial system depends upon all parties to litigation—plaintiffs, defendants, their agents and their counsel—studiously following the rules.

Defendant LPMC is co-owned by David Hafner and Cindy Crowley both of whom are residents of Salem, Oregon. LPMC's headquarters are in Salem, Oregon and has offices in the cities of Albany, Bend, Eugene, Hermiston, and Lincoln City. LPMC also has offices in Vancouver, Washington and Richland, Washington. LPMC has filed an appeal of the Court's December ruling.

About Smith Foster King LLP

Smith Foster King LLP is a litigation firm located in Portland, Oregon, founded in April 2022 by Sam Smith, Anne Foster, and Jaimee King. With almost 70 years of combined legal and business expertise, the firm offers tailored legal solutions to individuals, families, and businesses.

Smith Foster King handles a broad range of claims, including employment-related matters, such as wage and hour disputes, discrimination, retaliation, and workplace disputes, as well as cases involving sexual assault, elder abuse, wrongful death, and business conflicts. Sam, Anne, and Jaimee leverage their extensive courtroom and boardroom experience and work as a team to deliver personalized representation, and help clients navigate complex legal challenges. For more information, please visit www.smithfosterking.com or call (503) 567-7100.