

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

2011 JAN 31 PM 2:46

~~PA DEPT OF BANKING~~

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING, BUREAU OF :
COMPLIANCE, INVESTIGATION AND :
LICENSING :

Docket No.: 110018 (ENF-ORD)

v. :

ROBERT P. ARAKELIAN JR. :

NOTICE OF RIGHT TO APPEAL AND HEARING

You, Robert P. Arakelian, Jr., have the right to appeal the attached Order of Prohibition (the "Order") within 10 days of the date of service. See 1 Pa. Code § 35.20. The date of service is the date the Order is deposited in the mail or delivered to you in person, as the case may be, as set forth in 1 Pa. Code § 33.34. If you appeal the Order, you also have a right to a hearing.

To file an appeal and request a hearing on the Order, you must file a petition with the Secretary of Banking within 10 days of the date of service. The petition must be in writing, state clearly and concisely your grounds of interest in the subject matter, the facts you rely upon, the law you rely upon, and the relief you seek. See 1 Pa. Code § 35.17. Please deliver your petition to:

Linca Freeberg, Docket Clerk,
Office of Executive Deputy Secretary
Pennsylvania Department of Banking
17 North Second Street, Suite 1300
Harrisburg, PA 17101

The petition must be received by the Docket Clerk within the aforementioned 10 day deadline. If the Docket Clerk does not receive your petition on time, you will waive your right to an appeal and a hearing and the Order will be deemed final.

If you choose to file a petition challenging the Order, please send an additional copy to:

Sarah E. Sedlak, Assistant Counsel
Pennsylvania Department of Banking
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

Once you file your petition appealing the Order and requesting a hearing, you will be notified of the hearing date, time, place, the person who will preside at your hearing, and any other pertinent information.

You have the right to be represented by an attorney. Corporations may be required to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE, INVESTIGATION AND
LICENSING

Docket No.: 11 0018 (ENF-ORD)

v.

ROBERT P. ARAKELIAN JR.

ORDER OF PROHIBITION

WHEREAS, the Department of Banking ("Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et. seq.; and

WHEREAS, the Bureau of Compliance, Investigation and Licensing ("Bureau") is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department; and

WHEREAS, Chapter 3 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act ("MBBCEPA"), 63 P.S. § 456.301 et. seq., and the Secondary Mortgage Loan Act ("SMLA"), 7 P.S. § 6601 et. seq., were repealed by operation of law on November 5, 2008; and

WHEREAS, 7 Pa. C.S. §6101 et. seq. was amended on August 5, 2009, by Act 31 of 2009, H.B. 1654 (P.N. 2448); and

WHEREAS, Robert P. Arakelian, Jr. ("Arakelian") was a forty-nine (49) percent co-owner of Pittsburgh Home Loans, LLC ("Pittsburgh Home Loans") located at 2756 Hunters Point Drive, Wexford, Pennsylvania 15090 until approximately June 2007; and

WHEREAS, Pittsburgh Home Loans, was licensed by the Department as a first mortgage broker, license number 10432, pursuant to the MBBCEPA and secondary mortgage lender, license number 10431 pursuant to the SMLA; and

WHEREAS, Pittsburgh Home Loans' first and secondary mortgage broker licenses were cancelled effective November 8, 2007; and

WHEREAS, a risk based exam of Pittsburgh Home Loans was commenced on or around December 17, 2007 after the Department received a consumer complaint regarding Arakelian as an employee of Pittsburgh Home Loans; and

WHEREAS, as a result of the information obtained during the risk based exam of Pittsburgh Home Loans, the Bureau issued a subpoena to Arakelian; and

WHEREAS, the Bureau deposed Arakelian on October 9, 2008; and

WHEREAS, Arakelian stated in his deposition ("Deposition") that while a co-owner of Pittsburgh Home Loans, he worked as a mortgage loan originator and obtained leads for loan officers; and

WHEREAS, Arakelian stated in his Deposition that while employed with Pittsburgh Home Loans he cut and pasted the signature of a Citizens Bank employee into the section of the Verification of Deposit form intended to be completed by the depository to show consumers had sufficient funds for the mortgage transaction; and

WHEREAS, Arakelian stated in his Deposition that he cut and pasted the Citizens Bank employee's signature onto the Verification of Deposit forms despite not knowing whether the consumers actually had the amount of money on the form; and

WHEREAS, Arakelian violated Section 313(a)(5) of the MBBCEPA and Section 6139(a)(3) of the Mortgage Licensing Act because he engaged in dishonest, fraudulent or illegal

practices or conduct in a business or unfair or unethical practices or conduct in connection with the mortgage loan business when he falsified a Citizens Bank employee's signature on Verifications of Deposit forms and submitted unverified financial information to lenders; and

WHEREAS, Arakelian left Pittsburgh Home Loans in or around August 2007; and

WHEREAS, Arakelian, after leaving Pittsburgh Home Loans, went to work for his brother-in-law, Daniel Hoey at Hoey Capital, LLC d/b/a Trilliant Mortgage PA ("Trilliant Mortgage") located in Cranberry Township, Pennsylvania; and

WHEREAS, Trilliant Mortgage was formerly licensed as a First Mortgage Broker, license no. 12649, pursuant to Chapter 3 of the MBBCEPA and as a Secondary Mortgage Broker, license no. 14492 pursuant to the SMLA; and

WHEREAS, Trilliant Mortgage's first and secondary mortgage broker licenses were cancelled on July 1, 2008; and

WHEREAS, Arakelian in his Deposition stated he knew that his wife and brother-in-law completed and submitted a false loan application to a mortgage lender for the purpose of obtaining financing in order to purchase a property in Sewickley Pennsylvania; and

WHEREAS, Arakelian violated Section 313(a) of the MBBCEPA and Section 6139(a)(3) of the Mortgage Licensing Act because he engaged in dishonest, fraudulent or illegal practices or conduct in a business or unfair or unethical practices or conduct in connection with the mortgage loan business when he participated in the submission of a false loan application to a mortgage lender; and

WHEREAS, on June 16, 2009, the United States Attorney's Office, Western District of Pennsylvania, filed an indictment against Robert Arakelian ("Arakelian") (See Indictment attached as Exhibit A); and

WHEREAS, the Indictment alleged that "from in or around February 2005, and continuing thereafter until in or around December 2007, in the Western District of Pennsylvania and elsewhere, the defendant, Robert Arakelian, knowingly and willfully did conspire, combine, confederate and agree with other persons known to the United States Attorney, to commit the offense" of Wire Fraud (18 U.S.C. § 1343) (See Exhibit A, ¶2); and

WHEREAS, the Indictment alleged Arakelian and another individual:

(a) operated a mortgage broker company called Pittsburgh Home Loans that assisted borrowers to obtain loans secured by real estate (See Exhibit A, ¶2); and

(b) prepared and submitted with an individual called JM fraudulent appraisals to lenders when Arakelian and JM knew the appraisals overstated the true value of the property serving as collateral for the loan (See Exhibit A, ¶3); and

(c) submitted false documents to lenders indicating that the borrowers intended to and had made down payments related to the purchase of the properties when Arakelian knew the borrowers did not make any down payments (See Exhibit A, ¶4); and

(d) submitted false Verifications of Deposit purportedly verifying that the borrowers possessed sufficient funds in their bank accounts to make the down payments, when Arakelian knew the borrowers did not have sufficient funds (See Exhibit A, ¶5); and

(e) caused wire transfers from the accounts of the lenders, located outside Pennsylvania, to the accounts of the closing agents located in Pennsylvania (See Exhibit A, ¶6); and

WHEREAS, on July 15, 2009, Arakelian pleaded guilty to the felony of Wire Fraud (See copy of plea attached as Exhibit B); and

WHEREAS, Arakelian's actions in violation of the MBBCEPA and Mortgage Licensing Act and his actions in the commission of Wire Fraud all relate to the mortgage industry; and

WHEREAS, the Department has the authority to "prohibit or permanently remove a person or licensee responsible for a violation of this chapter from working in the present capacity or in any other capacity of the person or licensee related to activities regulated by the department" 7 Pa. C.S. § 6138(a)(5); and

WHEREAS, Section 6138(a)(4) of the Mortgage Licensing Act (corresponding to Section 310(a) of the MBBCEPA and Section 16(1) of the SMLA) grants the Department broad authority to issue orders as may be necessary for the enforcement of the Mortgage Licensing Act, 7 Pa. C.S. § 6138(a)(4) (corresponding to 63 P.S. § 456.310(a) and 7 P.S. § 6616(1));

AND NOW THEREFORE, based upon the foregoing, the Bureau, under the authority cited above, hereby imposes the following Order. Upon the effective date of this Order:

Robert P. Arakelian, Jr. as a natural person or as a corporation or as any other form of organization of any kind whatsoever, is hereby prohibited from working in the mortgage loan business as regulated by the Mortgage Licensing Act as a licensee, employee, independent contractor, agent, representative, or in any other capacity of any kind whatsoever, in any way whatsoever.

IT IS SO ORDERED.

Date: 6/25/11

Brian Crossland, Com.
Department of Banking
Bureau of Compliance, Investigation and Licensing
Market Square Plaza
17 N. 2nd Street, Suite 1300
Harrisburg, PA 17101

Chief

Exhibits

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)

v.)

ROBERT ARAKELIAN)

Criminal No. 09-198

(18 U.S.C. § 1349)

U.S. DISTRICT COURT
CLERK

JUN 16 8:55

FILED

INFORMATION

COUNT ONE

The United States Attorney charges:

THE CONSPIRACY AND ITS OBJECTS

1. From in or around February 2005, and continuing thereafter until in or around December 2007, in the Western District of Pennsylvania and elsewhere, the defendant, ROBERT ARAKELIAN, knowingly and willfully did conspire, combine, confederate and agree with other persons known to the United States Attorney, to commit an offense against the United States, that is, Wire Fraud, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS OF THE CONSPIRACY

2. It was a part of the conspiracy that the defendant, ROBERT ARAKELIAN, along with another individual, operated a mortgage broker company called Pittsburgh Home Loans, Inc. that assisted borrowers to obtain loans secured by real estate.

3. It was further part of the conspiracy that the defendant, ROBERT ARAKELIAN, in connection with loan applications, submitted to lenders fraudulent appraisals prepared by an individual known to the United States Attorney as JM that, as the defendant, ROBERT

ARAKELIAN, and JM then well knew, overstated the true value of the property that was to serve as the collateral for the loan.

4. It was further part of the conspiracy that the defendant, ROBERT ARAKELIAN, in connection with loan applications, submitted to lenders, false documents indicating that the borrowers were intending to and had made down payments related to the purchase of the properties, when, in fact, and as the defendant, ROBERT ARAKELIAN, then well knew, the borrowers did not pay down payments.

5. It was further part of the conspiracy that the defendant, ROBERT ARAKELIAN, in connection with loan applications, submitted to lenders fraudulent Verifications of Deposit that purportedly verified that the borrowers had sufficient funds to make the down payments in a bank account, when, in fact, as the defendant, ROBERT ARAKELIAN, then well knew, the borrowers did not have sufficient funds.

6. It was further a part of the conspiracy that the defendant, ROBERT ARAKELIAN, caused wire transfers from the accounts of the lending institutions, located outside the Commonwealth of Pennsylvania, to the accounts of the closing agents

located in the Commonwealth of Pennsylvania, in furtherance of the Wire Fraud scheme.

All in violation of Title 18, United States Code, Section 1349.

BETH BUCHANAN
United States Attorney
PA ID No. 50254

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IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA)
)
 v.)
)
 ROBERT ARAKELIAN)

Criminal No. 09-198

ARRAIGNMENT PLEA

Defendant Robert Arakelian
being arraigned, pleads Guilty
in open Court this 15th day of
July, 2009.

(Defendant's signature)

(Attorney for Defendant)

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:
: Docket No.: 11 0018 (ENF-ORD)

v.

ROBERT P. ARAKELIAN JR.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order of Prohibition upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code § 33.31:

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED
AND FIRST CLASS MAIL

Robert P. Arakelian, Jr.
356 S. Negley Avenue
Pittsburgh, PA 15232

Dated this 31st day of January 2011.

Sarah E. Sedlak, Assistant Counsel
Attorney I.D. # 93810
FOR: Commonwealth of Pennsylvania
Department of Banking
17 North Second Street, Suite 1300
Harrisburg, PA 17101
Telephone: (717) 787-1471
Fax: (717) 783-8427