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2012 APR 18 PM 3: 34

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

PA DEPT OF BANKING

Commonwealth of Pennsylvania  
Department of Banking, Bureau  
of Compliance and Licensing,

v.

E & E Financial, Inc. and  
Edward Bederman, an individual

Docket No.: 12 0048 (ENF-ORD)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Compliance and Licensing investigated E&E Financial Inc. and Edward Bederman. Based on the results of its investigation, the Bureau of Compliance and Licensing ("Bureau") believes that E&E Financial, Inc., and Edward Bederman, operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 *et seq.* The parties to the above captioned matter, in lieu of litigation, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and, intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order (the "Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act.
2. The Bureau is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.
3. On or about January 23, 2009, Edward Bederman applied for a license as a residential mortgage loan originator with the Department.

4. On or about September 10, 2009, the Department denied Edward Bederman's application for a license for a period of seven years from July 29, 2003, the date of his multiple felony convictions.

5. E&E Financial, Inc. is a licensed mortgage broker, license no. 20435, and Nationwide Mortgage Licensing System ("NMLS") number 133115 located at 2337 Philmont Avenue, Suite 104A, Huntingdon Valley, Pennsylvania 19006.

6. E&E Financial, Inc. entered into a previous agreement to pay an examination invoice over time which payments are scheduled to be complete on August 3, 2012.

#### Unlicensed Mortgage Originator

7. The Mortgage Licensing Act provides, in relevant part, that "... on and after the effective date of this section [November 5, 2008], no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a ... mortgage originator as provided under this chapter. A mortgage originator may not engage in the mortgage loan business unless the mortgage originator is employed and supervised by a licensed mortgage broker, mortgage lender or mortgage loan correspondent. . .". 7 Pa. C.S. § 6111(a).

8. Beginning on October 27, 2011, the Bureau conducted an investigation leading it to conclude that E&E Financial and Edward Bederman originated 127 mortgages beginning in January 2011 through December 2011 while Edward Bederman was unlicensed to perform such services based on a loan log obtained from E&E Financial.

9. It is the conclusion of the Bureau that the mortgage loan applications originated by Edward Bederman for E&E Financial subsequent to November 5, 2008 are in violation of the Mortgage Licensing Act.

10. E&E Financial is required to directly supervise, control and maintain responsibility for the acts and omissions of the mortgage originators it employs. 7 Pa. C.S. § 6131(f)(1).

11. It is the conclusion of the Bureau that E&E Financial employed an unlicensed mortgage loan originator, and failed to directly supervise, control and maintain responsibility for the acts and omission of the mortgage originator it employed as required by the Mortgage Licensing Act.

12. E&E Financial has informed the Department that it will ensure that all mortgage originators it employs in the future are properly licensed.

13. E&E Financial and Edward Bederman were cooperative with the background investigation.

#### Mortgage Call Report

14. The Mortgage Licensing Act requires mortgage brokers to file a mortgage call report setting forth information concerning the first or secondary mortgage loan business conducted by the licensee during the preceding calendar year. 7 Pa. C.S. § 6135(a)(3).

15. By letter dated March 15, 2012, the Bureau notified E&E Financial that it failed to file its mortgage call report in a timely manner and that it is to pay a fine of \$250.00.

16. It is the conclusion of the Bureau that E&E Financial violated the Mortgage Licensing Act when it failed to timely file its mortgage call report.

#### Authority of the Department

17. Section 6138(a)(4) of the Mortgage Licensing Act grants the Department broad authority to issue orders for the proper conduct of the mortgage licensing business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

18. Section 6139 of the Mortgage Licensing Act provides that the Department may suspend, revoke or refuse to renew a license issued under the Mortgage Licensing Act if an owner has “failed to comply with or violated any provision of this chapter. . . ” and if “a mortgage broker, mortgage lender or mortgage loan correspondent, conducted the mortgage loan business through an unlicensed mortgage originator.” 7 Pa. C.S. § 6139(a)(2) and (a)(14).

19. Section 6139(8) of the Mortgage Licensing Act provides that the Department may suspend, revoke or refuse to renew a license issued under the Mortgage Licensing Act if an owner has “failed to file financial reports.” 7 Pa. C.S. § 6139(8).

20. Section 6140(b) of the Mortgage Licensing Act provides, in relevant part, that “[a] person licensed under this chapter or director, officer, owner, partner, employee or agent of a licensee who violates a provision of this chapter or who commits any action which would subject the licensee to suspension, revocation or nonrenewal under section 6139 may be fined by the department up to \$10,000 for each offense.” 7 Pa. C.S. § 6140(b).

21. Section 6140(a) of the Mortgage Licensing Act provides, in relevant part, that “[a] person subject to the provisions of this chapter and not licensed by the department who violates any provision of this chapter or who commits any action which would subject a license to suspension, revocation or nonrenewal under section 6139 ...maybe fined by the department up to \$10,000 for each offense”.

#### ALLEGED VIOLATIONS

22. The Bureau believes E&E Financial and Edward Bederman violated the Mortgage Licensing Act when they continued to originate the mortgages without a license after November 5, 2008. 7 Pa. C.S. § 6111(a).

23. The Bureau believes E&E Financial failed to properly control and supervise its employee in accordance with the requirements of the Mortgage Licensing Act, when it allowed Edward Bederman to originate mortgages without a license. 7 Pa. C.S. § 6131(f)(1).

24. The Bureau believes E&E Financial violated the Mortgage Licensing Act when it failed to timely file its annual mortgage call report as required. 7 Pa. C.S. § 6135(a)(3).

#### RELIEF

25. Fines.

a. E&E Financial agrees to pay a fine of \$250.00 for having failed to file its mortgage call report in a timely manner. This fine is due and payable on April 15, 2012 consistent with the letter notice of fine issued by the Bureau dated March 15, 2012. The fine payment shall be remitted by a certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of Lucy Cortez, Compliance Division, Bureau of Compliance and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

b. E&E Financial and Edward Bederman, jointly and severally, to avoid litigation and without admitting wrongdoing, agree to pay a fine of \$31,750 for having originated mortgages through an unlicensed mortgage originator. This fine shall be due and payable in eighteen (18) installments. The payments will begin subsequent to the scheduled date for payment of the examination invoice which is due to be completed on August 3, 2012. The first installment of this fine in the amount of \$1,750.00 shall be paid on September 3, 2012 and sixteen payments thereafter shall be paid on the third of each month. The eighteenth and final payment will be in the amount of \$2,000.00. The fine payments shall be remitted by a certified check or money order made payable to the Pennsylvania Department of Banking and sent to the

attention of Robert Knaub: Licensing Division, Bureau of Compliance and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

26. Corrective Measures. Upon the effective date of this Order, E&E Financial shall cease and desist from conducting the mortgage loan business through unlicensed mortgage originators and from failing to properly control and supervise its employees in accordance with the requirements of the Mortgage Licensing Act.

27. Upon the effective date of this Order, Edward Bederman shall cease and desist from engaging in the mortgage loan business without a license in accordance with the requirements of the Mortgage Licensing Act.

28. The license of E& E Financial shall be suspended for a period of thirty days. Provided no further violations occur, fifteen days of the suspension shall be held in abeyance. The suspension shall begin on June 1, 2012.

29. Edward Bederman agrees that he will not be eligible to apply for a license for a period of one year from the effective date of this agreement.

#### **FURTHER PROVISIONS**

30. Consent. E&E Financial hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order issued pursuant to the Bureau's order authority under the Mortgage Licensing Act and agrees that it understands all of the terms and conditions contained herein. E&E Financial, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

31. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. 71 P.S. § 733-302.A.(5).

32. Entire Agreement. This Order contains the whole agreement between the parties. There is no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Bureau and E&E Financial and Edward Bederman.

33. Binding Nature. The Department, Edward Bederman, and E&E Financial and all officers, owners, directors, employees, heirs and assigns of E&E Financial, intend to be and are legally bound by the terms of this Order.

34. Counsel. This Order is entered into by parties upon full opportunity for legal advice from legal counsel.

35. Effectiveness. E&E Financial and Edward Bederman hereby stipulate and agree that the Order shall become effective on the date the Bureau executes the Order.

36. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against E&E Financial, in the future regarding all matters not resolved by this Order.

b. E&E Financial and Edward Bederman acknowledge and agree that this Order is only binding upon the Department and not other local, state or federal agency, department or office regarding matters within this Order.

37. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

38. Counterparts. This order may be executed in separate counterparts and by facsimile or electronic mail in portable document format "pdf."

39. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

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WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Department and E&E Financial intending to be legally bound do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING, BUREAU OF  
COMPLIANCE AND LICENSING

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Robert E. Knaub, Enforcement Administrator  
Bureau of Compliance, Investigation and Licensing  
Department of Banking

Date: 4/18/12

FOR E&E FINANCIAL, INC.

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~~Eugene Bederman~~

Date: 4/16/12

FOR EDWARD BEDERMAN

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Edward Bederman

Date: 4-16-12