

FILED

2011 JAN 16 PM 3:30

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, BUREAU OF :
COMPLIANCE AND LICENSING :
v. : DOCKET NO. 13 140005 (BNK-CAO)
E&E FINANCIAL, INC. D/B/A EDGE :
MORTGAGE SERVICES, and :
EUGENE BEDERMAN, individually :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Examinations, has conducted a review of E&E Financial, Inc. d/b/a Edge Mortgage Services ("E&E Financial"), and its officers, employees and directors. Based on the results of the examination, the Bureau Compliance and Licensing ("Bureau") believes that E&E Financial operated in violation of the Mortgage Licensing Act ("MLA"), 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 ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MLA.

2. The Bureau is primarily responsible for administering and enforcing the MLA for the Department.

3. E&E Financial was licensed by the Department as a mortgage broker, license number 20435 with a Nationwide Mortgage Licensing System and Registry ("NMLSR") identification number of 133115.

4. E&E Financial maintains a principal place of business at 2337 Philmont Ave, Suite 104A, Huntingdon Valley, Pennsylvania 19006.

5. Eugene Bederman is the President and one hundred percent (100%) owner of E&E Financial.

6. Eugene Bederman was licensed by the Department as a Mortgage Loan Originator, license number 26311, with a Nationwide Mortgage Licensing System and Registry ("NMLSR") identification number of 133132.

Consent Agreement and Order

7. On April 18, 2012, E&E Financial entered into a Consent Agreement and Order ("the 2012 Order") with the Department for allowing unlicensed loan originators to engage in the mortgage loan business with Pennsylvania residents.

8. The 2012 Order called for E&E Financial to pay a fine in the amount of \$31,750 to be paid in seventeen monthly payments of \$1,750 beginning on September 3, 2012 and continuing through to January 3, 2014, and a final payment of \$2,000 on February 3, 2014.

9. As of the date of this Order, E&E Financial is currently overdue for the following payments: September 2013, \$1,750, October 2013, \$1,750, November 2013, \$1,750 and December 2013, \$1,750 for a total of \$7,000.

10. A total of \$10,750 is still owed on the fine agreed to in the 2012 Order.

Unlicensed Activity

11. The MLA 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 broker, mortgage lender, mortgage loan correspondent or 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).

12. The MLA prohibits a mortgage broker from conducting mortgage loan business through an unlicensed mortgage originator. *See* 7 Pa. C.S. § 6139(a)(14).

13. The Bureau determined from its review of E&E Financial that E&E Financial continued to employ unlicensed mortgage originators to originate residential first mortgage loans in Pennsylvania.

14. By transacting business with unlicensed mortgage originators, E&E Financial is in violation of the MLA and the 2012 Order.

Authority of the Department

15. Section 6138(a)(4) of the MLA grants the Department broad authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the MLA. 7 Pa. C.S. § 6138(a)(4).

16. Section 6138(a)(5) of the MLA provides the Department with the authority to “[p]rohibit 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).

17. Section 6139(a)(2) of the MLA states "The department may suspend, revoke or refuse to renew a license issued under this chapter if..... a licensee or director, officer, partner, employee, mortgage originator or owner of a licensee has: (2) Failed to comply with or violated any provision of this chapter or any regulation or order promulgated or issued by the department under this chapter.

VIOLATIONS

18. E&E Financial is in violation of Section 6139(a)(2) of the MLA by violating the terms of the 2012 Order.

19. E&E Financial is in violation of Section 6139(a)(14) of the MLA by allowing unlicensed mortgage originators to originate mortgage loans..

RELIEF

20. Payment of Overdue Fines. E&E Financial and Eugene Bederman agree to pay the outstanding fine from the 2012 Order on the following schedule: \$5,000 on or before January 31, 2013; \$5,750 on or before Febraury 28, 2014.

21. License Revocation. E&E Financial consents to the revocation of its mortgage broker license, license number 20435, effective the same day as this Order as defined in paragraph 30 below.

22. Mortgage Originator License Surrender. Eugene Bederman hereby offers to surrender his individual mortgage originator license, license number 26311, effective the same day as this Order as defined in paragraph 30 below, and the Department accepts that offer of surrender.

23. Pipeline Report. On or before execution of this Consent Agreement, Eugene Bederman will provide a final copy of all mortgage loans in process at E&E Financial. The

Department will provide instructions whether the loans may be completed at E&E or if they must be referred to another licensed broker.

24. Cease and Desist. Upon the effective date of this Consent Agreement and corresponding to the revocation of the mortgage broker license and the surrender of Bederman's originator license, all mortgage activity will cease at E&E Financial unless otherwise directed by the Bureau.

FURTHER PROVISIONS

25. Consent. E&E Financial and Eugene Bederman hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's order authority under the MLA and agree that they understand all of the terms and conditions contained herein. E&E Financial and Eugene Bederman, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

26. 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).

27. Entire Agreement. This Order contains the whole agreement between the parties. There are 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, E&E Financial and Eugene Bederman.

28. Binding Nature. The Department, E&E Financial and Eugene Bederman intend to be and are legally bound by the terms of this Order.

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

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

31. 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 and Eugene Bederman in the future regarding all matters not resolved by this Order.

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

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

33. Counterparts. This Order may be executed in separate counterparts, by facsimile and PDF.

34. 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.

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

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

James Keiser, Administrator
Bureau of Compliance and Licensing
Department of Banking and Securities

Date: January 16, 2014

FOR E&E FINANCIAL, INC. D/B/A EDGE MORTGAGE SERVICES

Eugene Bederman
(Print Officer Name)

President
(Title)

Date: 1/16/14

FOR EUGENE BEDERMAN

Eugene Bederman
(Print Name)

Date: 1/16/14