

FILED

COMMONWEALTH OF PENNSYLVANIA 2014 OCT 28 AM 11:11  
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF  
BANKING AND SECURITIES

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

v.

RESCUE FIRM

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: Docket No.: 140048 (BNK-ORD)  
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**NOTICE OF RIGHT TO APPEAL AND HEARING**

You have the right to appeal the attached Order within **10 days** of the date of the Order as provided in 1 Pa. Code § 35.20. To appeal the Order, you must file a petition, in writing, with the Docket Clerk as set forth below. **If the Docket Clerk does not receive your petition within 10 days, you will waive your right to a hearing and the Order will be deemed final.**

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 as required by 1 Pa. Code §35.17.

The petition and all other documents relating to this matter must be filed with the Docket Clerk:

Linnea Freeberg, Docket Clerk  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Further, you must serve a copy of the petition on the person who signed the attached Order by providing a copy to their counsel set forth below:

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

Once you file your petition, you will be notified of pertinent information such as the name of the presiding officer designated by the Banking and Securities Commission to hear this matter and, if a hearing is scheduled, the date, time and location of the hearing. You have the right to be represented by an attorney.

All 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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Docket No.: 14 0048 (BNK-ORD)

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RESCUE FIRM

ORDER

1. The Department of Banking and Securities (“Department”) is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce 7 Pa. C.S. § 6101 *et seq.*, Mortgage Licensing Act.

2. The Bureau of Compliance and Licensing (“Bureau”) is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.

3. The Mortgage Licensing Act applies to any mortgage loan that is “(i) negotiated, offered or otherwise transacted within this Commonwealth, in whole or in part, whether by the ultimate lender *or any other person*; (ii) made or executed within this Commonwealth; or (iii) notwithstanding the place of execution, secured by a dwelling or residential real estate located in this Commonwealth.” *See* 7 Pa. C.S. § 6151(1) (emphasis added).

4. Rescue Firm maintains a postal address of 2967 Michelson Drive, #466, Irvine, CA 92612.

Unlicensed Activity

5. The Department received a complaint from a Pennsylvania consumer regarding Rescue Firm.

6. Rescue Firm entered into an agreement with this consumers to provide loan modification services.

7. Rescue Firm provided paperwork to the consumer with the heading “loan modification.”

8. The paperwork indicates that as step 3, “One of our Negotiator [sic] in house will work with your current lender to negotiate terms to ease your mortgage hardship, and put you back on track with your mortgage.”

9. By negotiating, offering or otherwise transacting mortgage loan modifications to at least one Pennsylvania consumer, Rescue Firm was actively engaged in and held itself out as being engaged in the “mortgage loan business” as defined in the Mortgage Licensing Act. *See* 7 Pa. C.S. § 6151(1)(i).

10. The Mortgage Licensing Act defines the mortgage loan business as “[t]he business of advertising, causing to be advertised, soliciting, negotiating or arranging in the ordinary course of business or offering to make or making mortgage loans.” *See* 7 Pa. C.S. § 6102.

11. The Mortgage Licensing Act prohibits persons from engaging in the mortgage loan business in Pennsylvania without holding a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator license. *See* 7 Pa. C.S. § 6111(a).

12. Neither Rescue Firm nor its employees holds a license issued by the Pennsylvania Department of Banking and Securities to engage in the mortgage loan business in Pennsylvania.

13. Sections 6111(b) and 6112 of the Mortgage Licensing Act set forth exceptions to the licensure requirements of Section 6111(a). *See* 7 Pa. C.S. §§ 6111(b), 6112.

14. Rescue Firm does not meet any of the exceptions to licensure in Section 6111(b) and 6112 of the Mortgage Licensing Act. *See* 7 Pa. C.S. §§ 6111(b), 6112.

15. Rescue Firm violated the Mortgage Licensing Act by engaging in the mortgage loan business in Pennsylvania without a license.

#### Advance Fees

16. The consumer entered into an agreement with Rescue Firm for loan modification services for a residential property.

17. The consumer's agreement required a payment of fees in the amount of \$2,995.00 in advance of services being rendered by Rescue Firm.

18. Specifically, the agreement required the consumer to make the full payment "concurrently with the execution of this Agreement" prior to any services being rendered.

19. Section 6102 of the Mortgage Licensing Act defines an "advance fee" as "[a]ny funds requested by or to be paid to a person in advance of or during the processing of a mortgage loan application, excluding those fees paid by a consumer directly to a credit agency reporting bureau, title company or real estate appraiser." *See* 7 Pa. C.S. § 6102.

20. A mortgage loan application is "a request, in any form, for an offer, or a response to a solicitation of an offer, of mortgage loan terms, and the information about the borrower or prospective borrower that is customary or necessary in a decision on whether to make such an offer." *See* 7 Pa. C.S. § 6102.

21. The advance fees requested by Rescue Firm were in connection with the mortgage loan business.

22. The Mortgage Licensing Act requires those collecting advance fees related to the mortgage business to obtain specific bond coverage. *See* 7 Pa. C. S. § 6131(e)(1).

23. Rescue Firm never provided the Department with information that it maintained this required bond coverage.

24. The consumer paid Rescue Firm the advance fees.

25. By collecting advance fees without obtaining the proper bond, Rescue Firm violated the Mortgage Licensing Act.

#### **DEPARTMENT'S AUTHORITY**

26. Section 6138(a)(4) of the Mortgage Licensing Act provides the Department with authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the Mortgage Licensing Act. *See* 7 Pa. C.S. § 6138(a)(4).

27. Section 6138(a)(5) of the Mortgage Licensing Act provides the Department with 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 by the department.” *See* 7 Pa. C.S. § 6138(a)(5).

28. 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 (relating to suspension, revocation or refusal) may be fined by the department up to \$10,000 for each offense.” *See* 7 Pa. C.S. § 6140(a).

**AND NOW, THEREFORE**, since Rescue Firm engaged in unlicensed activity, the Bureau, pursuant to its authority referenced above hereby imposes the following Order:

1. Loan Origination. Upon the Effective Date of this Order<sup>1</sup>, Rescue Firm and any and all officers, members, managers, employees, independent contractors or agents of Rescue Firm shall cease and desist from engaging in the mortgage loan business subject to the Mortgage Licensing Act, including, but not limited to, advertising (including soliciting phone calls), accepting applications and negotiating mortgage loans and mortgage loan modifications in Pennsylvania or to Pennsylvania consumers, unless and until such time that Rescue Firm and all mortgage originators as defined by the Mortgage Licensing Act are licensed by the Department pursuant to the Mortgage Licensing Act.

2. Pipeline Report. Upon the Effective Date of this Order, Rescue Firm shall provide a list of consumers that Rescue Firm has worked with in order to negotiate mortgage loan modifications (the "Pipeline Report"). The Pipeline Report shall include, but is not limited to:

- a. The names, addresses and phone numbers of Pennsylvania consumers that have responded to advertisements or that Rescue Firm has as clients;
- b. The amount of fees collected from the Pennsylvania consumers;
- c. The current rate, term and payment of the Pennsylvania consumers' loans;
- d. The proposed rate, term and payment of the loans subsequent to the loan modification; and
- e. The current status and/or resolution of the loan modification.

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<sup>1</sup> This Order is effective on the tenth (10<sup>th</sup>) day of the date it is executed below if no petition for hearing is timely filed. If a petition for hearing is timely filed, the Order will become effective on the date upon which a final order is issued.

The Pipeline Report shall be sent to John Talalai, Administrator, Compliance Division, at jtalalai@pa.gov, by 5:00 PM eastern time on the Effective Date of this Order. The Pipeline Report shall be updated weekly, until the Bureau no longer requires updates.

5. Advertising. Upon the Effective Date of this Order, Rescue Firm shall provide a list of any websites or copies of any other advertising that Rescue Firm has utilized including, but not limited to, mail solicitations. The information shall be sent to John Talalai, Administrator, Compliance Division, at jtalalai@pa.gov, by 5:00 PM eastern time on the Effective Date of this Order.

6. Contact Information. Upon the Effective Date of this Order, Rescue Firm shall provide a list of all owners, officers and employees of Rescue Firm. The list shall include the name, address telephone number and position of these individuals. The information shall be sent to John Talalai, Administrator, Compliance Division, at jtalalai@pa.gov, by 5:00 PM eastern time on the Effective Date of this Order.

7. Waiver. Nothing in this Order shall prevent Rescue Firm from seeking a waiver from the Department to allow Rescue Firm to complete a loan modification for a Pennsylvania consumer that is listed on the Pipeline Report as provided in Paragraph 2 in order to prevent further harm to the Pennsylvania consumer and for no other reason. Requests for waiver may be made to John Talalai, Administrator, Compliance Division, at jtalalai@pa.gov.

8. Reservation of Rights. Nothing in this Order shall prevent the Bureau from taking any further administrative action as deemed necessary including, but not limited to imposing fines pursuant to Section 6140(a) or (b) of the Mortgage Licensing Act or seeking restitution for consumers.

**IT IS SO ORDERED.**

Redacted

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John Talalai, Administrator  
Department of Banking and Securities,  
Bureau of Compliance and Licensing

10 / 28 / 2014  
(Date)

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST CLASS MAIL

Rescue Firm  
Attn: Paul Williams  
2967 Michelson Drive, #466  
Irvine, CA 92612

Dated this 28<sup>th</sup> day of October, 2014.

Redacted

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