

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

2012 APR 20 AM 10:17

COMMONWEALTH OF PENNSYLVANIA	:	PA DEPT OF BANKING
DEPARTMENT OF BANKING, BUREAU	:	
OF COMPLIANCE AND LICENSING	:	
	:	Docket No. : 12 <u>0049</u> (ENF-ORD)
v.	:	
	:	
1 st AMERICAN LAW CENTER, INC.	:	

NOTICE OF RIGHT TO APPEAL AND HEARING

You, 1st American Law Center, Inc., have the right to appeal the attached 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. 1 Pa. Code § 35.20. 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:

Linnea Freeberg, Docket Clerk
Office of Executive Deputy Secretary
Pennsylvania Department of Banking
17 N. 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, your right to a hearing will be waived 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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v.

1st AMERICAN LAW CENTER, INC.

ORDER

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 and Licensing (“Bureau”) is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department; and

WHEREAS, 1st American Law Center, Inc. (“1st American Law Center”) was a loan modification company which offered services to Pennsylvania consumers; and

WHEREAS, 1st American Law Center was located at 615 Mission Avenue, Oceanside, California 92504; and

WHEREAS, 1st American Law Center utilized the resources of at least one outside attorney firm; and

Unlicensed Activity

WHEREAS, the Department received multiple consumer complaints from Pennsylvania consumers regarding 1st American Law Center; and

WHEREAS, the Pennsylvania consumers alleged that 1st American Law Center failed to perform the services it was contractually obligated to perform; and

WHEREAS, 1st American Law Center refused to refund the fees paid; and

WHEREAS, Pennsylvania consumers responded to advertisements and applied for loan modifications from 1st American Law Center, and paid advance fees for the service; and

WHEREAS, by offering mortgage loans to Pennsylvania consumers, 1st American Law Center has engaged in the “mortgage loan business” as defined in the Mortgage Licensing Act; and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines “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.” 7 Pa. C.S. § 6102; and

WHEREAS, 1st American Law Center was not licensed to engage in the mortgage loan business in Pennsylvania; and

WHEREAS, Section 6111(a) of the Mortgage Licensing Act provides that “. . . 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); and

WHEREAS, the employees of 1st American Law Center that conducted the mortgage loan modification negotiations with third party lenders on behalf of consumers were not licensed as mortgage originators as required by the Mortgage Licensing Act; and 7 Pa. C.S. § 6111(a); and

Federal Action

WHEREAS, on December 16, 2011, five (5) defendants associated with 1st American Law Center pled guilty to conspiracy related to wire fraud, money laundering, tax evasion and criminal forfeiture; and

WHEREAS, the defendants committed these felony crimes as employees of 1st American Law Center; and

WHEREAS, these felony crimes related to the mortgage industry; and

WHEREAS, the consumer contact regarding 1st American Law Center is now the U.S. Attorney's Office Victim/Witness Coordinator, Polly Montano at (619) 557-5527; and

Authority of the Department

WHEREAS, Section 6131(e)(1) of the Mortgage Licensing Act provides that mortgage broker license applicants must obtain and maintain a bond in the amount of \$100,000, and this bond is required before advanced fees may be taken, 7 Pa. C.S. § 6131(e)(1); and

WHEREAS, 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, 7 Pa. C.S. § 6138(a)(4); and

WHEREAS, 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," 7 Pa. C.S. § 6140(a); and

AND NOW, THEREFORE, pursuant to its authority referenced above hereby imposes the following Order:

1. Upon the Effective Date of this Order, 1st American Law Center and any and all officers, members, managers, employees, independent contractors or agents of 1st American Law Center, or any parent, affiliate or subsidiary, shall cease and desist from offering, soliciting, negotiating or providing mortgage loan modifications or otherwise engaging in the mortgage loan business subject to the Mortgage Licensing Act, including, but not limited to, advertising (including website advertising), accepting applications and negotiating mortgage loans and mortgage loan modifications in Pennsylvania or to Pennsylvania consumers.

2. Upon the Effective Date of this Order, 1st American Law Center shall cease and desist collecting any advance fees from any Pennsylvania resident.

3. 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.

~~John Dalalai~~, Administrator
Department of Banking,
Bureau of Compliance and Licensing

4/19/2012
(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

1st American Law Center, Inc.
615 Mission Ave.
Oceanside, CA 92504

Dated this 20th day of April, 2012

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