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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-09-256-10-CO02

FEDERAL LOAN MODIFICATION LAW CENTER,
LLP, d/b/a FLM LAW CENTER, FEDERAL LOAN
MODIFICATION, AND FEDERAL LOAN
MODIFICATION LAW CENTER, JEFFREY
BROUGHTON, Principal, NABILE ANZ, Principal,
BOAZ MINITZER, Principal, and STEVEN
OSCHEROWITZ, Principal,

CONSENT ORDER FOR
STEVEN OSCHEROWITZ

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Steven Oscherowitz (hereinafter Respondent), and finding that the issues raised in the above-captioned matter as it relates to Respondent may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters as it relates to Respondent alleged in Statement of Charges No. C-09-256-09-SC01 (Statement of Charges), entered November 24, 2009, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter as they relate to Respondent may be economically and efficiently

CONSENT ORDER
C-09-256-10-CO02
STEVEN OSCHEROWITZ

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of
2 Charges as it relates to Respondent and agree that Respondent does not admit any wrongdoing by its entry.
3 Respondent is agreeing not to contest the Statement of Charges in consideration of the terms of this Consent
4 Order.

5 Based upon the foregoing:

6 A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of the
7 activities discussed herein.

8 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing
9 before an administrative law judge, and hereby waives his right to a hearing and any and all administrative and
10 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondent,
11 by his signature below, withdraws his appeal to the Office of Administrative Hearings.

12 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the Statement of
13 Charges as it relates to Respondent and agree that Respondent does not admit to any wrongdoing by its entry.

14 D. **Cease and Desist.** It is AGREED that Respondent will cease and desist offering loan modification
15 services or otherwise conduct the business of a consumer loan company, mortgage broker, or loan originator in the
16 State of Washington.

17 E. **Prohibition from Industry.** It is AGREED that Respondent is prohibited from participating in the
18 conduct of the affairs of any escrow agent, mortgage broker, money transmitter, consumer lender, or check casher
19 or seller licensed by the Department or any person subject to licensure or regulation by the Department or any
20 mortgage broker exempt from Washington law for 10 years from the date of entry of this Consent Order in any
21 capacity, including but not limited to: (1) any financial capacity whether active or passive or (2) as an officer,
22 director, principal, designated broker, employee, or loan originator or (3) any management, control, oversight or
23 maintenance of any trust account(s) in any way related to any residential mortgage transaction or (4) receiving,
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1 disbursing, managing or controlling in any way, consumer trust funds in any way related to any residential
2 mortgage transaction.

3 **F. Agreement Not To Apply.** It is AGREED that Respondent will not apply for any license issued by
4 the Department pursuant to the Mortgage Broker Practices Act, Consumer Loan Act, Escrow Agent Registration
5 Act, Check Cashers and Seller Act, and Uniform Money Services Act, for a period of 10 years from the entry of
6 this Consent Order. It is further AGREED that should Respondent apply for a license with the Department after
7 the 10 year period, he will be required to comply with all licensing requirements in effect at the time of
8 application.

9 **G. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee
10 of \$888, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this
11 Consent Order.

12 **H. Cooperation with Department.** It is AGREED that Respondent shall cooperate and freely,
13 voluntarily, and truthfully provide information or testimony, if called upon, regarding his relationship with, and
14 the business practices of Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Nabile Anz, and
15 Boaz Minitzer.

16 **I. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to abide
17 by the terms and conditions of this Consent Order may result in further legal action by the Director. In the
18 event of such legal action, Respondent may be responsible to reimburse the Director for the cost incurred in
19 pursuing such action, including but not limited to, attorney fees.

20 **J. Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily entered into
21 this Consent Order, which is effective when signed by the Director's designee.

22 **K. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read this Consent
23 Order in its entirety and fully understands and agrees to all of the same.

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3 **RESPONDENT:**

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5 _____
6 Steven Oscherowitz

12/21/10
Date

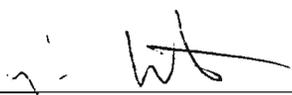
7 DO NOT WRITE BELOW THIS LINE

8 THIS ORDER ENTERED THIS 10th DAY OF December, 2010.



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10 _____
11 DEBORAH BORTNER
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

13 Presented by:

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15 _____
16 WILLIAM HALSTEAD
17 Financial Legal Examiner

18 Approved by:

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20 _____
21 JAMES R. BRUSSELBACK
22 Enforcement Chief

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-09-256-09-SC01

FEDERAL LOAN MODIFICATION LAW CENTER,
LLP, d/b/a FLM LAW CENTER, FEDERAL LOAN
MODIFICATION, AND FEDERAL LOAN
MODIFICATION LAW CENTER, JEFFREY
BROUGHTON, Principal, NABILE ANZ, Principal,
BOAZ MINITZER, Principal, and STEVEN
OSCHEROWITZ, Principal,

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO ENTER AN ORDER TO CEASE
AND DESIST, PROHIBIT FROM INDUSTRY,
IMPOSE FINE, ORDER RESTITUTION, AND
COLLECT INVESTIGATION FEES

Respondents.

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INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial
Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the
Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to RCW 19.146.235, and
based upon the facts available as of the date of this Statement of Charges, the Director, through his designee,
Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
Modification, and Federal Loan Modification Law Center (FLM)** is a California limited liability partnership
with its principal place of business at 9460 Balboa Boulevard, Northridge, California, 90048. Respondent FLM
has never been licensed to conduct the business of a Consumer Loan Company or Mortgage Broker by the
Department of Financial Institutions.

¹ RCW 19.146 (2006)

1 B. **Nabile Anz (Anz)** is a Principal of FLM. Respondent Anz has never been licensed to conduct
2 the business of a Consumer Loan Company (RCW 31.04), Mortgage Broker, or Loan Originator by the
3 Department of Financial Institutions.

4 C. **Jeffrey Broughton (Broughton)** is a Principal of FLM. Respondent Broughton has never been
5 licensed to conduct the business of a Consumer Loan Company (RCW 31.04), Mortgage Broker, or Loan
6 Originator by the Department of Financial Institutions.

7 D. **Boaz Minitzer (Minitzer)** is a Principal of FLM. Respondent Minitzer has never been
8 licensed to conduct the business of a Consumer Loan Company (RCW 31.04), Mortgage Broker, or Loan
9 Originator by the Department of Financial Institutions.

10 E. **Steven Oscherowitz (Oscherowitz)** is a Principal of FLM. Respondent Minitzer has never
11 been licensed to conduct the business of a Consumer Loan Company (RCW 31.04), Mortgage Broker, or Loan
12 Originator by the Department of Financial Institutions.

13 **1.2 Unlicensed Activity.** Between at least December 2008 and June 2009, Respondent FLM assisted at
14 least 7 borrowers in applying to obtain a loan modification on property located in the State of Washington. The
15 borrowers involved in these loan modifications paid fees to Respondent FLM totaling at least \$9,985 as follows:

Borrower C.M.H	\$ 3,000
Borrower B.K.	\$ 1,500
Borrower T.D.	\$ 3,495
Borrower R.R.B.	\$ 995
Borrower J.R.	\$ 995
Borrower C.E.	\$ 750
Total	\$10,735

20 Borrower K.J. paid Respondent FLM fees totaling \$2,995, but was refunded the fees when she hired an
21 attorney only to accrue attorney's fees totaling \$500. Borrower K.J. did not receive a loan modification as
22 guaranteed by Respondent FLM. Additionally, other borrowers may have paid fees to Respondent FLM.

23 **1.3 Prohibited Practices.** Respondents, through advertising and employee statements, represented to the 7
24 borrowers (see Paragraph 1.2) that they could obtain a loan modification from their lender if they hired
25 Respondent FLM. Respondent FLM obtained payment for services up-front from borrowers and collected the

1 borrowers' personal and financial information. Respondent FLM entered into contracts with borrowers that
2 promised it would use "best efforts" to change the borrowers' current loan situation. Respondent FLM did not
3 obtain loan modifications for the 7 borrowers. Respondent FLM ceased communications with the borrowers
4 and did not respond to the borrowers' requests for refunds of their up-front fees.

5 **1.4 Failing to Respond to Directives and Comply with Investigative Authority.** Between March 2009
6 and August 2009, the Department issued directives to Respondent FLM requesting information and documents
7 regarding the agreements with the borrowers in Paragraph 1.2. Respondent FLM did not provide the
8 information and documents requested in the directives.

9 **1.5 Federal Trade Commission Action.** On April 3, 2009, the Federal Trade Commission filed a
10 Complaint¹ against Respondents in the U.S. District Court for the Central District of California. On April 24,
11 2009, the U.S. District Court for the Central District of California entered a Preliminary Injunction against
12 Respondents enjoining Respondents' loan modification activities.

13 **1.6 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
14 Respondents continues to date.

15 II. GROUNDS FOR ENTRY OF ORDER

16 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-006,
17 "Mortgage Broker" any person who for compensation or gain, or in the expectation of compensation or gain (a)
18 assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out
19 as being able to assist a person in obtaining or applying to obtain a residential mortgage loan.

20 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10) and WAC 208-660-006, means a
21 natural person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or
22 negotiates terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct
23 or indirect compensation or gain. "Loan originator" also includes a person who holds themselves out to the
24 public as able to perform any of these activities. "Loan originator" does not mean persons performing purely

25 ¹ On June 23, 2009, the Complaint was amended to add additional relief defendants.

1 administrative or clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or
2 clerical tasks" means the receipt, collection, and distribution of information common for the processing of a
3 loan in the mortgage industry and communication with a borrower to obtain information necessary for the
4 processing of a loan. A person who holds himself or herself out to the public as able to obtain a loan is not
5 performing administrative or clerical tasks.

6 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010(3), "Borrower" means any person who consults
7 with or retains a mortgage broker or loan originator in an effort to obtain or seek advice or information on
8 obtaining or applying to obtain a residential mortgage loan for himself, herself, or persons including himself or
9 herself, regardless of whether the person actually obtains such a loan.

10 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
11 apparent violation of RCW 19.146.0201(1), (2), (3), and (4) for directly or indirectly employing a scheme,
12 device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive
13 practice toward any person, obtaining property by fraud or misrepresentation, or soliciting or entering into a
14 contract with a borrower that provides in substance that the mortgage broker may earn a fee or commission
15 through the mortgage broker's "best efforts" to obtain a loan even though no loan is obtained for the borrower.

16 **2.5 Requirement to Comply with Investigation.** Based on the Factual Allegations set forth in Section I
17 above, Respondents are in apparent violation of RCW 19.146.235 and WAC 208-660-520 for failing to comply
18 with the Department's investigation authority.

19 **2.6 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section
20 I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the business of a mortgage
21 broker or loan originator without first obtaining and maintaining a license under the Act. Individuals
22 negotiating residential mortgage loan terms act as mortgage brokers or loan originators and must be licensed
23 under the Act unless specifically exempt from the Act.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the Director may
3 issue orders directing a licensee, its employee or loan originator, independent contractor, agent, or other person
4 subject to the Act to cease and desist from conducting business.

5 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
6 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
7 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
8 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or RCW
9 19.146.200.

10 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2) and WAC 208-660-530, the Director may
11 impose fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for
12 any violations of RCW 19.146.200 or failure to comply with a directive or order of the Director.

13 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may issue orders directing
14 a licensee or other person subject to the Act, to pay restitution for any violation of the Act.

15 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-550(4) and
16 WAC 208-660-520(9), upon completion of any investigation of the books and records of a licensee or other person
17 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
18 the cost of the investigation. The investigation charge will be calculated at the rate of forty-eight dollars (\$48) per
19 hour that each staff person devoted to the investigation.

20 **IV. NOTICE OF INTENTION TO ENTER ORDER**

21 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
22 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
23 for the entry of an Order under RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the
24 Director's intention to ORDER that:

- 1 **4.1** Respondents Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
 2 Modification, and Federal Loan Modification Law Center, and Jeffrey Broughton, Nabile Anz, Boaz
 3 Minitzer and Steven Oscherowitz, cease and desist offering loan modification services or otherwise
 conducting the business of a consumer loan company, mortgage broker or loan originator in the State of
 Washington;
- 4 **4.2** Respondent Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
 5 Modification, and Federal Loan Modification Law Center be prohibited from participation in the
 6 conduct of the affairs of any consumer loan company or mortgage broker subject to licensure by the
 Director, in any manner, for a period of five (5) years;
- 7 **4.3** Respondent Jeffrey Broughton be prohibited from participation in the conduct of the affairs of any
 8 consumer loan company or mortgage broker subject to licensure by the Director, in any manner, for a
 period of five (5) years;
- 9 **4.4** Respondent Nabile Anz be prohibited from participation in the conduct of the affairs of any consumer loan
 10 company or mortgage broker subject to licensure by the Director, in any manner, for a period of five (5)
 years;
- 11 **4.5** Respondent Boaz Minitzer be prohibited from participation in the conduct of the affairs of any consumer
 12 loan company or mortgage broker subject to licensure by the Director, in any manner, for a period of five
 (5) years;
- 13 **4.6** Respondents Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
 14 Modification, and Federal Loan Modification Law Center, and Jeffrey Broughton, Nabile Anz, Boaz
 Minitzer and Steven Oscherowitz jointly and severally pay a fine, which as of the date of these charges
 totals \$30,400;
- 15 **4.7** Respondents Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
 16 Modification, and Federal Loan Modification Law Center, and Jeffrey Broughton, Nabile Anz, Boaz
 Minitzer and Steven Oscherowitz jointly and severally pay restitution totaling \$11,235, in the amounts
 listed below, to the following borrowers:
- | | | |
|----|----------------------|---------------|
| 17 | Borrower C.M.H | \$ 3,000 |
| | Borrower B.K. | \$ 1,500 |
| 18 | Borrower T.C. | \$ 3,495 |
| | Borrower R.R.B. | \$ 995 |
| 19 | Borrower J. R. | \$ 995 |
| | Borrower K.J. | \$ 500 |
| 20 | <u>Borrower C.E.</u> | <u>\$ 750</u> |
| | Total Restitution | \$11,235 |
- 21 **4.8** Respondents Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
 22 Modification, and Federal Loan Modification Law Center, and Jeffrey Broughton, Nabile Anz, Boaz
 Minitzer and Steven Oscherowitz jointly and severally pay an investigation fee, which as of the date of
 23 these charges totals \$720, calculated at \$48 per hour for the 15 staff hours devoted to the investigation; and
- 24 **4.9** Respondents Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan
 25 Modification, and Federal Loan Modification Law Center, and Jeffrey Broughton, Nabile Anz, Boaz
 Minitzer and Steven Oscherowitz maintain records in compliance with the Act and provide the

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Department with the location of the books, records and other information relating to Respondent Federal Loan Modification Law Center, LLP, d/b/a FLM Law Center, Federal Loan Modification, and Federal Loan Modification Law Center's mortgage broker (loan modification) business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Prohibit From Industry, Impose Fine, Order Restitution, and Collect Investigation Fee is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 24th day of November, 2009.



DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:



WILLIAM HALSTEAD
Financial Legal Examiner



Approved by:



JAMES R. BRUSSELBACK
Enforcement Chief