

ORDER SUMMARY – Case Number: C-11-0683

Name(s): Legal Modification Firm, L.C.
Christopher Leslie Persaud

Order Number: C-11-0683-12-CO01

Effective Date: November 2, 2012

License Number: U/L
 Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: N/A

Not Apply Until: Permanent

Not Eligible Until: _____

Prohibition/Ban Until: Permanent

Investigation Costs	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$11,440	Due NOW	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:	4			

Comments: _____

**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:

LEGAL MODIFICATION FIRM, L.C., and
CHRISTOPHER LESLIE PERSAUD, Owner and
Unlicensed Loan Originator,

Respondents.

No.: C-11-0683-12-CO01

CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Legal Modification Firm, L.C. (Respondent Firm), and Christopher Leslie Persaud (Respondent Persaud), and finding that the issues raised in the above-captioned matter 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 the 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 Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-11-0683-12-SC01 (Statement of Charges), entered March 13, 2012, (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, Respondents hereby agree to the Department’s entry of this Consent Order and further agree that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

1 Based upon the foregoing:

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

4 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
5 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all
6 administrative and judicial review of the issues raised in this matter, or of the resolution reached
7 herein. Accordingly, Respondents, by their signatures below, withdraw their appeal to the Office of
8 Administrative Hearings.

9 C. **Admissions.** It is AGREED that Respondents admit to the following facts.

- 10 • Respondent Firm has never been licensed by the Department to conduct business as a
11 mortgage broker.
- 12 • Respondent Persaud is the owner of Respondent Firm.
- 13 • Respondent Persaud has never been licensed by the Department to conduct business as
14 a mortgage broker or loan originator.
- 15 • Respondent Persaud has never been licensed to practice law in the state of
16 Washington.
- 17 • From at least in or around December 2009 through at least in or around February
18 2010, Respondents offered to provide four consumers located in the state of
19 Washington with residential mortgage loan modification services related to residential
20 mortgage loans secured by real property located in the state of Washington, and
21 collected \$11,440 in advance fees from these four consumers as identified in
22 paragraph 1.2 of the Statement of Charges.

23 D. **Mortgage Broker Activity.** It is AGREED that Respondents shall cease and desist from
24 conducting the business of a mortgage broker without obtaining and maintaining a mortgage broker
license or qualifying for an exemption under the Act.

1 E. **Loan Originator Activity.** It is AGREED that Respondent Persaud shall cease and desist
2 from conducting the business of a loan originator without obtaining and maintaining a loan originator
3 license or qualifying for an exemption under the Act.

4 F. **Prohibition from Industry.** It is AGREED that Respondents are permanently prohibited
5 from participating in the conduct of the affairs of any mortgage broker licensed by the Department or
6 subject to licensure or regulation by the Department under the Act, in any capacity.

7 G. **Application for License.** It is AGREED that Respondents shall never apply to the
8 Department for any license under any name or on behalf of any person or entity.

9 H. **Restitution.** It is AGREED that Respondents owe and shall pay restitution totaling
10 \$11,440 to four consumers as identified and itemized in paragraph 1.2 of the Statement of Charges.
11 It is further AGREED that, pursuant to a stipulation entered in State Bar Court of California case
12 number 10-O-00677 in or around January 2012 (California Bar Stipulation), Respondent Persaud has
13 agreed with the State Bar of California to pay this same restitution to these same four consumers.
14 The amount of restitution owed to each borrower pursuant to the California Bar Stipulation and this
15 Consent Order is as follows:

<u>Consumer</u>	<u>Restitution</u>	<u>California Bar Case Number</u>
████	\$2,500	██████████
████	\$2,450	██████████
████	\$2,995	██████████
████████████████	\$3,495	██████████

19 Upon payment of this restitution to these four consumers, Respondents shall notify the Department of
20 such payment in writing and provide the Department with written proof of payment consisting of a
21 copy of each cashier’s check or a copy of the front and back of each cancelled check.

22 I. **Declaration of Financial Condition.** It is AGREED that Respondents have provided the
23 Department with Declarations comprehensively describing their current financial condition and

1 representing their current inability to pay the restitution, fine, and investigation fee sought in the
2 Statement of Charges. It is further AGREED that, based on these Declarations, the Department has
3 agreed to enter this Consent Order without imposing a fine or investigation fee on Respondents and
4 without requiring the immediate payment of restitution. Nothing in this paragraph shall be construed
5 as relieving Respondents from the obligation to pay the \$11,440 restitution described in paragraph H
6 of this Consent Order.

7 **J. Records Retention.** It is AGREED that Respondents shall maintain records in
8 compliance with the Act and provide the Director with the location of the books, records and other
9 information relating to Respondent Firm's mortgage broker business, and the name, address and
10 telephone number of the individual responsible for maintenance of such records in compliance with
11 the Act.

12 **K. Authority to Execute Order.** It is AGREED that the undersigned has represented and
13 warranted that he has the full power and right to execute this Consent Order on behalf of the party
14 represented.

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

19 **M. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily
20 entered into this Consent Order, which is effective when signed by the Director's designee.

21 **N. Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read
22 this Consent Order in its entirety and fully understand and agree to all of the same.

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1 **RESPONDENTS:**

2 **Legal Modification Firm, L.C.**

3 By:

4 /s/

Christopher Leslie Persaud
5 Owner

11/2/2012

Date

6 /s/

7 Christopher Leslie Persaud
Individually

11/2/2012

Date

8 **DO NOT WRITE BELOW THIS LINE**

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10
11 THIS ORDER ENTERED THIS 2nd DAY OF November, 2012

12
13 /s/

DEBORAH BORTNER

14 Director

15 Division of Consumer Services

Department of Financial Institutions

16 Presented by:

17
18 /s/

MARK T. OLSON

19 Financial Legal Examiner

20 Approved by:

21 /s/

22 CHARLES E. CLARK

23 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:

LEGAL MODIFICATION FIRM, L.C., and
CHRISTOPHER LESLIE PERSAUD, Owner and
Unlicensed Loan Originator,

Respondents.

No. C-11-0683-12-SC01

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

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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)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. **Legal Modification Firm, L.C. (Respondent Firm)** is a California corporation.
Respondent Firm has never been licensed by the Department of Financial Institutions of the State of
Washington (Department) to conduct business as a mortgage broker.

B. **Christopher Leslie Persaud (Respondent Persaud)** is the owner of Respondent
Firm. Respondent Persaud has never been licensed by the Department to conduct business as a

¹ RCW 19.146 (2009)

1 mortgage broker or loan originator. Respondent Persaud has never been licensed to practice law in
2 the state of Washington.

3 **1.2 Unlicensed Activity.** From at least in or around December 2009 through at least in or around
4 February 2010, Respondents offered to provide at least four consumers located in the state of
5 Washington with residential mortgage loan modification services related to residential mortgage
6 loans secured by real property located in the state of Washington, and collected at least \$11,440 in
7 advance fees from at least these consumers as follows:

<u>Consumer</u>	<u>Advance Fee</u>
[REDACTED]	\$2,500
[REDACTED]	\$2,450
[REDACTED]	\$2,995
[REDACTED]	\$3,495

11 **1.3 Prohibited Acts.** The Department received complaints from at least two of the consumers
12 identified in paragraph 1.2 of this Statement of Charges, alleging Respondents did not provide
13 residential mortgage loan modification services and did not refund any of the advance fees paid by
14 the consumers.

15 **1.4 Failure to Respond to Directives and Subpoenas.** On or about August 11, 2010, and on or
16 about January 11, 2011, the Department issued Directive 35967 and Directive 37163, respectively, to
17 Respondents. Each directed Respondents to provide the Department with a complete list of all
18 transactions in which Respondents had provided loan modification services for properties or
19 consumers located in the state of Washington, and either: a completed Claim of Non-Applicability of
20 the Mortgage Broker Practices Act form, including an explanation of why Respondents were not
21 subject to licensure; or, a completed Declaration and Agreement to Cease and Desist form
22 acknowledging Respondents were required to be licensed and agreeing to cease conducting business
23

1 as a mortgage broker or loan originator until such time as Respondents had obtained the appropriate
2 licenses.

3 On or about October 26, 2010, and on or about March 18, 2011, the Department issued
4 Subpoena 35967 and Subpoena 37163, respectively, to Respondents. Each compelled Respondents
5 to respond to Directive 35967 and Directive 37163, respectively. On or about January 10, 2011, and
6 on or about April 28, 2011, Respondent Persaud told Department personnel that he would be
7 responding to these directives and subpoenas. As of the date of this Statement of Charges,
8 Respondents have not responded to these directives and subpoenas.

9 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
10 Act by Respondents continues to date.

11 II. GROUNDS FOR ENTRY OF ORDER

12 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(14), "Mortgage broker"
13 means any person who for compensation or gain, or in the expectation of compensation or gain (a)
14 assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or
15 herself out as being able to assist a person in obtaining or applying to obtain a residential mortgage
16 loan.

17 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(11), "Loan originator" means
18 a natural person who for direct or indirect compensation or gain, or in the expectation of direct or
19 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
20 offers or negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform
21 any of these activities.

22 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
23 are in apparent violation of RCW 19.146.0201(1), (2) & (3) for directly or indirectly employing a

1 scheme, device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an
2 unfair or deceptive practice toward any person, and obtaining property by fraud or misrepresentation.

3 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
4 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
5 for engaging in the business of a mortgage broker without first obtaining and maintaining a license
6 under the Act.

7 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
8 Allegations set forth in Section I above, Respondent Persaud is in apparent violation of RCW
9 19.146.200(1) for engaging in the business of a loan originator without first obtaining and
10 maintaining a license under the Act.

11 **2.6 Requirement to Comply with Directives and Subpoenas.** Based on the Factual Allegations
12 set forth in Section I above, Respondents are in apparent violation of RCW 19.146.235, WAC 208-
13 660-520, and WAC 208-660-530, for failing to comply with a directive of the Director. Pursuant to
14 WAC 208-660-530, a directive is a formal request for information from the Director and may be
15 entitled "directive" or "subpoena."

16 **2.7 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
17 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
18 location that is on file with and readily available to the Department until at least twenty-five months
19 have elapsed following the effective period to which the books and records relate.

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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
3 Director may issue orders directing a licensee, its employee, loan originator, independent contractor,
4 agent, or other person subject to the Act to cease and desist from conducting business.

5 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
6 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
7 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
8 mortgage broker or any person subject to licensing under the Act for: any violation of RCW
9 19.146.0201(1) through (9) or (13), or RCW 19.146.200; or failure to comply with any directive or
10 order of the Director.

11 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
12 restitution against licensees or other persons subject to the Act for any violation of the Act.

13 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
14 against a licensee or other persons subject to the Act for: failure to comply with any directive, order,
15 or subpoena of the Director; or any violation of the Act. Pursuant to RCW 19.146.220(3), the
16 Director may impose fines on an employee, loan originator, independent contractor, or agent of the
17 licensee, or other person subject to the Act, for: any violations of RCW 19.146.0201(1) through (9) or
18 (13), or RCW 19.146.200; or failure to comply with any directive or order of the Director.

19 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
20 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time
21 devoted to an investigation of a licensee or other person subject to the Act.

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

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

6 **4.1** Respondents Legal Modification Firm, L.C., and Christopher Leslie Persaud cease and
7 desist from conducting the business of a mortgage broker without obtaining and
8 maintaining a mortgage broker license or qualifying for an exemption from licensure
9 under the Act.

10 **4.2** Respondent Christopher Leslie Persaud cease and desist from conducting the business
11 of a loan originator without obtaining and maintaining a loan originator license or
12 qualifying for an exemption from licensure under the Act.

13 **4.3** Respondent Legal Modification Firm, L.C. be prohibited from participation in the
14 conduct of the affairs of any mortgage broker subject to licensure by the Director, in
15 any manner, for a period of five years.

16 **4.4** Respondent Christopher Leslie Persaud be prohibited from participation in the conduct
17 of the affairs of any mortgage broker subject to licensure by the Director, in any
18 manner, for a period of five years.

19 **4.5** Respondents Legal Modification Firm, L.C., and Christopher Leslie Persaud jointly
20 and severally pay a fine. As of the date of this Statement of Charges, the fine totals
21 \$25,000.

22 **4.6** Respondents Legal Modification Firm, L.C., and Christopher Leslie Persaud jointly
23 and severally pay restitution totaling the amount collected for all consumers for
24 residential mortgage loan modification services related to real property or consumers
located in the state of Washington, including at least \$11,440 to at least the four
consumers identified in paragraph 1.2 of this Statement of Charges.

4.7 Respondents Legal Modification Firm, L.C., and Christopher Leslie Persaud jointly
and severally pay an investigation fee. As of the date of this Statement of Charges, the
investigation fee totals \$1,056.

4.8 Respondents Legal Modification Firm, L.C., and Christopher Leslie Persaud maintain
records in compliance with the Act and provide the Department with the location of
the books, records and other information relating to Respondents' mortgage broker
business, and the name, address and telephone number of the individual responsible
for maintenance of such records in compliance with the Act.

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

7
8 Dated this 13th day of March, 2012



9 [Redacted signature]

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

14 Presented by: 1

[Redacted signature]

15
16 MARK T. OLSON
17 Financial Legal Examiner

18 Approved by:

19 [Redacted signature]

20 JAMES R. BRUSSELBACK
21 Enforcement Chief