

## ORDER SUMMARY – Case Number: C-17-2169

<b>Name(s):</b>	NF Enterprises Inc. and Mr. Masoud Sedghinasab
<b>Order Number:</b>	C-17-2169-18-CO01
<b>Effective Date:</b>	June 8, 2018
<b>License Number:</b>	N.F. Enterprises: NMLS 108306; Mr. Sedghinasab: NMLS 112686
<b>License Effect:</b>	NF Enterprises Inc.'s Mortgage Broker license, and Mr. Sedghinasab's Loan Originator license, are suspended for two years contingent upon compliance with the Act, this CO, and a satisfactory Compliance Examination risk rating.

<b>Investigation Costs:</b>	\$ 1,700	Due: Upon delivery of signed CO	Paid: <input checked="" type="checkbox"/> Y	Date: May 30, 2018
<b>Fine:</b> \$30,000 total, with 1/2 Due and 1/2 Stayed	\$ 5,000	Due: Upon delivery of signed CO	Paid: <input checked="" type="checkbox"/> Y	Date: May 30, 2018
<b>Lifted Fine:</b> \$15,000 Stayed Fine Lifted	\$15,000	Due: Upon delivery of signed Consent Order No. C-20-2832-20-CO01	Paid: <input checked="" type="checkbox"/> Y	Date: December 9, 2020

Payment of the \$15,000 Paid fine is as follows: \$5,000 paid upon delivery of the signed CO to the Department; \$5,000 paid within six months of entry of the CO; and \$5,000 paid within twelve months of entry of the CO. The \$15,000 Stayed fine is stayed contingent upon compliance with the Act, the CO, and a satisfactory Compliance Examination risk rating.

Comments: N.F. Enterprises must, within 30 days of the entry of the CO, purchase, install, and begin utilization of a compliance review software program, not objectionable to the Department, designed for continuous compliance review of residential mortgage loans subject to the Act.

In addition, within two years of the entry of the CO, at their cost, the Department will conduct a compliance examination of their business practices, policies, and procedures, including compliance with the CO. At the conclusion of the compliance examination, a ROE Risk Rating will be generated by the Department. A Risk Rating of 1 or 2 will result in the Stayed Suspensions and Fine expiring without further notice or action by the Department; a Risk Rating of 3 *may* result in the Department lifting the Stayed Suspensions or Fine and imposing the Stayed Suspensions or Fine; and a Risk Rating of 4 or 5 *will* result in the Department lifting the Stayed Suspensions and Fine, imposing the Stayed Suspensions and Fine, and may result in the impositions of other sanctions necessary for the protection of the public.

December 9, 2020: \$15,000 Stayed Fine was lifted and paid upon delivery of Consent Order No. C-20-2832-20-CO01.



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

6           **C. License Suspensions (Stayed).** It is AGREED and ORDERED that Respondent NF Enterprises Inc.'s  
7 Mortgage Broker license and Respondent Sedghinasab's Loan Originator license are suspended for two years. It is  
8 FURTHER AGREED and ORDERED that contingent upon Respondents' compliance with the Act, this Consent  
9 Order, and a satisfactory Compliance Examination risk rating as set forth in Paragraph F, the suspensions shall be  
10 stayed (Stayed Suspensions) for two years unless lifted pursuant to Paragraph G. If the Department does not seek  
11 to lift the stay and impose the Stayed Suspensions pursuant to Paragraph G, the Stayed Suspensions shall expire  
12 without further notice or action by the Department.

13           **D. Fine (Partially Stayed).** It is AGREED and ORDERED that Respondents shall pay a \$30,000 fine to  
14 the Department, with \$5,000 paid upon Respondents' delivery of the signed Consent Order to the Department;  
15 \$5,000 paid within six months of entry of this Consent Order; and \$5,000 paid within twelve months of entry of  
16 this Consent Order. All payments must be made in the form of a cashier's check made payable to the "Washington  
17 State Treasurer." It is FURTHER AGREED and ORDERED that contingent upon Respondents' compliance with  
18 the Act, this Consent Order, and a satisfactory Compliance Examination risk rating as set forth in Paragraph F,  
19 payment of the \$15,000 balance (the Stayed Fine) shall be stayed for two years unless lifted pursuant to Paragraph  
20 G. If the Department does not seek to lift the stay and impose the Stayed Fine pursuant to Paragraph G, the Stayed  
21 Fine shall expire without further notice or action by the Department.

22           **E. Loan Compliance Review.** It is AGREED and ORDERED that Respondents shall, within thirty (30)  
23 days of the entry of this Consent Order, purchase, install, and begin utilization of a compliance review software  
24 program, not objectionable to the Department, designed for continuous compliance review of residential mortgage  
25 loans subject to the Act. It is FURTHER AGREED and ORDERED that Respondent Sedghinasab shall routinely

1 note any deficiencies in loan origination, processing, or underwriting identified by the compliance review software  
2 program, and implement new policies and procedures designed to detect, correct, and prevent further deficiencies.

3 **F. Compliance Examination.** It is AGREED and ORDERED that subject to the Department's availability,  
4 within two years of the entry of this Consent Order, at Respondent's cost, the Department will conduct a  
5 compliance examination of Respondents' business practices, policies, and procedures, including Respondents'  
6 compliance with this Consent Order. At the conclusion of the compliance examination, a Report of Examination  
7 (ROE) Risk Rating will be generated by the Department. It is further AGREED and ORDERED that a Risk Rating  
8 of 1 or 2 will result in the Stayed Suspensions and Fine expiring without further notice or action by the  
9 Department; a Risk Rating of 3 *may* result in the Department lifting the Stayed Suspensions or Fine and imposing  
10 the Stayed Suspensions or Fine on Respondents pursuant to Paragraph G; and a Risk Rating of 4 or 5 *will* result in  
11 the Department lifting the Stayed Suspensions and Fine, imposing the Stayed Suspensions and Fine on  
12 Respondents pursuant to Paragraph G, and may result in the impositions of other sanctions necessary for the  
13 protection of the public.

14 **G. Lifting of Stays and Imposition of Stayed Suspensions and/or Fine.** It is AGREED and ORDERED  
15 that:

- 16 1. If during the two-year stays the Department determines Respondents have not complied with the  
17 Act, this Consent Order, or if Respondent NF Enterprises receives an examination rating of 3, 4,  
18 or 5, and the Department seeks to lift the stays and impose the Stayed Suspensions and/or Fine,  
19 the Department will first serve Respondents with a written notice of alleged noncompliance.
- 20 2. The notice will include:
  - 21 a. A description of the alleged noncompliance;
  - 22 b. A statement that the Department seeks to lift the stays and impose the Stayed Suspensions and/or  
23 Fine;
  - 24 c. Notice that Respondents can contest the notice of alleged noncompliance by either requesting an  
25 adjudicative hearing before an Administrative Law Judge (ALJ) from the Office of  
Administrative Hearings or by submitting a written response to the Department contesting the  
alleged noncompliance; and
  - d. Notice that the process for lifting the stays applies only to this Consent Order.
3. Respondents have twenty (20) days from the date of service of the notice of alleged  
noncompliance to submit a written request to the Department for an adjudicative hearing or, in  
lieu thereof, a written response contesting the alleged noncompliance.

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- 1 4. The scope and issues of the adjudicative hearing are limited solely to whether or not Respondents  
2 are in violation of the terms of the Act, this Consent Order, or that Respondents received an  
examination rating of 3, 4, or 5.
- 3 5. At the conclusion of the adjudicative hearing, the ALJ will issue an initial decision. Either party  
4 may file a Petition for Review of that initial decision with the Director of the Department.
- 5 6. In lieu of requesting an adjudicative hearing, within twenty (20) days from the date of service of  
6 the notice of alleged noncompliance, any Respondent may submit a written response for  
7 consideration by the Department contesting the alleged noncompliance. The response must  
8 include that Respondent's waiver of the right to an adjudicative hearing, may address the alleged  
9 noncompliance, and may seek an alternative resolution to lifting the stays.
- 10 7. **Default.** If either Respondent does not timely request an adjudicative hearing or submit a written  
11 response contesting the notice of alleged noncompliance, the Department may lift the stays and  
12 impose the Stayed Suspensions and/or Fine as to that Respondent without further notice.

13 **H. Investigation Fee.** It is AGREED and ORDERED that Respondents shall pay to the Department an  
14 investigation fee of \$1,700 upon Respondents' delivery of the signed Consent Order to the Department. The  
15 Investigation Fee plus the initial \$5,000 payment towards the Fine may be paid together in one \$6,700 cashier's  
16 check made payable to the "Washington State Treasurer."

17 **I. Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted that  
18 they have the full power and right to execute this Consent Order on behalf of the parties represented.

19 **J. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to abide by the  
20 terms of this Consent Order may result in further legal action by the Director at Respondents' cost and expense.

21 **K. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this Consent  
22 Order, which is effective when signed by the Director's designee.

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

25 **M. Counterparts.** This Consent Order may be executed by the Respondents in any number of counterparts,  
including by facsimile or e-mail of a .pdf or similar file, each of which shall be deemed to be an original, but all of  
which, taken together, shall constitute one and the same Consent Order.

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1 **NF Enterprises, Inc. by:**

**Individually by:**

2  
3  
4 /s/ \_\_\_\_\_ 5/14/18  
Masoud Sedghinasab, Owner and President Date

/s/ \_\_\_\_\_ 5/14/18  
Masoud Sedghinasab, Individually Date

5 **Approved for Entry by:**

6  
7 /s/ \_\_\_\_\_ 5/24/18  
Jessica M. Creager, Esq., WSBA No. 42183 Date  
Rosenberg Law Group, PLLC  
8 Attorneys for Respondents

9 **DO NOT WRITE BELOW THIS LINE**

10  
11 THIS ORDER ENTERED THIS 8<sup>th</sup> DAY OF June, 2018.

12  
13 /s/ \_\_\_\_\_  
14 CHARLES E. CLARK  
15 Director, Division of Consumer Services  
16 Department of Financial Institutions

17  
18  
19 Presented by:

Approved by:

20  
21 /s/ \_\_\_\_\_  
ANTHONY W. CARTER  
22 Senior Legal Examiner  
Consumer Services Enforcement Unit  
23 Department of Financial Institutions

/s/ \_\_\_\_\_  
STEVEN C. SHERMAN  
24 Enforcement Chief  
25 Consumer Services Enforcement Unit  
Department of Financial Institutions

1 STATE OF WASHINGTON  
2 DEPARTMENT OF FINANCIAL INSTITUTIONS  
3 DIVISION OF CONSUMER SERVICES

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

7 N.F. ENTERPRISES INC., d/b/a Homes and Equity  
8 Mortgage and d/b/a Mortgage Money Store,  
9 NMLS No. 108306, and  
10 MASOUD "MAX" SEDGHINASAB, a/k/a Max  
11 Nasab, President, Owner, and Designated Broker,  
12 NMLS No. 112686,

13 Respondents.

No. C-17-2169-17-SC01

STATEMENT OF CHARGES and NOTICE OF  
INTENT TO ENTER AN ORDER TO REVOKE  
LICENSES, IMPOSE FINE, COLLECT  
INVESTIGATION FEE, and RECOVER COSTS AND  
EXPENSES OF PROSECUTION

14 INTRODUCTION

15 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Washington State Department of  
16 Financial Institutions (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker  
17 Practices Act (Act). Having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts  
18 available as of the date of this Statement of Charges (Charges), the Director, through her designee, Division of  
19 Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:

20 I. FACTUAL ALLEGATIONS

21 1.1 Respondents.

22 A. **N.F. Enterprises Inc. (Respondent Enterprises)**, d/b/a Homes and Equity Mortgage and d/b/a  
23 Mortgage Money Store, was licensed by the Department of Financial Institutions (Department) to  
24 conduct business as a mortgage broker on or about March 5, 2002, and continues to be licensed to date.

25 B. **Masoud "Max" Sedghinasab (Respondent Sedghinasab)**, a/k/a Max Nasab, the Owner and  
26 President of Respondent Enterprises, was approved by the Department as the Designated Broker for  
Respondent Enterprise when it was first licensed by the Department in 2002. The Department began  
licensing mortgage loan originators in 2007, and on or about January 1, 2007, converted Respondent  
Sedghinasab's Designated Broker approval to a license to conduct business as a mortgage loan  
originator. The Department began registering Designated Brokers in 2010, and on or about January 1,  
2010, approved Respondent Sedghinasab as Respondent Enterprises' Designated Broker. Respondent  
Sedghinasab continues to be a licensed mortgage loan originator and Designated Broker for  
Respondent Enterprises to date.

1.2 Examinations.

A. The Department conducted an off-site examination of Respondent Enterprises and Respondent  
Sedghinasab (Respondents) in 2015 covering the period from January 1, 2013, through April 27,  
2015. The examination identified numerous violations of the Act, related rules (*see* WAC 208-660

1 *et seq.*), and applicable federal laws and regulations, and identified three Internal Routine and  
2 Control Exceptions.<sup>1</sup>

3 **B.** The Department conducted a follow-up on-site examination of Respondents in 2017 covering the  
4 period from July 1, 2015, through January 1, 2017 (the relevant period). The examination identified  
5 numerous new and repeat violations of the Act, rules, and applicable federal laws and regulations,  
6 and identified two repeat Internal Routine and Control Exceptions.

7 **1.3 Violations.** The below-listed violations of the Act, rules, and applicable federal laws and regulations occurred  
8 during the relevant period:

9 **A. Altered Documents.** When borrowers did not lock their interest rate at the time of applying for a  
10 residential mortgage loan, Respondents had borrowers sign and date blank rate lock agreements. If  
11 the borrowers subsequently chose to lock their interest rate, Respondents would complete the rate  
12 lock agreement, cover up the original date, and write in the date the rate was locked.

13 **B. Trust Account.** Respondents failed to deposit third-party fees into a trust account.

14 **C. Mortgage Calls Reports.** Respondents failed to file with the Department accurate and Timely  
15 quarterly Mortgage Call Reports (MCRs).

16 **D. Financial Condition Report.** Respondents failed to file with the Department an accurate,  
17 complete, and timely annual Financial Condition Report (FCR).

18 **E. Advertising.** Respondents failed to disclose required information, or used prohibited terms in  
19 advertising, in at least three instances:

- 20 1. On the website [homeandequitymortgage.com](http://homeandequitymortgage.com), Respondents failed to disclose the NMLS license  
21 number for mortgage loan originators in close proximity to mortgage loan originators' names, and  
22 failed to include a link to the NMLS Consumer Access web page for Respondent Enterprises;
- 23 2. On the Zillow.com webpage, [www.zillow.com/lender-profile/Mortgage%20Money%20Store/](http://www.zillow.com/lender-profile/Mortgage%20Money%20Store/),  
24 Respondents failed to disclose Respondent Enterprises' licensed name and NMLS number; and
- 25 3. On the website [homeandequitymortgage.com](http://homeandequitymortgage.com), Respondents used the prohibited term "lowest" in  
26 relation to the interest rates and closing costs Respondent Enterprises offered borrowers.

**F. Books and Records.** Respondents failed to maintain books and records as required by the Act.

**G. Trade Names.** Respondents failed to include their licensed business name or NMLS license number  
when conducting business using their Department-approved trade names Home and Equity Mortgage  
or Mortgage Money Store.

**H. Required Loan Disclosures.** Respondents failed to make accurate, complete, or timely loan  
disclosures to borrowers required by the Act and other applicable federal laws and rules.

**I. Unnecessary Loan Disclosures.** Respondents made unnecessary loan disclosures to some borrowers.

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<sup>1</sup> Violations found in the 2015 Report of Examination (ROE) are not included in these Charges.





1 **2.7 Required Loan Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents are  
2 in apparent violation of RCW 19.146.0201(6) and (11) for failing to make accurate, complete, or timely disclosures  
3 to borrowers as required by RCW 19.146.030 and any other applicable federal laws including the Truth in Lending  
4 Act (TILA), 15 U.S.C. § 1601 *et seq.*, and Regulation Z, 12 C.F.R. § 1026 *et seq.*; The Gramm-Leach-Bliley Act  
5 (GLBA), 12 U.S.C. 6801 *et seq.*, and Regulation P, Privacy Policy, 12 C.F.R. § 1016; the Electronic Signatures in  
6 Global and National Commerce Act (E-Sign Act), 15 U.S.C. 7001 *et seq.*; the Equal Credit Opportunity Act  
7 (ECOA), 15 U.S.C. 1691 *et seq.*, and Regulation B, 12 C.F.R. § 1002; the Fair Credit Reporting Act (FCRA),  
8 15 U.S.C. § 1681 *et seq.*, and Regulation V, 12 C.F.R. § 1022 *et seq.*; and the Real Estate Settlement Procedures  
9 Act (RESPA), 12 U.S.C. § 2601 *et seq.*, and Regulation X, 24 C.F.R. § 1024 *et seq.*

10 **2.8 Trade or DBA Names.** Based on the Factual Allegations set forth in Section I above, Respondents are in  
11 apparent violation of RCW 19.46.0201(2) and WAC 208-660-180(9) for failing to include their licensed business  
12 name or NMLS license number when conducting business using their Department-approved trade names.

13 **2.9 Anti-Money Laundering Policy.** Based on the Factual Allegations set forth in Section I above, Respondents  
14 are in apparent violation of RCW 19.146.0201(11) by failing to develop a Bank Secrecy Act/Anti-Money  
15 Laundering Program as required by 31 C.F.R. Part 1029.210.

16 **2.10 Unnecessary Loan Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents  
17 are in apparent violation of RCW 19.46.0201(2) for making unnecessary loan disclosures to borrowers.

### 18 III. AUTHORITY TO IMPOSE SANCTIONS

19 **3.1 Authority to Revoke Licenses.** Pursuant to RCW 19.146.220(2), the Director may revoke licenses for any  
20 violation of the Act.

21 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines against any  
22 licensee for any violation of the Act.

23 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4)(a), the  
24 Department will charge forty-eight dollars per hour for an examiner's time devoted to an investigation.

25 **3.4 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director may recover the  
26 state's costs and expenses for prosecuting violations of the Act.

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

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

- 6 **4.1** Respondent NF Enterprises, Inc.’s license to conduct the business of a mortgage broker be  
7 revoked.
- 8 **4.2** Respondent Masoud “Max” Sedghinasab’s license to conduct the business of a loan originator be  
9 revoked.
- 10 **4.3** Respondent NF Enterprises, Inc. and Respondent Masoud “Max” Sedghinasab jointly and  
11 severally pay a fine. As of the date of this Statement of Charges, the fine totals \$50,000.
- 12 **4.4** Respondent NF Enterprises, Inc. and Respondent Masoud “Max” Sedghinasab jointly and  
13 severally pay an investigation fee. As of the date of this Statement of Charges, the investigation  
14 fee totals \$1,248.
- 15 **4.5** Respondent NF Enterprises, Inc. and Respondent Masoud “Max” Sedghinasab jointly and  
16 severally pay the Department’s costs and expenses for prosecuting violations of the Act in an  
17 amount to be determined at hearing or by declaration with supporting documentation in event of  
18 default.
- 19 **4.6** NF Enterprises, Inc. and Respondent Masoud “Max” Sedghinasab maintain records in compliance  
20 with the Act and provide the Director with the location of the books, records, and other  
21 information relating to Respondent NF Enterprise’s mortgage broker company business, and the  
22 name, address, and telephone number of the individual responsible for maintenance of such  
23 records in compliance with the Act.

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1 **V. AUTHORITY AND PROCEDURE**

2 The Department enters these Charges pursuant to the provisions of RCW 19.146.220, RCW 19.146.221,  
3 RCW 19.146.223, and RCW 19.146.230, and subject to the provisions of the Administrative Procedure Act,  
4 RCW 34.05. Respondents may each make a written request for a hearing as set forth in the NOTICE OF  
5 OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying these Charges.

6  
7 Dated this 22<sup>nd</sup> day of November 2017.

8  
9 /s/  
10 CHARLES E. CLARK  
11 Director, Division of Consumer Services  
12 Department of Financial Institutions

13  
14  
15  
16 Presented by:

Approved by:

17 /s/  
18 ANTHONY W. CARTER  
19 Senior Legal Examiner  
20 Department of Financial Institutions  
21 Division of Consumer Services

/s/  
22 STEVEN C. SHERMAN  
23 Enforcement Chief  
24 Department of Financial Institutions  
25 Division of Consumer Services