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: ELECT GROUP, LLC, EMMANUELE D. ZUCCARELLI, Managing Member, ANTHONY M. FERLANTI, Managing Member, KRISTEN L. VERDI, Managing Member, Respondents.	NO. C-09-496-10-FO01 FINAL ORDER EMMANUELE D. ZUCCARELLI

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On February 19, 2010, the Director, through Consumer Services Division Director Deborah Bortner, entered a 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 (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated February 16, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Elect Group, Inc., Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi. The Department served the Statement of Charges, cover letter dated February 16, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Elect

Group, Inc., Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi on Respondents on February 19, 2010, by First-Class mail and by certified mail. On February 23, 2010, the documents sent to Respondent Emmanuele D. Zuccarelli via certified mail were delivered and signed for by "E. Zuccarelli." The documents sent to Respondent Zuccarelli via First-Class mail were not returned to the Department by the United States Postal Service as undeliverable.

Respondent Zuccarelli did not request an adjudicative hearing within twenty calendar days after the Department served him with the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

B. Record Presented. The record presented to the Director's designee for her review and for entry of a final decision included the Statement of Charges, cover letter dated February 16, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Emmanuele D. Zuccarelli, with documentation of service.

C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the Director's designee hereby adopts the Statement of Charges, which is attached hereto, as related to Respondent Zuccarelli.

II. FINAL ORDER

Based upon the foregoing, and the Director's designee having considered the record and being otherwise fully advised, NOW, THEREFORE:

A. IT IS HEREBY ORDERED, that:

1. Respondent Emmanuele D. Zuccarelli shall immediately cease and desist from engaging in the business of a mortgage broker for residents or property located in Washington;

2. Respondent Emmanuele D. Zuccarelli is prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of five years from the date of this Final Order;

3. Respondent Emmanuele D. Zuccarelli shall pay a fine of $45,000;

4. Respondent Emmanuele D. Zuccarelli shall pay restitution to the following borrowers injured by Respondent's unlicensed activity:

   a. Borrower B.S. $1,000
   b. Borrowers P.K. and T.K. $2,834;

5. Respondent Emmanuele D. Zuccarelli shall pay an investigation fee of $528; and

6. Respondent Emmanuele D. Zuccarelli shall maintain records in compliance with the Act and provide the Department with the location of the books, records, and other information relating to Respondent's mortgage broker business, and the name, address, and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondent Zuccarelli has the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written notice specifying the date by which it will act on a petition.

C. Stay of Order. The Director's designee has determined not to consider a Petition to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

D. Judicial Review. Respondent has the right to petition the superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

E. Non-compliance with Order. If you do not comply with the terms of this order, including the payment of all financial obligations herein within 30 days of service of this Final Order, the Department may seek its enforcement by the Office of Attorney General to include the collection of the fines, fees, and restitution imposed herein.

F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service attached hereto.

DATED this 23rd day of April, 2010.

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

DEBORAH BORTNER
DIRECTOR
DIVISION OF CONSUMER SERVICES

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: ELECT GROUP, LLC, EMMANUELE D. ZUCCARELLI, Managing Member, ANTHONY M. FERLANTI, Managing Member, KRISTEN L. VERDI, Managing Member, Respondents.	NO. C-09-496-10-SC01 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

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:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Elect Group, LLC (Elect Group)** is a Florida Corporation with a registered principal place of business at 500 Fairway Drive, Suite 205, Deerfield Beach, Florida. Respondent Elect Group has never been licensed by the Department to conduct business as a mortgage broker.

B. **Emmanuele D. Zuccarelli (Zuccarelli)** is known to be a Managing Member of Respondent Elect Group and was a Managing Member at all times relevant to this Statement of Charges. Respondent Zuccarelli has never been licensed by the Department to conduct business as a mortgage broker.

[1] RCW 19.146 et seq.

C. **Anthony M. Ferlanti (Ferlanti)** is known to be a managing member of Respondent Elect Group and was a Managing Member at all times relevant to this Statement of Charges. Respondent Ferlanti has never been licensed by the Department to conduct business as a mortgage broker.

D. **Kristen L. Verdi (Verdi)** is known to be a former Managing Member of Respondent Elect Group and was a Managing Member at all times relevant to this Statement of Charges. Respondent Verdi has never been licensed by the Department to conduct business as a mortgage broker.

1.2 Unlicensed Activity.

A. On or about December 30, 2008, Respondents entered in to an agreement to provide loan modification services to borrower B.S. for a residential mortgage loan on property located in Washington. Respondents received $1,000 for these services.

B. On or about November 19, 2008, Respondents entered into an agreement to provide loan modification services to borrowers P.K. and T.K. for a residential mortgage loan on property located in Washington. Respondents received $2,834 for these services.

1.3 Prohibited Practices. Respondents' web site, www.electgroup.org, advertised that Respondents did not do business only in the following states: Florida, California, Colorado, Illinois, Indiana, Maryland, Missouri, Mississippi, New York, Ohio, Massachusetts, New Hampshire, and North Carolina; implying that Respondents were lawfully able to do business in Washington. Respondents, however, have never been licensed to do business in Washington.

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

II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement to Obtain a Mortgage Broker License. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the business of a mortgage broker for Washington residents or property without first obtaining a license to do so.

2.2 Requirement to Ensure that Advertising is Accurate and Reliable. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and (3) and WAC 208-660-440(1) for engaging in an unfair and deceptive practice by falsely advertising that Respondent could lawfully do business in Washington, and for obtaining property through this misrepresentation.

III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Definition of a Mortgage Broker. Pursuant to RCW 19.146.010(14), "Mortgage broker" means any person who for compensation or gain, or in the expectation of compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or herself out as being able to assist a person in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-006, assisting a person in obtaining or applying to obtain a residential mortgage loan includes assisting a person with a loan modification.

3.2 Authority to Issue Order to Cease and Desist. Pursuant to RCW 19.146.220(4), the director may issue orders directing a licensee, its employee, loan originator, independent contractor, agent, or other person subject to this chapter to cease and desist from conducting business.

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

3.4 Authority to Impose Fine. Pursuant to RCW 19.146.220(2)(e), the Director may impose a fine for any violation of the Act.

3.5 Authority to Order Restitution. Pursuant to RCW 19.146.220(2)(e), the Director may order restitution for any violation of the Act.

3.6 Authority to Collect Investigation Fee. Pursuant to RCW 19.146.228(2) and WAC 208-660-550, the Department may collect the costs of investigation. The investigation charge will be calculated at the rate of $48 per hour that each examiner devoted to the investigation.

IV. NOTICE OF INTENTION TO ENTER ORDER

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

4.1 Respondents Elect Group, LLC, Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi cease and desist from engaging in the business of a mortgage broker for residents or property located in Washington;

4.2 Respondents Elect Group, LLC, Emmanuel D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of five years;

4.3 Respondents Elect Group, LLC, Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi jointly and severally pay a fine which as of the date of these charges totals $45,000;

4.4 Respondents Elect Group, LLC, Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi jointly and severally pay restitution to the following borrowers injured by Respondents' unlicensed activity:

a. Borrower B.S. $1,000
b. Borrowers P.K. and T.K. $2,834

4.5 Respondents Elect Group, LLC, Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi jointly and severally pay an investigation fee which as of the date of these charges totals $528 calculated at $48 per hour for the 11 examiner hours devoted to the investigation; and

4.6 Respondents Elect Group, LLC, Emmanuele D. Zuccarelli, Anthony M. Ferlanti, and Kristen L. Verdi 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.

//

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 (Statement of Charges) 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 19th day of February, 2010.

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

STEVEN C. SHERMAN
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief