

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Mortgage Broker License of:

No. 12F-BD068-SBD

3 **SET2GO LOANS, INC. AND PAUL IPEK,**  
4 **PRESIDENT**

5 2082 SE Bristol, Suite 218  
6 Newport Beach, CA 92660

**ORDER TO CEASE AND DESIST;  
NOTICE OF OPPORTUNITY FOR  
HEARING; CONSENT TO ENTRY OF  
ORDER**

Respondents.

7 The Superintendent of Financial Institutions for the State of Arizona (the  
8 "Superintendent"), makes the following Findings of Fact and Conclusions of Law and enters the  
9 following Order pursuant to Arizona Revised Statutes ("A.R.S.") § 6-137.

10 Pursuant to Titles 6 and 41 of the Arizona Revised Statutes and Title 20, Chapter 4 of the  
11 Arizona Administrative Code ("A.A.C."), Respondents are hereby notified that they are entitled to  
12 a hearing to contest the allegations set forth in this Order. The Request for Hearing shall be filed  
13 with the Arizona Department of Financial Institutions (the "Department") pursuant to A.R.S. § 6-  
14 137(D) within thirty (30) days of service of this Order and shall identify with specificity the action  
15 or order for which review is sought in accordance with A.R.S. § 41-1092.03(B).

16 Pursuant to A.R.S. §§ 41-1092.01(D) and 41-1092.03(B), any person may appear on his or  
17 her own behalf or by counsel. If Respondents are represented by counsel, the information required  
18 by A.R.S. § 41-1092.03(B) shall be included in the Request for Hearing. Upon the filing of a  
19 Request for Hearing, the Department shall issue a Notice of Hearing scheduling the matter for  
20 hearing in accordance with A.R.S. § 41-1092.05. Persons with disabilities may request reasonable  
21 accommodations such as interpreters, alternative formats, or assistance with physical accessibility.  
22 Requests for special accommodations must be made as early as possible to allow time to arrange  
23 the accommodations. If accommodations are required, call the Office of Administrative Hearings  
24 at (602) 542-9826.

25 Respondents have the right to request an Informal Settlement Conference, pursuant to  
26 A.R.S. § 41-1092.06, by filing a written request no later than twenty (20) days before the

1 scheduled hearing. The conference will be held within fifteen (15) days after receipt of your  
2 request. If an Informal Settlement Conference is requested, a person with the authority to act on  
3 behalf of the Department will be present (the "Department Representative"). Please note that in  
4 requesting an Informal Settlement Conference, Respondents waive any right to object to the  
5 participation of the Department Representative in the final administrative decision of this matter, if  
6 it is not settled. In addition, any written or oral statement made by Respondents at such informal  
7 settlement conference, including written documentation created or expressed solely for purposes of  
8 settlement negotiations, is inadmissible in any subsequent administrative hearing. (See A.R.S. §  
9 41-1092.06 for rules regarding informal settlement conferences.) Conversely, any written or oral  
10 statement made by Respondents outside an Informal Settlement Conference is not barred from  
11 being admitted by the Department in any subsequent hearing.

12 If Respondents do not request a hearing, this Order shall become final. If Respondents  
13 request a hearing, the purpose of the hearing shall be to determine if grounds exist for: (1) the  
14 issuance of an order pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the  
15 violative conduct and to take the appropriate affirmative actions, within a reasonable period of  
16 time prescribed by the Superintendent, to correct the conditions resulting from the unlawful acts,  
17 practices, and transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S.  
18 § 6-132; (3) the suspension or revocation of Respondents' license pursuant to A.R.S. § 6-905; and  
19 (4) an order or any other remedy necessary or proper for the enforcement of statutes and rules  
20 regulating mortgage brokers pursuant to A.R.S. §§ 6-123 and 6-131.

21 **FINDINGS OF FACT**

22 1. Set2Go Loans, Inc. ("Set2Go Loans") is a California corporation authorized to transact  
23 business in Arizona as a mortgage broker, license number MB 0908359, within the meaning of  
24 A.R.S. § 6-901, *et seq.* The nature of Set2Go Loans' business is that of a mortgage broker within,  
25 the meaning of A.R.S. § 6-901(11).

26 2. Respondent Paul Ipek ("Mr. Ipek") is the President of Set2Go Loans and is authorized

1 to transact business in Arizona as a mortgage broker within the meaning of A.R.S. § 6-901, *et seq.*

2 3. Set2Go Loans and Mr. Ipek (collectively “Respondents”) are not exempt from licensure  
3 as a mortgage broker within the meaning of A.R.S. § 6-902.

4 4. An Electronic Examination of Set2Go Loans, conducted by the Department,  
5 commencing on September 9, 2011, revealed that Respondents:

- 6 a. Failed to include their license number on their website, [www.set2goloans.com](http://www.set2goloans.com);  
7 b. Failed to conduct the minimum elements of reasonable employee investigations  
8 prior to hiring employees, specifically:

9 (1) Respondents failed to obtain a current credit report from a credit reporting  
10 agency for its employees;

- 11 c. Failed to obtain the Superintendent’s prior approval before completing a change in  
12 control; specifically:

13 (1) Respondents changed control of the ownership from James Y. Ipek as one  
14 hundred percent (100%) owner to Paul Ipek as ninety percent (90%) owner  
15 and James Y. Ipek as ten percent (10%) owner, in or around 2010, without  
16 first obtaining the Superintendent’s prior written consent;

- 17 d. Failed to provide the Department with a copy of a revocation Order entered against  
18 Respondents by the West Virginia Division of Banking (the “West Virginia Order”)  
19 during 2008; specifically:

20 (1) Although the Department made several requests for a copy of the West  
21 Virginia Order, Respondents failed to provide the requested copy of the Order  
22 to the Department, as of November 18, 2011, during preparation of the Report  
23 of Examination;

- 24 e. Made a material misstatement to the Department by failing to disclose on their  
25 Mortgage Broker License Renewal Applications (“Renewal Applications”) that  
26 Administrative Orders had been entered against them; specifically:

- 1 (1) Respondents' Renewal Applications, received by the Department in 2008,  
2 2009 and 2010 failed to disclose regulatory actions taken against them by  
3 other states, and answered "No" to questions contained in the Renewal  
4 Applications regarding whether in the past ten years any state or federal  
5 regulatory actions had been taken against them;
- 6 (2) Respondents failed to disclose regulatory actions taken against them by other  
7 states, and answered "No" to Nationwide Mortgage Licensing System  
8 ("NMLS") Regulatory Action Disclosure questions on or around January 14,  
9 2008.
- 10 (3) On or about April 25, 2011, Respondents filed a Regulatory Action  
11 Disclosure on the NMLS Registry, where they answered "Yes" and disclosed  
12 that there had been state or federal regulatory actions taken against them.  
13 Respondent submitted the same answers to NMLS on May 16, 2011.
- 14 (4) On or around September 23, 2011, in their completed Electronic  
15 Examination, Respondents answered "yes" to Question 11 on page 7, which  
16 asks, "Has the Licensee had an order entered against it or any individual  
17 employed by the Licensee by an administrative agency of this or any other  
18 state, or the federal government?" Respondents submitted an attachment to  
19 Question 11 ("September 23 response"), containing a narrative of actions  
20 taken against them in six (6) states. Upon request, Respondents provided the  
21 Department with copies of the Orders, but failed to provide a copy of the  
22 West Virginia Order.
- 23 (5) Respondents failed to notify the Department of the following actions until  
24 April 25, 2011:
- 25 (a) On April 21, 2008, an Order to Cease and Desist was issued by the  
26 George Department of Banking and Finance, which ordered

1 Respondents to cease operating as a mortgage licensee on or before  
2 May 21, 2008 for failure to provide a surety bond and irrevocable letter  
3 of credit from a federally insured financial institution in form and  
4 terms acceptable and payable to the department.

5 a. In their September 23 response, Respondents claimed that this  
6 action involved, among other things, that "James Ipek, owner of  
7 Set2 [sic] was doing business as a Mortgage Broker in the State of  
8 Georgia from 2005 until May 21, 2008. James Ipek decided not to  
9 renew his broker's license in that state for the following reasons:  
10 Low closing ration on GA Files. High fraud in terms of appraisers,  
11 borrowers that falsify information and appraised values dropping in  
12 excess of 40% or more which made refinancing almost impossible  
13 for his client. After his license expires he was mailed a cease and  
14 desist order (due to James Ipek not renewing his license)."

15 (b) On May 5, 2008 an Order to Cease and Desist was issued by the  
16 Department of Banking and Consumer Finance, State of Mississippi,  
17 for failure to maintain a surety bond, and ordering Respondents to  
18 cease and desist from engaging in all present and future mortgage  
19 activities until they were in compliance.

20 a. In their September 23 response, Respondents claimed that this  
21 action involved, among other things, that the Mississippi  
22 Department of Banking and Consumer Finance sent them a  
23 "request to send over a valid surety bond to have on file. The  
24 request was granted. In 2008 Set2Go Loans decided not [sic]  
25 renew and withdrew our license in the State of Mississippi because  
26 of adverse and declining markets."

1 (c) On August 7, 2008, an Order Revoking Mortgage Broker License was  
2 issued by the State of Alabama, State Banking Department, for  
3 Respondents' providing of an address that was an apartment complex  
4 and for failure to maintain a principal place of business.

5 a. In their September 23, 2011 response, Respondents claimed this  
6 action involved, among other things, that they "did not receive a  
7 certified mail in regards to Alabama's intent to revoke Broker's  
8 License. The State of Alabama mailed its certified letter to the  
9 address of the Registered Agency located in Alabama instead of the  
10 address of Corporate thus never received mail. Set2Go decided to  
11 not renew our License in 2008 because of declining market  
12 conditions."

13 (d) On May 25, 2010, a Consent Order was issued by the State of North  
14 Carolina Commissioner of Banks, stating that the Company and James  
15 Ipek will not act or apply or reapply for licensure as a mortgage broker  
16 and James Ipek will immediately cease and desist from acting as a loan  
17 officer or mortgage loan originator on any loan secured by North  
18 Carolina real property and further agrees not to act or apply or reapply  
19 for licensure to act as a control person, executive officer, managing  
20 principal, qualify individual, branch manager, loan officer, mortgage  
21 loan originator, or mortgage servicer.

22 a. In their September 23, 2011, response, Respondents claimed that  
23 this action involved among other things, "that at the time of being  
24 licensed, the loan officer and the branch office was properly  
25 licensed. "The state of North Carolina required that the qualifying  
26 individual must also be licensed; Set2Go Loans, Inc. administrative

1 department was not aware or told that a third license would be  
2 required. Set2Go Inc withdrew from the state of North Carolina  
3 and failed to notify the State of North Carolina regarding  
4 withdrawal which led to license suspension.”

5 (e) On July 2, 2010, a Final Order to Revoke First Mortgage Broker and  
6 Lender License was issued by the State of Michigan Department of  
7 Energy, Labor and Economic Growth, Office of Financial and  
8 Insurance Regulation for failure to respond to a settlement agreement  
9 regarding a complaint that alleged that the Licensee failed to “timely  
10 close a mortgage transaction causing the complainant to find another  
11 lender” and further alleged that the Licensee “failed to respond to his  
12 request to cancel the mortgage loan transaction.” Moreover, the  
13 Licensee failed to respond to a Final Order to Revoke First Mortgage  
14 Broker and Lender License issued by the State of Michigan  
15 Department of Energy, Labor and Economic Growth Office of  
16 Financial and Insurance Regulation and the Licensee’s mortgage  
17 broker and lender license was revoked.

18 a. In their September 23, 2011, response, Respondents claim that this  
19 action involved among other things, that in 2008 the “current  
20 owner, James Ipek moved office locations and received a delayed  
21 request for Set2Go Loans Inc to respond to an examination of an  
22 audit. The moved [sic] caused the previous owner to over look  
23 [sic] the State of Michigan request to respond to an examination  
24 audit. Current owner is in the process of working this out. Set2go  
25 [sic] Loans, Inc has decided not [sic] continue to do business in the  
26 state of MI due to the high fraud terms of appraisers, borrowers that

1 falsify information and appraised values dropping in excess of 40%  
2 or more which made refinancing almost impossible for his clients.”

3 (f) Although the Department made many requests for a copy of the order  
4 of revocation issued by the West Virginia Division of Banking on or  
5 around 2008, Respondents have failed to provide it to the Department.

6 f. Suppressed or withheld information on their Mortgage Broker License Renewal  
7 Applications, specifically:

8 (1) Respondents failed to disclose to the Department the Administrative Orders  
9 entered against them, as listed above;

10 g. Failed to maintain good standing with the Arizona Corporation Commission  
11 (“ACC”) in their authority to transact business in Arizona; specifically:

12 (1) Respondents failed to file the required Annual Report with the ACC, which  
13 was due on or before March 14, 2011;

14 (2) The ACC issued a Notice of Pending Revocation to Respondents, effective  
15 June 17, 2011, stating that one or more of their Annual Reports were past due,  
16 that statutory penalties would begin to accrue, and that their authority would  
17 be revoked if the past-due reports, filing fees, and penalties were not  
18 submitted within sixty days of the effective date. The Notice was sent to  
19 Respondents in care of their Statutory Agent, Charlene Canty, at the listed  
20 address of 8075 E. Morgan Trail Suite, Scottsdale, AZ 85258;

21 (3) The ACC issued a Certificate of Revocation to Respondents, effective  
22 August 22, 2011, for failure to file their Annual Report. The Certificate was  
23 sent to Respondents in care of their Statutory Agent, Charlene Canty, at  
24 8075 E. Morgan Trail Suite, Scottsdale, AZ 85258;

25 (4) As of October 27, 2011, the ACC website listed the Corporate Status Inquiry  
26 for Set2Go Loans, Inc. stated, “This Corporation is NOT in Good Standing

1 for the following reasons: REVOKED-FILE ANNUAL REPORT  
2 08/22/2011; 2011 ANNUAL REPORT WAS DUE ON 03/14/2011;  
3 UNDELIVERABLE ADDRESS.” The ACC website further listed the  
4 Statutory Agent’s address at 8075 E. Morgan Trail as an “Undeliverable  
5 Agent Address”; and

6 (5) On October 28, 2011, Respondents submitted their Annual Report to the  
7 ACC, and their good standing status was reinstated as of that date. The  
8 Annual Report listed a current address for their Statutory Agent; and

9 h. Failed to maintain all required documents in their records, including the Annual  
10 Report due to the ACC on March 14, 2011 and untimely filed on October 28, 2011.

11 5. These Findings of Fact shall also serve as Conclusions of Law.

12 **LAW**

13 1. Pursuant to A.R.S. § 6-901, *et seq*, the Superintendent has the authority and duty to  
14 regulate all persons engaged in the mortgage broker business and with the enforcement of statutes,  
15 rules, and regulations relating to mortgage brokers.

16 2. By the conduct, set forth above, Set2Go Loans and Mr. Ipek violated the following:

- 17 a. A.R.S. § 6-903(P) by failing to use their name as issued on their principal place of  
18 business license and failed to include either their license number or their  
19 Nationwide Mortgage Licensing System (“NMLS”) number on their website;
- 20 b. A.R.S. § 6-903(Q) and A.A.C. R20-4-102 by failing to conduct the minimum  
21 elements of reasonable employee investigations prior to hiring employees;
- 22 c. A.R.S. § 6-903(R) by failing to obtain the Superintendent’s prior approval before  
23 completing a change in control;
- 24 d. A.R.S. § 6-905(A) by failing to provide to the Department a copy of an Order  
25 entered against Respondents by the West Virginia Division of Banking;
- 26 e. A.R.S. § 6-905(A)(8) by making a material misstatement to the Department by

1 failing to disclose Administrative Orders against them on their Mortgage Broker  
2 License Renewal Applications;

3 f. A.R.S. § 6-905(A)(8) by suppressing or withholding information on their Mortgage  
4 Broker License Renewal Applications thereby failing to disclose Administrative  
5 Orders entered against them to the Department;

6 g. A.C.C. R4-20-102 by failing to maintain good standing with the Arizona  
7 Corporation Commission ("ACC") in their authority to transact business in  
8 Arizona; and

9 h. A.A.C. R20-4-917(B)(9) by failing to maintain all required documents in their  
10 records, including the Annual Report due to the ACC on March 14, 2011 and  
11 untimely filed on October 28, 2011.

12 3. Neither Set2Go Loans nor Mr. Ipek meet any of the exemptions to the licensing  
13 requirements set forth in A.R.S. § 6-903.

14 4. The violations, set forth above, constitute grounds for: (1) the issuance of an order  
15 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct  
16 and to take the appropriate affirmative actions, within a reasonable period of time prescribed by  
17 the Superintendent, to correct the conditions resulting from the unlawful acts, practices, and  
18 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the  
19 suspension or revocation of Respondents' license pursuant to A.R.S. § 6-905; and (4) an order or  
20 any other remedy necessary or proper for the enforcement of statutes and rules regulating  
21 mortgage brokers pursuant to A.R.S. §§ 6-123 and 6-131.

22 **ORDER**

23 1. Set2Go Loans and Mr. Ipek shall immediately stop the violations set forth in the  
24 Findings of Fact and Conclusions of Law. Set2Go Loans and Mr. Ipek:

25 a. Shall use their name as issued on their principal place of business license and shall  
26 include their license number and their NMLS number on their website;

- 1           b. Shall conduct the minimum elements of reasonable employee investigations prior to
- 2           hiring employees;
- 3           c. Shall obtain the Superintendent's prior approval before completing a change in
- 4           control;
- 5           d. Shall provide to the Department a copy of an Order entered against Respondents by
- 6           the West Virginia Division of Banking;
- 7           e. Shall not make a material misstatement to the Department by failing to disclose
- 8           Administrative Orders against them on their Mortgage Broker License Renewal
- 9           Applications;
- 10          f. Shall not suppress or withhold information on their Mortgage Broker License
- 11          Renewal Applications by failing to disclose Administrative Orders entered against
- 12          them to the Department;
- 13          g. Shall maintain good standing with the Arizona Corporation Commission ("ACC")
- 14          in their authority to transact business in Arizona; and
- 15          h. Shall maintain all required documents in their records.

16           2. Set2Go Loans and Mr. Ipek shall immediately pay to the Department a civil money  
17 penalty in the amount of **five thousand dollars (\$5,000.00)**. Set2Go Loans and Mr. Ipek are  
18 jointly and severally liable for payment of the civil money penalty.

19           3. Set2Go Loans and Mr. Ipek shall pay to the Department an examination fee in the  
20 amount of **four hundred eighty seven dollars and fifty cents (\$487.50)**, within thirty (30) days of  
21 the date of this Order, pursuant to A.R.S. § 6-122(B)(3).

22           4. Set2Go Loans and Mr. Ipek shall comply with all Arizona statutes and rules regulating  
23 Arizona mortgage brokers (A.R.S. §§ 6-901 *et seq.*).

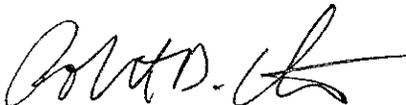
24           5. The provisions of this Order shall be binding upon Respondents, their employees,  
25 agents, and other persons participating in the conduct of the affairs of Respondents.

26           6. This Order shall become effective upon service, and shall remain effective and

1 enforceable until such time as, and except to the extent that, it shall be stayed, modified,  
2 terminated, or set aside.

3 SO ORDERED this 6th day of March, 2012.

4 Lauren W. Kingry  
5 Superintendent of Financial Institutions

6 By:   
7 Robert D. Charlton  
8 Assistant Superintendent of Financial Institutions

9 **CONSENT TO ENTRY OF ORDER**

10 1. Respondents acknowledge that they have been served with a copy of the foregoing  
11 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the  
12 same, are aware of their right to an administrative hearing in this matter, and have waived the  
13 same.

14 2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the  
15 foregoing Findings of Fact, Conclusions of Law, and Order.

16 3. Respondents state that no promise of any kind or nature has been made to induce them  
17 to consent to the entry of this Order, and that they have done so voluntarily.

18 4. Respondents agree to immediately cease from engaging in the violative conduct set  
19 forth in the Findings of Fact and Conclusions of Law.

20 5. Respondents acknowledge that the acceptance of this Agreement by the Superintendent  
21 is solely to settle this matter and does not preclude this Department, any other agency or officer of  
22 this state or subdivision thereof from instituting other proceedings as may be appropriate now or in  
23 the future.

24 6. Paul Ipek, on behalf of Set2Go Loans, Inc. and himself, represents that he is the  
25 President and that, as such, has been authorized by Set2Go Loans, Inc. to consent to the entry of  
26 this Order on its behalf.

1 7. Respondents waive all rights to seek judicial review or otherwise to challenge or  
2 contest the validity of this Cease and Desist Order.

3 DATED this 30 day of March, 2012.

4 By: Paul Ipek  
5 Paul Ipek, Vu, President  
6 Set2Go Loans, Inc.

7 ORIGINAL of the foregoing filed this 6th  
8 day of March, 2012, in the office of:

9 Lauren W. Kingry  
10 Superintendent of Financial Institutions  
11 Arizona Department of Financial Institutions  
12 ATTN: Sabrina Zimmerman  
13 2910 N. 44th Street, Suite 310  
14 Phoenix, AZ 85018

15 COPY mailed/delivered same date to:

16 Craig A. Raby, Assistant Attorney General  
17 Office of the Attorney General  
18 1275 West Washington  
19 Phoenix, AZ 85007

20 Robert D. Charlton, Assistant Superintendent  
21 Lori Mann, Senior Examiner  
22 Arizona Department of Financial Institutions  
23 2910 N. 44th Street, Suite 310  
24 Phoenix, AZ 85018

25 AND COPY MAILED SAME DATE by  
26 Certified Mail, Return Receipt Requested, to:

Paul Ipek, President  
Set2Go Loans, Inc.  
2082 SE Bristol, Suite 218  
Newport Beach, CA 92660  
Respondents

Charlene Canty, Statutory Agent for  
Set2Go Loans, Inc.  
7347 W. Monte Lindo Ln.  
Glendale, AZ 85310

25   
26 # 2555634