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13 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
14 OF THE STATE OF CALIFORNIA

15 In the Matter of:) NMLS ID: 1581563
16)
17 THE COMMISSIONER OF BUSINESS) STATEMENT OF ISSUES
18 OVERSIGHT,)
19)
20 Complainant,)
21)
22 v.)
23)
24 KAHRAM ZAMANI,)
25)
26 Respondent.)
27)
28)

29 The Complainant, the Commissioner of Business Oversight (Commissioner), of the
30 Department of Business Oversight (Department), is informed and believes, and based upon such
31 information and belief, alleges and charges Respondent as follows:

32 **I.**
33 **Introduction**

34 1. The proposed order seeks to deny the issuance of a mortgage loan originator (MLO)
35 license to Kahram Zamani (Respondent) pursuant to Financial Code section 50141 of the California

1 Residential Mortgage Lending Act (Fin. Code § 50000 *et seq.*) (CRMLA) in that Respondent has
2 not demonstrated such financial responsibility, character, and general fitness as to command the
3 confidence of the community and to warrant a determination that the mortgage loan originator will
4 operate honestly, fairly, and efficiently within the purposes of this division.

5 **II.**
6 **Application**

7 2. On or around July 10, 2017, Respondent filed an application for an MLO license
8 with the Commissioner by submitting a Form MU4 through the Nationwide Mortgage Licensing
9 System (NMLS) (hereinafter, Application) pursuant to Financial Code section 50140.

10 3. Respondent answered “Yes” to Disclosure Questions in the Application regarding
11 his history, including: (1) Financial Disclosure, including bankruptcy and foreclosure within the
12 past 10 years, and unsatisfied judgments or liens; and (2) Regulatory Action disclosures, including
13 revocation of a registration or license, entry of an order in connection with any license or
14 registration, and actions taken by a regulatory agency against an organization while Respondent
15 exercised control over that organization.

16 4. The Application required Respondent to explain in detail his “Yes” answers and
17 submit supporting documentation in a section entitled, “Disclosure Explanations.” Respondent
18 submitted the following: a document entitled, “Letter of Explanation;” Amended Findings of Fact
19 and Conclusions of Law in *Federal Trade Commission v. Kahram Zamani; Infinity Group Services,*
20 *Inc.* (Case No. SACV 09-077 DOC); and Decision and Order Granting Restricted License Pursuant
21 to Stipulated Settlement, *In the Matter of the Accusation of Infinity Group Services; and Kahram*
22 *Zamani, individually, and as designated officer for Infinity Group Services* (Case No. H-36361 LA).

23 5. After his initial filing on or around July 10, 2017, Respondent amended the
24 Application on or around August 3, 18, and 21, 2017, and September 1 and 28, 2017, each time
25 attesting under penalty of perjury that all the information and statements in the Application were
26 current, true, accurate, and complete, and to the extent any information previously submitted was
27 not amended, such information remained accurate and complete. Respondent also agreed to the
28 following statement: “*If an Applicant has made a false statement of a material fact in this*

1 *application or in any document provided to support the foregoing application, then the foregoing*
2 *application may be denied.” (Emphasis added)*

3 6. Respondent’s latest filing of September 28, 2017 changed one “Yes,” answer in the
4 Disclosure Questions to “No,” namely that he does not have any unsatisfied judgments or liens
5 against him. Respondent’s other “Yes” and “No” answers, exhibits, and explanations to the
6 Disclosure Questions remained substantially unchanged.

7 **III.**

8 **Respondent’s Past Civil and Regulatory Actions and Bankruptcies**

9 **A. FTC Civil Action and Voluntary Chapter 7 Bankruptcy Filings**

10 7. On or around August 26, 2009, the Federal Trade Commission (FTC) filed a
11 Complaint for injunctive and equitable relief, including restitution, rescission, refunds, and
12 disgorgement of all ill-gotten gains in *Federal Trade Commission v. Kahram Zamani; Infinity*
13 *Group Services, Inc.* (Case No. SACV 09-077 DOC). The Complaint alleged that Respondent and
14 Respondent’s wholly-owned company, Infinity Group Services, also doing business as IGS, Hope
15 to Homeowners, ASKIGS, and ASKIGS, Inc. (IGS) made representations that were false and
16 misleading and constituted a deceptive act or practice in connection with the advertising, marketing,
17 promotion, offering for sale, or sale of mortgage loan modification services, in violation of Section
18 5(a) of the FTC Act (FTC’s Case).

19 8. Six days later, on or around September 1, 2009, Respondent and IGS each filed for
20 voluntary Chapter 7 bankruptcy (Case nos. 8:09-bk-19333 and 8:09-bk-19325, respectively)
21 (collectively, Respondent’s Bankruptcies).

22 9. On September 9, 2010, the district court in the FTC’s Case issued an Order Granting
23 in Part and Denying in Part Motion for Summary Judgment, ruling that the undisputed facts
24 established Respondent’s liability for misrepresentations made in connection with the sale, or
25 offering for sale, of mortgage loan refinancing services.

26 10. Following a bench trial in September and October 2010, on September 28, 2011, the
27 district court issued an Amended Findings of Fact and Conclusions of Law, including, but not
28 limited to, the following findings: (a) Respondent was the Chief Executive Officer and founder of

1 IGS; (b) by marketing a product called “Hope to Homeowners,” which was nearly identical to the
2 government program, “Hope *for* Homeowners” (emphasis added), IGS intentionally tried to confuse
3 consumers into believing that its radio advertisements were sponsored by the federal government
4 when, in fact, they were not; (c) IGS served approximately 1,641 customers in connection with its
5 Hope to Homeowners program and approximately 686 customers in connection with the mortgage
6 refinance service, netting approximately \$2,103,099.00 in revenues, not accounting for voluntary
7 refunds; (d) Respondent was intimately involved in the operations of IGS; (e) IGS caused
8 substantial injury to its clients through its misrepresentations concerning the Hope to Homeowners
9 program; (f) competition and the consuming public suffered due to IGS; and (g) even though
10 Respondent knew that consumer complaints were ubiquitous and the secondary market for loans
11 was dry, he made no effort to exercise his control, as Chief Executive Officer, over the continued
12 advertisement of IGS’s loan refinance services.

13 11. On September 28, 2011, the district court issued an Order Judgment, which included,
14 in summary: (a) \$198,020.20 against Respondent and \$994,020.00 against IGS, for a total of
15 \$1,192,040.00 in favor of the FTC; (b) permanent injunctions against Respondent and IGS from
16 misrepresenting any material fact in connection with advertising, marketing, promoting, offering for
17 sale or sale of residential mortgage, loan, refinance and/or loan modification services; (c) an order
18 for Respondent and IGS to retain *at all times* for the next 50 years (or until September 28, 2061)
19 accounting records, personnel files, customer files, complaints and refund requests, copies of all
20 sales scripts, and all documents necessary to determine compliance with the Order Judgment; and
21 (d) an order for Respondent and IGS to permit representatives of the FTC to interview any
22 employer, consultant, independent contractor, representative, agent, or employee that has agreed to
23 an interview, relating to the Order Judgment (Order Judgment).

24 12. In March 2014, the FTC received from Respondent’s Bankruptcy estates \$16,535.79
25 to satisfy the \$198,020.00 judgment against Respondent, and \$39,733.56 to satisfy the \$994,020.00
26 judgment against IGS, totaling \$56,269.35 out of the total judgment of \$1,192,040.00
27 (approximately 4.7% recovery).
28

1 13. Respondent obtained a Chapter 7 bankruptcy discharge in July 2013 and IGS
2 obtained a Chapter 7 bankruptcy discharge in January 2015.

3 B. BRE Administrative Actions

4 14. On or around November 19, 2009, the California Bureau of Real Estate, formerly the
5 California Department of Real Estate (BRE) filed an administrative action, *In the Matter of the*
6 *Accusation of Infinity Group Services; and Kahram Zamani, individually, and as designated officer*
7 *for Infinity Group Services* (Case No. H-36361 LA). On or around August 12, 2010, the BRE filed
8 the Second Amended Accusation, which alleged, among other things: (a) Respondent collected
9 advance fees from customers but failed to first submit the advance fee agreement and radio
10 advertising to the BRE 10 days before using it, in violation of Business and Professions Code (B&P
11 Code) section 10085 and Title 10 of the California Code of Regulations (10 C.C.R.) section 2970;
12 and (b) Respondent employed unlicensed individuals to perform acts for which a real estate license
13 was required, in violation of B&P Code section 10137, which are cause for the suspension or
14 revocation of all real estate licenses and license rights under B&P Code section 10177(d).

15 15. On or around December 22, 2009, the BRE issued a Desist and Refrain Order
16 pursuant to B&P Code section 10086 (Case No. H-36398 LA), ordering Respondent and IGS to
17 desist and refrain from the following, in summary: (1) charging and/or receiving advance fees with
18 respect to the performance of loan modification or any other form of mortgage loan forbearance
19 services, in any form, and under any conditions; (2) charging and/or receiving advance fees with
20 respect to the performance of loan modification or any other form of mortgage loan forbearance
21 services, for any of the other real estate related services offered to others, unless and until
22 Respondent and IGS have submitted the advance fee materials to the BRE not less than 10 days
23 before use, placed all advance fees in a trust account, and provided an accounting to trust fund
24 owner-beneficiaries; and (3) employing or compensating any unlicensed person for performing any
25 act for which a real estate license is required (BRE Desist and Refrain Order).

26 16. On July 6, 2016, the BRE issued to Respondent the Decision and Order Granting
27 Restricted License Pursuant to Stipulated Settlement. As of December 2017, Respondent holds a
28 restricted salesperson license by the BRE.

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IV.
Misrepresentations in the Application

17. Approximately one year after the BRE restricted his license, Respondent filed his Application and five amendments thereto, attesting each time under penalty of perjury that the information and attached exhibits were current, true, accurate, and complete. Yet the Application and each successive amendment misrepresented the following material facts:

(J)(1) Has any domestic or foreign court ever: (a) enjoined you in connection with any financial services-related activity? “No.”

(J)(1) Has any domestic or foreign court ever: . . . (b) found that you were involved in a violation of any financial services-related statute(s) or regulation(s)? “No.”

(K) Has any State or federal regulatory agency . . . ever: . . . (4) entered an order against you in connection with a financial services-related activity? “No.”

(K) Has any State or federal regulatory agency . . . ever: . . . (6) . . . disciplined you, . . . or restricted your activities? “No.”

(K) Has any State or federal regulatory agency . . . ever: . . . (8) issued a final order against you based on violations of any law or regulations that prohibit fraudulent, manipulative, or deceptive conduct? “No.”

18. Respondent failed to submit in his Application the following information:

- i. BRE Desist and Refrain Order
- ii. Order Judgment

V.
Applicable Law

19. Financial Code section 50141 provides in relevant part:

(a) The commissioner **shall deny** an application for a mortgage loan originator license unless the commissioner makes **at a minimum the following findings**: . . .

(3) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division (Emphasis added)

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VI.
Conclusion

The Commissioner finds that Respondent does not meet at least one of the minimum requirements for issuance of a mortgage loan originator license as set forth in Financial Code section 50141. Respondent’s history, which includes making misrepresentations of material facts in connection with mortgage lending and/or loan modification services, thereby causing harm to consumers; an Order Judgment for permanent injunctions; a restricted BRE license; recent bankruptcies; and misrepresentations of material facts in the Application all belie the requirement under Financial Code section 50141, subdivision (a)(3), that Respondent “demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division.”

By reason of the foregoing, pursuant to Financial Code section 50141, the Commissioner shall deny Respondent’s Application for a mortgage loan originator license.

WHEREFORE IT IS PRAYED that the mortgage loan originator application filed by Kahram Zamani be denied.

Dated: January 2, 2018
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
SOPHIA C. KIM
Senior Counsel
Enforcement Division