

UNDER APPEAL

ORDER SUMMARY – Case Number: C-15-1683

Name(s): Jonathan Fraiman

Order Number: C-15-1683-15-FO01

Effective Date: June 23, 2015

License Number: DFI: 85579 NMLS ID: 528972
Or NMLS Identifier [U/L] _____

License Effect: Denied

Not Apply Until: June 23, 2022

Not Eligible Until: June 23, 2022

Prohibition/Ban Until: June 23, 2022

Investigation Costs	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$0	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:				

Comments: _____

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING the
Mortgage Loan Originator License Application
under the Consumer Loan Act of Washington by:

No.: C-15-1683-15-FO01

JONATHAN FRAIMAN,
Mortgage Loan Originator, NMLS # 528972,
Respondent.

FINAL ORDER

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I. DIRECTOR'S CONSIDERATION

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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 Charles E. Clark (Director's designee), pursuant to RCW 34.05.440(1). On May 27, 2015, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Deny License Renewal and Prohibit from Industry (Statement of Charges) against Jonathan Fraiman (Respondent). 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 May 27, 2015, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

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On May 27, 2015, the Department served Respondent with the Statement of Charges and accompanying documents by First-Class mail. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

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On May 27, 2015, the Department also sent to Respondent the Statement of Charges and accompanying documents by Federal Express overnight delivery. The documents sent by Federal Express were delivered on May 28, 2015.

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

4 B. Record Presented. The record presented to the Director's designee for his review and
5 for entry of a final decision included the following:

- 6 1. Statement of Charges, cover letter dated May 27, 2015, Notice of Opportunity to
7 Defend and Opportunity for Hearing, and blank Application for Adjudicative
Hearing for Respondent, with documentation for service.

8 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
9 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

10 II. FINAL ORDER

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

13 A. IT IS HEREBY ORDERED, That:

- 14 1. Respondent Jonathan Fraiman's application for a mortgage loan originator license
15 is denied.
16 2. Respondent Jonathan Fraiman is prohibited from participation in the conduct of
17 the affairs of any mortgage loan originator subject to licensure by the Director, in
any manner, for seven years.

18 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
19 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
20 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
21 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
22 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
23 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
24 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

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

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

13 DATED this 23rd day of June, 2015.



14 STATE OF WASHINGTON
15 DEPARTMENT OF FINANCIAL INSTITUTIONS

16 [Redacted Signature]
17 CHARLES E. CLARK
18 Director
19 Division of Consumer Services

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING the
Mortgage Loan Originator License Application
under the Consumer Loan Act of Washington by:

JONATHAN FRAIMAN,
Mortgage Loan Originator, NMLS # 528972,
Respondent.

No.: C-15-1683-15-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO DENY LICENSE RENEWAL
AND PROHIBIT FROM INDUSTRY

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INTRODUCTION

Pursuant to RCW 31.04.165 and RCW 31.04.168, the Director of the Department of Financial
Institutions of the State of Washington (Director) is responsible for the administration of chapter
31.04 RCW, the Consumer Loan Act (Act)¹. After having conducted an investigation pursuant to
RCW 31.04.055 and 31.04.145, 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 Charles E.
Clark, institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

15 **1.1 Jonathan Fraiman (Respondent)** submitted an application to the Department of Financial
16 Institutions of the State of Washington (Department) for a mortgage loan originator (MLO) license
17 under Global Equity Finance, Inc., a consumer loan company licensed under the Act, through the
18 Nationwide Mortgage Licensing System and Registry (NMLS), on or about July 30, 2013.
19 Respondent's MLO license application was approved by the Department on or about August 14,
20 2013. On or about December 3, 2013, Respondent's MLO license was renewed for the calendar year
21 2014. On or about November 19, 2014, Respondent applied to renew his MLO license through
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¹ RCW 31.04 (Amended 2009; Effective January 1, 2010)

1 NMLS for the calendar year 2015. On December 31, 2014, Respondent's MLO license expired. To
2 date, the Department has not issued Respondent a MLO license for the calendar year 2015.

3 **1.2 Prior Civil Action.** On or about October 8, 2013, a "Final Judgment as to Defendant
4 Jonathan Fraiman" was entered in the United State District Court, District of Massachusetts, under
5 case number 1:12-CV-11489. This Final Judgment restrained, enjoined, and barred Respondent from
6 engaging in certain activities relating to the securities.

7 **1.3 Prior Administrative Action.** On or about October 11, 2013, the Securities and Exchange
8 Commission entered an Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the
9 Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making
10 Findings, and Imposing Remedial Sanctions. This Order barred Respondent from "association with
11 any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent,
12 or nationally recognized statistical rating organization, with the right to reapply for reentry after ten
13 years to the appropriate self-regulatory organization, or if there is none, to the Commission."

14 **1.4 Prior Criminal Acts.** On or about August 7, 2014, Respondent was indicted in the United
15 States District Court, District of Massachusetts, on felony charges meeting the language of RCW
16 31.04.247(1)(d) and WAC 208-620-710(4)(c).

17 **1.5 Responses to Application Questions.** The Civil Judicial Disclosure section of the Uniform
18 Individual Mortgage License/Registration & Consent for (Form MU4) consists of a series of
19 questions. The required New Application Checklist includes the following instruction: "Provide
20 complete details of all events or proceedings for any "Yes" answer to any of the disclosure questions
21 on your MU4 filing." Respondent answered "no" all of the questions in the Civil Judicial Disclosure
22 section of his form MU4, including the question, "Has any domestic or foreign court ever enjoined
23 you in connection with any financial services-related activity?"

1 The Regulatory Action Disclosure section of the Form MU4 consists of a series of questions.
2 Respondent answered “no” all of the questions in the Regulatory Action Disclosure section of his
3 form MU4, including the question, “Has any State or federal regulatory agency or foreign financial
4 regulatory authority or self-regulatory organization (SRO) ever entered an order against you in
5 connection with a financial services-related activity?”

6 The Criminal Disclosure section of the Form MU4 consists of a series of questions.
7 Respondent answered “no” all of the questions on the Criminal Disclosure section of his Form MU4,
8 including the question, “Are there pending charges against you for any felony?”²

9 Respondent was obligated by statute to answer questions on the Form MU4 truthfully and to
10 provide the Department with complete details of all events or proceedings. On or about November
11 17, 2014, Respondent attested, under penalty of perjury, that the information and statements
12 contained within the Form MU4 are current, true, accurate, and complete.

13 **1.6 Character and General Fitness.** Respondent has not demonstrated character and general
14 fitness such as to command the confidence of the community as evidenced by Respondent’s
15 providing of false statements on his MLO application.

16 **1.7 On-Going Investigation.** The Department’s investigation into the alleged violations of the
17 Act by Respondent continues to date.

18 II. GROUNDS FOR ENTRY OF ORDER

19 **2.1 Requirement to Demonstrate Character and General Fitness.** Based on the Factual
20 Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW
21 31.04.247(1) and WAC 208-620-710 by failing to demonstrate character and general fitness such as
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23 ² On or about April 1, 2015, (nearly eight months after the indictment) Respondent disclosed his indictment in NMLS via
24 uploaded documents. However, to date, Respondent has not answered the following question in the affirmative, “Are
there pending charges against you for any felony?”

1 to command the confidence of the community and to warrant a belief that the business will be
2 operated honestly, fairly, and efficiently within the purposes of the Act.

3 **2.2 False Statements and Omissions of Material Facts.** Based on the Factual Allegations set
4 forth in Section I above, Respondent is in apparent violation of RCW 31.04.027(8) and WAC 208-
5 620-550(6) for negligently making any false statement or knowingly and willfully make any omission
6 of material fact in connection with any reports filed with the department by a licensee or in
7 connection with any investigation conducted by the department.

8 **2.3 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,
9 Respondent is in apparent violation of RCW 31.04.241 for not furnishing information pertaining to
10 personal history and experience in a form prescribed by the NMLS.

11 III. AUTHORITY TO IMPOSE SANCTIONS

12 **3.1 Authority to Deny Renewal of Application for Mortgage Loan Originator License.**

13 Pursuant to RCW 31.04.247(2), the Director shall not issue a license if the conditions of RCW
14 31.04.247(1) have not been met by the applicant and shall notify the applicant of the denial.

15 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 31.04.093(6), the Director may
16 issue orders removing from office or prohibiting from participation in the conduct of the affairs of
17 any licensee, or both, any officer, principal, employee, or loan originator of any person subject to this
18 chapter for false statements or omission of material information from an application for a license that,
19 if known, would have allowed the director to deny the original application for a license or a violation
20 of RCW 31.04.027.

21 IV. NOTICE OF INTENTION TO ENTER ORDER

22 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
23 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose

1 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.055, RCW 31.04.093, RCW
2 31.04.165, RCW 31.04.168, and RCW 31.04.247. Therefore, it is the Director's intention to ORDER
3 that:

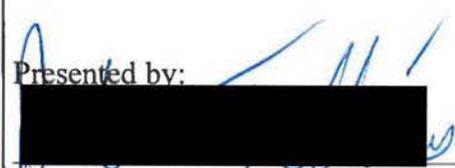
- 4 **4.1** Respondent Jonathan Fraiman's application for a mortgage loan originator license be
5 denied.
- 6 **4.2** Respondent Jonathan Fraiman be prohibited from participation in the conduct of the
7 affairs of any mortgage loan originator subject to licensure by the Director, in any
8 manner, for seven years.

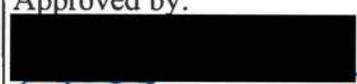
9 **V. AUTHORITY AND PROCEDURE**

10 This Statement of Charges and Notice of Intention to Enter an Order to Deny License
11 Renewal and Prohibit from Industry (Statement of Charges) is entered pursuant to the provisions of
12 RCW 31.04.093, RCW 31.04.165, RCW 31.04.168, and RCW 31.04.202, and is subject to the
13 provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a
14 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
15 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

16 Dated this 27th day of May, 2015.

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18 CHARLES E. CLARK
19 Director
20 Division of Consumer Services
21 Department of Financial Institutions

22 Presented by: 
23 DEBORAH TAEELLIUS
24 Financial Legal Examiner Supervisor

25 Approved by: 
26 STEVEN C. SHERMAN
27 Enforcement Chief

