

1 STATE OF NEVADA
2 DEPARTMENT OF BUSINESS AND INDUSTRY
3 DIVISION OF MORTGAGE LENDING

4 * * *

5 In re:
6 MILORAD ZARKOVACKI,
7 Respondent.

10 FINAL ORDER

11 The State of Nevada, Department of Business and Industry, Division of Mortgage
12 Lending (hereinafter, the "DIVISION"), having served the Respondent, MILORAD
13 ZARKOVACKI, (hereinafter, "RESPONDENT") on February 2, 2009, with its Notice of Intent
14 to Revoke Mortgage Agent License and Notice of Intent to Impose Fine and Notice of Right
15 to Request Hearing, attached hereto as Exhibit "1" and incorporated herein by reference,
16 which notified RESPONDENT that a final order would issue in this matter unless, within
17 twenty (20) days of entry and receipt of said Order, RESPONDENT requested a hearing to
18 contest the charges against it, with said request to be made in writing, and;
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20 Said Order having been sent to RESPONDENT via certified mail and regular mail, and
21 received by RESPONDENT on February 25, 2009, and;
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23 RESPONDENT having failed to request a hearing in this matter, and good cause
24 appearing:

25 NOW, THEREFORE,

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2 **IT IS HEREBY ORDERED** that, pursuant to NRS 645B.670(3) and NRS 645B.750,
3 RESPONDENT'S mortgage agent license in the State of Nevada is **REVOKED**.

4 **IT IS FURTHER ORDERED** that, pursuant to NRS 645B.670, RESPONDENT will be
5 subject to the administrative fines, fees and/or costs as set forth in the original Order attached
6 hereto as Exhibit "1".

7 **IT IS FURTHER ORDERED** that the sum of said administrative fines, fees and/or costs
8 be paid in full within **thirty (30) days** of entry of the instant Order;
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10 Dated this 15th day of April, 2009.

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12 **STATE OF NEVADA**
13 **DEPARTMENT OF BUSINESS AND INDUSTRY**
14 **DIVISION OF MORTGAGE LENDING**

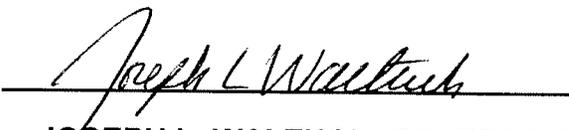
15 By: 
16 **JOSEPH L. WALTUCH, COMMISSIONER**

EXHIBIT “1”

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**STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING**

In re:

Milorad Zarkovacki,

Respondent.

**NOTICE OF INTENT TO REVOKE MORTGAGE
AGENT LICENSE, NOTICE OF INTENT TO IMPOSE
FINE AND NOTICE OF RIGHT TO REQUEST HEARING**

The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapter 645B of the Nevada Revised Statutes (“NRS”) and Chapter 645B of the Nevada Administrative Code (“NAC”). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the “Division”) has the general duty to exercise supervision and control over mortgage brokers and mortgage agents, as well as mortgage broker and mortgage agent activity. See, NRS 645B.060(1), NRS 645B.670 and NRS 645B.690. Pursuant to that authority, the Division makes the following Factual Allegations, Violations of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. On July 29, 2002, North American Funding (“North American”) was issued a mortgage broker license (License No. 484) pursuant to Chapter 645B of NRS. North American operated within the State of Nevada as a licensed mortgage broker until its license expired on June 30, 2008, for failure to renew and the company closed on approximately July 1, 2008. See, NRS 645B.050(1).

2. On December 15, 2005, Milorad Zarkovacki (“Respondent”) was issued a mortgage agent license (License No. 34928) by the Division pursuant to Chapter 645B of NRS.

1 3. Respondent was affiliated with, or employed by, North American as a licensed
2 mortgage agent from December 14, 2006, to December 15, 2007, when his license expired
3 for failure to renew. See, NRS 645B.430(1).

4 4. Presently, Respondent's status with the Division is inactive.

5 5. Based upon information and belief, Coastal Group Investments, LLC ("Coastal
6 Group") is, and at relevant times herein mentioned was, a limited liability company, organized
7 and existing under the laws of the State of Nevada.

8 6. Based upon information and belief, at relevant times herein mentioned, Respondent
9 was and is the president of Coastal Group.

10 7. On December 26, 2007, the Division received a written complaint ("Complaint") from
11 an individual ("Complainant") alleging, among other things, that:

12 a. In or around July 2007, John Carson and Belton Mouras ("Borrowers")
13 attempted to secure funding for a duplex project in San Antonio, Texas, by way of
14 Respondent's services;

15 b. Respondent conducted unlicensed mortgage broker activities on behalf of
16 Borrowers as Coastal Group and not as North American, the broker of record for
17 Respondent's mortgage agent license;

18 c. Respondent required and received a \$5,000.00 advance fee from Borrowers
19 before attempting to secure funding on Borrowers' behalf;

20 d. The \$5,000.00 advance fee was to be credited to Borrowers at close of
21 escrow and would "only be retained in the event (Borrowers chose) not (sic) proceed with the
22 loans under the terms..." outlined in a letter from Respondent to Borrowers. A true and
23 correct copy of letter, together with the attached Good Faith Estimate, are attached hereto as
24 **Exhibit "A"** and incorporated herein by reference as though set forth in full; and
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26 e. Respondent was unable to secure funding; Borrowers requested the return
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1 of their deposit; however, to date, Respondent has failed to return the deposit. Further,
2 Respondent admitted that he spent the deposit before securing funding and is now not
3 financially able to return the deposit to Borrowers.

4 8. In response to the Complaint, Respondent stated, among other things, that he had
5 worked on several commercial deals with clients of Complainant, a real estate broker, and
6 had "put in countless hours to no avail on these massive projects either because (the clients)
7 refused to accept that the market had changed, they lied about their capabilities until reaching
8 the end of the transaction when the truth was told or their credit / guideline changes effected
9 (sic) their loan scenario...After several deals went sour we had finally arranged that if we were
10 to act as their consultants on any further projects we were to take a due diligence fee for
11 services rendered...."

12 9. Pursuant to NRS 645B.060, the Division is charged with conducting "...such
13 investigations as may be necessary to determine whether any person has violated any
14 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
15 Commissioner...." See, NRS 645B.060(2)(c).

16 10. Pursuant to NRS 645B.060, the Division is further charged with conducting
17 "...such other investigations, periodic or special audits, investigations and hearings as may be
18 necessary for the efficient administration of the laws of this State regarding mortgage brokers
19 and mortgage agents...." See, NRS 645B.060(2)(e).

20 11. Pursuant to NRS 645B.610, if a person properly files a complaint with the Division,
21 the Division is further charged with investigating "...each violation alleged in the complaint..."
22 and the Division "...shall determine from the investigation whether there is reasonable cause
23 to believe that the person committed the alleged violation...." See, NRS 645B.610(1), (3).

24 12. Pursuant to NRS 645B.900, unless a person is exempt from Chapter 645B of NRS
25 and complies with exemption requirements, "(i)t is unlawful for any person to offer or provide
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1 any of the services of a mortgage broker or mortgage agent or otherwise to engage in, carry
2 on or hold himself out as engaging in or carrying on the business of a mortgage broker or
3 mortgage agent without first obtaining the applicable license issued pursuant to this
4 chapter....”

5 13. Pursuant to NRS 645B.450, “(a) person licensed as a mortgage agent pursuant to
6 the provisions of NRS 645B.410 may not be associated with or employed by more than one
7 mortgage broker at the same time.” See, NRS 645B.450(1).

8 14. Pursuant to NRS 645B.165, excluding advance payments to cover reasonably
9 estimated costs paid to third persons, “...the amount of any advance fee, salary, deposit or
10 money paid to a mortgage broker and his mortgage agents or any other person to obtain a
11 loan which will be secured by a lien on real property must be placed in escrow pending
12 completion of the loan or a commitment for the loan. See, NRS 645B.165(1), (3).

13 15. Pursuant to NRS 645B.165, “(t)he amount held in escrow...must be released...(i)f
14 the loan or commitment for the loan fails, to the person who made the payment.” See,
15 NRS 645B.165(2)(b).

16 16. After receiving the above-described Complaint regarding Respondent, the Division
17 conducted an investigation of the allegations in question. This investigation revealed, among
18 other things, that:
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21 a. The Division has never issued a mortgage broker license to Respondent
22 pursuant to Chapter 645B of NRS;

23 b. The Division has never issued a mortgage broker license to Coastal Group
24 pursuant to Chapter 645B of NRS;

25 c. At relevant times herein mentioned, Respondent was affiliated with, or
26 employed by, North American, a licensed mortgage broker;

27
28 d. At relevant times herein mentioned, on multiple occasions, Respondent

1 offered or provided unlicensed mortgage broker services, as follows:

2 (i) In or around July 2007, Respondent, as president of Coastal
3 Group, gave Borrowers options on different types of loans for a duplex project in San Antonio,
4 Texas (**Exhibit "A"**);

5 (ii) In July 2007, Respondent provided to Borrowers a Good Faith
6 Estimate (**Exhibit "A"**) of Borrowers' costs associated with a loan for the subject duplex
7 project;

8 (iii) Respondent required and received a \$5,000.00 advance fee from
9 Borrowers before attempting to secure funding on Borrowers' behalf;

10 e. Respondent failed to place the \$5,000.00 advance fee from Borrowers in
11 escrow;

12 f. Respondent commingled the \$5,000.00 advance fee from Borrowers with his
13 own money; and

14 g. After a loan or a commitment for a loan failed, Respondent failed to release
15 the \$5,000.00 advance fee to Borrowers.

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17 17. Further, on March 7, 2008, in response to the Complaint, the Division received a
18 letter dated February 29, 2008, from R. Gregory Ernst ("Ernst"), president of North American
19 Funding, stating, among other things, that upon investigation:

20 a. Respondent worked with Complainant as a loan consultant from July 2007
21 until October 2007 in an effort to help secure funding for several commercial transactions in
22 Texas;

23 b. The money received from Borrowers was a consulting fee which Respondent
24 agreed to credit back to Borrowers at close of escrow;

25 c. Complainant and Respondent both received deposits from Borrowers;

26 d. "The deposits were requested because of the extensive amount of work
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1 (Respondent and Complainant) had done for (Borrowers) previously with no return....”

2 e. After Borrowers “repeatedly turned down offers,” the parties agreed to
3 terminate the relationship;

4 f. At the time they terminated the relationship, Complainant “...decided to pay
5 all the monies back to the clients to preserve a possible future relationship, and subsequently
6 requested (that Complainant) pay him back his portion of the deposit. (Complainant), having
7 done the greatest amount of due diligence, did not agree that returning (Borrowers’) deposit
8 was appropriate, since he had completed his portion of the transaction...;” and

9 g. It appeared that Complainant was “simply throwing a ‘wide net’ in their
10 attempt to collect monies.”

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12 18. Pursuant to NRS 645B.690, “(i)f a person offers or provides any of the services of
13 a mortgage broker or mortgage agent or otherwise engages in, carries on or holds himself out
14 as engaging in or carrying on the business of a mortgage broker or mortgage agent and, at
15 the time...(t)he person was required to have a license pursuant to this chapter and the person
16 did not have such a license...the Commissioner shall impose upon the person an
17 administrative fine of not more than \$10,000 for each violation and if the person has a license,
18 the Commissioner shall revoke it....” See, NRS 645B.690(1)(a).

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20 19. Pursuant to NRS 645B.670, “(f)or each violation committed by a mortgage agent,
21 the Commissioner may impose upon the mortgage agent an administrative fine of not more
22 than \$10,000, may suspend, revoke or place conditions upon his license, or may do both, if
23 the mortgage agent, whether or not acting as such...(i)s grossly negligent or incompetent in
24 performing any act for which he is required to be licensed pursuant to the provisions of this
25 chapter...(h)as made a material misrepresentation in connection with any transaction
26 governed by this chapter...(h)as failed to account for or to remit any money of a client within a
27 reasonable time after a request for...remittal...(h)as commingled the money...of a client with
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1 his own or has converted the money...to his own use...(h)as engaged in any other conduct
2 constituting a deceitful, fraudulent or dishonest business practice...(h)as violated any
3 provision of this chapter, a regulation adopted pursuant to this chapter or an order of the
4 Commissioner or has assisted or offered to assist another person to commit such a violation.”
5 See, NRS 645B.670(3)(a), (b), (f), (g), (h), (j).

6 VIOLATIONS OF LAW

7 After investigating this matter, it has been determined that:

- 8 a. Respondent engaged in multiple instances of unlicensed mortgage broker
9 activity in or around July 2007, in violation of NRS 645B.900;
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11 b. Respondent failed to place the \$5,000.00 advance fee from Borrowers in
12 escrow, in violation of NRS 645B.165(1)(3);
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14 c. After the loan failed, Respondent failed to release the \$5,000.00 advance fee
15 to Borrowers, in violation of NRS 645B.165(2)(b) and NRS 645B.670(3)(f);
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17 d. Respondent commingled the \$5,000.00 advance fee from Borrowers with his
18 own money and converted it to his own use, in violation of NRS 645B.670(3)(g);
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20 e. Respondent was grossly negligent or incompetent, and made material
21 misrepresentations, in holding himself out as engaging in or carrying on the business of a
22 mortgage broker without a license to do so, in violation of NRS 645B.670(3)(a), (b); and
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24 f. By the above-mentioned conduct, Respondent engaged in a deceitful,
25 fraudulent or dishonest business practice, in violation of NRS 645B.670(3)(h).

26 ORDER

27 **NOW, THEREFORE, IT IS HEREBY ORDERED** that, pursuant to NRS 645B.750,
28 upon the timely filing of an application with the Division, Respondent shall be entitled to a
hearing with regards to the contents of this Order. At that hearing, pursuant to
NRS 645B.690(1)(a), the Division will seek:

1 a. To revoke Respondent's mortgage agent license for Respondent's violations
2 of NRS 645B.900;

3 b. The imposition of an administrative fine against Respondent in the amount of
4 Fifteen Thousand Dollars and No Cents (\$15,000.00) for Respondent's violations of Chapter
5 645B of NRS, the Division's investigative costs in the amount of Four Hundred Eighty Dollars
6 and No Cents (\$480.00) as well as the Division's administrative costs and attorney's fees, if
7 any, incurred herein, each to be proven at the hearing; and

8 c. Respondent's payment, in full, of the administrative fine, investigative costs
9 as well as the costs and fees to the Division within **thirty (30) days** of entry of the Final Order.
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11 Should Respondent not request a hearing within **twenty (20) days** of the date of this
12 Order, the Division will enter a Final Order in this matter against Respondent, as required by
13 NRS 645B.750(2).

14 Dated this 2nd day of February, 2009.

15 **STATE OF NEVADA**
16 **DEPARTMENT OF BUSINESS AND INDUSTRY**
17 **DIVISION OF MORTGAGE LENDING**

18 By: Joseph L. Waltuch
19 **JOSEPH L. WALTUCH, COMMISSIONER**

EXHIBIT “A”



**Coastal Group Investments, LLC
210 Chetro Ct
Henderson, Nv 89074**

**Mr. Belton Mouras
Mr. John Carson
C/O Don Smith
West Coast Mortgage**

Per our conversation, attached is a good faith estimate of costs associated with doing 25 individual loans for the Woodlake duplex project. We are planning to fund these with 1 - 3 lenders. You can expect to see 75% - 85% cash out loan amounts against appraised value. We plan to offer you a 5/1 rate and a 30 yr fixed rate with both 1 year prepaids and with no prepaids. We also have available options that will offer one or more payments every month.

We have several loan options that will be available on a per loan basis upon day of lock and pricing to be exact only upon commencement of loan. We cannot guarantee rates until the day of loan lock. Granted these estimates are as close to exact as possible until the loan is locked. We are working under the assumption of \$600.00 origination fee.

Don Smith will work with us to have Tom Docktor & Associates approved with our lenders so the appraisals can be ordered at your bulk discount, and, we will use the same escrow officer with fidelity in San Antonio, to save cost there as well.

If you wish to proceed, please sign your intent to proceed below and return with a deposit check of \$5000 to Coastal Group Investments, LLC and \$2500 to West Coast Mortgage. These fees will be credited in escrow and will only be retained in the event you choose to not proceed with the loans under the terms outlined above.

We look forward to beginning your loan process and completing your goals as a whole. If you have any questions whatsoever, please do not hesitate to contact Don or Myself.

Sincerely,

**Michael M Zarkovacki
Coastal Group Investments, LLC
President**

CERTIFICATE OF SERVICE

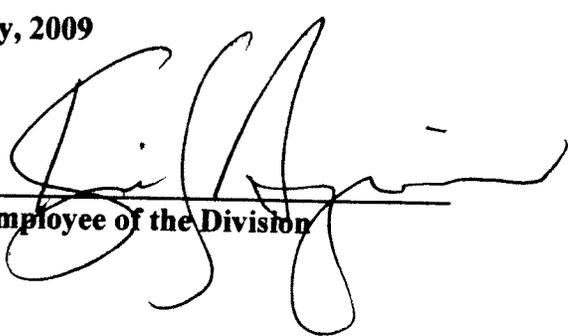
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I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on February 3, 2009, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, NOTICE OF INTENT TO REVOKE MORTGAGE AGENT LICENSE AND NOTICE OF INTENT TO IMPOSE FINE AND NOTICE OF RIGHT TO REQUEST HEARING for MILORAD ZARKOVACKI, addressed as follows:

**Milorad Zarkovacki
10115 Jeffreys Street, #1046
Las Vegas, NV 89183**

Certified Receipt Number: 7006 2760 0000 0876 4975

DATED this 3^rd day of February, 2009

By: 
Employee of the Division

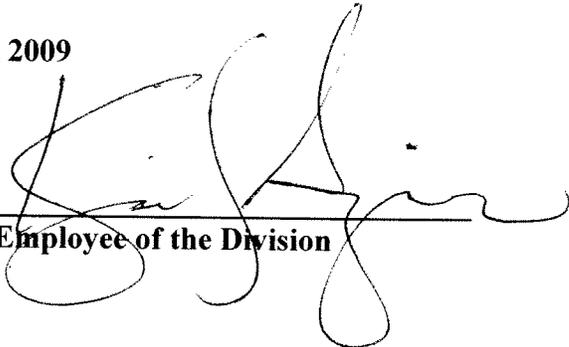
CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on April 16, 2009, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, FINAL ORDER for MILORAD ZARKOVACKI, addressed as follows:

Milorad Zarkovacki
3263 W. Bath Road
Akron, OH 44333-2227

Certified Receipt Number: 7006 2760 0000 0876 2643

DATED this 16th day of April, 2009

By: 
Employee of the Division