

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

In re:

New Republic Mortgage, Inc., dba  
BZ Systems  
Boris Zheleznyak, an individual

Respondents.

**STIPULATED SETTLEMENT AGREEMENT**

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 hereby enters into the following Stipulated Settlement Agreement ("Agreement") with New Republic Mortgage, Inc., dba BZ Systems ("New Republic") and Boris Zheleznyak, an individual (each a Respondent and collectively the Respondents") as follows:

**RECITALS**

WHEREAS, New Republic is currently incorporated in the State of Nevada and its status is listed as "active" with the Nevada Secretary of State; Boris Zheleznyak is the principal and owner of New Republic.

WHEREAS, New Republic was originally licensed as a mortgage broker with the Financial Institutions Division on July 18, 2002, and subsequently the Division, and its current status with the Division is listed as inactive.

1  
2 WHEREAS, based upon information and belief, at all relevant times herein mentioned,  
3 the Respondents conducted mortgage lending activity in the State of Nevada.

4 WHEREAS, pursuant to NRS 645B.060, the Division is charged with conducting "...an  
5 annual examination of each mortgage broker doing business in this State...." See, NRS  
6 645B.060 (2) (d).

7 WHEREAS, pursuant to NRS 645B.060, the Division conducted a regularly scheduled  
8 examination of the Respondent New Republic's books and records which commenced on  
9 April 23, 2009.

10  
11 WHEREAS, during the course of the examination it was determined that  
12 Respondents processed four (4) mortgage loans wherein the files failed to contain  
13 documentation to verify the accuracy of stated income or verification of the borrowers' ability  
14 to repay the loan, and one (1) mortgage loan where it appeared the loan file contained a  
15 misrepresentation of employment, present address, marital status and ownership of real  
16 estate.

17  
18 WHEREAS, pursuant to NRS 645B.670, "for each violation committed by a mortgage  
19 broker, the Commissioner may impose upon the mortgage broker an administrative fine of not  
20 more than \$10,000, may suspend, revoke or place conditions upon his license, or may do  
21 both, if the mortgage broker, whether or not acting as such: does not conduct his business in  
22 accordance with law or has violated any provision of this chapter, a regulation adopted  
23 pursuant to this chapter or an order of the Commissioner; has engaged in any other conduct  
24 constituting a deceitful, fraudulent or dishonest business practice..." See NRS 645B.670 (2)  
25 (c) (o);

26  
27 WHEREAS, after settlement negotiations, the Division and the Respondents  
28 (collectively, "the parties") herein mutually desire to resolve this matter without further

1 proceedings through this Agreement.

2 NOW, THEREFORE, in consideration of the representations, covenants and  
3 conditions set forth herein, IT IS HEREBY STIPULATED AND AGREED by the parties that  
4 the purported violations found during the examination of the Respondent's books and records  
5 shall be settled on the following terms and conditions:

6 1. Respondents admit that they failed to conduct business in accordance with the law  
7 by failing to properly verify the accuracy of the stated income or determine the borrower's  
8 ability to repay on four (4) loan applications, in violation of NRS 645B.670 (2) (c), and that  
9 they engaged in other conduct constituting a violation of NRS 645B.670 (2) (o).  
10

11 2. Respondents acknowledge and agree, with full knowledge, to waive their rights to  
12 have the Division file a complaint, if one has not been filed by the date that Respondents  
13 execute this agreement, or if a complaint has been filed, to go to a hearing in this matter.

14 3. In light of the parties' desire to resolve this matter, Respondents shall, pursuant to  
15 NRS 645B.670 and/or NRS 622.400, pay to the Division an administrative fine in the amount  
16 of Ten Thousand Hundred Dollars (\$10,000.00). Payment, in full, to the Division of the  
17 administrative fine from the Respondents, who shall be jointly and severally liable, shall be  
18 made upon their execution of this Agreement.  
19

20 4. Respondents agree that in the event that it violates any of the provisions of this  
21 Agreement, the Division shall retain any and all remedies available to it in accordance with  
22 NRS Chapter 645B.

23 5. The parties agree and acknowledge that this Agreement shall constitute the  
24 complete and final resolution of any issues arising out of the Division's April 2009 examination  
25 of Respondents.  
26

27 6. The parties represent and warrant that the persons executing the Agreement on  
28 behalf of each party has full power and authority to do so, and has the legal capacity to

1 conduct the legal obligations assigned to it hereunder.

2 7. Respondents further acknowledge and agree that the Division shall keep the  
3 original of this Agreement.

4 8. This Agreement may be signed in counterparts and a facsimile signature shall be  
5 deemed as valid as an original, however, Respondents shall immediately forward all original  
6 signature pages to the Division.

7 9. The Agreement, as well as the rights and obligations of the parties hereto shall be  
8 interpreted, governed, and construed pursuant to the laws of the State of Nevada.

9 10. Any action to enforce the Agreement shall be brought in the Eighth Judicial District  
10 Court of the State of Nevada in and for Clark County.

11 11. If the Division is successful in any action to enforce this Agreement, the court may  
12 award it attorney's fees. It is specifically agreed that reasonable attorney's fees for the State-  
13 employed attorneys shall be \$125 per hour.

14 12. Failure to declare a breach or the actual waiver of any particular breach of the  
15 Agreement or its material terms, by either party, shall not operate as a waiver by such party of  
16 any of its rights or remedies as to any other breach.

17 13. The Respondents have the right to retain an attorney to review this Agreement at  
18 its sole cost and expense and have freely and voluntarily chosen not to do so.

19 14. Other than the fine set forth herein, each side shall pay its own costs and fees,  
20 including attorney's fees.

21 15. If any provision contained in the Agreement is held to be unenforceable by a court  
22 of law or equity, the Agreement shall be construed as if such a provision(s) did not exist and  
23 the unenforceability of such provision(s) shall not be held to render any other provision(s) of  
24 the Agreement unenforceable.

25 16. The Agreement constitutes the entire Agreement of the parties, and it is intended  
26  
27  
28

1 as a complete and exclusive statement of the promises, representations, negotiations, and  
2 discussions of the parties. Unless otherwise expressly authorized by its terms, the  
3 Agreement shall be binding upon the parties unless the same is in writing, signed by the  
4 respective parties hereto, and approved by the Office of the Attorney General.

5       **17. NOTICE TO RESPONDENTS:** By executing this Agreement, you hereby agree  
6 that you are waiving certain rights as set forth herein. As the Respondents, you are  
7 specifically informed that you have the right to request that the Division file an administrative  
8 complaint against you, at any hearing on such a complaint you have the right to appear and  
9 be heard in your defense, either personally or through your counsel of choice. If the Division  
10 were to file a complaint, at the hearing, the Division would have the burden of proving the  
11 allegations in the complaint and would call witnesses and present evidence against you. You  
12 would have the right to respond and to present relevant evidence and argument on all issues  
13 involved. You would have the right to call and examine witnesses, introduce exhibits, and  
14 cross-examine opposing witnesses on any matter relevant to the issues involved.  
15

16       You would have the right to request that the Commissioner of the Division issue  
17 subpoenas to compel witnesses to testify and/or evidence to be offered on your behalf. In  
18 making this request, you may be required to demonstrate the relevance of the witness's  
19 testimony and/or evidence. Other important rights you have are listed in NRS Chapter 645B  
20 and NRS Chapter 233B.  
21

22       **18.** Respondents understand and agree that this Agreement may be used to show that  
23 past violations have occurred should any future disciplinary action be taken by the Division.  
24

25       **19.** In consideration of execution of this Agreement, the Respondents, and each of  
26 them, for themselves, its owners, heirs, executors, administrators, successors, and assigns,  
27 hereby release, remise, and forever discharge the State of Nevada, the Department of  
28 Business and Industry of the State of Nevada, the Division, and each of their members,

1 agents, attorneys (including any and all employees of the Nevada Attorney General), and  
2 employees in their individual and representative capacities, from any and all manner of  
3 actions, causes of action, suits, debts, judgments, executions, claims, and demands  
4 whatsoever, known and unknown, in law or equity, that the Respondents ever had, now have,  
5 may have, or claim to have against any or all of the persons or entities named in this section,  
6 arising out of or by reason of the Division's examination of Respondents, and all other matters  
7 relating thereto.

8  
9 20. Respondents, and each of them, hereby indemnify and hold harmless the State of  
10 Nevada, the Department of Business and Industry of the State of Nevada, the Division, and  
11 each of their members, agents, and employees, and employees of the Nevada Attorney  
12 General in their individual and representative capacities against any and all claims, suits, and  
13 actions brought against said persons and/or entities by reason of the Division's examination  
14 of Respondents, this Agreement, and all other matters relating thereto, and against any and  
15 all expenses, damages, and costs, including court costs and attorney fees, which may be  
16 sustained by the persons and/or entities named in this section as a result of said claims, suits,  
17 and actions.

18  
19 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed  
20 and intend to be legally bound thereby.

21 ≡  
22 ≡

23 NEXT PAGE IS SIGNATURE PAGE

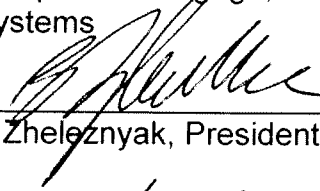
24 ≡  
25 ≡

26  
27  
28 Dated this 26<sup>th</sup> day of September, 2009.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

New Republic Mortgage, Inc., dba  
BZ Systems

By:

  
Boris Zheleznyak, President


Dated this 26 day of ~~August~~ <sup>September</sup>, 2009.

  
Boris Zheleznyak

Dated this 26 day of ~~August~~ <sup>September</sup>, 2009.

State of Nevada  
Department of Business and Industry  
Division of Mortgage Lending

By:

  
Joseph L. Waltuch, Commissioner

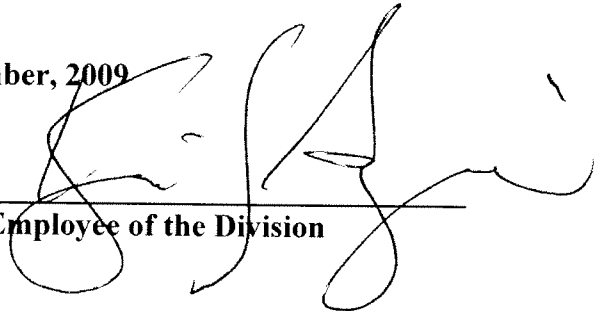
**CERTIFICATE OF SERVICE**

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on September 22, 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, **STIPULATED SETTLEMENT AGREEMENT** for **NEW REPUBLIC MORTGAGE dba BZ SYSTEMS, BORIS ZHELEZNYAK** addressed as follows:

**Boris Zheleznyak**  
**c/o Herman Thordsen**  
**6 Hutton Center Drive, Ste. 1040**  
**Santa Ana, CA 92707**

**Certified Receipt Number: 7006 2760 0000 0875 9223**

**DATED this 22nd day of September, 2009**

By:   
**Employee of the Division**



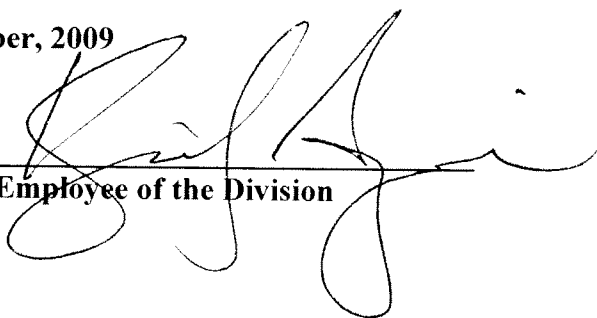
CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on October 7, 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, FULLY EXECUTED STIPULATED SETTLEMENT AGREEMENT for BZ SYSTEMS AND BORIS ZHELEZNYAK, addressed as follows:

BZ Systems & Boris Zheleznyak  
c/o Herman Thordsen Law Offices  
6 Hutton Center Drive, Ste. 1040  
Santa Ana, CA 92707

Certified Receipt Number: 7006 2760 0000 0875 9247

DATED this 6th day of September, 2009

By:   
Employee of the Division