

IN THE MATTER OF:

JOHNSON OLAWOYIN,

Respondent.

BEFORE THE MARYLAND

COMMISSIONER OF

FINANCIAL REGULATION

Case No.: CFR-FY2010-026

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Commissioner of Financial Regulation (the “Commissioner”) conducted an investigation into the mortgage lending and originating business activities and credit services business activities of Johnson Olawoyin (the “Respondent”); and

WHEREAS, as a result of that investigation, the Deputy Commissioner of Financial Regulation (the “Deputy Commissioner”) found evidence to support that Respondent has engaged in acts or practices constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, namely that Respondent has violated various provisions of the Annotated Code of Maryland, including, Title 11, Subtitle 5 of the Financial Institutions Article (“FI”) (the Maryland Mortgage Lender Law, hereafter “MMLL”), Title 11, Subtitle 6 of the Financial Institutions Article (the Maryland Mortgage Originators Law, or “MMOL”), Title 7, Subtitle 4 of the Real Property Article (“RP”) (the Maryland Mortgage Fraud Protection Act, hereinafter “MMFPA”), Title 14, Subtitle 19 of the Commercial Law Article (“CL”) (the Maryland Credit Services Businesses Act, hereinafter “MCSBA”), and Title 11, Subtitles 2 and 3 of the Financial Institutions Article; and

WHEREAS, the Deputy Commissioner issued a Summary Order to Cease and Desist and Order to Produce against Respondent on July 8, 2010 (the "Summary Order"),¹ after determining that Respondent was in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondent immediately cease and desist from originating, brokering, lending, mitigating, or engaging in any other activities involving Maryland mortgage loans or otherwise pertaining to the mortgage industry in Maryland, as well as engaging in credit services business activities with Maryland residents, homeowners and/or consumers (hereinafter "Maryland consumers"), including directly or indirectly offering, contracting to provide, or otherwise engaging in, loan modification, loss mitigation, or similar services related to residential real property (hereinafter "loan modification services") and credit repair services or similar services; and

WHEREAS, the Summary Order and Amended Summary Order notified Respondent of, among other things, the following: that Respondent was entitled to a hearing before the Commissioner to determine whether the Summary Order, and the subsequent Amended Summary Order, should be vacated, modified, or entered as a final order of the Commissioner; that the Summary Order, and the subsequent Amended Summary Order, would be entered as a final order if Respondent did not request a hearing within fifteen (15) days of the receipt of the Summary Order, and the subsequent Amended Summary Order; and that as a result of a hearing, or of Respondent's failure to request a hearing, the Commissioner may, in the Commissioner's discretion and in addition to taking any other

¹ An Amended Summary Order to Cease and Desist and Order to Produce was issued on November 4, 2010 (the "Amended Summary Order"), amending the Summary Order to add information with regard to an additional complainant.

action authorized by law, enter an order making the Summary Order, and the subsequent Amended Summary Order, final, issue penalty orders against Respondent, issue orders requiring Respondent to pay restitution and other money to consumers, as well as take other actions related to Respondent's business activities; and

WHEREAS, the Summary Order and the Amended Summary Order were properly served on Respondent via First Class U.S. Mail and Certified U.S. Mail; and

WHEREAS, Respondent failed to request a hearing on the Summary Order and the Amended Summary Order within the fifteen (15) day period set forth in the Summary Order and the subsequent Amended Summary Order, and as provided for and in compliance with FI § 2-115(a)(2), and has not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this "Final Order"); and

WHEREAS, the Commissioner has based his decision in this Final Order on the following:

1. Relevant and credible evidence regarding Respondent obtained pursuant to the Commissioner's investigation, including: communications between Respondent and the Commissioner; communications between Respondent and a Maryland consumer; Respondent's standard documents for providing mortgage brokering, loan origination, and loan modification and credit repair services; statements by Maryland consumers who had entered into a mortgage brokering, loan origination, loan modification and/or credit repair service agreements with Respondent in which Respondent engaged in a scheme involving both fraud and the dishonest and illegal conversion of property (*i.e., stealing*); public records; and the Commissioner's licensing records. More particularly, this evidence supports the following findings:

a. Johnson Olawoyin, of Bowie, Maryland, engages in mortgage-related and credit services business activities in the State of Maryland involving Maryland consumers and Maryland residential real property.

b. More specifically, that the Respondent engaged in unlicensed mortgage brokering, mortgage origination, credit repair, and loan modification activities in perpetration of a mortgage fraud scheme and/or fraud scheme that involved the following:

i. That in October of 2008, [REDACTED] and [REDACTED] [REDACTED] (collectively "Consumer A") were introduced to Respondent through a mutual connection. Respondent presented a business card to Consumer A, listing Respondent as a mortgage broker for WVC Mortgage (West Valley Community Mortgage), a mortgage company located in Salt Lake City, Utah. Respondent represented to Consumer A that he would work with Consumer A to improve Consumer A's credit so Consumer A could qualify for a mortgage loan. Respondent required \$1,000 to "get started" improving Consumer A's credit score. Consumer A paid \$1,000 to Respondent at a RE/MAX, LLC, office in Ft. Washington, Maryland, in October of 2008. At the time this transaction occurred Respondent was not employed or otherwise authorized to act on behalf of WVC Mortgage;

ii. That on January 8, 2009, a letter was written to Consumer A showing that they had been approved for a loan for a new home not to exceed the purchase price of \$380,000. The letter was written and signed by Respondent, holding Respondent out as a Loan Consultant for WVC Mortgage. This letter was prepared on what purported to be WVC Mortgage letterhead;

iii. That in conjunction with this purported loan approval, Respondent put Consumer A in touch with a realtor, Ms. Green, who was to help Consumer A find a property for purchase. Consumer A chose to purchase a property located at [REDACTED]

[REDACTED] Respondent required a \$5,000 deposit for this transaction, which was paid in cash by Consumer A on February 27, 2009. Respondent provided Consumer A with a receipt. Eventually, Consumer A lost their chance to get the property and the \$5,000 deposit was not returned. Ms. Green was advised that Consumer A was pre-qualified for a loan of \$380,000. Ms. Green stated that when she found out that Consumer A was having trouble with Respondent, she decided that she would cease business relations with Respondent. In addition, Ms. Green concluded that Respondent was producing fraudulent documents misstating clients' incomes so as to make them more desirable candidates to receive a mortgage loan. Including Consumer A, Respondent referred 16 clients to Ms. Green, of which none of the clients were successful in closing on a loan;

iv. That on April 9, 2009, Consumer A received, via electronic mail, documents from Equitable Trust Mortgage Corporation ("Equitable Trust"). These documents listed Equitable Trust as being located at 903 Russell Avenue, Suite 100, Gaithersburg, Maryland 20879. The documents provided to Consumer A included a Finance Agreement, a Good Faith Estimate, a Uniform Residential Loan Application, a Request for Transcript of Tax Return and other documents. All of these documents were sent to Consumer A for signatures. The Finance Agreement was in Consumer A's name and it showed the property to be purchased as located at [REDACTED]

[REDACTED] This agreement showed the sales price of \$339,000 and a base loan amount of \$327,135 and loan terms of 5.5% interest rate at 360 months. Consumer A's information was complete on the application and the application listed a Mr. Miller of Equitable Trust Mortgage as the interviewer. The document indicated that the application was taken during a face-to-face interview. However, Consumer A never spoke to anyone at Equitable Trust, including Mr. Miller. Mr. Miller did not speak to Consumer A and that, in fact, Respondent had provided a completed Uniform Residential Loan Application to him. Further, Mr. Miller never submitted Consumer A's loan application to a lender because Consumer A's credit score did not meet the minimum score necessary to qualify for a loan;

v. That Respondent made false representations during the course of the Commissioner's investigation. Respondent stated that Consumer A had opted out of the loan and that he had refunded Consumer A their money. That on August 19, 2009, Respondent provided the Commissioner with a one-page document from Respondent dated April 13, 2009. That document was titled "Refund Receipt" and stated, "This is to certify that I [Consumer A] received the \$4,000.00 a refund from Johnson Olawoyin". This receipt was signed by Respondent and dated April 13, 2009. In addition the receipt had a forged second signature purporting to be that of Consumer A. Respondent unlawfully received \$6,000 from Consumer A and Respondent never provided any refund to Consumer A;

vi. That in June 2009 Respondent represented himself to [REDACTED] and [REDACTED] (collectively "Consumer B") as a "mortgage broker" for WVC Mortgage, with a local office located at 9500 Arena Drive, Suite 200, Upper Marlboro, Maryland. The Respondent informed Consumer B that he owned a

mortgage company and that he could help Consumer B buy purchase a home. At the time this transaction occurred Respondent was not employed or otherwise authorized to act on behalf of WVC Mortgage;

vii. That on June 29, 2009, while at the residence of Respondent, Consumer B gave Respondent a Bank of America personal check (#1055), made payable to Respondent in the amount of \$6,000 as a deposit toward the purchase of a house. The Respondent promised to find Consumer B an appropriate house and informed Consumer B that a realtor would contact them. A Ms. Ross, a licensed real estate agent, contacted Consumer B the following week. Ms. Ross showed Consumer B four properties, including a property located at [REDACTED] Consumer B decided they wish to purchase the [REDACTED] property, which had a listed sale price of \$399,000. Ms. Ross informed Consumer B that any formal offer would have to be made through the Respondent;

viii. That on July 9, 2009, Consumer B met with Respondent to discuss making a formal offer to purchase the property located at [REDACTED] Respondent represented he would submit a contract on behalf of Consumer B, but that he would need another \$5,000 as a good faith showing to the seller. Pursuant to this request, Consumer B delivered to Respondent, at the 9500 Arena Drive address, a Bank of America personal check (#1059), made payable to Respondent in the amount of \$5,000. Consumer B believed that this payment was to be used as an additional deposit toward the purchase of the house on [REDACTED];

ix. That Respondent informed Consumer B that settlement on the Abacus Court property would take place on July 30, 2009. This representation was made prior to the submission of any formal offer. Respondent became unresponsive to Consumer B about the status of the offer and purchase. On July 29, 2009, the Respondent informed Consumer B that settlement would not occur because Consumer B's offer had been rejected. Respondent directed Consumer B to contact Ms. Ross so as to choose a different home for purchase;

x. That Consumer B decided to search for a home on their own, which resulted in them choosing a property located at [REDACTED] with a listed sales price of \$449,000. Consumer B turned to Respondent to help them make an offer on the Huxley Drive property. Respondent said he would submit an offer on the property but that he would need an additional \$15,000 in cash to entice the seller into accepting Consumer B's offer. On August 21, 2009, Consumer B went to the Arena Drive address and gave Respondent an additional \$14,000 in cash as a down payment toward the purchase of the house located at [REDACTED]. The Respondent provided Consumer B with a receipt for the amount of \$14,000, indicating on it that Consumer B still owed \$1,000 to Respondent;

xi. That in fact Respondent never submitted an offer on the [REDACTED] property. The Respondent refused to return to Consumer B the money collected. Respondent admitted to unlawfully receiving \$26,000 from Consumer B;

xii. That in July 2009 [REDACTED] ("Consumer C") became concerned that her house might be going into foreclosure. A friend referred Consumer C to

Respondent as someone who might be able to help her. On July 18, 2009, Consumer C, accompanied by her friend, went to meet with Respondent at his residence. Respondent introduced himself as a mortgage broker/lender. He told Consumer C that he owned a company called East Coast Mortgage Corporation. Respondent is not the owner/operator, nor is he an employee or agent, of East Coast Mortgage Corporation, a company based in Verona, New Jersey;

xiii. That Consumer C explained that she needed to know if the house she currently resided in was in foreclosure. Rather than assisting Consumer C with her possible foreclosure issues, Respondent inquired into the cash assets of Consumer C. When Consumer C informed Respondent that she was \$12,000 liquid, Respondent quickly diverted Consumer C's attention from her foreclosure issue to instead purchasing a new home. Respondent informed Consumer C that with \$12,000 she could purchase a \$415,000 house. Respondent checked Consumer C's credit report on his home computer and convinced Consumer C that he indeed could get her a loan for a new house;

xiv. That Respondent gave Consumer C a "Mortgage Loan Pre-Approved" letter for a property located at [REDACTED]. Respondent instructed Consumer C to visit the property on [REDACTED] and stated, if Consumer C liked it, Respondent would guarantee financing to purchase the home. Consumer C did visit the [REDACTED] property and reported back to Respondent that she would like to purchase it. After first guaranteeing a closing date, the Respondent later informed Consumer C that the seller selected another contract;

xv. That following the failed attempt to purchase the [REDACTED] property, with the assistance of Respondent, Consumer C chose a new property to purchase, which was located at [REDACTED]. On July 20, 2009, while at the residence of Respondent, Consumer C gave Respondent a Cashier's Check (#3450807), made payable to Respondent in the amount of \$10,000 as a down payment toward the purchase of the [REDACTED] property. Respondent informed Consumer C that this transaction would go to settlement;

xvi. That Respondent never obtained a mortgage loan for Consumer C and that a settlement on the property located at Ethan Allen Avenue never occurred. Consumer C contacted Respondent on numerous occasions demanding her money back but to no avail. Respondent admitted to unlawfully receiving \$10,000 from Consumer C;

xvii. That with regard to Respondent's conduct towards Consumers A, B, and C, Respondent pled guilty in Prince George's County, Maryland, in May 2010, to charges of operating as a mortgage lender without a license, operating as credit service business without a license, and theft under \$500 (as amended). As part of that plea agreement, Respondent agreed to pay full restitution to Consumers A, B, and C, in addition Respondent admitted to the facts involved in those cases, as described herein;

xviii. That on February 28, 2010, [REDACTED] ("Consumer D"), entered into a loan modification agreement with Respondent. Consumer D paid approximately \$2,000 in up-front fees to the Respondent in exchange for which the Respondent promised to obtain a loan modification for Consumer D's Maryland residential

real property. Although Respondent collected \$2,000 in up-front fees, Respondent never obtained a loan modification or a forbearance agreement for Consumer D. It was further determined that Respondent never contacted the holder of Consumer D's mortgage to negotiate a loan modification;

xix. That in late 2008, [REDACTED] ("Consumer E"), entered into a credit repair agreement with Respondent. Consumer E paid approximately \$1,900 in up-front fees to the Respondent in exchange for which the Respondent promised to help correct Consumer E's negative credit file. Although Respondent collected \$1,900 in up-front fees, Respondent never provided the services contracted for.

xx. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer F");

xxi. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer G") and [REDACTED] ("Consumer H"). Respondent facilitated a sale of real property owned by Consumer G, which was purchased by Consumer H;

xxii. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer I"). Consumer I paid \$1,200 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer I;

xxiii. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer J"). Consumer J paid \$2,000 to

Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer J;

xxiv. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer K"). Consumer K paid \$1,000 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer K;

xxv. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer L"). Consumer L paid \$1,000 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer L;

xxvi. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer M"). Consumer M paid \$1,500 to Respondent for such services, however, the Commissioner's investigation was unable to determine how these funds were utilized or if they were ever used for the services contracted for by Consumer M;

xxvii. That Respondent provided mortgage brokering and mortgage origination services to [REDACTED] ("Consumer N"). Respondent generated a "Mortgage Loan Pre-approval" letter, dated August 4, 2009, from East Coast Mortgage

Corporation listing himself as a Senior Loan Officer, stating that Consumer N was pre-qualified for a \$350,000 loan;

xxviii. That in May 2009, [REDACTED] (“Consumer O”) entered into a loan modification agreement with Respondent. Consumer O paid approximately \$6,500 in up-front fees to the Respondent in exchange for which the Respondent promised to obtain a loan modification for Consumer O’s Maryland residential real property. Respondent represented himself to Consumer O as a “mortgage broker” for WVC Mortgage, with a local office located at 9500 Arena Drive, Suite 200, Upper Marlboro, Maryland. That at the time this transaction occurred Respondent was not employed or otherwise authorized to act on behalf of WVC Mortgage. Although Respondent collected \$6,500 in up-front fees, Respondent never obtained a loan modification or a forbearance agreement for Consumer O;

xxix. That Respondent admitted that he processed loan applications, including taking loan applications, as well as doing loan modifications and short sale negotiations;

xxx. That Respondent’s activities discussed above constitute a theft and/or fraud upon Maryland consumers and that such theft and/or fraud was conducted through a mortgage fraud scheme;

xxxi. That at all times relevant to the alleged conduct described herein, the Respondent has not been duly licensed under either the MMLL or the MMOL;

xxxii. That by contracting with Maryland residents to perform mortgage brokering and loan origination services, and by taking Maryland consumers’ loan applications, Respondent acted as an unlicensed mortgage broker and mortgage originator;

xxxiii. That at all times relevant to the alleged conduct described herein, the Respondent has not been duly licensed under the MCSBA; and

xxxiv. That with regard to loan modification services and credit repair services, Respondent engaged in willful conduct which was intended to deceive and defraud Maryland consumers, which demonstrated a complete lack of good faith and fair dealings by Respondent, and which breached any duties that Respondent owed to these consumers. Such conduct included, but was not limited to, the following:

(A). Respondent failed to perform the loan modification services and/or credit repair services for the Maryland consumers that he promised to provide and for which he had collected up-front fees;

(B). Respondent purposely concealed this information when contacted by Maryland consumers who had entered into loan modification and/or credit repair agreements with Respondent by intentionally misrepresenting the progress of those services contracted for, when in fact Respondent had not even attempted to either modify their residential mortgage loans or repair their credit;

(C). Respondent refused to return telephone calls and e-mail communications from Maryland consumers once they became concerned that Respondent had done nothing to obtain loan modifications and/or repair their credit on their behalf; and

(D). Finally, Respondent refused to provide refunds to these Maryland consumers when refunds were due for lack of service.

2. The determination that Respondent acted as a mortgage broker without being duly licensed. Respondent's activity included advertising and contracting with Maryland

consumers to perform mortgage brokering services. The MMLL defines “mortgage broker” at FI § 11-501(i); this provision provides as follows:

- (i) *Mortgage broker.* – “Mortgage broker” means a person who:
 - (1) For a fee or other valuable consideration, whether received directly or indirectly, aids or assists a borrower in obtaining a mortgage loan; and
 - (2) Is not named as a lender in the agreement, note, deed of trust, or other evidence of the indebtedness.

3. According to the Commissioner’s records, at no time relevant to the facts set forth in the Summary Order of July 8, 2010, the Amended Summary Order of November 4, 2010, or in this Final Order, has Respondent been duly licensed under Title 11, Subtitle 5 of the Financial Institutions Article. It is a violation of the MMLL to engage in unlicensed mortgage brokering activity. FI § 11-504; *see also* FI § 11-501(j) & (k).

4. The determination that Respondent acted as a mortgage loan originator without being duly licensed. Respondent’s activity included contracting with Maryland consumers to perform mortgage loan origination services, and by taking Maryland consumers’ loan applications. The MMOL defines “mortgage loan originator” at FI § 11-601(q); this provision provides, in part, as follows:

- (1) “Mortgage loan originator” means an individual who for compensation or gain, or in the expectation of compensation or gain:
 - (i) Takes a loan application; or
 - (ii) Offers or negotiates terms of a mortgage loan.

5. According to the Commissioner’s records, at no time relevant to the facts set forth in the Summary Order of July 8, 2010, the Amended Summary Order of November 4, 2010, or in this Final Order, has Respondent been duly licensed under Title 11, Subtitle 6 of the Financial Institutions Article. It is a violation of the MMOL to engage in unlicensed mortgage origination activity. FI § 11-602(b); *see also* FI § 11-603(a) (for a “licensee to act

as a mortgage loan originator,” he/she must be, “acting within the scope of employment with . . . (1) [a] mortgage lender . . . or (2) [a] person who is exempt from licensing as a mortgage lender”).

6. The determination that Respondent committed mortgage fraud. Mortgage fraud is defined under Maryland law as including “[k]nowingly making any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a . . . borrower.” Md. Code Ann., Real Prop. (“RP”) § 7-401(d); *see also* RP § 7-402 (prohibiting mortgage fraud). Mortgage fraud is a violation of the MMLL and the MMOL. *See* FI § 11-517(a)(3) (permitting the Commissioner to suspend or revoke a mortgage lender license where a licensee “in connection with any mortgage loan or loan application transaction . . . (i) [c]ommits any fraud, (ii) [e]ngages in any illegal or dishonest activities, or (iii) [m]isrepresents or fails to disclose any material facts to anyone entitled to that information.”); FI § 11-615(a)(3) (permitting the Commissioner to suspend or revoke a license where a licensee “in connection with any mortgage loan or loan application transaction . . . (i) [c]ommits any fraud, (ii) [e]ngages in any illegal or dishonest activities, or (iii) [m]isrepresents or fails to disclose any material facts to a person entitled to that information.”); *see also* FI § 11-517(c) & 11-615(c) (permitting the Commissioner to enforce the MMLL and MMOL, respectively, and regulations adopted thereunder, by imposing sanctions including an order to: (i) cease and desist, (ii) take affirmative action to correct a violation, and (iii) impose a civil penalty not to exceed \$5000.).

7. Respondent committed mortgage fraud by misstating and misrepresenting to Maryland consumers, described above, that Respondent could and would arrange mortgage

loans for Maryland consumers. Respondent omitted material facts that Respondent in many instances took no action to arrange a mortgage loan for these Maryland consumers. Respondent intended that these Maryland consumers rely on these misstatements, misrepresentations, and omissions as evidenced by the fact that Respondent took large sums of money from these Maryland consumers for supposed deposits to be used towards closing on these alleged mortgages, which he then refused to return to the Maryland consumers. Further supporting a finding of mortgage fraud is Respondent's plea of guilty in Prince George's County to such conduct with regard to three Maryland consumers.

8. The determination that Respondent committed a dishonest and illegal activity by converting Maryland consumers' funds to his own use by receiving and then refusing to return these funds obtained through fraudulent means. This dishonest and illegal activity in connection with mortgage transactions is a violation of the MMLL and the MMOL. *See* FI § 11-517(a)(3); FI § 11-517(c); FI § 11-615(a)(3); FI § 11-615(c).

9. The determination that Respondent provided loan modification and credit repair services without being duly licensed. Respondent's activity included contracting with Maryland consumers, described above, to perform loan modification and/or credit repair services.

10. The MCSBA defines "*credit services business*" at CL § 14-1901(e); this provision provides as follows:

(1) "Credit services business" means any person who, with respect to the extension of credit by others, sells, provides, or performs, or represents that such person can or will sell, provide, or perform, any of the following services in return for the payment of money or other valuable consideration:

- (i) Improving a consumer's credit record, history, or rating or establishing a new credit file or record;
- (ii) Obtaining an extension of credit for a consumer; or
- (iii) Providing advice or assistance to a consumer with regard to either subparagraph (i) or (ii) of this paragraph.

Additionally, CL § 14-1903(f) defines "*extension of credit*" as "the right to defer payment of debt or to incur debt and defer its payment, offered or granted primarily for personal, family, or household purposes."

11. The activities of persons engaged in the business of offering or providing loan modification services customarily include obtaining extensions of credit for consumers, namely obtaining forbearance or other deferrals of payment on consumers' mortgage loans. This includes any offered services intended as part of the loan modification process, or which are represented to consumers to be necessary for participating in a loan modification program. Under certain circumstances, loan modification services may involve improving a consumer's credit record, history, or rating or establishing a new credit file or record. Therefore, unless otherwise exempt, pursuant to CL §§ 14-1901(e), 14-1903(a), and 14-1903(f), persons engaged in the business of offering or providing residential loan modification services, which include offering or providing extensions of credit to consumers, fall under the statutory definition of "credit services businesses," and are thereby subject to the licensing, investigatory, enforcement, and penalty provisions of the MCSBA.

12. In the present matter, Respondent is subject to the MCSBA, including its prohibition on engaging in credit services business activities without first being licensed under the MCSBA. *See* CL § 14-1902(1) ("[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: (1) [r]eceive any money or other valuable consideration from the consumer, unless

the credit services business has secured from the Commissioner a license under Title 11, Subtitle 3 of the Financial Institutions Article. . . .”); CL §14-1903(b) (“[a] credit services business is required to be licensed under this subtitle and is subject to the licensing, investigatory, enforcement, and penalty provisions of this subtitle and Title 11, Subtitle 3 of the Financial Institutions Article”); FI § 11-302 (“[u]nless the person is licensed by the Commissioner, a person may not: . . . (3) [e]ngage in the business of a credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article”); and FI § 11-303 (“[a] license under this subtitle shall be applied for and issued in accordance with, and is subject to, the licensing and investigatory provisions of Subtitle 2 of this title, the Maryland Consumer Loan Law – Licensing Provisions”).

13. According to the Commissioner’s records, at no time relevant to the facts set forth in the Summary Order of July 8, 2010, the Amended Summary Order of November 4, 2010, or in this Final Order, has Respondent been duly licensed under Title 14, Subtitle 19 of the Commercial Law Article.

14. Respondent has engaged in credit services business activities without having the requisite license, and by entering into contractual agreements with Maryland consumers, described above, to provide loan modification and credit repair services. Respondent’s unlicensed loan modification and credit repair activities thus constitute violations of CL § 14-1902(1), CL §14-1903(b), FI § 11-302, and FI § 11-303, thereby subjecting Respondent to the penalty provisions of the MCSBA.

15. Additionally, by collecting up-front fees prior to fully and completely performing all services on behalf of Maryland consumers, described above, Respondent violated CL § 14-1902(6) of the MCSBA (“[a] credit services business, its employees, and

independent contractors who sell or attempt to sell the services of a credit services business shall not: . . . (6) [c]harge or receive any money or other valuable consideration prior to full and complete performance of the services that the credit services business has agreed to perform for or on behalf of the consumer”).

16. Further, although Respondent made representations that he would obtain beneficial loan modifications for Maryland homeowners and/or repair Maryland consumers’ credit, the Commissioner’s investigation supports a finding that Respondent never obtained the promised loan modifications for and/or repaired the credit of these consumers; as such, Respondent violated CL § 14-1902(4) (“[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: . . . (4) [m]ake or use any false or misleading representations in the offer or sale of the services of a credit services business”).

17. Respondent further violated the MCSBA through the following: he failed to obtain the requisite surety bonds, in violation of to CL §§ 14-1908 and 14-1909; he failed to provide consumers with the requisite information statements, in violation of CL §§ 14-1904 and 14-1905; and the Respondent failed to provide a written contract to the consumers in the form required under CL § 14-1906.

18. By failing to even attempt to obtain beneficial loan modifications and/or repair Maryland consumers’ credit, which Respondent had agreed to provide, Respondent breached his contracts with Maryland consumers, described above, and/or breached the obligations arising under those contracts. Such breaches constitute *per se* violations of the MCSBA pursuant to CL § 14-1907(a) (“[a]ny breach by a credit services business of a

contract under this subtitle, or of any obligation arising under it, shall constitute a violation of this subtitle”).

19. As the contracts between Respondent and Maryland consumers, described above, failed to comply with the specific requirements imposed by the MCSBA (as discussed above), all loan modification and/or credit repair contracts between Respondent and Maryland consumers, described above, are void and unenforceable as against the public policy of the State of Maryland pursuant to CL § 14-1907(b) (“[a]ny contract for services from a credit services business that does not comply with the applicable provisions of this subtitle shall be void and unenforceable as contrary to the public policy of this State”).

20. The MCSBA prohibits fraud and deceptive business practices at CL § 14-1902(5), which provides as follows:

[a] credit services business, its employees, and independent contractors who sell or attempt to sell the services of a credit services business shall not: . . . (5) [e]ngage, directly or indirectly, in any act, practice, or course of business which operates as a fraud or deception on any person in connection with the offer or sale of the services of a credit services business.

21. CL § 14-1912 discusses liability for failing to comply with the MCSBA, providing as follows:

(a) *Willful noncompliance.*— Any credit services business which willfully fails to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure;

(2) A monetary award equal to 3 times the total amount collected from the consumer, as ordered by the Commissioner;

(3) Such amount of punitive damages as the court may allow; and

(4) In the case of any successful action to enforce any liability under this section, the costs of the action together with reasonable attorney's fees as determined by the court.

(b) *Negligent noncompliance.*— Any credit services business which is negligent in failing to comply with any requirement imposed under this subtitle with respect to any consumer is liable to that consumer in an amount equal to the sum of:

(1) Any actual damages sustained by the consumer as a result of the failure; and

(2) In the case of any successful action to enforce any liability under this section, the cost of the action together with reasonable attorney's fees as determined by the court.

22. Respondent engaged, directly or indirectly, in acts, practices, or other activities which operated as a fraud or deception on persons in connection with the offer or sale of the services of a credit services business, and thereby violated CL § 14-1902(5); such actions also constituted willful noncompliance with the MCSBA under CL § 14-1912(a). Respondent's fraudulent, deceptive, and willful conduct included the following: he failed to perform those loan modification and/or credit repair services for Maryland consumers which he promised to provide and for which he had collected up-front fees; Respondent purposely concealed this information when contacted by Maryland consumers who had already entered into loan modification and/or credit repair agreements with Respondent; Respondent failed to return communications from Maryland consumers once those consumers became concerned that Respondent had done nothing to obtain a loan modification and/or repair their credit on their behalf; and Respondent refused to provide refunds to Maryland consumers when such refunds were due for lack of service.

23. The determination that Respondent failed to comply with the Summary Order, and the subsequent Amended Summary Order, requirement that he produce specific information and certain documents. FI §§ 2-114(a) and (b) set forth the Commissioner's

general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (which is in addition to the Commissioner's specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, for example, FI § 2-114(a)(2) provides that the Commissioner may "[r]equire ... a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated." Further, pursuant to FI § 2-114(b), "the Commissioner or an officer designated by the Commissioner may," among other things, "take evidence, and require the production of books, papers, correspondence, memoranda, and agreements, or other documents or records which the Commissioner considers relevant or material to the inquiry."

24. Pursuant to the Commissioner's authority to conduct investigations under FI § 2-114, as part of the Summary Order, and the subsequent Amended Summary Order, the Deputy Commissioner ordered Respondent to produce specific information and all documents related to his mortgage brokering, loan origination, loan modification and credit repair services involving Maryland consumers within 15 days after receipt of the Summary Order, and the subsequent Amended Summary Order. However, Respondent failed to provide the required information and documents by that date, and in fact has not provided the documents and information as of the date of this Final Order. Therefore, by failing to fully comply with the Summary Order, and the subsequent Amended Summary Order, Respondent is in violation of FI § 2-114.

NOW, THEREFORE, having determined that Respondent waived his right to a hearing in this matter by failing to request a hearing within the time period specified in the

Summary Order and Amended Summary Order, and pursuant FI § 11-517(c), FI § 11-615(c), CL §§ 14-1902, 14-1907, 14-1912, and FI § 2-115(b), it is by the Maryland Commissioner of Financial Regulation, hereby

ORDERED that the Summary Order to Cease and Desist and Order to Produce issued by the Deputy Commissioner against Respondent on July 8, 2010, as amended in the Amended Summary Order to Cease and Desist and Order to Produce issued by the Deputy Commissioner against Respondent on November 4, 2010, is entered as a final order of the Commissioner as modified herein, and that Respondent shall permanently **CEASE** and **DESIST** from engaging in any of the following: any and all activities which constitute a mortgage lending business as defined in FI § 11-501(k), including acting as a mortgage broker as defined under FI § 11-501(i) or as a mortgage lender as defined under FI § 11-501(j); acting as a mortgage originator as defined in FI § 11-601(q); or in any other way acting as a mortgage lender, broker, or originator in the State of Maryland or with Maryland consumers, either by acting directly, or by acting indirectly through other individuals or business entities; and it is further

ORDERED that Respondent shall permanently **CEASE** and **DESIST** from engaging in any further credit services business activities with Maryland consumers, including contracting to provide, or otherwise engaging in, loan mitigation, loan mortification, credit repair, or similar services with Maryland consumers; and it is further

ORDERED that, pursuant to FI § 11-517(c), FI § 11-615(c) and FI § 2-115(b), and upon careful consideration of (i) the seriousness of the Respondent's violations; (ii) the lack of good faith of Respondent, (iii) the history and ongoing nature of Respondent's violations; and (iv) the deleterious effect of Respondent's violations on the public and on the mortgage

and credit services businesses industries, Respondent shall pay to the Commissioner a total civil penalty in the amount of **ONE HUNDRED AND FIFTY SEVEN THOUSAND DOLLARS (\$157,000)**, which consists of the following:

<i>Prohibited Activity and Violation</i>	Civil Penalty per Violation	x Number of Violations	= Penalty
<i>Unlicensed Activity in Violation of FI § 11-504</i>	\$5,000	12 Violations	\$60,000
<i>Committing Mortgage Fraud and Dishonest and Illegal Conversion of Funds in Violation of FI §11-517(c);</i>	\$5,000	3 Violations	\$15,000
<i>Unlicensed Activity in Violation of FI § 11-602(b)</i>	\$5,000	12 Violations	\$60,000
<i>Committing Mortgage Fraud and Dishonest and Illegal Conversion of Funds in Violation of FI §11-615(c);</i>	\$5,000	3 Violations	\$15,000
<i>Unlicensed Activity in Violation of MCSBA</i>	\$1,000	3 Violations	\$3,000
<i>Charging Up-Front Fees in Violation of MCSBA</i>	\$1,000	3 Violations	\$3,000
<i>Failure to Comply with Summary Order in Violation of FI § 2-114</i>	\$1,000	1 Violation	\$1,000
		TOTAL	\$157,000

and it is further,

ORDERED that Respondent shall pay to the Commissioner, by cashier's or certified check made payable to the "Commissioner of Financial Regulation," the amount of **ONE HUNDRED FIFTY-SEVEN THOUSAND DOLLARS** (\$157,000.00) within fifteen (15) days from the date of this Final Order; and it is further

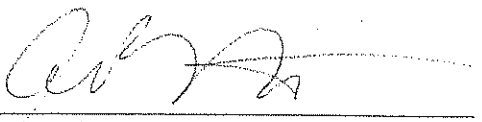
ORDERED that, pursuant to CL § 14-1907(b), all loan modification and/or credit repair agreements that Respondent entered into with Maryland consumers described herein, are void and unenforceable as contrary to the public policy of the State of Maryland; and it is further

ORDERED that, pursuant to CL §§ 14-1902, 14-1907, and 14-1912, Respondent shall pay restitution to each Maryland consumer with whom Respondent entered into loan modification and/or credit repair agreements and collected up-front fees; and thus Respondent shall pay restitution of **ONE THOUSAND NINE HUNDRED DOLLARS (\$1,900.00)** to Consumer E, with whom Respondent entered into a credit repair agreement; and that with respect to certain Maryland consumers described herein, Respondent's activities constituted willful noncompliance with the MCSBA, pursuant to CL § 14-1912(a) Respondent shall pay monetary awards in an amount equal to three times the amount collected from these consumers; and thus Respondent shall pay a monetary award of \$6,000.00 to Consumer D, and \$19,500.00 to Consumer O, with whom Respondent entered into loan modification and/or credit repair agreements, with the total amount of monetary awards equaling **TWENTY-FIVE THOUSAND FIVE HUNDRED DOLLARS (\$25,500.00)** (consisting of the \$2,000.00 up-front fee collected from Consumer D, plus the \$6,500.00 up-front fee collected from Consumer O, multiplied by three); and it is further

ORDERED that Respondent shall pay the required restitution and monetary awards to those consumers described herein within thirty (30) days of this Final Order being signed. Respondent shall make payment by mailing to each consumer a check in the amount specified above via U.S. First Class Mail at the most recent address of that consumer known to the Respondent. If the mailing of a payment is returned as undeliverable by the U.S. Postal Service, Respondents shall promptly notify the Commissioner in writing for further instruction as to the means of the making of said payment. Upon the making of the required payments, the Respondents shall furnish evidence of having made the payments to the Commissioner within ninety (90) days of this Final Order being signed, which evidence shall consist of a copy of the front and back of the cancelled check for each payment; and it is further

ORDERED that Respondent shall send all correspondence, notices, civil penalties and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202, Attn: Proceedings Administrator.

2/10/11
Date



Anne Balcer Norton
Deputy Commissioner
of Financial Regulation