

SETTLEMENT AGREEMENT & CONSENT ORDER

M2007-466

by and between

THE OHIO DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS

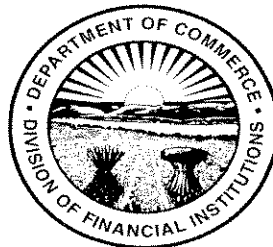
Consumer Finance Section

77 South High Street, 21st Floor
Columbus, OH 43215-6120

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NEW YORK FINANCIAL GROUP, INC.
3901 Lakeside Avenue, Suite 203
Cleveland, Ohio 44114

This Settlement Agreement & Consent Order is a legally binding document that affects the rights of your mortgage brokerage and mortgage loan company. Read it carefully. If you have any questions, consult an attorney.



If you choose to enter into this Settlement Agreement & Consent Order, you must follow it EXACTLY. If you fail to follow any one filing instruction or any one provision of the Settlement Agreement & Consent Order, the Division may reject it.

All of the following must be completed and RETURNED to the Division no later than **February 28, 2008**:

- ☐ All pages of this Settlement Agreement & Consent Order, including this cover page, must remain attached.
- ☐ The Settlement Agreement & Consent Order must be signed by: the owner if the mortgage broker/lender applicant is a sole proprietor; all partners if the applicant is a partnership; at least one member if a limited liability company; and the president and secretary, as duly authorized by resolution of the board of directors, if the applicant is a corporation. The ORIGINAL, signed Settlement Agreement & Consent Order with all pages attached must be returned. Keep a copy for your records.

SETTLEMENT AGREEMENT & CONSENT ORDER

M2007-466

This Settlement Agreement & Consent Order is entered into by and between:

**THE OHIO DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS**

Consumer Finance Section

77 South High Street, 21st Floor
Columbus, OH 43215-6120

Hereinafter referred to as "DFI."

&

**New York Financial Group, LLC.
3901 Lakeside Avenue, Suite 203
Cleveland, Ohio 44114**

Hereinafter referred to as "Respondent."

DFI is a state agency charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act ("OMBA"), codified in Chapter 1322 of the Ohio Revised Code ("R.C."). Respondent is a corporation that has applied to the Division for a certificate of registration to engage in business as a mortgage broker pursuant to R.C. Chapter 1322. After conducting an investigation, DFI determined that it could not find that the operations manager candidate for Respondent met the statutory experience requirement and found a possible violation of the OMBA by Respondent. On September 24, 2007, the Division issued its notice of intent to deny Respondent's application for a mortgage broker certificate of registration. Respondent timely requested a hearing. The Division subsequently amended its notice twice. In lieu of continuing with formal administrative proceedings, Respondent and DFI have moved to resolve all issues by entering into this Settlement Agreement & Consent Order.

Respondent voluntarily enters into this Settlement Agreement & Consent Order being fully informed of its right to representation by counsel, and its right to reject this Settlement Agreement & Consent Order, and said rejection may result in the continuation of proceedings pursuant to R.C. Chapter 119 on the issues considered herein.

This Settlement Agreement & Consent Order contains the entire Agreement between the parties. There is no other Settlement Agreement & Consent Order of any kind, verbal or otherwise,

on the issues considered herein, which varies the terms of the Settlement Agreement & Consent Order.

AGREEMENTS AND UNDERSTANDINGS

This Settlement Agreement & Consent Order is entered into on the basis of the following stipulations and understandings:

- A. DFI is authorized by R.C. 1322.10(A)(1)(a) to refuse to issue a mortgage broker certificate of registration if DFI finds that the registrant has violated "or fail[ed] to comply with any provision of sections 1322.01 to 1322.12 of the Revised Code or the rules adopted under those sections or any other law applicable to the business conducted under a certificate of registration[.]"
- B. DFI may issue a certificate of registration to an applicant only if all of the conditions listed in R.C. 1322.04(A) are met.
- C. Respondent and DFI agree that Respondent's operations manager candidate, namely Daniel Gallagher, did not meet/comply with the three years or thirty-six months mortgage and lending experience requirement outlined in R.C. 1322.03(A)(4), 1322.04(A)(3) and O.A.C. 1301:8-7-12(G). That being said, it is agreed that Respondent's operations manager candidate did have twenty-nine months of mortgage and lending experience as of January 8, 2008.
- D. The twenty-nine months of mortgage and lending experience outlined in paragraph B is subject to expiration in accordance with O.A.C. 1301:8-7-12(G) which requires that the three years or thirty-six months experience requirement must have been obtained within six years of requesting approval for a mortgage broker certificate of registration.
- E. DFI has the authority to refuse to issue Respondent's mortgage broker certificate of registration for failure to comply with that requirement outlined in paragraph B.
- F. All parties enter into this Settlement Agreement & Consent Order in lieu of continuing with formal proceedings under R.C. Chapter 119.
- G. Respondent withdraws its application for a mortgage broker certificate of registration submitted on February 27, 2007 and its request for an administrative hearing submitted to the Division on October 22, 2007.
- H. DFI terminates its notices of intent to deny Respondent's mortgage broker certificate of registration application in case no. M2007-466; and any and all allegations therein concerning violations of the OMBA by Respondent are withdrawn.

- I. DFI expressly reserves the right to institute formal proceedings based upon any violation of or noncompliance with any provision of the OMBA not specifically addressed herein, whether occurring before, on, or after the effective date of this Settlement Agreement & Consent Order.
- J. Respondent understands and agrees that if Respondent fails to follow any term of this Settlement Agreement & Consent Order or any filing instruction, DFI may reject the Settlement Agreement & Consent Order and continue with formal proceedings under R.C. Chapter 119.
- K. Should DFI discover that Respondent has provided DFI with false, fraudulent, or misleading information pertaining to this Agreement, Respondent agrees that such evidence will firmly establish that Respondent's character and general fitness do not command the confidence of the public and warrant the belief that it will conduct business honestly and fairly in compliance with the purposes of the OMBA.
- L. The above-described terms, conditions, and limitations may be amended or terminated at any time upon the written agreement of both parties.

ACKNOWLEDGMENTS/LIABILITY RELEASE

Respondent acknowledges that it has been advised by DFI to seek legal counsel if it has any question concerning the terms and/or effect of this Settlement Agreement & Consent Order.

Respondent hereby releases DFI, its members, employees, agents, officers and representatives jointly and severally from any and all liability arising from the within matter. Respondent shall not seek attorney fees or other costs arising from the within matter.

This Settlement Agreement & Consent Order shall be considered a public record as that term is used in R.C. 149.43, and may be reported to appropriate organizations, data banks, and governmental bodies, or released to the general public.

This Settlement Agreement & Consent Order in no way binds or limits actions DFI may take with respect to Respondent or any other person, individual, or company, for the same or similar future violations or non-compliance.

EFFECTIVE DATE

It is expressly understood that this Settlement Agreement & Consent Order shall become effective upon the last date of signature below.

The Settlement Agreement & Consent Order must be signed by: the owner if the mortgage broker registrant is a sole proprietor; all partners if the registrant is a partnership; at least one member if a limited liability company; and the president and secretary, as duly authorized by resolution of the board of directors, if the registrant is a corporation. **The ORIGINAL, signed Settlement Agreement & Consent Order with all pages attached must be returned. Keep a copy for your records.**

PRINTED Name of authorized signor #1:

Daniel B. Gallagher 3/6/08
Date

SIGNATURE of authorized signor #1:

Daniel B. Gallagher 3/6/08
President
Date

[Signature] 3/6/08
LAWRENCE BOCCI
Attorney for Respondent
DATE

[Signature] 3/19/08
LEIGH WILLIS
Deputy Superintendent for Consumer Finance
Ohio Division of Financial Institutions
DATE

[Signature] 3/17/08
MARK L. RHEA
Attorney Examiner
Ohio Division of Financial Institutions
DATE

[Signature] 3/12/08
TED KLECKER
Assistant Attorney General
DATE