

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120

07 MAY 21 AM 8:37

In the matter of:

Empire Equity Group, Inc.
dba 1st Metropolitan Mortgage
25 Philips Parkway
Montvale, NJ 07645-1810

)
) Case No. 07-0030MBS
)
)
) SETTLEMENT AND CONSENT ORDER
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WHEREAS, the Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322; and

WHEREAS, Empire Equity Group, Inc. dba 1st Metropolitan Mortgage ("Respondent") is a foreign corporation registered to conduct business in Ohio and holds an active mortgage broker certificate of registration issued by the Division pursuant to R.C. 1322. The business address of record for Respondent's main office is 25 Philips Parkway, Montvale, NJ 07645-1810. Respondent operates under the mortgage broker certificate of registration number MB 2998; and

WHEREAS, on February 7, 2007, the Division sent via certified mail a Notice of Intent to Fine and Suspend Mortgage Broker Certificate of Registration and Notice of Opportunity for a Hearing ("the Notice") to Respondent at its main office business address; and

WHEREAS, the Notice contained allegations that:

1. R.C. 1322.02(B) states: "No person, on the person's own behalf or on behalf of any other person, shall act as a loan officer without first having obtained a license from the superintendent."
2. R.C. 1322.01(E) defines "Loan Officer" as "an employee who originates mortgage loans in consideration of direct gain or indirect gain, profit, fees, or charges."
3. R.C. 1322.01(I) defines "Originate" to mean "to do any of the following: (1) Negotiate or arrange, or offer to negotiate or arrange, a mortgage loan between a person that makes or funds mortgage loans and a buyer; (2) Issue a commitment for a mortgage loan to a buyer; (3) Place, assist in placement, or find a mortgage loan for a buyer."
4. Respondent employed Bertha Clark from November 18, 2002 through September 9, 2005. During that entire period of employment, Bertha Clark was not licensed as a loan officer, yet she conducted the interviews to assist in the placement of mortgage loans, quoted rates in arranging a mortgage loan with a lender, and otherwise

originated mortgages for twenty-two (22) Buyers, as that term is defined in R.C. 1322.01(A).

5. By originating said loans without first obtaining a loan officer license Respondent's employee acted in violation of R.C. 1322.02(B).
6. R.C. 1322.07(B) prohibits registrants from making false or misleading statements of a material fact, omissions of statements required by state law, or false promises regarding a material fact, through advertising or other means, or engage in a continued course of misrepresentations.
7. Further, R.C. 1322.07(C) prohibits registrants from engaging in conduct that constitutes improper, fraudulent, or dishonest dealings.
8. Respondent, by employing an unlicensed individual and allowing that individual to act as a loan officer, has made false and misleading statements of material fact, and/or omissions of statements required by state law in violation of R.C. 1322.07(B). Further, by making such false and misleading statements, and/or omissions of statements required by state law, to at least twenty-two Buyers, and on the mortgage loan origination disclosure statements accompanying those transactions pursuant to R.C. 1322.062, Respondent has engaged in a continued course of misrepresentations in violation of R.C. 1322.07(B). Such conduct also constitutes improper and dishonest dealings in violation of R.C. 1322.07(C) as these acts gave the impression to consumers that Bertha Clark was a licensed loan officer when, in fact, she was not.

WHEREAS, Respondent denies the allegations of the Division but to avoid the cost and uncertainty of litigation Respondent agrees to enter into this Settlement and Consent Order ("the Settlement") for purposes of settlement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises set forth herein, the parties agree to the following:

- 1) The parties acknowledge and agree to the accuracy of the foregoing recitals.
- 2) This Settlement represents a compromise between the parties for the full, complete, and final settlement of all of their claims, differences, and causes of action with respect to the allegations contained in the Notice.
- 3) The parties agree that the terms of this Settlement bind the parties hereto, and their owners, shareholders, partners, members, assigns, and successors in interest.
- 4) The Division hereby terminates the Notice of Intent to Fine and Suspend Mortgage Broker Certificate of Registration and Notice of Opportunity of Hearing issued February 7, 2007, and agrees that it shall not, as long as Respondent is in compliance with this Settlement, pursue the matters set forth in such Notice through its administrative process. The Settlement shall constitute the full, complete and final resolution of all matters identified in the Notice, and the Division agrees not to base any future administrative action, including but not limited to license suspension or revocation, and/or administrative fee, fine or payment solely upon

any alleged violations of law or regulations identified in the Notice. Nothing, however, in this Settlement shall be deemed to prevent the Division or its employees, agents, or assigns from participating in, as a witness or otherwise, any lawful action by another, or obeying any lawful court order, arising out of or related to the matters set forth in the Notice.

- 5) Except as otherwise specifically acknowledged and agreed to herein, nothing in this Settlement and Consent Order shall be deemed an admission of guilt or liability with the allegations set forth in the Notice on the part of Respondent.
- 6) The Division expressly reserves the right to institute formal proceedings based upon any violation of or noncompliance with any provision of the Ohio Mortgage Broker Act or Ohio Mortgage Loan Act not specifically addressed herein, whether occurring before or after the effective date of this Settlement and Consent Order.
- 7) Respondent acknowledges lawful service and receipt of the Notice, and stipulates to the jurisdiction of the Division in this matter.
- 8) The Respondent hereby agrees to forego its administrative remedies, and waive any and all rights to an administrative hearing, as well as any right to appeal this matter or order.
- 9) This Settlement and Consent Order shall be effective on the date it is signed by the Superintendent of the Division of Financial Institutions or his designee and on such date it will become a final order.
- 10) This Settlement and Consent Order contains the entire agreement between the parties as to the matters set forth herein and no promises, conditions or obligations, either expressed or implied, other than those set forth herein, shall be binding on either party.

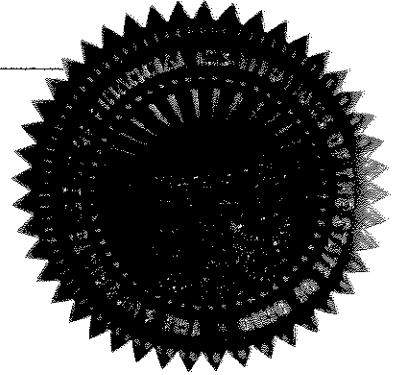
For purposes of effecting this Settlement and Consent Order, it is hereby ORDERED and DECREED that:

- A. The parties to this Settlement and Consent Order shall abide by the terms of this order as agreed.
- B. Upon executing this Settlement and Consent Order, the Respondent agrees to pay Thirty-eight Thousand Five Hundred Dollars (\$38,500) to the Consumer Finance Fund in accordance with Chapter 1322 of the Revised Code within ten days of the effective date of this Settlement and Consent Order. Payment shall be made by certified check or money order made payable to the Ohio Division of Financial Institutions delivered to the Division's counsel.
- C. The Division hereby terminates the Notice of Intent to Assess Fine and Suspend Mortgage Broker Certificate of Registration and Notice of Opportunity of Hearing issued February 7, 2007.

The Respondent understands that any breach of this Settlement and Consent Order may result in the reinstitution of administrative proceedings, including suspension or revocation, the imposition of additional fines and any other remedy available to the Division.

Richard F. Keck
Richard F. Keck
Acting Deputy Superintendent of Consumer Finance

5/21/07
Date



Approved and Agreed

Empire Equity Group, Inc.
dba 1st Metropolitan Mortgage

By: [Signature]
Signature

5-11-2007
Date

D. H. JACOBS
Print Name

Its: CEO