

STATE OF OHIO
DEPARTMENT OF COMMERCE
Division of Financial Institutions
Consumer Finance

In the matter of:)	Case No. M2008-750
)	
JAMES R. CROSBY)	Notice of Intent to Revoke Loan Officer License
2530 Richmond Road)	&
Beachwood, Ohio 44122)	Notice of Opportunity for a Hearing
)	

JURISDICTION

The Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322, and the rules adopted thereunder. In accordance therewith, the Division is accountable for the licensing of individuals as residential mortgage loan officers.

RESPONDENT

JAMES R. CROSBY ("Respondent") is an individual that holds a loan officer license issued by the Division to originate residential mortgage loans pursuant to R.C. Chapter 1322. Respondent is also the operations manager for TransOhio Mortgage and Loan Inc. ("TransOhio"), and is the owner of 100% of the stock of TransOhio. Respondent's address of record is 2530 Richmond Road, Beachwood, Ohio 44122 and his date of birth is July 1, 1963. Respondent's employer of record is TransOhio, 4423 Renaissance Parkway, Warrensville Heights, Ohio 44128.

NOTICE OF PROPOSED ACTION

In accordance with R.C. sections 1322.041 and 1322.10, and R.C. Chapter 119, the Division intends to REVOKE Respondent's loan officer license.

BASIS FOR PROPOSED ACTION

Pursuant to R.C. 1322.10(B), the Division conducted an investigation of Respondent, and as a result thereof, found the following:

- A. In accordance with R.C. 1322.10(A)(1)(a), the superintendent of the Division may revoke a loan officer license if the superintendent finds that a loan officer has committed a "violation of or failure to comply with any provision of sections 1322.01 to 1322.12 of the Revised Code[.]"
- B. Since at least 2002, respondent has been the operations manager of TransOhio.
- C. As the operations manager of TransOhio, Respondent was responsible for the day to day operations of TransOhio and compliance with R.C. Chapter 1322 and the rules adopted thereunder. See, R.C. 1322.01(H), R.C. 1322.03(A)(3) and Ohio Admin. Code 1301:8-7-02(L).
- D. In or about 2001, TransOhio submitted an application for a certificate of registration in order to transact business under R.C. 1322.01 to 1322.12.

- E. In or around 2001, certificate of registration 3510 (now MB 802467) was issued to TransOhio.
- F. The Division is authorized by R.C. 1322.06(A) to examine mortgage broker records that “[pertain] to business transacted pursuant to sections 1322.01 to 1322.12 of the Revised Code.
- G. R.C. 1322.06(B) requires registrants to “maintain records pertaining to business transacted pursuant to sections 1322.01 to 1322.12 of the Revised Code” and prohibits registrants from failing to comply.
- H. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to maintain an alphabetical index of buyers as required by Ohio Admin. Code 1301:8-7-06(H)(1).
- I. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to maintain any disclosures other than HUDS as required by R.C. 1322.06(B).
- J. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to maintain buyer files as required by Ohio Admin. Code 1301:8-7-06(H)(3).
- K. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to maintain a special account as required by R.C. 1322.08(A).
- L. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to notify the Division of legal actions taken against it as required by R.C. 1322.05(B).
- M. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to disclose in advertisements the number designated on the certificate of registration as required by R.C. 1322.09.
- N. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was suspected that 6 (six) loans had fraudulent activity for a borrower by the name of Keith Spikes in violation of R.C. 1322.07(E).
- O. In a compliance examination conducted pursuant to R.C. 1322.06 on February 5, 2008, it was determined that TransOhio failed to provide any of the disclosures required under state and federal law to the borrower as required by R.C. 1345.02(F)(1).

As a result of the above findings, the Division finds:

- 1. As operations manager, Respondent was responsible for TransOhio’s compliance with R.C. Chapter 1322.

2. Because TransOhio violated R.C. 1322.06(B), Ohio Admin. Code 1301:8-7-06(H)(1), R.C. 1322.06(B), Ohio Admin. Code 1301:8-7-06(H)(3), R.C. 1322.08(A), R.C. 1322.05(B), R.C. 1322.09, R.C. 1322.07(E), R.C. 1345.02(F)(1), Respondent has violated R.C. 1322.07(C).
3. Because Respondent violated R.C. 1322.07(C), the Division is authorized under R.C. 1322.10(A)(1)(a) to revoke Respondent's loan officer license.

NOTICE OF OPPORTUNITY FOR A HEARING ON PROPOSED ACTION

Therefore, pursuant to R.C. Chapters 1322 and 119, Respondent is hereby notified that thirty-one (31) days from the date of the mailing of this Notice, the Superintendent intends to issue an order revoking Respondent's loan officer license.

Respondent is further notified, pursuant to R.C. Chapter 119, that Respondent is entitled to a hearing on this matter. If Respondent desires to request a hearing, the request must be made in writing, and must be received in the offices of the Ohio Division of Financial Institutions within thirty (30) days of the time of the mailing of this Notice. Hearing requests should be addressed: Ohio Division of Financial Institutions, Attn: Stephen E. DeFrank, Consumer Finance Attorney Examiner, 77 South High Street, 21st Floor, Columbus, Ohio 43215-6120.

At the hearing, Respondent may appear in person, by Respondent's attorney, or by such other representative as is permitted to practice before the Agency, or Respondent may present its position, arguments, or contentions in writing, and, at the hearing, may present evidence and examine witnesses appearing for and against Respondent.

If the Ohio Division of Financial Institutions does not receive a written request for a hearing in its offices within thirty (30) days of the time of the mailing of this Notice, the Superintendent will issue an order revoking Respondent's loan officer license.

Signed and sealed this 31st day of December 2008.

LEIGH A. WILLIS

Deputy Superintendent for Consumer Finance
Division of Financial Institutions
Ohio Department of Commerce