

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

In the matter of:	)	Case No. 05 – 0010MBD
	)	
<b>STAR FINANCIAL SOLUTIONS, INC.</b>	)	<b>Notice of Intent to Deny Mortgage</b>
3144 Main Street	)	<b>Broker Certificate of Registration &amp;</b>
West Middlesex, Pennsylvania 16159	)	<b>Notice of Opportunity for a Hearing</b>
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**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.

**RESPONDENT**

**STAR FINANCIAL SOLUTIONS, INC.** (hereinafter referred to as “Respondent”) is a Pennsylvania company seeking a certificate of registration in Ohio to engage in business as a mortgage broker pursuant to R.C. Chapter 1322. Respondent’s business address of record is 3144 Main Street, West Middlesex, Pennsylvania 16159.

**NOTICE OF PROPOSED ACTION**

In accordance with sections 1322.03, 1322.04 and 1322.10 of the Ohio Revised Code, and Chapter 119 of said Code, the Division intends to DENY Respondent’s November 5, 2004 application for a mortgage broker certificate of registration.

**BASIS FOR PROPOSED ACTION**

The Division has conducted an investigation of Respondent, pursuant to R.C. 1322.10(B), and has found the following:

- A. The Superintendent of the Division is empowered by R.C. 1322.03(B) to investigate an applicant upon the filing of an application and payment of the application fee to the Division.
- B. The Division is empowered by R.C. 1322.04 to issue an applicant’s mortgage broker certificate of registration application if the Division finds, inter alia, that the applicant’s financial responsibility, experience, character, and general fitness command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the purposes of sections 1322.01 to 1322.12 of the Revised Code.

- C. Pursuant to R.C. 1322.04(A)(10), the Division is authorized to deny an applicant's mortgage broker certificate of registration if the Division finds, among other things, that the applicant has not complied with R.C. 1322.07(C) which requires that no mortgage broker, registrant, licensee or applicant for a certificate of registration shall engage in conduct that constitutes improper, fraudulent, or dishonest dealings.
- D. Pursuant to R.C. 1322.04(A)(10), the Division is authorized to deny an applicant's mortgage broker certificate of registration if the Division finds, among other things, that the applicant has violated R.C. 1322.073 which prohibits a person from concealing or seeking to conceal ownership or control of a mortgage broker business by selling, transferring, or hypothecating any interest in a registrant or applicant.
- E. On April 6, 2004, Respondent filed a mortgage broker certificate of registration application with the Division. As is required, Respondent completed the "Schedule A Disclosure Form," which mandates disclosing every person owning a 5% or more interest in the mortgage company. In this application, the only person that was disclosed as an officer or shareholder was Richard Dudzenski.
- F. Pursuant to R.C. 1322.03(B), the Superintendent investigated the application of the Respondent. During the course of this investigation, the Division discovered that the "Schedule A Disclosure Form" in the Respondent's application was misleading, inaccurate, and fraudulent and sought to conceal the true ownership and control of Respondent.
- G. Specifically, the Division learned that Respondent did not disclose an individual, by the name of Scott McCuskey, who at any time of his choosing could have invoked a "Stock Option Agreement," thereby making him the sole owner of Star Financial Solutions, Inc. Although, the "Stock Option Agreement" was signed by Richard Dudzenski and Scott McCuskey on April 28, 2004, after Respondent's initial application, the Division did not receive correspondence by anyone from Respondent updating its application to inform the Division about this agreement.
- H. Further, during the Division's investigation of Respondent's application, Richard Dudzenski was deposed on July 15, 2004, and stated under oath, that Mr. McCuskey was not involved with Star Financial Solutions, Inc. in any capacity in the operation of the newly formed company.
- I. Pursuant to the Division's investigation, it was found that not only was Mr. McCuskey a signatory to a "Stock Option Agreement" with Respondent, but he was also a party to a "Consulting Agreement" with Star Financial Solutions, effective date June 1, 2004.

- J. Respondent withdrew its April 2004 mortgage broker certificate of registration application on November 3, 2004, and resubmitted a second 2004 application on November 5, 2004. In the Schedule A Disclosure Form submitted in connection with the November 2004 application, the Respondent again made no mention of any other ownership interests.
- K. Respondent's failure to inform the Division of the "Stock Option Agreement" and the misrepresentations provided about Respondent's connection to Mr. McCuskey constitute a violation of R.C. 1322.07.
- L. Respondent's failure to disclose its true ownership and attempt to conceal such ownership constitutes a violation of R.C. 1322.073.
- M. Because of Respondent's violation of R.C. 1322.07 and 1322.073, the Division finds Respondent's character and general fitness do not command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the purposes of the Ohio Mortgage Broker Act, thereby failing to meet the prerequisite for the certificate of registration application found in R.C. 1322.04(A)(10).

#### **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 denying the application for renewal of Respondent's mortgage broker certificate of registration.

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: Timothy C. Winslow—Consumer Finance Legal Counsel, 77 South High Street, 21<sup>st</sup> 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 denying Respondent's mortgage broker certificate of registration renewal.

Signed and sealed this \_\_\_\_ day of April 2005.

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**ROBERT M. GRIESER**

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