

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

In the matter of:)	Case No. M2008-485
)	
SENATE BANC, INC.)	Notice of Intent to Impose Fine and Deny 2008
2652 Hubbard Road)	Mortgage Broker Certificate of Registration
Madison, OH 44057)	Renewal Application
)	&
)	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. In accordance therewith, the Division is accountable for the registration of mortgage brokers.

RESPONDENT

SENATE BANC, INC. ("Respondent") is a company that held a certificate of registration to engage in business as a mortgage broker pursuant to R.C. Chapter 1322. Respondent's mortgage broker certificate of registration expired on April 30, 2008, and Respondent timely filed an application to renew its certificate of registration. The renewal application remains pending. Respondent's business address of record is 2652 Hubbard Road, Madison, Ohio 44057.

NOTICE OF PROPOSED ACTION

In accordance with sections 1322.04 and 1322.10 of the R.C., and R.C. Chapter 119, the Division intends to DENY Respondent's 2008 renewal application for a mortgage broker certificate of registration and IMPOSE A FINE of \$7,000 for its violations of R.C. 1322.07(A), (B), and (C) and OAC 1301:8-7-22(A)(3) and (4).

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 Division is authorized by R.C. 1322.10(A)(1)(a) to refuse to renew an applicant's mortgage broker certificate of registration if the Division finds that the applicant has violated "or failed 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. The Division is authorized by R.C. 1322.10(A)(2) to "[i]mpose a fine of not more than one thousand dollars, for each day a violation of law or rule is committed, repeated or continued. If the registrant or licensee engages in a pattern of repeated violations of law or rule, the Division may impose a fine of not more than two thousand dollars for each day the violation is committed, repeated, or continued."

- C. R.C. 1322.04(B)(3) provides that a mortgage broker certificate of registration will be renewed annually if the superintendent finds that the applicant meets the conditions set forth in divisions (A)(2) to (10) of R.C. 1322.04. R.C. 1322.04(A)(6) lists as a condition of mortgage broker renewal that “the applicant complies with sections 1322.01 to 1322.12 of the Revised Code.”
- D. Section 1301:8-7-22(A)(3) and (4) of the Ohio Administrative Code (“OAC”) state, in part, that a registrant may, with the prior approval of the Division, use a trade name or alternative business name provided the trade name or alternative business name is duly registered with the Ohio Secretary of State and the registrant’s surety bond is updated to reflect any and all trade and/or alternative business names.
- E. On or about December 3, 2007, Respondent changed its name from AAA Banc Group, Inc. to Senate Banc, Inc. The Division received notice of the name change on or about December 14, 2007. On December 18, 2007, the Division approved the name change and issued Respondent certificates of registration for its main office in Uniontown, Ohio (MB.803324) and branch office in Madison, Ohio (MB.803324.002) reflecting the name change to “Senate Banc, Inc.”
- F. On February 19, 2008, Respondent submitted a Mortgage Broker Relocation Application designating its branch office located at 2652 Hubbard Road, Madison, Ohio 44057 as its main office location and surrendering the certificate of registration for the location at Uniontown, Ohio.
- G. Respondent’s registered main office location holds itself out as “AAA Banc Group, Inc.” through signage on the front of the building. There is no mention of “Senate Banc, Inc.,” Respondent’s registered name with the Division. Respondent has not requested the Division’s approval and the Division has not approved Respondent’s use of the name “AAA Banc Group, Inc.” The name “AAA Banc Group, Inc.” has not been registered by Respondent with the Ohio Secretary of State as a trade name or alternative business name.
- H. Respondent’s surety bond (Bond No. Q88 8070680) issued by Erie Insurance Company, does not reflect the trade and/or alternative business name “AAA Banc Group, Inc.”

As a result of the findings listed above, the Division has determined that:

- 1. Respondent’s continued use of the unregistered name “AAA Banc Group, Inc.,” as described above in paragraph G, violates R.C. 1322.07(C), which prohibits a mortgage broker applicant or registrant from “[e]ngag[ing] in conduct that constitutes improper, fraudulent, or dishonest dealings.”
- 2. Respondent’s continued use of the unregistered name “AAA Banc Group, Inc.,” as described above in paragraphs G and H, violates OAC 1301:8-7-22(A)(3) and (4).
- 3. Due to Respondent’s violations of R.C. 1322.07(C) and OAC 1301:8-7-22(A)(3) and (4), Respondent fails to meet the condition for renewing its mortgage broker certificate of registration in R.C. 1322.04(A)(6) and R.C. 1322.04(B)(3).
- 4. 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. R.C. 1322.04(A)(10) and (B)(3).
- 5. Because Respondent does not meet the conditions outlined in R.C. 1322.04(A)(6), (A)(10) and (B)(3), the Division has the authority to refuse to renew Respondent’s mortgage broker certificate of registration. R.C. 1322.10(A)(1)(a).

6. Due to Respondent's violations of R.C. 1322.07(C) and OAC 1301:8-7-22(A)(3) and (4), a fine of \$7,000 is reasonable, appropriate, and necessary.

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 Respondent's renewal application under the Ohio Mortgage Broker Act and imposing a FINE of \$7,000.

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: Anthony Siciliano, Consumer Finance General Counsel, 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. At the hearing, a corporation must have a representative that is permitted to practice before the Agency, such as an attorney.

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 renewal application and imposing a fine of \$7,000.

Signed and sealed this 6th day of August, 2008.

LEIGH A. WILLIS

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