

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

In the matter of:	)	Case No. M2008-328
	)	
<b>RENE L. MORRIS</b>	)	<b><u>DIVISION ORDER</u></b>
3240 N. Montgomery County Line Road	)	<b>Imposition of Fine</b>
Englewood, Ohio 45322	)	<b>&amp;</b>
	)	<b>Notice of Appellate Rights</b>
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The Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions (the "Division"), is charged with the responsibility of administering and enforcing the Ohio Mortgage Broker Act ("OMBA"), codified in Ohio Revised Code ("R.C.") Chapter 1322, and finds that this Order is necessary and appropriate, in the interest of the public, and is consistent with the purposes of the OMBA.

Respondent, Rene L. Morris ("Respondent"), held a loan officer license ("License") issued by the Division pursuant to the OMBA. Respondent's License expired on April 30, 2008, and Respondent did not apply to renew her license. Following the expiration of Respondent's License, on September 17, 2008, the Division notified Respondent that it intended to impose a fine pursuant to R.C. 1322.10(A)(2) via a Notice of Intent to Fine Mortgage Broker Registrant and Notice of Opportunity for Hearing. On November 20, 2008, the Division issued Respondent an Amended Notice of Intent to Impose Fine & Opportunity for a Hearing ("Notice") that set forth the following allegations and findings:

- A. The Division is authorized by R.C. 1322.10(A)(2) to "[i]mpose of 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."
- B. 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."
- C. Ohio Admin. Code 1301:8-7-13(F) provides that if, "[a]s part or in the furtherance of any examination pursuant to division (A) of section 1322.06[,] . . . the superintendent or his authorized representatives requests a written response . . . the . . . registrant, licensee . . . shall deliver a written response and any requested information with the time period specified in the request."

- D. R.C. 1322.072 prohibits a registrant from knowingly failing to cooperate with an investigation.
- E. 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.
- F. R.C. 1322.062(A)(1) requires “[w]ithin three (3) business days after taking an application for a loan [the delivery of] a mortgage loan origination disclosure statement [to the buyer] that contains” all the information indicated therein.
- G. R.C. 1322.08(A)(1) and Ohio Admin. Code 1301: 8-7-05(A) require registrants to maintain a special account to pay bona fide third-party fees.
- H. Since at least 2003, Respondent has been the President, sole shareholder and designated operations manager of Arsprings Financial, Inc. (“Arsprings”), MB.802704.
- I. From 2003 until the present, Respondent made no indication of any change in ownership on the annual renewal applications for Arsprings submitted to the Division.
- J. As the operations manager of Arsprings, Respondent was responsible for the day to day operations of Arsprings 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).
- K. In a compliance examination conducted pursuant to R.C. 1322.06 on or about February 26, 2007, it was determined that Arsprings failed to maintain final settlement statements in chronological order as required by Ohio Admin. Code 1301:8-7-06(A).
- L. In a compliance examination conducted pursuant to R.C. 1322.06 on February 26, 2008, it was determined that Arsprings failed to disclose all the information required by R.C. 1322.062(A)(1).
- M. In a compliance examination conducted pursuant to R.C. 1322.06 on or about February 26, 2007, it was determined that Arsprings was not maintaining the special account required by R.C. 1322.08(A) and Ohio Admin. Code 1301:8-7-05.
- N. On April 23, 2007, the Division issued a compliance examination letter to Respondent at Arsprings’s address of record outlining the issues uncovered in the February 26, 2007 compliance examination and requesting a written response within thirty days. Respondent failed to respond to the Division’s April 23, 2007 letter, which was not returned by the U.S. Postal Service to the Division.
- O. Respondent was responsible for compliance with Chapter 1322 at Arsprings.
- P. Respondent failed to maintain records related to mortgage broker business transactions in compliance with R.C. 1322.06.
- Q. Respondent failed to provide buyers with mortgage loan origination disclosure statements that contained all information required by R.C. 1322.062(A)(1).

- R. Respondent failed to maintain a special account to pay bona fide third party fees as required by R.C. 1322.08(A) and Ohio Admin. Code 1301: 8-7-05(A).
- S. Respondent failed to deliver a written response to a compliance examination letter as requested by the Division within the time frame specified in violation of Ohio Admin. Code 1301: 8-7-13(F).
- T. Respondent's failure to respond to the compliance examination letter issued by the Division constitutes a violation of R.C. 1322.072.
- U. Because Respondent violated R.C. 1322.06, R.C. 1322.062(A)(1), R.C. 1322.08(A), Ohio Admin. Code 1301: 8-7-05(A), Ohio Admin. Code 1301: 8-7-13(F), and R.C. 1322.072, the Division is authorized under R.C. 1322.10(A)(2) to impose a fine upon Respondent.
- V. A fine in the amount of four thousand dollars (\$4,000.00) is reasonable, appropriate, and necessary.

The Notice also informed Respondent that she had thirty (30) days to request an adjudicatory hearing pursuant to R.C. Chapter 119 regarding the Division's allegations set forth in the Notice.

Respondent requested an administrative hearing, which was scheduled for December 11, 2008 and was continued because Respondent sought additional time to retain legal counsel. The hearing was then rescheduled to February 19, 2009 and was held that day before an administrative hearing officer. Respondent failed to appear at the hearing. The hearing officer's report and recommendation (the "Report and Recommendation") was filed with the Division on March 18, 2009 (a copy is attached). The Report and Recommendation found that the Division's evidence supported a finding of violations of R.C. 1322.06 and O.A.C. 1301:8-7-13(F) and that the Division should re-evaluate the proposed fine.

Pursuant to R.C. 119.09, the Division may approve, modify, or disapprove the recommendation of a hearing officer based upon the report, recommendation, transcript of testimony and evidence, or objections of the parties and any additional testimony and evidence permitted. In accordance therewith, the Division has considered the record, consisting of the Report and Recommendation, the transcript of testimony and exhibits, as well as all applicable laws. Any finding and/or conclusion not specifically addressed in the attached Memorandum in Support is approved, adopted and incorporated herein.

For the reasons provided herein and in the attached Memorandum in Support, the Division modifies the Report and Recommendation. The Division has weighed the evidence and considered the factors enumerated in R.C. 1322.10(A)(2) and imposes a fine of three thousand dollars (\$3,000.00) against Rene L. Morris.

Respondent, Rene L. Morris, is hereby ordered to pay the Division a fine in the amount of three thousand dollars (\$3,000.00). Payment shall be in the form of a cashier's check or money order made payable to "Treasure of State," and, within ninety (90) days of Respondent's receipt of this Order, shall be submitted with a copy of this Order to: Ohio Division of Financial Institutions, Attn: Lori A. Massey, Consumer Finance Attorney, 77 South High Street, 21<sup>st</sup> Floor, Columbus, Ohio 43215-6120.

IT IS SO ORDERED.

**NOTICE OF APPELLATE RIGHTS**

Respondent is hereby notified that pursuant to R.C. 119.12, this Division Order may be appealed by filing a notice of appeal with the Division setting forth the Order that Respondent is appealing and the grounds for the appeal. A copy of such notice of appeal must also be filed with the court of common pleas of the county in which the place of business of the Respondent is located, or the county in which the Respondent is a resident. A notice of appeal must be filed within fifteen (15) days after the date of mailing of this Division Order.

Signed and sealed this 7<sup>th</sup> day of June, 2010.

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**LEIGH A. WILLIS**  
Deputy Superintendent for Consumer Finance  
Division of Financial Institutions  
Ohio Department of Commerce

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

**Memorandum in Support of the Division Order  
To Impose a \$3,000 Fine Against Rene L. Morris**

**Case No. M2008-328**

The Ohio Department of Commerce, Division of Financial Institutions (the "Division") hereby approves all of the Findings of Fact and Conclusions of Law set forth in the Administrative Hearing Officer's Report and Recommendation (the "Report and Recommendation") issued March 18, 2009, except as set forth below.

**I. Findings of Fact**

Based on a review of the transcript and the exhibits admitted into the record, the Division hereby accepts and adopts the Findings of Fact as set forth in the Report and Recommendation. With respect to Respondent's activities, the Report and Recommendation found, in pertinent part, as follows (the paragraph numbers are as they appear in the Report and Recommendation):

14. In 2002, the Division issued Arsprings [Financial, Inc.] a mortgage broker certificate of registration. Respondent served as Arsprings' sole shareholder, President, and approved operations manager during Arsprings existence.
15. Between September 2006 and April 30, 2008, Respondent held a loan officer license (#006922).
16. Respondent's loan officer license expired on April 30, 2008. Respondent did not file a 2008 loan officer renewal application.
17. On February 26, 2007, Rubie Ames, a field examiner with the Division conducted an on-site compliance examination of Arsprings' main office pursuant to R.C. 1322.06.
20. On April 23, 2007, Richard Keck, then Acting Deputy Superintendent of Consumer Finance, sent a letter to Respondent as operations manager for Arsprings, detailing Ms. Ames' findings during the February 26, 2007 compliance examination of Arsprings. In the letter, the Division stated that "issues have come to light which require your immediate response, as they negatively reflect upon your company's compliance with the Ohio Mortgage Broker Act." The letter listed the areas of non-compliance and requested a written response including proposed corrective action within 30 days.
24. On January 27, 2009, the Division received from Respondent a written response to the Division's April 23, 207 compliance letter.

**II. Conclusions of Law**

Based on a review of the transcript and the exhibits admitted into the record in this case and the Findings of Fact set forth in the Report and Recommendation, the Division hereby modifies the Conclusions of Law by making the following modification to paragraph 60 of the Report and Recommendation, which should read as follows:

60. Michael Green's MLOD contained a statement that describes the method by which the fee was to be calculated. However, on the Roosevelt Moncree MLOD Respondent failed

to disclose the total amount of the fees she would charge for brokering the loan in violation of R.C. 1322.0602(A)((1)(f).

The modification is necessary because all evidence of a violation presented should be given equal consideration and no violation in the evidence presented should be ignored.

70. On January 27, 2009, Respondent submitted a written response to the Division's April 23, 2007 compliance letter. Respondent's written response was submitted approximately 20 months after the due date indicated in the April 23, 2007 letter. In addition, the response was submitted 46 days after the initial December 11, 2008 hearing date and 22 days before the February 19, 2009 continued hearing date.

The modification is necessary because the language of the OMBA mandates "timely" compliance with any request for a written response in the furtherance of any examination. A failure to "timely" comply is a failure to comply. If registrants and licensees are free to ignore their statutory duties under the OMBA without any consequences, provisions like R.C. 1322.072 may be rendered meaningless and difficult to enforce.

### **III. Recommendation**

Based on the Findings of Fact and Conclusions of Law, as set forth above, the Division hereby modifies the Report and Recommendation. The Division has weighed the evidence and considered the factors enumerated in R.C. 1322.10(A)(2) and imposes a fine of three thousand dollars (\$3,000.00) against Rene L. Morris.

Signed and sealed this \_\_\_\_ day of June, 2010.

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**LEIGH A. WILLIS**  
Deputy Superintendent for Consumer Finance  
Division of Financial Institutions  
Ohio Department of Commerce