

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:

**CUSTOM DESIGN MORTGAGE,  
INC.  
20 Parkway Avenue  
Cincinnati, Ohio 45216**

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)  
) Case No. 05-0002CDM  
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)

**Notice of Order to Cease & Desist  
and  
Notice of Opportunity for a Hearing**

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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 enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322.

**PARTY RESPONDENT**

Custom Design Mortgage, Inc. ("Respondent") is a business located at 20 Parkway Ave., Cincinnati, Ohio 45216 licensed by the Ohio Division of Financial Institutions to broker mortgage loans. Said business operates under the certification of registration number MB 4439 issued by the Division. The licensed location is also the home of its owner Erica L. Crum.

**ALLEGATIONS**

Pursuant to R.C. 1322.10(B), the Division has begun an investigation into the affairs of Respondent regarding the following:

In May of 2005 the Respondent's sole owner and designated Operations Manager, Erica L. Crum proffered a guilty plea in a criminal case before the United States District Court, Southern District of Ohio, W.D. (Case No. 1:05-CR-00065). This case involved defrauding financial institutions in mortgage transactions. The charges included mail fraud affecting a financial institution in violation of 18 U.S.C. § 1341; money laundering in violation of 18 U.S.C. § 1956(a)(1)(B)(i); and conspiracy to commit mail fraud, wire fraud, and bank fraud- 18 U.S.C. §§ 1341, 1343, and 1344. These charges arose from Respondent's owner's participation in a scheme to submit false financial documents in connection with mortgage loans in order to misrepresent the source and actual existence of down payments. Ms. Crum admittedly assisted in creating de facto

no down payment mortgage transactions by artificially increasing the value of the property in order to provide money for the down payment from the loan proceeds. Inflated appraisals were procured as part of this scheme, and lenders were also misled in some transactions as to the existence or value of repairs as well as whether the property was the buyer's residence or an investment property.

Upon information and belief, Erica L. Crum, Respondent's owner and operations manager acted as the loan officer in these above noted mortgage transactions. The violations occurred while she worked for Airline Union's Mortgage Co., Ltd. She later worked at Loan Star Mortgage, Inc. Both of these companies which are regulated by the Division operated registered mortgage broker offices in Cincinnati. Ms. Crum was granted a Loan Officer license by the Division upon her application in May 2002 through Loan Star Mortgage, Inc. As a result of Respondent's owner and operation manager's misconduct Interfirst Mortgage, a division of ABN AMBRO Mortgage Group, Inc., was provided materially false mortgage loan documents.

The actions of Respondent's owner and operations manager as set forth above constitute a violation of R.C. 1322.07(C) which prohibits conduct that constitutes improper, fraudulent, or dishonest dealings. Respondent's owner and operation manager's actions are also in violation of R.C. 1322.07(D) which prohibits a licensee from knowingly making, soliciting, or proposing fraudulent, false, or misleading statements on any mortgage document.

### **FINDINGS**

Based upon the allegations above, the Division has determined that Respondent, Custom Design Mortgage, Inc., is owned and operated by a person who has improperly falsified loan applications in loan transactions in the state of Ohio in violation of R.C. 1322.07(C) and (D).

Based upon the authority granted pursuant to R.C. 1322.10(D), the Division has the authority, after notice and an opportunity for a hearing, to issue a cease and desist order if it determines that a person is engaged in or is believed to be engaged in violations of the Ohio Mortgage Broker Act, R.C. 1322.01 to 1322.12.

### **PROPOSED ACTION**

Based upon the allegations and findings above, the Division intends to issue Respondent an ORDER TO CEASE & DESIST acting or holding itself out as a mortgage broker authorized or engaged in originating loans until it properly accounts for the actions of its owner and operations manager Erica L. Crum or obtains the Division's approval of a new owner and new operations manager.

### **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 Respondent an ORDER TO CEASE & DESIST acting or holding itself out as a mortgage broker

authorized or engaged in originating loans due to the misconduct of its owner and operations manager in violation of R.C. 1322.07(C) and (D) unless to the Division's satisfaction it properly accounts for the actions of its owner and operations manager Erica L. Crum or obtains the Division's approval of a new owner and new operations manager.

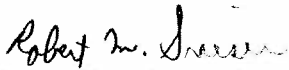
Respondent is further notified, pursuant to R.C. Chapter 119, that Respondent is entitled to a hearing on this matter. If Respondent desires to request a hearing, the request must be made in writing, and must be received in the offices of the Ohio Division of Financial Institutions within thirty (30) days of the time of the mailing of this Notice. Hearing requests should be addressed to:

State of Ohio  
Department of Commerce  
Division of Financial Institutions  
Attn: Attorney Timothy C. Winslow  
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 Respondent an ORDER TO CEASE & DESIST acting or holding itself out as a mortgage broker authorized or engaged in originating loans due to its owner and operations manager's violation of R.C. 1322.07(C) and (D) unless Respondent to the Division's satisfaction properly accounts for the actions of its owner and operations manager Erica L. Crum or obtains the Division's approval of a new owner and new operations manager.

Signed and Sealed this 1<sup>st</sup> day of June, 2005.

  
Robert M. Grieser  
Deputy Superintendent of Financial Institutions

cc: Timothy C. Winslow, In House Counsel—Division of Financial Institutions  
Matt Lampke, Asst. Attorney General, Executive Agencies

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