

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

In the matter of:

DOUGLAS G. KANAG, JR.  
2052 Barrows  
Toledo, Ohio 43613

) Case No. 03-LO-D-102-103  
)  
) DIVISION ORDER  
)  
) Denial of Loan Officer License Application  
)

DIVISION ORDER

On February 7, 2003, Douglas G. Kanag, Jr., ("Respondent") submitted a loan officer license application to the Division of Financial Institutions ("Division"). On November 13, 2003, the Division issued Respondent a notice of the Division's intent to deny Respondent's application, and notified Respondent of his right to a hearing on the matter. Respondent requested a hearing, and pursuant thereto, an administrative hearing was held in accordance with Ohio Revised Code Chapter 119 on January 22, 2004.

The hearing officer filed his written report and recommendation with the Division on February 26, 2004, recommending that the Division deny Respondent's application. A copy of the report and recommendation and a letter explaining Respondent's right to submit written objections to the report was mailed to Respondent via certified mail. Respondent filed objections.

Upon consideration of the hearing officer's Report and Recommendation, Respondent's objections thereto, and all evidence admitted at the hearing, the Division hereby modifies certain paragraphs in the Hearing Officer's Report and Recommendation as follows. Paragraphs of the Report and Recommendation not specifically addressed below are approved.

Paragraph 4 on page 5 of the Report and Recommendation reads:

Because the Respondent has been convicted of a misdemeanor offense, the burden of proof shifted to the Respondent to show by a preponderance of the evidence that there is no basis in fact for believing that he will commit another criminal offense involving theft, receiving stolen property, embezzlement, forgery, fraud, passing bad checks, money laundering or drug trafficking or any criminal offense, involving money or securities. The failure to disclose the criminal convictions also caused the burden of proof to shift to the Respondent to show by a preponderance of the evidence that his character and fitness command the confidence of the public to warrant the belief that the business will be operated honestly and fairly in compliance with the purpose of the Ohio Mortgage Broker Act.

In accord with R.C. §§1322.031(A)(2) and 1322.041(A)(3), the Division modifies Paragraph 4 on page 5 to read:

Because Respondent had been convicted of attempted drug trafficking, the burden of proof shifted to Respondent to show, by a

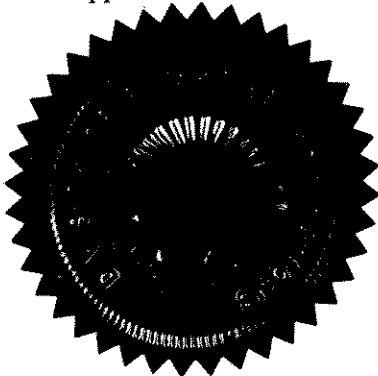
preponderance of the evidence, that Respondent's activities and employment record since the conviction show that he is honest, truthful, and of good reputation, and that there is no basis in fact for believing that he will commit another drug trafficking or theft-type offense.

The Division hereby modifies the third sentence of Paragraph 5 on page 6 of the Report and Recommendation, which reads: "In connection with the requirements of Ohio Revised Code Section 1322.031(A)(2), the Respondent has been convicted of a 'disabling offense'; namely, two drug offenses." This sentence is modified to reflect that only Respondent's drug trafficking offense shifts the burden, not his drug possession offense. See R.C. §§ 1322.031(A)(2) and 1322.041(1)(A)(3).

The Division approves the Hearing Examiner's recommendation to deny Respondent's loan officer license application. Kanag's February 7, 2003 license application is hereby denied.

**NOTICE OF RIGHT TO APPEAL**

Respondent is hereby notified that pursuant to R.C. 119.12, this order may be appealed by filing a notice of appeal with the Ohio Division of Financial Institutions setting forth the order appealed from and the grounds for the appeal. A copy of such notice of appeal must, pursuant to R.C. 119.12, 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 order.



Signed and sealed this 31<sup>st</sup> day of April 2004.

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**ROBERT M. GRIESER**

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

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