

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

In the matter of:)	
ACE MORTGAGE)	Case No. 03-MB-D-07-01
FUNDING INC.)	
6845 Parkdale Place)	Notice of Intent to Deny
Suite D)	Mortgage Broker Certificate of Registration
Indianapolis, IN 46254)	&
)	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 enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322.

Ace Mortgage Funding, Inc. ("Respondent") is an Indiana corporation registered with the Ohio Secretary of State to conduct business in this state. In February 2003, Respondent submitted an application to the Division for a mortgage broker certificate of registration pursuant to R.C. Chapter 1322. The main business address of record for Respondent is 6845 Parkdale Place, Suite D, Indianapolis, Indiana 46254.

ALLEGATIONS

Pursuant to R.C. §§ 1322.03(B) and 1322.10(B), the Division conducted an investigation of the Respondent mortgage broker applicant, and as a result thereof, alleges the following:

Robert L. Gregory, Jr. is the Co-Owner and Vice-President of Respondent Ace Mortgage Funding Inc., an Indiana corporation headquartered at 6845 Parkdale Place, Suite D, Indianapolis, Indiana 46254.

In connection with its mortgage broker application to the Division in February 2003, Respondent submitted, in accordance with R.C. § 1322.03(A)(7) and the rules thereunder, a disclosure form stating that Robert L. Gregory, Jr. had not been convicted of any criminal offense.

In truth and fact, Robert L. Gregory, Jr. was convicted of a felony count of Robbery in Marion County, Indiana in 1981 and pursuant to a plea agreement was sentenced to three years in a minimum security facility. Mr. Gregory served one year at the Indiana Youth Center and was then

given supervised work release. Robbery constitutes a criminal offense involving theft for purposes of R.C. §§ 1322.03(A)(7) and 1322.10(A)(1)(b).

As Co-Owner and Vice President of Ace Mortgage Funding, Inc., Mr. Gregory owns 50% of Respondent's corporate shares. Based on the nature and extent of Mr. Gregory's ownership interest, the Division contends that pursuant to R.C. § 1322.04(A) that Mr. Gregory is a person who must meet the requirements of (A)(7), (A)(8), and (A)(10) of said section. Given Mr. Gregory's position in the company as set forth herein, the Respondent cannot disavow knowledge of his conviction and plea.

In Respondent's application submission, Mr. Gregory attested falsely that he had not been convicted of any criminal offense. It was only through the criminal background check conducted by the Division that Respondent's criminal conviction became known. Upon being informed of the discovery of the conviction by the Division, Mr. Gregory at first denied it. These acts of concealment, false swearing, and denial constitute improper, fraudulent, or dishonest dealings, in violation of R.C. 1322.07(C).

FINDINGS

The Superintendent has determined, based on the facts as set forth in the allegations above, that Robert L. Gregory, Jr. is a principal shareholder of the Respondent who must meet the requirements of R.C. § 1322.04(A)(7), (8), and (10).

Based upon the facts as set forth in the allegations above, the Division has determined that Respondent, Ace Mortgage Funding, Inc., has had a principal shareholder convicted of a theft offense that disqualifies the Respondent from receiving a certificate of registration pursuant to R.C. § 1322.04(A)(7) and further warrants refusal to issue such certificate pursuant to R.C. § 1322.10(A)(1)(b).

Based upon the facts as set forth in the allegations above, the Division has further determined that Respondent, Ace Mortgage Funding, Inc., does not have the required character and general fitness to command the confidence of the public and warrant the belief that the business will be operated honestly and fairly in compliance with the Mortgage Broker Act pursuant to R.C. § 1322.04(A)(10).

In addition, based upon the facts as set forth in the allegations above, the Division has determined that Respondent, Ace Mortgage Funding, Inc., has engaged in improper, fraudulent, or dishonest dealings in violation of R.C. 1322.07(C) justifying a refusal to issue such certificate pursuant to R.C. § 1322.10(A)(1)(a).

PROPOSED ACTION

Based upon the allegations and findings above, the Division intends to DENY the Mortgage Broker Certificate of Registration for ACE MORTGAGE FUNDING, INC.

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 mortgage broker certificate of registration application of ACE MORTGAGE FUNDING, INC.

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:

**State of Ohio
Department of Commerce
Division of Financial Institutions
Attn: Attorney Timothy C. Winslow
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.

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 the mortgage broker certificate of registration application of ACE MORTGAGE FUNDING, INC.

Signed and Sealed this _____ day of _____, 2003.

ROBERT M. GRIESER
Deputy Superintendent for Consumer Finance

Cc: Timothy C. Winslow, In House Counsel—Division of Financial Institutions
Paula Paoletti, Asst. Attorney General, Business & Government Regulation