

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

In the matter of:)	Case No. M2008-16
)	
PREMIER MORTGAGE FUNDING)	Amended Notice of Intent to Revoke Mortgage
OF OHIO, INC.)	Broker Certificate of Registration
3001 Executive Drive, Suite 330)	&
Clearwater, Florida 33762)	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 ("OMBA"), codified in Ohio Revised Code ("R.C.") Chapter 1322 and the rules adopted thereunder.

RESPONDENT

Respondent, Premier Mortgage Funding of Ohio, Inc., ("Respondent"), is a foreign corporation registered to conduct business in Ohio and holds an active mortgage broker certificate of registration issued by the Division pursuant to R.C. 1322. The business address of record for Respondent's main office is 3001 Executive Drive, Suite 330, Clearwater, Florida 33762. Respondent operates under the mortgage broker certificate of registration number MB 802904.

NOTICE OF PROPOSED ACTION

Based upon the allegations and findings above, the Division intends to REVOKE Respondent's Mortgage Broker Certificate of Registration, MB 802904 for Premier Mortgage Funding of Ohio, Inc. for the violations of R.C. 1322.031(E)(2), 1322.07(B) and 1322.07(C).

BASIS OF PROPOSED ACTION

Pursuant to R.C. 1322.10(B), the Division conducted an investigation into the affairs of Respondent, and as a result thereof, alleges the following:

1. R.C. 1322.031(E)(2) states: "[t]he licensee may request the transfer of the license to another mortgage broker by submitting a relocation application, along with a fifteen dollar fee, to the superintendent....Any licensee whose license is held in escrow shall cease activity as a loan officer. A mortgage broker may employ a loan officer on a temporary basis pending the transfer of the loan officer's license to the mortgage broker, if the mortgage broker receives written confirmation from the superintendent that the loan officer is licensed under sections 1322.01 to 1322.12 of the Revised Code."
2. R.C. 1322.07(C) prohibits registrants from engaging in conduct that constitutes improper, fraudulent, or dishonest dealings.
3. On April 28, 2004, the Division received a loan officer transfer application for loan officer **Brant D. Center** requesting that his license be transferred from Primary Residential Mortgage, Inc. to his new employer, Premier Mortgage Funding of Ohio, Inc. The

application failed to list an effective date of new employment. Respondent neither requested nor received written confirmation from the superintendent that Brant D. Center could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on March 25, 2004, Brant D. Center originated a loan subject to the OMBA for borrower Tony Vermillion.

4. On August 13, 2004, the Division received a loan officer transfer application for loan officer **Damon J. Henry** requesting that his license be transferred from Novastar Home Mortgage, Inc. to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as August 1, 2004. Respondent neither requested nor received written confirmation from the superintendent that Damon J. Henry could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on August 2, 2004, Damon J. Henry originated a loan subject to the OMBA for borrowers Jonathan and Elizabeth Barth.
5. On June 18, 2004, the Division received a loan officer transfer application for loan officer **John P. Hvisdak** requesting that his license be transferred from Mortgage Now, Inc. to his new employer, Premier Mortgage Funding of Ohio, Inc. The application failed to list an effective date of new employment. Respondent neither requested nor received written confirmation from the superintendent that John P. Hvisdak could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on May 14, 2004, John P. Hvisdak originated a loan subject to the OMBA for borrowers David and Bonnie Richter.
6. On April 28, 2004, the Division received a loan officer transfer application for loan officer **David J. Kiefer** requesting that his license be transferred from Mortgage-Doctors.com to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as April 5, 2004. Respondent neither requested nor received written confirmation from the superintendent that David J. Kiefer could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on April 15, 2004, David J. Kiefer originated a loan subject to the OMBA for borrowers Jeff and Karen Sturm. Further, on April 16, 2004, David J. Kiefer originated a loan subject to the OMBA for borrowers Lee and Pauline Guess.
7. On May 18, 2004, the Division received a loan officer transfer application for loan officer **Bruce M. Laderman** requesting that his license be transferred from Amortgagenow.net to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as May 3, 2004. Respondent neither requested nor received written confirmation from the superintendent that Bruce M. Laderman could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on May 6, 2004, Bruce M. Laderman originated a loan subject to the OMBA for borrowers Stephen and Deborah Protheroe. Further, on May 6, 2004, Bruce M. Laderman originated a loan subject to the OMBA for borrowers Richard and Lisa Oliver.
8. On July 6, 2004, the Division received a loan officer transfer application for loan officer **Lisa C. Lysyj** requesting that her license be transferred from The Mortgage Zone, Inc. to

her new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as June 12, 2004. Respondent neither requested nor received written confirmation from the superintendent that Lisa C. Lysyj could be employed on a temporary basis while the transfer of her loan officer license was pending. Respondent has provided to the Division documentation that, on May 31, 2004, Lisa C. Lysyj originated a loan subject to the OMBA for borrower Phillip Shaw. Further, on June 1, 2004, Lisa C. Lysyj originated a loan subject to the OMBA for borrower Margaret Ponds. Further, on June 7, 2004, Lisa C. Lysyj originated a loan subject to the OMBA for borrower Linda Arotin.

9. On August 16, 2004, the Division received a loan officer transfer application for loan officer **Kharon L. Palmer** requesting that his license be transferred from Nova Star Home Mortgage to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as August 2, 2004. Respondent neither requested nor received written confirmation from the superintendent that Kharon L. Palmer could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on July 2, 2004, Kharon L. Palmer originated a loan subject to the OMBA for borrower David Corbett.
10. On June 2, 2004, the Division received a loan officer transfer application for loan officer **Ronald R. Smith** requesting that his license be transferred from Executive Choice Mortgage to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as May 24, 2004. Respondent neither requested nor received written confirmation from the superintendent that Ronald R. Smith could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on May 29, 2004, Ronald R. Smith originated a loan subject to the OMBA for borrower Mark Surber.
11. On July 28, 2004, the Division received a loan officer transfer application for loan officer **Steven Walker** requesting that his license be transferred from First Choice Mortgage Corporation to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as July 21, 2004. Respondent neither requested nor received written confirmation from the superintendent that Steven Walker could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on July 27, 2004, Steven Walker originated a loan subject to the OMBA for borrower Dewayne R. Hayes.
12. On November 2, 2004, the Division received a loan officer transfer application for loan officer **Frederick R. Watkins, Jr.** requesting that his license be transferred from USA Funding Services, Inc. to his new employer, Premier Mortgage Funding of Ohio, Inc. The application listed the effective date of new employment as November 1, 2004. Respondent neither requested nor received written confirmation from the superintendent that Frederick R. Watkins, Jr. could be employed on a temporary basis while the transfer of his loan officer license was pending. Respondent has provided to the Division documentation that, on July 12, 2004, Frederick R. Watkins, Jr. originated a loan subject to the OMBA for borrower Catherine Kister. Further, on August 24, 2004, Frederick R. Watkins, Jr. originated a loan subject to the OMBA for borrower Bobbie Evans. Further, on July 7, 2004, Frederick R. Watkins, Jr. originated a loan subject to the OMBA for borrower Kenneth Patterson.

13. By allowing Brant D. Center, Damon J. Henry, John P. Hvisdak, David J. Kiefer, Bruce M. Laderman, Lisa C. Lysyj, Kharon L. Palmer, Ronald R. Smith, Stephen Walker, and Frederick R. Watkins, Jr., to originate seventeen (17) loans subject to the OMBA without a properly transferred license or without first obtaining the requisite written confirmation from the superintendent to originate loans for Premier Mortgage Funding of Ohio, Inc., Respondent has violated R.C. 1322.031(E)(2).
14. By allowing Brant D. Center, Damon J. Henry, John P. Hvisdak, David J. Kiefer, Bruce M. Laderman, Lisa C. Lysyj, Kharon L. Palmer, Ronald R. Smith, Stephen Walker, and Frederick R. Watkins, Jr. to act as loan officers without first obtaining a license to work for Respondent, Respondent has engaged in conduct that constitutes improper, fraudulent, or dishonest dealings in violation of R.C. 1322.07(C).
15. R.C. 1322.02(B) states: "No person, on the person's own behalf or on behalf of any other person, shall act as a loan officer without first having obtained a license from the superintendent."
16. R.C. 1322.01(E) defines "Loan Officer" as "an employee who originates mortgage loans in consideration of direct gain or indirect gain, profit, fees, or charges." "Loan Officer" also includes an employee who solicits financial and mortgage information from the public for sale to another mortgage broker.
17. Respondent, Premier Mortgage Funding of Ohio, Inc. has provided to the Division documentation that **Josh Beal** originated a loan subject to the OMBA for borrowers Jon and Amanda Ray on August 10, 2004. The Division has not issued a loan officer license to Josh Beal that would have allowed him to act as a loan officer and/or originate loans under the OMBA.
18. Respondent, Premier Mortgage Funding of Ohio, Inc. has provided to the Division documentation that **Buzz Frankel** originated a loan subject to the OMBA for borrower Lynay Straughn on September 8, 2004. The Division has not issued a loan officer license to Buzz Frankel that would have allowed him to act as a loan officer and/or originate loans under the OMBA.
19. On January 21, 2005, the Division received a loan officer application for **Brett A. Marino** as an employee of Respondent, Premier Mortgage Funding of Ohio, Inc. Respondent has provided to the Division documentation that Brett A. Marino acted as a loan officer and/or originated a loan subject to the OMBA for borrower Dennis McKay on September 1, 2004. The Division had not issued a loan officer license to Brett A. Marino that would have allowed him to act as a loan officer and/or originate loans under the OMBA at the time he originated the loan for borrower Dennis McKay.
20. Respondent, Premier Mortgage Funding of Ohio, Inc. has provided to the Division documentation that **Michael Pond** originated a loan subject to the OMBA for borrower Larry G. Rice on or about April 25, 2004. The Division has not issued a loan officer license to Michael Pond that would have allowed him to act as a loan officer and/or originate loans under the OMBA.

21. Respondent, Premier Mortgage Funding of Ohio, Inc. has provided to the Division documentation that **Vanetta Vallandingham** originated loans subject to the OMBA for borrower Barbara Ann Smith on April 6, 2004. The Division has not issued a loan officer license to Vanetta Vallandingham that would have allowed her to act as a loan officer and/or originate loans under the OMBA.
22. R.C. 1322.07(C) prohibits registrants from engaging in conduct that constitutes improper, fraudulent, or dishonest dealings.
23. By allowing Josh Beal, Buzz Frankel, Brett A. Marino, Michael Pond, and Vannetta Vallandingham to act as loan officers for Premier Mortgage Funding of Ohio, Inc. and to perform duties which require a loan officer license without first obtaining a loan officer license, Respondent has engaged in conduct that constitutes improper, fraudulent and dishonest dealings in violation of R.C. 1322.07(C).
24. R.C. 1322.072 prohibits a registrant from failing to produce records in connection with an investigation conducted by the Division.
25. On November 30, 2007, the Division issued Respondent an investigatory subpoena duces tecum via certified mail pursuant to R.C. 1322.10(C) requesting certain documents. A certified mail receipt was signed and returned to the Division. The subpoena required Respondent to submit copies of the requested documents to the Division by December 17, 2007. Respondent failed to provide any documents or response and, therefore, did not comply with the investigatory subpoena.
26. On February 29, 2008, the Division issued Respondent a follow-up investigatory subpoena duces tecum via certified mail pursuant to R.C. 1322.10(C) requesting the same documents sought in the November 30, 2007 subpoena. A certified mail receipt was signed and returned to the Division. The subpoena required Respondent to submit copies of the requested documents to the Division by March 21, 2008. Respondent failed to provide any documents or response and, therefore, did not comply with the investigatory subpoena.
27. R.C. 1322.10(A)(1)(b) states that the superintendent of financial institutions may revoke a certificate of registration if the superintendent finds that Respondent has been convicted of or plead guilty to any 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.
28. Respondent entered a plea of guilty before Cuyahoga County Court of Common Pleas Judge Eileen A. Gallagher to Engaging in a Pattern of Corrupt Activity (R.C. § 2923.32), a first degree felony, on or about March 10, 2008, in the case of *State of Ohio v. Premier Mortgage Funding of Ohio Inc.* Docket No. 06-CR-490670.
29. A true bill indictment filed in the aforementioned case on January 4, 2007, details how Respondent, along with others, engaged in a criminal enterprise to defraud financial institutions by obtaining loan proceeds for the purchase of residential real estate in Cuyahoga county, Ohio. Specifically, Respondent through its employee loan officers submitted loan applications that either misstated the buyer's income and/or purpose of the loan in order to qualify for the loan amounts requested. The Respondent received fees and commissions for fraudulently obtaining the loans.

30. Based on Respondent's guilty plea, as shown above, the Division has the authority to revoke Respondent's certificate of registration pursuant to R.C. 1322.10(A)(1)(b).
31. Based on Respondent's guilty plea, as shown above, the revocation of Respondent's certificate of registration shall be permanent pursuant to R.C. 1322.10(E).

FINDINGS

Based upon the allegations above, the Division determines the following:

- A. Respondent violated R.C. 1322.031(E)(2) by allowing its employees to act as loan officers without first receiving either written confirmation from the superintendent that the loan officer is licensed under sections 1322.01 to 1322.12 of the Revised Code or obtaining and/or properly transferring such license.
- B. Respondent violated 1322.07(B) of the OMBA by representing to the public that its employees were licensed loan officers able to perform duties which require a loan officer license without first obtaining and/or properly transferring such loan officer license. This conduct constitutes a false and misleading statement of a material fact and/or engaging in a continued course of misrepresentations.
- C. Respondent violated R.C. 1322.07(C) of the OMBA by allowing its employees to act as loan officers for and perform duties which require a loan officer license without first obtaining and/or properly transferring such license. This conduct constitutes improper, fraudulent and dishonest dealings.
- D. Respondent violated R.C. 1322.072 of the OMBA by failing to produce records in connection with a Division investigation.
- E. As a result of the violations listed above, the Division has determined that Respondent's certificate of registration should be REVOKED, pursuant to R.C. 1322.10(A)(1)(a).
- F. As a result of the guilty plea listed in paragraph 27, the revocation of Respondent's certificate of registration shall be PERMANENT pursuant to R.C. 1322.10(E).

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 revoking Respondent's mortgage broker certificate of registration.

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: Jacqueline Mallett, Consumer Finance Attorney Examiner, 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 revoking Respondent's mortgage broker certificate of registration.

Signed and sealed this 31st day of March 2008.

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