

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING, BUREAU OF :
COMPLIANCE, INVESTIGATION AND :
LICENSING :

Docket No. 08 0090 (ENT-60) PA DEPT OF BANKING

v. :

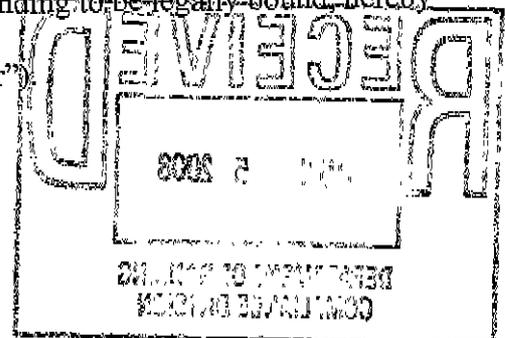
1st PROFESSIONAL MORTGAGE, LLC :

and :

SHAWN JAMES HANNEGAN, individually :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking (“Department”), Division of Investigations along with the Bureau of Examinations, has conducted an investigation into the business practices of 1st Professional Mortgage (“1st Professional”), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing (“Bureau”) believes that 1st Professional and Shawn James Hannegan operated in violation of the Mortgage Bankers and Brokers & Consumer Equity Protection Act (“MBBCEPA”), 63 P.S. § 456.101 et seq., and the Secondary Mortgage Loan Act (“SMLA”), 7 P.S. § 6601 et seq. The parties to the above captioned matter, in lieu of litigation, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and, intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order (“Order”).



BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MBBCEPA and the SMLA.
2. The Bureau is primarily responsible for administering and enforcing the MBBCEPA and the SMLA for the Department.
3. 1st Professional is licensed as a First Mortgage Broker, license no. 12350, and as a Secondary Mortgage Broker, license no. 12351, with a Pennsylvania principal place of business located at 570 Peregrine Dr., North Huntingdon, PA 15642 ("Principal Place").
4. 1st Professional is owned by Shawn James Hannegan ("Shawn Hannegan").
5. On September 12, 2007 the Department initiated an on-site investigation ("Investigation") of 1st Professional at the Principal Place.

Alterations of Verification of Deposit

6. The Investigation revealed that Shawn Hannegan knowingly and purposefully altered three (3) Verifications of Deposit ("VODs") and then submitted those VODs to various mortgage lenders on behalf of 1st Professional.
7. The VODs were altered in order to show a higher balance in the consumers' bank accounts prior to submission to the mortgage lenders, which might make the mortgage lenders more likely to approve the mortgage loans submitted by 1st Professional.
8. The Bureau has received verification from the various financial institutions involved evidencing that the VODs were altered.
9. Shawn Hannegan admitted to the Bureau that he had altered the 3 VODs.
10. Section 313(a)(2) of the MBBCEPA specifically provides that the Department may suspend, revoke or to refuse to renew a license after giving 30 days' written notice if a

licensee has “[f]ailed to comply with or violated any provision of this chapter or any rule or order promulgated by the department pursuant to this chapter.” 63 P.S. § 456.313(a)(2).

11. Section 313(a)(5) of the MBBCEPA specifically provides that the Department may suspend, revoke or refuse to renew any license after giving 30 days’ written notice if the Department determines that a licensee has “[e]ngaged in dishonest, fraudulent or illegal practices or conduct in any business or unfair or unethical practices or conduct in connection with the mortgage business.” 63 P.S. § 456.313(a)(5).

12. Altering mortgage loan documents such as VODs as described in Paragraph 7 is a dishonest, fraudulent and illegal practice in the mortgage industry.

Unlicensed Activity

13. The Investigation revealed that 1st Professional permitted three (3) individuals to broker, on its behalf, at least twenty-seven (27) residential first mortgage loans and permitted two (2) individuals to broker, on its behalf, at least nine (9) secondary mortgage loans , in Pennsylvania without a license and compensated these individuals as independent contractors via IRS Form 1099.

14. 1st Professional knew that the individuals brokering loans on its behalf were not licensed in Pennsylvania but nevertheless processed the individuals’ loans and closed the first and secondary mortgage loans in its name.

15. Section 303(a) of the MBBCEPA provides, in relevant part, that “no person shall act as a mortgage banker, loan correspondent, mortgage broker or limited mortgage broker in this Commonwealth *without a license. . .*” 63 P.S. § 456.303(a) (emphasis added).

16. Section 309(a)(1) of the MBBCEPA provides, in relevant part, that a license shall not “[t]ransact any business subject to the provisions of this chapter under any other name except those designated in its license.” 63 P.S. §456.309(a)(1) (*emphasis added*).

17. Section 314(c) of the MBBCEPA provides that, “[a]ny person licensed under the provisions of this chapter or any director, officer, employee or agent of a licensee who shall violate the provisions of this chapter or *shall direct or consent to such violations* shall be subject to a fine levied by the department of up to \$2,000 for each offense.” 63 P.S. §456.314(c) (*emphasis added*).

18. By processing and closing first mortgage loans originated by unlicensed brokers, 1st Professional transacted business with unlicensed brokers and, therefore, violated Section 309(a)(1) of the MBBCEPA.

19. Moreover, by transacting business with unlicensed brokers, 1st Professional consented to the unlicensed activity in violation of Sections 303(a) and 314(c) of the MBBCEPA.

20. Section 3(a)(2) of the SMLA provides, in relevant part that, “[n]o person shall engage in the business of being a secondary mortgage loan broker until after first obtaining a license from the secretary . . .” 7 P.S. §6603(a)(2).

21. Section 11(1) of the SMLA provides, in relevant part, that a secondary mortgage loan licensee and a secondary mortgage loan broker licensee shall not “[t]ransact *any* business subject to the provisions of this act under any other name except that designated in its license. . .” 7 P.S. §6611(1) (*emphasis added*).

22. Section 22(b) of the SMLA provides, in relevant part, that, “a corporation licensed under this provisions of this act or any director, officer, employee or agent who shall

violate any provision of this act *or shall direct or consent to such violations*, shall be subject to a fine of \$2,000 for the first offense, and for each subsequent offense a like fine and/or suspension of license.” 7 P.S. §6622(b) (emphasis added).

23. By processing and closing the secondary mortgage loans originated by unlicensed brokers, 1st Professional transacted business with unlicensed brokers in violation of Section 11(1) of the SMLA.

24. Further, by transacting business with unlicensed brokers, 1st Professional consented to the unlicensed brokers’ activity in violation of Sections 3(a)(2) and 22(b) of the SMLA.

Authority of the Department

25. Section 310(a) of the MBBCEPA provides the Department with the authority to issue orders as may be necessary for the proper conduct of the business of a first mortgage broker and for the enforcement of the MBBCEPA. 63 P.S. § 456.310(a).

26. Section 16(1) of the SMLA provides the Department with the authority to issue orders as may be necessary for the proper conduct of the business of a secondary mortgage broker and for the enforcement of the SMLA. 7 P.S. § 6616(1).

RELIEF

27. License Surrender. Within thirty (30) days of the Effective Date of this Order Shawn Hannegan shall voluntarily surrender 1st Professional’s first mortgage broker license, license no. 12350, and secondary mortgage broker license, license no. 12351.

28. Cease and Desist.

a. 1st Professional and Shawn Hannegan shall cease taking first and secondary mortgage loans applications upon the date of 1st Professional’s license

surrenders so that all work on loans in 1st Professional's pipeline shall be completed within forty-five (45) days of the Effective Date of this Order.

b. In the event of unforeseen circumstances which cause unordinary delay in the closing or settlement of a loan, and work remains to be done within 45 days of the Effective Date of this Order, Shawn Hannegan is obligated to inform the Bureau of the delay and to seek permission to complete the work.

c. If, in the opinion of the Bureau, Shawn Hannegan, individually and on behalf of 1st Professional, abuses this provision, the Department may take any additional steps necessary to ensure that the applications are processed in a timely manner.

29. Prohibition.

a. Shawn Hannegan individually and/or on behalf of 1st Professional shall not apply for any license with the Department of Banking for a period of three (3) years from the Effective Date of this Order.

b. Shawn Hannegan shall not engage, in any capacity, in the mortgage business in the Commonwealth of Pennsylvania including, but not limited to, owner, shareholder, director, officer, independent contractor and employee for a period of two (2) years from the Effective Date of this Order pursuant to Section 310 of the MBBCEPA. 63 P.S. § 310(a).

c. Nothing in this Consent Agreement and Order shall prohibit Shawn Hannegan from working as a loan officer in the mortgage business, or in another position, under the direct supervision of an entity licensed by the Department after the expiration of the 2 year period noted in paragraph 29.a.

d. Shawn Hannegan shall meet any and all future requirements for licensure or registration as required by the Department in order to work under the supervision of a licensed entity and shall notify the Department of the name of the entity he works for as provided in paragraph 29.c.

FURTHER PROVISIONS

30. Consent. 1st Professional and Shawn Hannegan hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's order authority under the MBBCEPA and SMLA and agrees that they understand all of the terms and conditions contained herein. 1st Professional and Shawn Hannegan, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

31. Publication and Release. 1st Professional and Shawn Hannegan consent to the publication and release of this Order.

32. Entire Agreement. This Order contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Bureau, 1st Professional and Shawn Hannegan.

33. Binding Nature. The Bureau, 1st Professional, and all officers, owners, directors, employees, heirs and assigns of 1st Professional and Shawn Hannegan intend to be and are legally bound by the terms of this Order.

34. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

35. Effectiveness. 1st Professional and Shawn Hannegan hereby stipulate and agree that the Order shall become effective on the date that the Bureau executes the Order (the “Effective Date”).

36. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against 1st Professional and Shawn Hannegan in the future regarding all matters not resolved by this Order.

b. 1st Professional and Shawn Hannegan acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

37. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

38. Counterparts. This Order may be executed in separate counterparts.

39. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Bureau, 1st Professional and Shawn Hannegan intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE, INVESTIGATION AND LICENSING**

Ryan M. Walsh, Administrator
Compliance Division

Date: June 7, 2008

1ST PROFESSIONAL MORTGAGE, LLC

(Officer Signature)

SHAWN HANNEGAN
(Print Officer Name)

Mortgage Broker
(Title)

Date: 6-3-08

SHAWN JAMES HANNEGAN

Shawn James Hannegan/

Date: 6-3-08