

3. Mr. Greenhalgh is licensed by the Department as a mortgage originator for Allied Mortgage Group, Inc. ("Allied"), a lender, located at 7 Bala Avenue Ste. 108, Bala Cynwyd, Pennsylvania 19004-3205.

4. Allied is licensed by the Department, mortgage lender license number 21600.

5. On or around May 28, 2009, Allied ceased employing Mr. Greenhalgh as a mortgage originator.

6. Mr. Greenhalgh is President and a 50% owner of the mortgage broker Commonwealth Funding Group, Inc. located at 101 W. Cherry St. Ste 2, Palmyra, Pennsylvania 17078-2300.

7. Commonwealth Funding Group, Inc. ("CFG") is licensed by the Department, mortgage broker license number 129036.

8. Mr. Greenhalgh owns 50% of Keystone Land Settlement, LLC ("Keystone"), a title agent, located at 101 W. Cherry Street, Suite 2, Palmyra, Pennsylvania 17078.

9. Keystone is an agent for Stewart Title Guaranty Company ("Stewart"), a title insurance underwriter that issues title insurance policies.

10. Stewart's corporate office is located in 1980 Post Oak Boulevard, Houston, Texas, 77056, but it does business in Pennsylvania.

11. Mr. Greenhalgh, as owner of Keystone, has direct control over the operations of Keystone and is responsible for the day to day operations of Keystone.

VIOLATIONS

12. On August 17, 2009, the Bureau commenced this action against Mr. Greenhalgh by filing an Order to Show Cause alleging violations of the MLA.

13. The parties have agreed to enter into this Order to settle this enforcement action and to avoid the time and expense of going to a hearing.

14. If the parties had elected to go to a hearing, the Bureau intended to produce evidence demonstrating the following:

Dishonest, Fraudulent and Illegal Conduct

a. On May 18, 2009, the Department began receiving complaints from Pennsylvania consumers alleging that they had refinanced their mortgages but the consumers were continuing to receive mortgage bills from their prior lenders in addition to the mortgage bills from the lenders with which they refinanced their mortgages.

b. The Department initiated an investigation into the matter.

c. The Department ascertained that from February 2009 through April 2009, at least 12 consumers had refinanced their mortgages and, after closing on the mortgages occurred, the new lenders had forwarded the payoff monies to pay off the prior mortgages to Keystone.

d. In each of the cases, Keystone was an agent for Stewart.

e. As an agent for Stewart, Keystone was required to forward the payoff monies to the prior lenders to payoff the prior mortgages.

f. Mr. Greenhalgh as owner of Keystone knew that the monies were supposed to be forwarded to the prior lenders to payoff the prior mortgages.

g. However, Mr. Greenhalgh did not forward the payoff monies to the prior lenders.

h. By failing to forward the payoff monies to the prior lenders, Mr. Greenhalgh misappropriated the monies.

i. To cover up the misappropriation of the monies, in some cases, Mr. Greenhalgh continued to pay the consumers' monthly mortgage bills on the prior mortgages.

j. Because Mr. Greenhalgh continued to pay the mortgage bills on the prior mortgages, in some of the transactions, consumers were not aware that their prior mortgages had not been paid off.

k. Mr. Greenhalgh began to run out of monies and, as a result, could not continue to pay on the consumers' prior mortgages.

l. It is the Department's belief that Mr. Greenhalgh used some or all of the monies to keep his businesses, including the mortgage brokerage business CFG, afloat.

m. Mr. Greenhalgh had misappropriated monies in excess of \$1.4 million from over 12 transactions.

n. In many of these cases, Mr. Greenhalgh and business that he was affiliated with were involved in the transactions: either CFG or Allied originated the mortgages, Allied funded the mortgages and Keystone was the title company for all of the mortgages.

o. By misappropriating the payoff monies, it is the Department's position that Mr. Greenhalgh violated Section 6139(a)(3) of the Mortgage Act by engaging in dishonest, fraudulent or illegal practices or conduct in a business. 7 Pa. C.S. §§ 6139(a)(3), 6140(b).

Preliminary Injunction

p. As a result of the aforementioned conduct, on April 20, 2009, Stewart filed a lawsuit, in Lebanon County Pennsylvania, against Mr. Greenhalgh, as owner and

operator of Keystone, and against Keystone, among others. *See Stewart Title Guaranty Co. v. Keystone Land Settlement, LLC et. al.*, Docket No. 2009-00971 (C.P. Lebanon April 20, 2009) ("Stewart Action").

q. On the same day, the Lebanon County Court of Common Pleas issued a preliminary injunction against Keystone and Mr. Greenhalgh enjoining them, among others, from transacting any business on behalf of Stewart which includes, but is not limited to, forwarding payoff monies to the prior lenders.

r. It is the Department's position that Mr. Greenhalgh violated Section 6139(a)(5) the MLA when he was "temporarily enjoined by a court of competent jurisdiction from engaging in or continuing conduct or a practice involving an aspect of the mortgage loan business." 7 Pa. C.S. §§ 6139(a)(5), 6140(b).

s. Since the issuance of the preliminary injunction, Mr. Greenhalgh, and other parties to the matter, entered into a Stipulation and Consent Order dismissing the civil complaint against them as defendants and entering judgment in favor of Stewart in the amount of \$1,499,353.96.

15. If the parties had elected to go to a hearing on the matter, Mr. Greenhalgh would have disputed the factual allegations set forth in Paragraph 14 of this Order but agrees to enter into the Order with the Department, without admitting to any wrongdoing, for the purposes of settlement.

Authority of the Department

16. Section 6138(a)(4) of the MLA provides the Department with authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the MLA. 7 Pa. C.S. § 6138(a)(4).

17. Section 6138(a)(5) of the MLA provides the Department with the authority to "[p]rohibit or permanently remove a person or licensee responsible for a violation of this chapter from working in the present capacity or in any other capacity of the person or licensee related to activities regulated by the department." 7 Pa. C.S. § 6138(a)(5).

18. Section 6138(a)(6) of the MLA provides the Department with the authority to "[o]rder a person or licensee to make restitution for actual damages to consumers caused by any violation of this chapter." 7 Pa. C.S. § 6138(a)(6).

19. Section 6140(b) of the MLA provides, in relevant part that "[a] person licensed under this chapter or director, officer, owner, partner, employee or agent of a licensee who violates a provision of this chapter or who commits any action which would subject the licensee to suspension, revocation or nonrenewal under section 6139 may be fined by the department up to \$10,000 for each offense." 7 Pa. C.S. § 6140(b).

RELIEF

20. Corrective Action. Upon the Effective Date of this Order:

a. Mr. Greenhalgh shall immediately surrender his mortgage originator license to the Department.

b. Mr. Greenhalgh shall immediately divest himself of any ownership interest in Commonwealth Funding Group, Inc.

c. Mr. Greenhalgh shall immediately cease and desist from engaging in the mortgage loan business in any way, including, but not limited to, advertising, causing to be advertised, soliciting, negotiating or arranging or offering to make or making mortgage loans.

21. Prohibition. Upon the Effective Date of this Order, Mr. Greenhalgh, as a natural person or as a corporation or as any other form of organization of any kind whatsoever, shall be prohibited from negotiating, arranging, advertising, soliciting, originating, or placing mortgage loans directly or indirectly into the primary market for consideration for the remainder of his natural life.

22. Fine. In the Order to Show Cause, the Department sought a fine amount of not less than \$130,000 against Mr. Greenhalgh for the aforementioned violations of the MLA. However, because Mr. Greenhalgh has a judgment against him in the amount of \$1,499,535.96, resulting from the Stewart Action, and because he has produced evidence to the Department demonstrating that he is unable to pay the minimum fine requested, \$130,000, the Department will hold the fine in abeyance.

The fine will remain in abeyance, unless the Department ascertains that Mr. Greenhalgh is engaged in the mortgage loan business at any time after the Effective Date of this Order. Should the Department ascertain that Mr. Greenhalgh is engaging in the mortgage loan business, in any manner, after the Effective Date of this Order, Mr. Greenhalgh shall pay the Department a \$130,000 fine and will be subject to any other additional enforcement action that the Department, in its discretion, may pursue.

23. Restitution. The Bureau understands that the consumers' prior mortgages have been paid off and, as a result, the Bureau does not require Mr. Greenhalgh to take any additional steps in this regard. However, this Order does not preclude any consumers affected by the alleged conduct from seeking other remedies to which they are entitled to at law.

FURTHER PROVISIONS

24. Consent. Mr. Greenhalgh hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the MLA and agrees that he understands all of the terms and conditions contained herein. Mr. Greenhalgh, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

25. Resolution of Enforcement Action. This Order resolves this matter entitled *Commonwealth of Pennsylvania, Department of Banking, Bureau of Compliance, Investigation and Licensing v. Greenhalgh*, Docket No. 090153 (ENF-OTC) (August 17, 2009).

26. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking Code. 71 P.S. § 733-302.A.(5).

27. 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 and Mr. Greenhalgh.

28. Binding Nature. The Department and Mr. Greenhalgh intend to be and are legally bound by the terms of this Order.

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

30. Effectiveness. Mr. Greenhalgh hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order ("Effective Date").

31. 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 Mr. Greenhalgh in the future regarding all matters not resolved by this Order.

b. Mr. Greenhalgh acknowledges and agrees 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.

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

33. Counterparts. This Order may be executed in separate counterparts and by facsimile.

34. 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 Department and Mr. Greenhalgh, 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**

~~Jack Talala, Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking~~

Date: 11/20/09

~~FOR KIRK A. GREENHALGH~~

(Signature)

KIRK W. GREENHALGH
(Print Name)

Date: 11-17-09