

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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

PA DEPT OF BANKING
Docket No. 11 0051 (ENF-CO)

v.

LEWIS HUNT ENTERPRISES, INC.
d/b/a INTERACTIVE FINANCIAL
CORPORATION

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an examination of Lewis Hunt Enterprises, Inc. d/b/a Interactive Financial Corporation, ("LHEI"), and its officers, employees and directors. Based on the results of the examination, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that LHEI operated in violation of 7 Pa. C.S. § 6101 *et seq.* ("Mortgage Licensing Act"). LHEI enters into this agreement and order to resolve this matter without litigation, but without admitting guilt or wrongdoing. Accordingly, the parties, 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 Mortgage Licensing Act.
2. The Bureau is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.

3. LHEI is currently licensed under the Mortgage Licensing Act as a Mortgage Lender, license no. 23149, with a Nationwide Mortgage Licensing System and Registry identification number of 3047.

4. LHEI maintains its principal place of business at 3250 West Big Beaver Road Suite 300, Troy, Michigan 48084.

5. Beginning on September 16, 2010 the Bureau conducted an investigation leading it to conclude that LHEI had originated mortgages from an unlicensed branch.

Unlicensed Branch Locations

6. Based on the investigation, the Bureau alleges that LHEI originated thirty-eight mortgage loans involving Pennsylvania real property from 8800 Barnes Lake Road, Huntingdon, Pennsylvania.

7. The Bureau further alleges that 8800 Barnes Lake Road, Huntingdon was not licensed as a branch at the time the thirty-eight loans were originated.

8. The Mortgage Licensing Act defines a "branch" as "[a]n office or other place of business, other than the principal place of business, where a person engages in the mortgage loan business subject to this chapter." 7 Pa. C.S. § 6102.

9. It is the Bureau's position that the Mortgage Licensing Act requires a mortgage loan business applicant to disclose in its application for licensure all addresses where it will be conducting mortgage loan business. 7 Pa. C.S. § 6131(a)(1)(ii).

10. It is the Bureau's position that the Mortgage Licensing Act requires all applicants and licensees to provide the department with written notice of a change in any information contained in an application within ten days. 7 Pa. C.S. § 6131(b).

11. It is the Bureau's position that the Mortgage Licensing Act requires all mortgage originators to be assigned to and work out of a licensed location of the employer licensee. 7 Pa. C.S. § 6131(f)(2).

12. It is the Bureau's position that LHEI violated the Mortgage Licensing Act when it conducted the mortgage loan business out of an unlicensed location and failed to notify the Department of a change in information required to be reported on an application within ten days. 7 Pa. C.S. § 6131(f)(1); 7 Pa. C.S. § 6131(a)(1)(ii); and 7 Pa.C.S. § 6131(b).

Response of Lewis Hunt

13. LHEI denies any wrongdoing or violation of the Mortgage Licensing Act and states that, at all relevant and material times, it was properly licensed as a mortgage broker under the Mortgage Licensing Act.

14. LHEI further states that all relevant and material times its Pennsylvanian employee was licensed as a mortgage originator pursuant to the Mortgage Licensing Act.

15. LHEI further states that it applied for a branch license for 8800 Barnes Lake Road, Huntingdon, Pennsylvania and properly instructed its employee not to originate any loans from this location until such time as the location was licensed as a branch.

16. LHEI states it assigned its employee licensed mortgage originator to the Michigan office pending approval of the license application for 8800 Barnes Lake Road, Huntingdon, Pennsylvania.

17. LHEI states that, according to its records, its employee licensed mortgage originator originated only six loans between the time she was hired and the time the branch office license was approved for 8800 Barnes Lake Road, Huntingdon, Pennsylvania effective April 7, 2010.

Authority of the Department

18. Section 6138(a)(4) of the Mortgage Licensing Act grants the Department broad authority to issue orders for the proper conduct of the mortgage licensing business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4).

19. Section 6139 of the Mortgage Licensing Act provides that the Department may suspend, revoke or refuse to renew a license issued under the Mortgage Licensing Act if an owner has "failed to comply with or violated any provision of this chapter. . ." and if "a mortgage broker, mortgage lender or mortgage loan correspondent, conducted the mortgage loan business through an unlicensed mortgage originator." 7 Pa. C.S. § 6139(a)(2) and (a)(14).

20. Section 6140(b) of the Mortgage Licensing Act 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

21. Fine. LHEI, to resolve this matter and without admitting wrongdoing, agrees to pay a fine for six disputed loans for a total of \$1,500. The fine shall be paid in six payments of \$250 each. The first payment will be made on or before April, 1, 2011 and the remaining payments will be made on or before the 1st of each month thereafter. The fine payments shall be remitted by a company check, certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of Licensing Division, Bureau of Compliance, Investigation and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

22. Corrective Measures. Upon the effective date of this Order as defined in paragraph 28 below, LHEI shall immediately cease and desist from:

- a. accepting Pennsylvania residential mortgage applications from individuals who are not properly licensed under the Mortgage Licensing Act, and
- b. originating loans from unlicensed locations

FURTHER PROVISIONS

23. Consent. LHEI hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's order authority under the Mortgage Licensing Act and agrees that it understands all of the terms and conditions contained herein. LHEI 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.

24. 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).

25. 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 LHEI.

26. Binding Nature. The Department, LHEI and all officers, owners, directors, employees, heirs and assigns of LHEI intend to be and are legally bound by the terms of this Order.

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

28. Effectiveness. LHEI hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order.

29. 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 LHEI in the future regarding all matters not resolved by this Order.

b. LHEI 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.

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

31. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

32. 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 LHEI 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**

Robert E. Knaub, Enforcement Administrator
Bureau of Compliance, Investigation and Licensing
Department of Banking

Date: 3/11/11

FOR LEWIS HUNT ENTERPRISES, INC

(Officer Signature)

(Print Officer Name)

President

(Title)

Date: 3-11-11