

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, COMPLIANCE OFFICE :
: :
v, :
: Docket No. 16 0060 (BNK-CAO)
PRIORITY FINANCIAL SERVICES, LLC and :
ERVIN KOWITZ, jointly and severally :
:

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Bureau of Non-Depository Examinations, conducted a review of Priority Financial Services, LLC ("Priority Financial") and Ervin J. Kowitz. Based on the results of the review, it is the position of the Compliance Office ("Office") that Priority Financial and Ervin J. Kowitz operated in violation of the Mortgage Licensing Act ("MLA"), 7 Pa. C.S. § 6101 *et seq.* Priority Financial and Ervin Kowitz, without admitting wrongdoing and 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 MLA.
2. The Office is primarily responsible for administering and enforcing the MLA for the Department.

3. Priority Financial is a Maryland corporation that engages in the mortgage loan business in Pennsylvania as a mortgage broker.

4. Priority Financial is licensed by the Department as a mortgage broker, Nationwide Mortgage Licensing System and Registry Identification ("NMLS") No. 2558, Pennsylvania Mortgage Lender License No. 38652.

5. Priority Financial's principal place of business is 10999 Red Run Blvd., Suite 217, Owings Mills, MD 21117.

6. Ervin J. Kowitz is listed as the President of Priority Financial and is also a Pennsylvania licensed loan originator, NMLS No. 5027, Pennsylvania Mortgage Originator License No. 36755.

7. On March 30, 2016, an examiner from the Department's Bureau of Examinations commenced a routine compliance examination of Priority Financial upon which the Office's position is based.

VIOLATIONS

Unlicensed Mortgage Originators

8. The MLA provides, in relevant part, that "no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator as provided under this chapter. A mortgage originator may not engage in the mortgage loan business unless the mortgage originator is employed and supervised by a licensed mortgage broker, mortgage lender or mortgage loan correspondent." 7 Pa. C.S. § 6111(a).

9. The MLA prohibits a mortgage lender from conducting mortgage loan business through an unlicensed mortgage originator. 7 Pa. C.S. § 6139(a)(14).

10. It is the position of the Department that Priority Financial and Ervin Kowitz allowed unlicensed employees to engage in the mortgage loan business from July 2014 through August 2016 by using the loan originator license of Ervin Kowitz in violation of the MLA.

AUTHORITY

11. The Department has authority to issue orders as may be necessary for the proper conduct of the mortgage loan business by licensees and the enforcement of the MLA. *See* 7 Pa. C.S. § 6138(a)(4).

12. The Department has the authority to suspend, revoke or refuse to renew a license if a licensee has failed to comply with or violated any provision of the MLA. *See* 7 Pa. C.S. § 6139(a)(2).

13. The Department may fine a person that commits any action which would subject the licensee to suspension, revocation or nonrenewal under 7 Pa. C.S. § 6139 up to \$10,000 per offense. *See* 7 Pa. C.S. § 6140(b).

RELIEF

14. Surrender of Company License. Upon the Effective Date of the Order, Priority Financial agrees to surrender Pennsylvania mortgage broker license No. 38652. Priority Financial shall not apply for any Pennsylvania mortgage license for a period of 10 years from the effective date of this order.

15. Surrender of Mortgage Originator License. Upon the Effective Date of the Order, Ervin J. Kowitz agrees to surrender Pennsylvania mortgage originator license No. 36755. Ervin J. Kowitz shall not apply for a Pennsylvania mortgage originator license for a period of 5 years from the effective date of this order.

16. Fine. Priority Financial and Ervin J. Kowitz, jointly and severally, agree to pay a fine of forty two thousand dollars (\$42,000). The fine shall be paid in fourteen (14) monthly payments of three thousand dollars (\$3,000). The first payment of three thousand dollars (\$3,000.00) is due within thirty (30) days of the Effective Date of the Order as defined in paragraph 22 below. The remaining thirteen payments shall be due and payable every thirty (30) days thereafter until the fine is paid in full. The fine payments shall be remitted by certified check or money order made payable to the Pennsylvania Department of Banking and Securities, and sent to the attention of: Pennsylvania Department of Banking and Securities, Compliance Office, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

FURTHER PROVISIONS

17. Consent. Priority Financial and Ervin J. Kowitz hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Office's order authority under the MLA and agree that they understand all of the terms and conditions contained therein. Priority Financial and Ervin J. Kowitz, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions or penalties set forth in this Order.

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

19. 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 of the Department, Priority Financial and Ervin J. Kowitz.

20. Binding Nature. The Department, Priority Financial and Ervin J. Kowitz intend to be and are legally bound by the terms of this Order.

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

22. Effectiveness. Priority Financial and Ervin J. Kowitz hereby stipulate and agree that the Order shall become effective on the date that the Department executes the Order.

23. 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 Priority Financial and Ervin J. Kowitz, in the future regarding all matters not resolved by this Order.

b. Priority Financial and Ervin J. Kowitz 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.

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

25. Counterparts. This Order may be executed in separate counterparts and by facsimile or electronic mail in portable document format "PDF."

26. 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, Priority Financial Services, LLC and Ervin J. Kowitz, intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES COMPLIANCE OFFICE

Redacted

John Palalai, Administrator
Department of Banking and Securities
Compliance Office



Date: 11/4/2016

FOR PRIORITY FINANCIAL SERVICES, LLC

Redacted

(Officer's Signature)

Ervin J. Kowitz
(Print Officer's Name)

CEO
(Title)

Date: 11/3/16

FOR ERVIN J. KOWITZ

Redacted

(Signature)

Ervin J. Kowitz
(Print Name)

Date: 11/3/16

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