

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF BANKING,
SUPERVISION AND ENFORCEMENT,

Petitioner,

v.

DARCIA R. BLEOO, sole proprietor
d/b/a PRIORITY FINANCIAL GROUP,

Respondent.

Docket No.: 070011 (ENF-OSC)

2008 OCT 17 AM 9:01
PA DEPT OF BANKING

FILED

FINAL ORDER

AND NOW, this 16th day of October, 2008, based upon consideration of the pleadings filed in this case, all matters of record, the Proposed Report prepared by Hearing Officer Jackie Wiest Lutz, Esquire, the findings of fact and conclusions of law contained therein, the Hearing Officer's Recommendations and the Brief on Exceptions filed by the Bureau of Compliance, Investigation and Licensing (the "Bureau"), the findings of fact and conclusions of law in the Proposed Report are **ADOPTED** in their entirety. However, the Hearing Officer's Recommendations are adopted in part and modified in part as set forth below.

I. Procedural History

The procedural history of this case has been succinctly summarized by the Hearing Officer as follows:

This matter is before the Secretary of Banking on an Amended Order to Show Cause (Amended OTSC) filed on July 13, 2007 by the Department of Banking

(Department) against Darcie R. Bleoo, sole proprietor, d/b/a Priority Financial Group (hereinafter, "Bleoo")¹.

The Amended OTSC directed Bleoo to show cause why the Department should not fine Bleoo for issuing commitment letters in her own name when unauthorized to do so and for failure to provide access to records under both the Mortgage Bankers and Brokers & Consumer Equity Protection Act, 63 P.S. §456.101, *et seq.* (hereinafter, "MBBCEPA") and Secondary Mortgage Loan Act, 7 P.S. §6601, *et seq.* (hereinafter, "SMLA"). The Amended OTSC also seeks to prohibit Bleoo from engaging in the mortgage business regulated by the MBBCEPA and the SMLA for the remainder of her natural life, and from lecturing or providing continuing education concerning the mortgage business.

The "Notice to Answer and Right to Hearing" attached to the Department's Amended OTSC notified Bleoo of her right to answer the Amended OTSC within 30 days of being served pursuant to 1 Pa. Code §35.14, and further notified Bleoo as follows:

Failure to file an answer within the time allowed shall be deemed a default, and relevant facts stated in the Order may be deemed admitted.

Your Answer shall conform to the requirements of 1 Pa. Code §35.37 and shall specifically admit or deny the allegations or charges made in the Order and set forth the facts upon which the denial is based and state concisely the matter(s) of law upon which you rely upon. . . .

In addition to filing an Answer, **you have a right to a hearing.** If you wish to be heard at a hearing, you must request it in writing as part of your answer within the same (30) thirty days as the filing of an Answer. **Failure to request a hearing in writing will mean you have waived your right to a hearing and final judgment may be entered without a hearing if the facts support such a judgment.**

On August 22, 2007, the Department filed a Motion for Default Judgment and to Deem Facts Admitted (MDFA) against Bleoo alleging, in part, that the Amended Order to Show Cause was served upon Bleoo by certified mail, regular mail and by process server and that no answer has been filed.

By facsimile transmission dated December 20, 2007, the Department's MDFA was provided to the Hearing Officer.²

¹ An Order to Show Cause was originally filed by the Department on January 19, 2007. Subsequent to the filing of the Order to Show Cause, Jackie Wiest Lutz, Esquire, Hearing Officer, was designated by the then Acting Secretary of Banking to act as the presiding officer for the Department in this matter.

On December 31, 2007, an Order Deeming Facts Admitted and Entering Judgment by Default was issued by the Hearing Officer. The Order notified Bleoo that an Adjudication and Order setting forth appropriate sanctions will be issued in due course.

(Proposed Report, 2-3). On January 22, 2008, the hearing Officer submitted the Proposed Report which was served upon the parties. On February 4, 2008, the Bureau timely filed exceptions to the Proposed Report and no exceptions were filed by Bleoo.

II. Findings of Fact and Conclusions of Law

The Hearing Officer's findings of fact and conclusions of law are unchallenged by the parties. Bleoo did not file any exceptions to the Proposed Report, and, although the Bureau did file exceptions, the Bureau only contests the Hearing Officer's recommendations on the sanctions to be imposed on Bleoo. Therefore, the Department finds no reason to disturb the Hearing Officer's findings of fact and conclusions of law, which are set forth fully below.

FINDINGS OF FACT

1. The Department is the state administrative agency authorized and empowered to administer and enforce the MBBCEPA and the SMLA. (Amended OTSC, 1)
2. The Department's Bureau of Supervision and Enforcement ("Bureau") is primarily responsible for administering and enforcing the MBBCEPA and the SMLA. (Amended OTSC, ¶ 2)
3. At all relevant and material times, Bleoo was licensed as a First Mortgage Broker under the MBBCEPA, License No. 3186, and as a Secondary Mortgage Broker under the SMLA, License No. 1068. (Amended OTSC, ¶ 3)
4. At all relevant and material times, Bleoo, sole proprietor, d/b/a Priority Financial Group, had a licensed location of 2725 Hamilton East, Stroudsburg, PA 18360. (Amended OTSC, IT 4)
5. On June 28, 2006, Jennifer Kropa, an examiner from the Bureau of Examinations (Kropa), spoke with Bleoo and scheduled an examination of records for July 13, 2006 relating to both licenses held by Bleoo. (Amended OTSC, ¶ 6)

² Through oversight, the Department neglected to forward a copy of the Department's MDFA to the Hearing Officer after it was filed.

6. On July 10, 2006, Kropa received an e-mail from Bleoo requesting that the examination be postponed because her son had injured his back and required surgery on Thursday July 13, 2006 in Philadelphia. (Amended OTSC, ¶ 7, Attachment B)
7. On July 24, 2006, Kropa contacted Bleoo and rescheduled the examination for August 3, 2006; however, the August 3, 2006 examination was cancelled by Kropa on August 2, 2006. (Amended OTSC ¶ 8)
8. On August 4, 2006, Bleoo asked the examiner to e-mail her some possible dates for the examination so that she could arrange her schedule accordingly. (Amended OTSC, ¶9)
9. On August 8, 2006, Kropa e-mailed Bleoo that the examination could be conducted on either August 23 or 24, 2006. (Amended OTSC, ¶ 10)
10. On August 14, 2006, Kropa telephoned Bleoo having received no response to her message of August 8, 2006; Bleoo requested that the date for the examination be postponed for approximately two months because of a possible office location change. (Amended OTSC ¶ 11)
11. Kropa informed Bleoo that the examination had to be conducted on one of the two dates provided, i.e., August 23 or 24, 2006 because of the delay that had already occurred; Bleoo agreed that the examination should be conducted on August 24, 2006. (Amended OTSC, ¶ 11)
12. On August 23, 2006, Bleoo again requested Kropa to cancel the examination because Bleoo's office was in disarray due to the possible office location; Kropa did not agree to cancel the examination because of the many attempts to conduct the examination. (Amended OTSC, ¶12)
13. On August 24, 2006, Kropa arrived at the licensed location but Bleoo refused access to her records; Bleoo provided Kropa with a letter of explanation at the time of refusal. (Amended OTSC, ¶ 13; Attachment C)
14. By letter dated August 25, 2006, Bleoo notified the Bureau that the address of the licensee will be changed to 177 High Point Dr., Bartonsville, PA 1832 1-1725 effective September 15, 2006. (Amended OTSC ¶'s 5 and 15, Attachment A)³
15. On August 25, 2006, Bleoo also e-mailed Kropa a further explanation as to why she would not allow an examination. (Amended OTSC, ¶ 14; Attachment D)
16. On November 27, 2006, Ryan Walsh, administrator in the Bureau (Walsh) attempted to reach Bleoo by telephone at the telephone number of record for the license (570) 421-1999, and learned that the number had been disconnected. (Amended OTSC, 16)

³ Paragraph's 5 and 15 of the Amended Order to Show Cause contain the same averments.

17. On November 28, 2006, Walsh sent a certified letter to Bleoo requesting that she contact the Bureau by December 13, 2006. (Amended OTSC, ¶ 17; Attachment E)
18. The certified letter was received by Bleoo on December 5, 2006. (Amended OTSC, ¶ 18; Attachment F)
19. On December 15, 2006, Walsh again telephoned the work number of record for Bleoo, (570) 421-1999, because he had no response to the letter of November 28, 2006; the telephone number remained disconnected. Walsh then called Bleoo's cellular telephone number and left a message for Bleoo. (Amended OTSC, ¶ 19)
20. On December 18, 2006, Walsh received a voice mail message from Bleoo at approximately 8:00 a.m. stating that the reason there was no response to the certified letter was because she was called to jury duty; Bleoo stated that she would try to reach the Department around noon. Walsh did not receive a call from Bleoo. (Amended OTSC, ¶ 20)
21. On December 20, 2006, Walsh left another message on Bleoo's cellular phone requesting that she contact the Department; Bleoo has not responded to the request. (Amended OTSC, ¶ 21)
22. On or about January 19, 2007, the Bureau, through its counsel, attempted to serve an Order to Show Cause (OTSC) upon Bleoo by certified mail addressed to Bleoo at 177 High Point Drive, Bartonsville, PA. (Amended OTSC, ¶ 22; Attachment G)
23. On February 16, 2007, the certified mail was returned to the legal office for reasons identified as "other." (Amended OTSC, ¶ 23)
24. On February 20, 2007, the legal office again attempted to serve the OTSC on Bleoo by certified and regular mail at 177 High Point Drive, Bartonsville, PA. (Amended OTSC, ¶ 24; Attachment H)
25. On February 22, 2007, the Bureau received a letter from David A. Martino, Esquire, on behalf of his client Randy Smith, landlord to Bleoo, stating that Bleoo had vacated her leased office at 2725 Hamilton East Stroudsburg, PA, without notice and left files on the premises. (Amended OTSC, ¶ 25; Attachment I)
26. On March 12, 2007, the post office returned to the Department's legal office the certified mail that was sent to Bleoo on February 20, 2007 for reasons identified as "other;" the OTSC that was sent by regular mail on February 20, 2007 was not returned to the Department. (Amended OTSC, ¶'s 26 and 27)
27. Bleoo never informed the Department of a change in address from the 177 High Point Drive, Bartonsville, PA address. (Amended OTSC, ¶ 28)

28. On March 28, 2007, Kropa and Walsh visited 2725 Hamilton East, Stroudsburg, PA, the former licensed location of Bleoo, and took physical custody of some of the documents that Bleoo had abandoned there. (Amended OTSC, ¶ 29)
29. On April 4, 2007, several employees of the Department returned to 2725 Hamilton East to take physical custody of the remaining documents, files and computer hard drives which had been abandoned. (Amended OTSC, ¶30; Attachment J)
30. The documents in Bleoo's office were in boxes, garbage bags, desk drawers and file cabinets. (Amended OTSC, ¶31)
31. The majority of loan files and business records dating from 2005 to the present were missing. (Amended OTSC, ¶ 32)
32. Although there were ten HUD- 1 settlement statements for the year 2006, there were no corresponding files available for those HUD- 1 settlement statements. (Amended OTSC, ¶ 33; Attachment L)
33. An affiliated business disclosure was found which revealed that Bleoo had a 50% ownership in a title company known as Fidelity Closing Services; although this title company was consistently used by Bleoo, the disclosure was not found in the files available for review. (Amended OTSC, ¶ 34; Attachment M)
34. Upon examination, it was determined that Bleoo had abandoned files and records containing confidential information belonging to consumers that were required to be maintained for purposes of examination. (Amended OTSC, ¶'s 35 and 36)
35. The records that were examined revealed that Bleoo had issued commitments for loans in her own name. (Amended OTSC, ¶37; Attachment N)
36. Bleoo abandoned the office at 2725 Hamilton East, Stroudsburg, PA while behind on her rent. (Amended OTSC, ¶ 39)
37. Bleoo's failure to pay her rent and the other financial irregularities signify instability that could cause harm to consumers. (Amended OTSC, ¶ 40; Attachment O)
38. Bleoo failed to file her annual report for the year 2006. (Amended OTSC, ¶ 41)
39. Bleoo failed to renew her first and second mortgage broker license as of June 30, 2007. (Amended OTSC, ¶ 42)
40. Bleoo falsified information provided to Kropa and the Bureau regarding the reasons for refusing to provide access to her records; Bleoo falsely claimed that the building located at 2725 Hamilton East in Stroudsburg was being sold and that that was why she was required to move. (Amended OTSC, ¶ 43)

41. Bleoo obtained the signature of a single notary public on documents where the persons were not present before the notary for purposes of meeting a contingency. (Amended OTSC, ¶44; Attachment P)
42. Bleoo has lectured as a continuing education provider. (Amended OTSC, ¶45)
43. Bleoo has mislabeled fees on second mortgage loans. (OTSC, ¶ 46; Attachment Q)
44. On July 10, 2007, the Department served a copy of the Amended OTSC upon Bleoo by certified mail and by regular mail addressed to Bleoo at 177 High Point Drive, Bartonsville, PA 18321-1725. (Official Notice, Amended OTSC, Certificate of Service; MDFA)
45. The copy of the Amended OTSC that was served by certified mail was returned to the Department; however, the copy of the Amended OTSC that was served via regular mail was not returned. (MDFA)
46. On July 12, 2007, at 8:34 a.m., a Process Server personally served a copy of the Amended OTSC, with exhibits A-Q, upon Bleoo at 177 High Point Drive, Bartonsville, PA 18321. (MDFA; Affidavit of Process Server)
47. The "Notice to Answer and Right to Hearing" attached to the Department's Amended OTSC notified Bleoo of her right to answer the Amended OTSC within 30 days of being served pursuant to 1 Pa. Code §35.14, and further notified Bleoo as follows:

Failure to file an answer within the time allowed shall be deemed a default, and relevant facts stated in the Order may be deemed admitted.

Your Answer shall conform to the requirements of 1 Pa. Code §35.37 and shall specifically admit or deny the allegations or charges made in the Order and set forth the facts upon which the denial is based and state concisely the matter(s) of law upon which you rely upon. . . .

In addition to filing an Answer, **you have a right to a hearing.** If you wish to be heard at a hearing, you must request it in writing as part of your answer within the same (30) thirty days as the filing of an Answer. **Failure to request a hearing in writing will mean you have waived your right to a hearing and final judgment may be entered without a hearing if the facts support such a judgment.**

(Official Notice; Amended OTSC)

48. Bleoo did not file an Answer to the Department's Amended OTSC. (Official

Notice; MDFA)

49. On August 22, 2007, the Department filed a Motion for Default Judgment and to Deem Facts Admitted (MDFA) against Bleoo alleging, in part, that the Amended Order to Show Cause was served upon Bleoo by certified mail, regular mail and by process server and that no answer has been filed. (Official Notice; MDFA)
50. By Order dated December 31, 2007, the facts set forth in the Department's Amended OTSC were deemed admitted and Judgment by Default was entered against Bleoo. (Official Notice)

CONCLUSIONS OF LAW

1. The Department has jurisdiction in this matter. (Findings of Fact Nos. 1-50)
2. Bleoo was notified of the charges against her and was afforded an opportunity to be heard. (Findings of Fact Nos. 44-50)
3. The Department is authorized and empowered to administer and enforce the MBBCEPA, 63 P.S. §456.10 1, et. seq. and the SMLA, 7 P.S. §660 1 et. seq.
4. Section 308(a)(4) of the MBBCEPA and section 10(a)(4) of the SMLA require a licensee to provide free access to the licensee's records during regular business hours, 63 P.S. §456.308(a)(4) and 7 P.S. §6610(a)(4).
5. Section 3 14(c) of the MBBCEPA and section 22 of the SMLA authorize the Department to levy a fine of up to \$2,000 for each offense against any licensee, employee or agent of a licensee who violates the provisions of the MBBCEPA or the SMLA. 63 P.S. §456.314(c) and 7 P.S. §6622(b.1).
6. Section 31 3(a)(2) of the MBBCEPA and section 19(a) of the SMLA authorize the Department to suspend, revoke or refuse to renew a license of any licensee who violates any provision of the MBBCEPA or the SMLA. 63 P.S. §456.313(a)(2) and 7 P.S. §6619(a).
7. Bleoo violated section 308(a)(4) of the MBBCEPA and section 10(a)(4) of the SMLA, 63 P.S. §456.308(a)(4) and 7 P.S. §6610(a)(4), by refusing to provide the Department with access to her records on August 24, 2006 and by engaging in a pattern and practice of refusing or limiting contact with the Department in order to prevent access to her records. (Findings of Fact Nos. 1-21)
8. Bleoo violated section 308 of the MBBCEPA and section 10 of the SMLA, 63 p.s. §456.308 and 7 P.S. §6610, by failing to file an annual report by May 1, 2006. (Findings of Fact Nos. 1-4, 38)
9. Bleoo violated section 309 (a)(5) of the MBBCEPA, 63 P.S. §456.309, by committing to loans in her own name. (Findings of Fact Nos. 1-4, 28-29, 35)

10. The Department is authorized under section 313 (a)(4) of the MBBCEPA to suspend, revoke or refuse to renew Bleoo's license as a First Mortgage Broker by reason of Bleoo's financial instability to continue in business with safety to consumers. (Findings of Fact Nos. 1-43)
11. The deemed admitted facts authorize the Department to suspend, revoke or refuse to renew Bleoo's licenses as a First Mortgage Broker under the MBBCEPA, License No. 3186, and as a Secondary Mortgage Broker under the SMLA, License No. 1068, and to impose a fine of up to \$2,000 for each offense under the MBBCEPA and the SMLA. (Findings of Fact Nos. 1-50)

(Proposed Report, Pages 4-13)

III. Discussion

The Bureau has filed exceptions challenging the sufficiency of the Hearing Officer's recommended penalties. In the Proposed Report, the Hearing Officer recommended that the following sanctions be imposed: (1) a fine of \$8,000; (2) revocation of her MBBCEPA and SMLA licenses; (3) disqualification from being a continuing education instructor for the mortgage industry; and, (4) the production of the loan files for the first and second mortgage loans she brokered since April 1, 2004. The Bureau asserts that the penalties recommended by the Hearing Officer were not commensurate with the actions Bleoo was found to have committed. Specifically, the Bureau argues that the additional penalty of prohibiting Bleoo from engaging in the mortgage loan business until such time as she has met certain conditions to the satisfaction of the Department be ordered.

After review of the findings of fact and conclusions of law, and in light of the Bureau's brief on exceptions, the Department agrees with the Bureau.⁴ The conduct of Bleoo included, among other things, a repeated failure to permit the Department to conduct an examination of her business. (F.F. 5-27); the falsification of information provided to the Department. (F.F. 40); obtaining the signature of a notary on documents where the persons signing the documents could

⁴ In keeping with her failure to take part in these proceedings, no reply was filed by Bleoo to the Bureau's brief on exceptions.

not have been present. (F.F. 40); committing to mortgages in her own name in violation of the MBBCEPA. (F.F. 35); and, the abandonment of consumer files containing confidential consumer information. (F.F. 40). Furthermore, Bleoo did not respond to the Bureau's enforcement action or address the Bureau's concerns in any manner, thereby showing a distinct lack of regard for the Department as a regulator and the obligations she undertook when she became a licensee.

The Department considers all of these offenses serious and believes that these actions are indicative of a future risk to consumers if Bleoo is permitted to work in the mortgage loan business without demonstrating the ability to comply with Department statutes. The manner in which Bleoo abandoned the consumer files alone is significant because it shows a glaring lack of concern for consumers, exposing them to the possibility of becoming the victims of financial crimes, such as identity theft. Therefore, the Department believes that the Bureau's requested sanction that Bleoo be prohibited from the mortgage industry in any capacity until such time as she complied with this Order and has demonstrated the ability and willingness to act in compliance with the provisions of the MBBCEPA and SMLA is appropriate.

IV. Conclusion

Based upon consideration of the pleadings filed in this case, all matters of record, the Proposed Report prepared by Hearing Officer Jackie Wiest Lutz, Esquire, the findings of fact and conclusions of law contained therein, the Hearing Officer's Recommendations and the Brief on Exceptions filed by the Bureau of Compliance, Investigation and Licensing (the "Bureau"), it is hereby

ORDERED and **DECREED** that:

1. Darcia R. Bleoo, sole proprietor d/b/a Priority Financial Group ("Bleoo") is hereby fined Eight Thousand Dollars (\$8,000) pursuant to Section 314(c) of the Mortgage Bankers and Brokers and Consumer Equity Protection Act, (the "MBBCEPA"). 63 P.S. §

456.314(c) and Section 22 of the Secondary Mortgage Loan Act ("SMLA"), 7 P.S. § 6622 for violations of the acts;

2. The first mortgage and second mortgage broker licenses issued by the Department to Darcia R. Bleoo, license nos. 3186 and 1068, are hereby revoked, to the extent Bleoo still has these licenses, pursuant to Sections 310 and 313 of the MBBCEPA, 63 P.S. §§ 456.310 and 456.313, and Sections 16 and 19 of the SMLA, 7 P.S. §§ 6616 and 6619;

3. Darcia R. Bleoo is barred from providing services as a continuing education instructor or provider in the mortgage loan business as defined by the MBBCEPA and SMLA; and,

4. Dacris R. Bleoo, as a natural person or as a corporation or as any other form of organization of any kind whatsoever, is hereby prohibited from working in the mortgage loan business as regulated by the SMLA, 7 P.S. § 6601 *et seq.*, and the MBBCEPA, 63 P.S. § 456.101 *et seq.*, as a licensee, employee, independent contractor, agent, representative, or in any other capacity of any kind whatsoever, in any way whatsoever until such time as she has:

- (a) Made available to the Bureau all records for any first or second mortgage loans brokered by Bleoo from August 1, 2004 through the present;
- (b) Paid the \$8,000 fine assessed in this Order; and,
- (c) Demonstrated to the Department the ability to comply with the provisions of the MBBCEPA and SMLA.

By:

VICTORIA A. REIDER
EXECUTIVE DEPUTY SECRETARY

Date of Mailing: 10-17-08

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING, BUREAU OF SUPERVISION AND ENFORCEMENT,	:	Docket No.: ENF-2006-10
	:	
Petitioner,	:	
	:	
v.	:	
	:	
DARCIA R. BLEOO, sole proprietor d/b/a PRIORITY FINANCIAL GROUP,	:	
	:	
Respondent.	:	

FILED
2008 OCT 17 AM 9:01
PA DEPT OF BANKING

CERTIFICATE OF SERVICE

I hereby certify that on October 17, 2008, I have served a true and correct copy of the foregoing documents and all attachments thereto and/or enclosures therewith, upon the following individuals in accordance with the requirements of 1 Pa. Code § 33.31 (relating to service by agency), in the manner indicated below:

BY FIRST CLASS U.S. MAIL:

Darcia R. Bleoo
177 High Point Drive
Bartonsville, PA 18321-1752

BY HAND DELIVERY

Linda Carroll,
Deputy Chief Counsel
Pennsylvania Department of Banking
17 N. 2d Street, Suite 1300
Harrisburg, PA 17101
*Counsel for the Bureau of Compliance,
Investigation and Licensing*

By:

Robert C. Lopez, Deputy Chief Counsel
17 N. Second Street, Suite 1300
Harrisburg PA 17101
Phone: (717) 787-1471
Counsel to the Adjudicator