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PA DEPT OF BANKING

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

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

v.

CALI MORTGAGE CORPORATION, and
ROBERT KNITTEL, an individual

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: Docket No. 10 0266 (ENF-CO)
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CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, through the Department of Banking's (the "Department") Bureau of Compliance, Investigation and Licensing (the "Bureau"), based on information obtained through its investigation, believes that Cali Mortgage Corporation ("Cali"), and Robert Knittel, as owner and as an individual, operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 *et seq.* It is Cali's and Mr. Knittel's position that at all times they operated with the belief that they were in compliance with the Mortgage Licensing Act, and all other relevant statutes and regulations. Cali and Mr. Knittel enter 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 (the "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. Cali is licensed as a mortgage broker under the Mortgage Licensing Act with license number 26463 and a National Mortgage Licensing System, ("NMLS") identification number of 146126.

4. Cali maintains its principal place of business at 1155 Route 73 North, Suite 17, Mt. Laurel, NJ 08054.

5. Robert Knittel is an owner of Cali.

6. Robert Knittel and Cali cooperated fully with the investigation and provided all the necessary information requested in a timely fashion to the Department.

Unlicensed Mortgage Originators

7. The Mortgage Licensing Act provides, in relevant part, that ". . . on and after the effective date of this section [November 5, 2008], no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a . . . 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).

8. Effective October 5, 2009, amendments to the Mortgage Licensing Act required owners of licensed mortgage brokers to be licensed individually as mortgage originators before performing the services of a mortgage originator. 7 Pa. C.S. § 6111.

9. Beginning on October 19, 2010 the Bureau conducted an investigation that revealed Robert Knittel originated mortgages for Cali after October 5, 2009 when unlicensed to perform such loan origination services.

10. The Bureau obtained a loan log from Cali pursuant to its investigation for the period beginning October 5, 2009 through October 19, 2010.

11. The loan log shows that twenty-five mortgage loan applications were originated between October 5, 2009 and January 7, 2010 by Robert Knittel on behalf of Cali while he remained unlicensed as a mortgage originator.

12. It is the conclusion of the Bureau that the mortgage loan applications originated by Robert Knittel on behalf of Cali subsequent to October 5, 2009 are in violation of the Mortgage Licensing Act.

13. Cali is required to directly supervise, control and maintain responsibility for the acts and omissions of all mortgage originators. 7 Pa. C.S. § 6131(f)(1).

14. It is the conclusion of the Bureau that Cali failed to allow only licensed mortgage loan originators, and failed to directly supervise, control and maintain responsibility for the acts and omission of its mortgage originators as required by the Mortgage Licensing Act.

15. Cali and Robert Knittel believed that at all times it was properly originating and processing mortgage loans. Cali and Robert Knittel believed that company filings completed on July 7, 2009 through NMLS and the Department were sufficient for licensing compliance.

16. Cali and Robert Knittel have informed the Department that they has instituted internal control measures which will ensure that all mortgage originators are properly licensed and that they will prohibit unlicensed individuals from engaging in the mortgage business in Pennsylvania through Cali.

17. Cali as of October 27, 2010 is in full compliance with section 7 Pa. C.S. § 6111(a) of the Mortgage Licensing Act.

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).

ALLEGED VIOLATIONS

21. The Bureau believes that Cali and Robert Knittel jointly and severally violated the Mortgage Licensing Act on twenty-five occasions when Robert Knittel continued to perform the services of a mortgage originator without a separate mortgage originator license after October 5, 2009 in accordance with the Mortgage Licensing Act and when it failed to properly control and supervise its mortgage originators in accordance with the requirements of the Mortgage Licensing Act. 7 Pa. C.S. § 6111(a); 7 Pa. C.S. § 6131(f)(1).

22. Cali and Robert Knittel deny any wrongdoing.

RELIEF

23. Fine. Cali, to avoid litigation and without admitting wrongdoing, agrees to pay a fine of \$6,250.00 which shall be due and payable to the Department in three installments. The first installment of \$2,250 shall be due and payable within 30 days upon the effective date of this Order as defined in paragraph 30 below. Installments two of \$2000.00 shall be due and payable by January 1, 2011 and installment three of \$2,000.00 shall be due and payable by February 1, 2011. The fine payment shall be remitted by a 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.

24. Corrective Measures. Upon the effective date of this Order, Cali and Robert Knittel shall cease and desist from conducting the mortgage loan business through unlicensed mortgage originators and from failing to properly control and supervise its mortgage originators in accordance with the requirements of the Mortgage Licensing Act.

FURTHER PROVISIONS

25. Consent. Cali and Robert Knittel hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order issued 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. Cali and Robert Knittel, 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.

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, Cali and Robert Knittel.

28. Binding Nature. The Department, Cali, Cali's officers, owners, directors, employees, heirs and assigns, and Robert Knittel, intend to be and are legally bound by the terms of this Order.

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

30. Effectiveness. Cali and Robert Knittel hereby stipulate and agree that the Order shall become effective on the date the Bureau executes the Order.

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 Cali and Robert Knittel, in the future regarding all matters not resolved by this Order.

b. Cali and Robert Knittel acknowledge and agree that this Order is only binding upon the Department and not 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 or electronic mail in portable document format "pdf."

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 Cali 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: 11/2/10

FOR CALI MORTGAGE CORPORATION

(Officer Signature)

(Print Officer Name)

CEO
(Title)

Date: 11/2/10

FOR ROBERT KNITTEL, individually

(Signature)

Date: 11/2/10