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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING

PA DEPT OF BANKING

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

Docket No. 11 0043 (ENF-CO)

v.  
GFI MORTGAGE BANKERS, INC.

**CONSENT AGREEMENT AND ORDER**

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations, has conducted an investigation of GFI Mortgage Bankers, Inc., ("GFI"), and its officers, employees and directors. Based on the results of the investigation, the Bureau of Compliance, Investigation and Licensing ("Bureau") believes that GFI operated in violation of 7 Pa. C.S. § 6101 et seq. ("Mortgage Licensing Act"). The parties to the above captioned matter, 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 Mortgage Licensing Act.
2. The Bureau is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department.

3. GFI is currently licensed under the Mortgage Licensing Act as a Mortgage Lender, license no. 28977, with a Nationwide Mortgage Licensing System and Registry identification number of 7103.

4. GFI maintains its principal place of business at 50 Broadway 4<sup>th</sup> Floor, New York, New York 10004-1607.

5. Beginning on February 17, 2011 the Bureau conducted an investigation leading it to conclude that GFI had originated mortgages through employees unlicensed as mortgage originators to perform such services.

#### Unlicensed Loan Originator

6. 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).

7. The Bureau alleges based on the investigation that GFI originated fifty-one loans through unlicensed loan originators subsequent to November 5, 2008.

8. It is the conclusion of the Bureau that the mortgage loan applications originated by GFI subsequent to November 5, 2008 through unlicensed individuals are in violation of the Mortgage Licensing Act.

9. GFI is required to directly supervise, control and maintain responsibility for the acts and omissions of the mortgage originators it employs. 7 Pa. C.S. §§ 6121(13); 6131(f)(1).

10. It is the position of the Bureau that GFI failed to employ only licensed mortgage loan originators, and failed to directly supervise, control and maintain responsibility for the acts and omission of the mortgage originators it employed as required by the Mortgage Licensing Act.

11. It is the conclusion of the Bureau that GFI violated the Mortgage Licensing Act when it originated mortgage loans subsequent to November 5, 2008 through the unlicensed individuals.

12. GFI has informed the Department that they have instituted internal control measures which will ensure that all branches are properly licensed and will also prohibit unlicensed individuals from engaging in the mortgage business in Pennsylvania.

Authority of the Department

13. 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).

14. 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).

15. 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).

#### **VIOLATIONS**

16. It is the position of the Bureau that GFI violated the Mortgage Licensing Act when it conducted the mortgage loan business through unlicensed mortgage originators after November 5, 2008, when it failed to properly control and supervise its employees in accordance with the requirements of the Mortgage Licensing Act, 7 Pa. C.S. § 6111(a); 7 Pa. C.S. § 6131(f)(1); 7 Pa. C.S. § 6131(a)(1)(ii); and 7 Pa.C.S. § 6131(b).

#### **RELIEF**

17. Fine. GFI agrees to pay a fine of \$12,750.00 which shall be due and payable to the Department within thirty (30) days of the effective date of this Order as defined in paragraph 24 below. The fine payment 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.

18. Corrective Measures. Upon the Effective Date of this Order, GFI shall immediately cease and desist from accepting Pennsylvania residential mortgage applications from individuals who are not properly licensed under the Mortgage Licensing Act.

#### **FURTHER PROVISIONS**

19. Consent. GFI 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. GFI 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.

20. 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).

21. 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 GFI.

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

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

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

25. 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 GFI in the future regarding all matters not resolved by this Order.

b. GFI 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.

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

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

28. 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 GFI 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: 3/1/11

FOR GFI MORTGAGE BANKERS, INC.

\_\_\_\_\_  
(Officer Signature)

\_\_\_\_\_  
(Print Officer Name)

CEO  
\_\_\_\_\_  
(Title)

Date: 2/25/11