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DEPARTMENT OF BANKING

PA. DEPT. OF BANKING

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

Docket No. 110163 (ENF-CO)

v.

LIBERTY FINANCIAL CONSULTANTS

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking ("Department"), Bureau of Examinations has conducted an examination of Liberty Financial Consultants ("Liberty Financial") and its officers, employees and directors. Based on the results of its review, the Bureau of Compliance and Licensing ("Bureau") believes that Liberty Financial operated in violation of the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et seq. 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. Liberty Financial's principal place of business is located at 131 North 4th Street, Philadelphia, Pennsylvania 19106.

4. Liberty Financial maintains a website with the web address of www.libertyfinancialconsultants.com.

5. On or around May 1, 2011, the Bureau became aware that Liberty Financial Consultants was engaging in unlicensed mortgage loan business activities by offering mortgage loan modification services to Pennsylvania consumers.

Unlicensed Loan Modification Activity

6. During a conversation with a Liberty Financial representative, it was revealed that Liberty Financial was in the process of originating mortgage loan modifications for Pennsylvania consumers while the company was not licensed to originate loans within the Commonwealth.

7. By originating mortgage loan modifications for Pennsylvania consumers, Liberty Financial was actively engaging in and holding itself out as being engaged in the "mortgage loan business" as defined in the Mortgage Licensing Act, 7 Pa. C.S. § 6151(1)(i).

8. The Mortgage Licensing Act prohibits persons from engaging in the mortgage loan business in Pennsylvania without holding a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator license. See 7 Pa. C.S. § 6111(a).

9. Neither Liberty Financial nor any of its employees hold a license issued by the Pennsylvania Department of Banking.

10. Liberty Financial does not meet any of the exceptions to licensure in Section 6111(b) and 6112 of the Mortgage Licensing Act, 7 Pa. C.S. §§ 6111(b), 6112.

11. Liberty Financial told the Bureau that it does not wish to obtain a license under the Mortgage Licensing Act in order to engage in the mortgage loan modification business in Pennsylvania.

12. If Liberty Financial does not obtain a license from the Department, then Liberty Financial Consultants must move all of its operations to a location physically outside of Pennsylvania or else it will remain in violation of the Mortgage Licensing Act.

Pennsylvania Consumers

13. The Bureau is aware of two (2) different Pennsylvania consumers who entered into a transaction with Liberty Financial for mortgage loan modification services.

14. The two consumers paid a fee to Liberty Financial in advance of a mortgage loan modification being negotiated and completed.

15. Consumer _____ paid a \$400 fee to Liberty Financial.

16. Consumers _____ paid a \$600 fee to Liberty Financial.

17. As of the effective date of this Order, Liberty Financial has not obtained a loan modification for either of the consumers.

18. Liberty Financial told the Bureau it did not continue to work on modifications for the consumers because the consumers did not maintain contact with Liberty Financial.

Authority of the Department

19. 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).

20. Section 6139(a)(2) of the Mortgage Licensing Act states that the department may suspend, revoke or refuse to renew a license where a licensee has "failed to comply with or violated any provision of this chapter or any regulation or order promulgated or issued by the department under this chapter." 7 Pa. C.S. § 6139(a)(2).

21. Section 6140(a) of the Mortgage Licensing Act provides, in relevant part that "[a] person subject to the provisions of this chapter and not licensed by the department who violates any provision of this chapter or who commits any action which would subject a license to suspension, revocation or nonrenewal under section 6139 (relating to suspension, revocation or refusal) may be fined by the department up to \$10,000 for each offense." 7 Pa. C.S. § 6140(a).

RELIEF

22. Fine. Liberty Financial agrees to pay a fine of one thousand dollars (\$1,000) which shall be due and payable to the Department within thirty (30) days of the Effective Date of this Order. The fine payment shall be remitted by certified check or money order made payable to the Pennsylvania Department of Banking and sent to the attention of: Pennsylvania Department of Banking, Bureau of Compliance and Licensing, 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

23. The Bureau shall not issue any additional fines with respect to those consumers contained in the Pipeline Report as provided to the Bureau by Liberty Financial. If the Bureau becomes aware of any Pennsylvania consumer not listed in the Pipeline Report, the Bureau reserves the right to consider a further fine.

24. Liberty Financial agrees to refund the amount of \$400 to

The \$400 refund shall be paid by Liberty Financial upon its receipt of a signed and dated written document from _____ stating his intention to cancel the transaction with Liberty Financial. Liberty Financial shall provide an electronic copy of the cancelled/cleared refund check to the Bureau as evidence that the refund was paid. The electronic copy of the cancelled/cleared refund check shall be sent to John Tatalai, Administrator, Compliance Division, at the address _____ as soon as Liberty Financial is able to obtain the copy.

25. Liberty Financial agrees to refund the amount of \$600 to the consumer. The \$600 refund shall be paid by Liberty Financial upon its receipt of a signed and dated written document from [redacted] stating their intention to cancel the transaction with Liberty Financial. Liberty Financial shall provide an electronic copy of the cancelled/cleared refund check to the Bureau as evidence that the refund was paid. The electronic copy of the cancelled/cleared refund check shall be sent to John Talalai, Administrator, Compliance Division, at the address jtalalai@pa.gov as soon as Liberty Financial is able to obtain the copy.

26. Remaining Pennsylvania Consumers. Liberty Financial shall provide the Bureau with a report of those Pennsylvania consumers it still has in the pipeline for loan modifications ("Pipeline Report"). For those consumers in the Pipeline Report, if a modification is achieved, Liberty Financial shall not owe a refund to those consumers. If a modification is not achieved, Liberty Financial shall owe a full refund to those consumers.

27. Updates. Liberty Financial shall provide monthly updates of the Pipeline Report to the Bureau via Donald Piesik at the email address of [redacted]. These monthly updates shall include information regarding (a) all open accounts related to Pennsylvania consumers, and (b) all refunds to Pennsylvania consumers where a mortgage loan modification has not yet been achieved. These monthly updates shall continue until such time as Liberty Financial no longer has any open Pennsylvania accounts and all refunds have been made where appropriate.

28. Corrective Action. Upon the effective date of this Order, Liberty Financial shall no longer advertise its services to Pennsylvania consumers or accept mortgage loan modification applications from Pennsylvania consumers until such time as it obtains a license from the Pennsylvania Department of Banking. If Liberty Financial wishes to continue to engage in the loan

modification business it must close any operations in Pennsylvania in addition to no longer accepting Pennsylvania consumers as customers.

FURTHER PROVISIONS

29. Consent. Liberty Financial 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 therein. Liberty Financial, 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.

30. 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).

31. 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 Liberty Financial.

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

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

34. Effectiveness. Liberty Financial hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (the "Effective Date").

35. 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 Liberty Financial, in the future regarding all matters not resolved by this Order.
- b. Liberty Financial 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.

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

37. Counterparts. This Order may be executed in separate counterparts and by facsimile or by PDF.

38. 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 Liberty Financial Consultants intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU OF
COMPLIANCE AND LICENSING**

John Talalai, ~~Administrator~~ Administrator
Bureau of Compliance and Licensing
Department of Banking

Date: 10-20-2011

FOR LIBERTY FINANCIAL CONSULTANTS

(Officer Signature)

(Print Officer Name)

Owner
(Title)

Date: 10/19/11