

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

**MCS MORTGAGE BANKERS, INC.
D/B/A WHOLESALE DIRECT
B500609**

SETTLEMENT AGREEMENT

A Licensed Mortgage Banker Pursuant To
Article XII-D of the New York Banking Law
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This Settlement Agreement (“Agreement”) is made and entered into by and between MCS Mortgage Bankers, Inc. d/b/a Wholesale Direct (“MCS”) and the New York State Department of Financial Services (the “Department,” and collectively, with MCS, the “Parties”) to address the violations of Section 595-a (2) (a) of the New York Banking Law and 3 NYCRR Section 420.18 (a) (3) (v).

I.

RECITALS

1. MCS, headquartered at 20 Oak Street, Patchogue, NY 11772, was licensed by the Department as a mortgage banker on March 25, 1999, pursuant to Article 12-D of the Banking Law.

2. Sections 44 and 598 of the Banking Law provide, in part, that the Superintendent may, in a proceeding after notice and a hearing, require a licensed mortgage banker to pay to the people of this state a penalty for a violation of the Banking Law and/or any regulation promulgated thereunder.

3. Section 38.8 of the General Regulations provides that a mortgage banker may be subject to disciplinary action by the Department for, among other things, violations of Article 12-D of the Banking Law, the regulations promulgated thereunder, or violations of state or

federal law indicating that the entity is unfit to engage in the business of a mortgage banker.

ASSIGNED TO UNREGISTERED LOCATIONS

4. Pursuant to Section 420.18(a)(3)(v) of the Superintendent's Regulations, mortgage bankers, such as MCS, are required to "assign [Mortgage Loan Originators ('MLO's')] to locations licensed or registered by the superintendent."

5. Additionally, pursuant to the Department's All Industry Letter, dated June 1, 2000 (the "2000 Industry Letter"), the domain name of any website used by a licensee or registrant to conduct mortgage banking or mortgage brokering activities qualifies as a separate business address that must be registered with the Department.

6. The Department determined that during a period including May 2016, Eli B. Weissman ("Weissman"), NMLS #22677, an MLO sponsored by MCS, used the domain name teamweissman.com and social media site, <http://trulia.com/profile/eli-weissman-mortgage-broker-or-lender-hollis-ny-zgmp2krz/reviews>, to solicit mortgage loans relating to properties in New York State, on behalf of MCS. Samples of the domain name and social media site are annexed as Exhibit A and B.

7. The Department's records reveal that MCS never received approval from the Department to utilize the domain name teamweissman.com nor the social media site, <http://trulia.com/profile/eli-weissman-mortgage-broker-or-lender-hollis-ny-zgmp2krz/reviews>, to conduct mortgage loan activities, relating to properties in New York State.

8. Accordingly, pursuant to the directives of the 2000 Industry Letter, the Department has concluded that MCS has violated Section 420.18(a)(3)(v) of the Superintendent's Regulations by allowing its sponsored MLO to originate loans from unlicensed locations.

UNAUTHORIZED ASSUMED NAME

9. On March 25, 1999, the Department issued a license to MCS under the name “MCS Mortgage Bankers, Inc.”

10. The Department determined that MCS allowed Weissman to use the assumed name “TeamWeissman” to advertise for and solicit mortgage loans relating to properties in New York State.

11. The Department’s records reveal that MCS never received approval from the Department to utilize the assumed name “TeamWeissman” to conduct mortgage loan activities, relating to properties in New York State.

12. Accordingly, MCS violated Section 595-a2(a) of the Banking Law, which requires, in part, that advertisements by a mortgage banker contain the name, which conforms to a name on record with the Department.

II.

SETTLEMENT TERMS AND CONDITIONS

MCS freely and voluntarily waives its right to a hearing under Banking Law Sections 44 and 598 on such violations and agrees to take the actions listed below redress the violations cited herein.

1. MCS agrees to take all necessary steps to ensure its compliance with all applicable federal and state laws, regulations, and supervisory requirements relating to its mortgage business, including, but not limited to:

- a. complying with the requirements of Article 12-D of the Banking Law, and Part 38 of the General Regulations of the Superintendent;
- b. not conducting or transacting business in this state under any

- name, assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent;
- c. not conducting or transacting business in this state using any location or branch that has not been approved or licensed by the Superintendent;
 - d. ensuring that it will provide appropriate training for its employees regarding the utilization of any advertisement to the public, any location to conduct regulated mortgage business, assumed name or any website, domain, or other name; and
 - e. ensuring that its employees will not conduct loan originating activities in this state without first being licensed as MLOs by the Department.

2. MCS agrees to develop appropriate written compliance policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The compliance policies and procedures shall, at a minimum: (i) designate an individual responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters; and (ii) establish a training program to ensure that MCS and its employees involved in loan origination understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.

3. MCS agrees to pay a fine of \$ 7,500.

4. MCS further agrees that such payment will be made in immediately available funds in accordance with the Department's payment instructions.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. MCS acknowledges that its failure to comply with any of the terms and conditions of this Agreement may result in the Department taking action to revoke MCS' license to engage in the business of a mortgage banker under Article 12-D of the Banking Law.

2. MCS acknowledges that entering into this Agreement shall not bar, estop, or otherwise prevent the Superintendent, or any state, federal or local agency or department or any prosecutorial authority from taking any other action affecting MCS, any of its current or former owners, officers, directors, employees, or insiders, or their successors or assigns with respect to the violations cited herein, or any other matter whether related or not to such violations.

3. This Agreement may not be altered, modified or changed unless in writing signed by the Superintendent or her designee.

4. This Agreement shall be enforceable and remain in effect unless stayed or terminated in writing by the Superintendent or her designee.

5. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent for Mortgage Banking.

6. All written communications to the Department regarding this Agreement shall be sent as follows.

Attention:

Rholda L. Ricketts
Deputy Superintendent
New York State Department of Financial Services
One State Street,
New York, New York 10004

7. All written communications to MCS regarding this Agreement shall be sent as follows.

Attention:

David J. Kotkin
President
MCS Mortgage Bankers, Inc.
D/B/A Wholesale Direct
20 Oak Street
Patchogue, NY 11772

8. This Agreement is not confidential; therefore it is available to the public.

WHEREFORE, the Parties hereto have caused this Agreement to be executed.

MCS Mortgage Bankers, Inc.
D/B/A Wholesale Direct

By: _____/s/_____

David J. Kotkin
President

Dated: _____

**New York State Department of Financial
Services**

By: _____/s/_____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____