

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

PARAGON HOME LOANS, INC.
B500150

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 Paragon Home Loans, Inc. (“Paragon”) and the New York State Department of Financial Services (the “Department,” and collectively, with Paragon, the “Settling Parties”) evidencing an agreement between the Settling Parties to resolve, without a hearing, the violation cited herein of 3 NYCRR Section 420.18 (a)(2) and Section 420.18 (a)(3)(v), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Paragon, headquartered at 5010 Campuswood Drive, Suite 205, East Syracuse, NY 13057, was licensed by the Department as a mortgage banker on March 12, 1985, pursuant to Article 12-D of the New York Banking Law (“Banking Law”).
2. Sections 44(1)(a) and 598(1) of the Banking Law provide, in part, that the Superintendent of Financial Services (“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. 3 NYCRR Section 38.8(a) 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.

FAILURE TO ADEQUATELY MONITOR AND SUPERVISE ITS MLO

1. From June 2, 2014 to date, Jason J. Miller (“Miller”), a mortgage loan originator (“MLO”), has been sponsored by Paragon, a licensed mortgage banker.

2. Prior to June 2, 2014, Miller was sponsored and employed by another mortgage banker (“Prior Sponsor”), until his resignation on May 30, 2014.

3. Based on a review of Paragon’s mortgage loan transactions, the Department determined that Miller took mortgage applicants’ loan files from the Prior Sponsor, without the Prior Sponsor’s permission, and utilized same in negotiating, processing or placing mortgage loans on behalf of Paragon.

4. As a result, Paragon has violated 3 NYCRR Section 420.18(a)(2), which requires that as a condition of employment of, or affiliation with an MLO, a mortgage banker shall determine that such MLO will “engage in mortgage loan origination honestly, fairly and effectively.”

ASSIGNED TO AN UNLICENSED LOCATION

5. Pursuant to 3 NYCRR Section 420.18(a)(3)(v), mortgage bankers, such as Paragon, are required to “assign [Mortgage Loan Originators (‘MLOs’)] to locations licensed or registered by the superintendent.”

6. 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.

7. The Department determined that during a period including September 2017, Miller was permitted by Paragon to use the domain name syracusemortgageguy.com to solicit mortgage loans relating to properties located in New York State on behalf of Paragon.

8. Accordingly, pursuant to the directives of the 2000 Industry Letter, the Department concluded that Paragon has violated 3 NYCRR Section 420.18(a)(3)(v) by allowing its sponsored MLO to originate loans from an unlicensed location.

II.

SETTLEMENT TERMS AND CONDITIONS

Paragon 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 violation cited herein.

1. Paragon 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 3 NYCRR Part 420;
- 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. ensuring that it will provide appropriate training for its employees regarding any location to conduct regulated mortgage business, assumed name or any website, domain, or other name.; and
- d. ensuring that it adequately oversees and supervises its employees'

mortgage loan originating activities as well as ensuring that such employees are knowledgeable about New York State specific laws and regulations governing mortgage loan originating activities.

2. Paragon 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 Paragon and its employees involved in loan origination understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.

3. Paragon agrees to pay a fine of \$30,000.

4. Paragon 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. Paragon 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 Paragon's license to engage in the business of a mortgage banker under Article 12-D of the Banking Law.

2. Paragon 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 Paragon, 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 Paragon regarding this Agreement shall be sent as follows.

Attention:

Jeffrey Pinard
President
Paragon Home Loans, Inc.
5010 Campuswood Drive, Suite 205
East Syracuse, NY 13057

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

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

Paragon Home Loans, Inc.

By: _____/s/_____

Jeffrey Pinard
President

Dated: _____

New York State Department of Financial Services

By: _____/s/_____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____