

*New York State*  
*Department of Financial Services*

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In the Matter of

**Associated Mortgage Bankers, Inc.**  
**B500812**

**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 Associated Mortgage Bankers, Inc. ("Associated") and the New York State Department of Financial Services (the "Department"), collectively (the "Settling Parties"), evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations of Part 38 of the General Regulations of the Banking Board (the "General Regulations"), 3 N.Y.C.R.R. Part 38, New York Banking Law (the "Banking Law") Article 12-D, and Part 410 and Part 420 of the Superintendent's Regulations ("SR"), cited herein by the Department, upon and subject to the terms and conditions hereof.

**I.**

**RECITALS**

1. Associated, headquartered at 600 Old Country Road, Suite 207, Garden City, NY 11530, was granted a license by the Department on July 28, 2005 to engage in the business of a mortgage banker pursuant to Article XII-D of the New York Banking Law

("Banking Law").

2. Section 44 of the Banking Law provides, 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 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.

#### **Origination by Unlicensed Individuals**

4. Pursuant to a provision of the Department's July 21, 2010 Industry Letter, it generally prohibits mortgage loan originators ("MLOs") from engaging in mortgage loan origination activities, unless they filed an application prior to December 1, 2009 and can demonstrate that they met all of the pre-licensing requirements by July 31, 2010.

5. A visitation by the Department as of February 4, 2011 disclosed that Associated employed six MLOs who failed to meet the requirements as stated above.

6. By failing to prohibit the six MLOs from originating residential mortgage loans in 2010 while they had not met the licensing requirements, Associated assisted the six MLOs to conduct mortgage origination activities without a license, and benefited from the conduct of such individuals.

7. The origination activities of the six MLOs in 2010 violated SR Section 420.4(c), which prohibits any individual, unless exempt, to engage in mortgage loan originating without first being licensed by the Superintendent as an MLO pursuant to Article 12-E of

the Banking Law.

8. Further, the origination activities of the six MLOs in 2010 violated SR Section 420.20(a)(2), which provides that no MLO shall misrepresent his or her license status.

### **Inaccurate Records**

9. The visitation also discovered Associated originated transactions by Dmitry Kievsky, an MLO who used one name in some transactions and a different name (which is not the MLO's licensed name) in other transactions.

10. Associated failed to record the name of the MLO consistently and to utilize the name which is on the MLO's license.

11. Accordingly, Associated has violated SR Section 410.7(a) which provides that each mortgage banker shall keep its books and records in a manner that will allow the Superintendent to determine whether the mortgage banker is complying with Article 12-D of the Banking Law.

12. The visitation also discovered Associated compensated David Shamooil as a loan officer on six transactions from August 11, 2010 to December 13, 2010, while not being licensed as an MLO.

13. The visitation disclosed that Associated failed to record compensation under the correct category.

14. Accordingly, Associated has violated SR Section 410.7(a) which provides that each mortgage banker shall keep its books and records in a manner that will allow the Superintendent to determine whether the mortgage banker is complying with Article 12-D of the Banking Law.

### **Incomplete Application Log**

15. The visitation also discovered Associated failed to report all denied, closed, and

withdrawn applications in the application log.

16. Accordingly, Associated has violated SR Section 410.7(a) which provides that each mortgage banker shall keep its books and records in a manner that will allow the Superintendent to determine whether the mortgage banker is complying with Article 12-D of the Banking Law. Additionally, Associated violated specifically SR Section 410.7(a)(4)(vii), which provides that every mortgage banker and mortgage broker shall establish and maintain a centralized application log for the principal office and all branch offices, updated daily, based on the date of receipt of the application, containing the information regarding the final disposition of the application and the date thereof.

## **II.**

### **SETTLEMENT TERMS AND CONDITIONS**

Without admitting or denying the Department's findings, Associated is willing to resolve the violations cited herein and in the visitation report by entering into this Agreement and freely and voluntarily waives its right to a hearing under Banking Law Sections 44 and 598 on such violations. Therefore, in consideration of the promises and covenants set forth herein:

1. Associated 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 and Article 12-E of the Banking Law, Section 420 of the Superintendent's Regulations, and Part 38 of the General Regulations; and

- b. ensuring that its MLOs who conduct mortgage origination activities are licensed pursuant to Article 12-E of the Banking Law and Section 420 of the Superintendent's Regulations;
- c. ensuring that its MLOs do not mislead consumers as to their license status; and
- d. ensuring that its MLOs do not share their unique identifier with any other individual or entity; and
- e. ensuring that its non-MLO staff does not engage in mortgage activities that require a license; and
- f. ensuring that its non-MLO staff does not have access to any mortgage loan origination system, software, and documents, and they do not utilize a MLOs unique identifier; and
- g. ensuring that its books and records, specifically the application logs, are in compliance with Section 410.7 of the Superintendent's Regulation.

2. Associated agrees to continue to further 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 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 Associated and its MLO and non-MLO employees understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.

3. Within ninety (90) days from the effective date of this Agreement, Associated

agrees to submit a draft of its compliance policies and procedures to the Department.

4. Within one hundred twenty (120) days from the effective date of this Agreement, Associated agrees to submit a copy of its final compliance policies and procedures to the Department together with a letter from an authorized officer of Associated indicating his/her approval of such policies and procedures.

5. Associated agrees to pay a fine of \$ \$25,000 payable in two (2) equal installments as follows:

- \$12,500 upon execution of this Agreement
- \$12,500 within 30 days after the execution of this Agreement.

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

2. Associated 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 Associated, any of its current or former owners, officers, directors, employees, or insiders, or their successors.

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

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

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

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

Attention:

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

7. All written communications to Associated regarding this Agreement should be sent as follows.

Attention:

Donald Moran  
President  
Associated Mortgage Bankers, Inc.  
600 Old Country Road, Suite 207  
Garden City, NY 11530

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

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

Associated Mortgage Bankers, Inc.

By: \_\_\_\_\_

Donald Moran  
President

Dated: \_\_\_\_\_

New York State Department of Financial Services

By: \_\_\_\_\_

Rholda L. Ricketts  
Deputy Superintendent

Dated: \_\_\_\_\_