

*New York State*  
*Department of Financial Services*

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In the Matter of

**L.B.A. Mortgage Services, Inc.**  
**A005924**

**SETTLEMENT AGREEMENT**

A Registered Mortgage Broker 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 L.B.A. Mortgage Services, Inc. ("L.B.A." or "Registrant") 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 Section 102.1(c) (1) of Supervisory Procedure MB 102 and Section 1301(a) of the New York Business Corporation Law ("Business Corporation Law"), cited herein by the Department, upon and subject to the terms and conditions hereof.

**I.**

**RECITALS**

1. L.B.A., incorporated under the laws of New Jersey and headquartered at 3504 Park Avenue, Weehawken, NJ 07086, was granted a registration by the Department on May 11, 2004 to engage in the business of a mortgage broker pursuant to Article XII-D of the New York Banking Law ("Banking Law").
2. L.B.A. received authority to engage in business under the laws of the State of New York as a foreign corporation on September 23, 2003.
3. Section 44 of the Banking Law provides, in part, that the Superintendent of

Financial Services (the “Superintendent”) may, in a proceeding after notice and a hearing, require a registered mortgage broker to pay to the people of this State a penalty for a violation of the Banking Law and any regulation promulgated thereunder.

4. Section 38.8 of the General Regulations of the Banking Board provides that a mortgage broker 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 broker.

5. During a review of L.B.A.’s corporate status, the Department noted that the New York Department of State (“Department of State”) records indicated that the entity’s authority to do business in New York was terminated by proclamation on October 27, 2010.

6. On November 15, 2011, the Department notified the Registrant that as a result of the termination, it no longer had authority to do business in this State, and, therefore the Department no longer considers it a registered mortgage broker.

7. L.B.A.’s Volume of Operations Report and application log indicates that L.B.A. conducted mortgage activities in connection with a property located in New York in 2011, during the period when its authority to conduct business in New York was terminated.

8. Accordingly, L.B.A. violated Section 1301(a) of the Business Corporation Law, which states that a foreign corporation shall not do business in this state unless it is authorized to do so.

9. Furthermore, the Registrant failed to notify the Department of its termination of corporate authority in New York in violation of Section 102.1(c) (1) of Supervisory Procedure MB 102, which requires that the Registrant promptly advise the Superintendent of any changes which occur in the information furnished in the application subsequent to the date upon which the information was furnished.

10. L.B.A. was reinstated with the Department of State, effective November 29, 2011.

## **II.**

### **SETTLEMENT TERMS AND CONDITIONS**

The Registrant is willing to resolve the violations cited herein 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, the Settling Parties agree, as follows:

1. The Registrant 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.

2. The Registrant agrees to pay a fine of \$5,000 in twelve monthly installments, with the first installment of \$600 due upon execution of this Agreement. The remaining eleven payments of \$400 are due by the 15<sup>th</sup> of each successive month until the fine is fully paid.

3. The Registrant further agrees that such payment will be made in immediately available funds in accordance with Department payment instructions.

## **III.**

### **MISCELLANEOUS TERMS AND CONDITIONS**

1. L.B.A. 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 L.B.A.'s registration to engage in the business of a mortgage broker.

2. L.B.A. 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 L.B.A., 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 and 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 or her designee.

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, New York 10004

7. All written communications to L.B.A. regarding this Agreement should be sent as follows:

Attention:

Ernesto Garcia  
L.B.A. Mortgage Services, Inc.  
President  
3504 Park Avenue  
Weehawken, NJ 07086

8. This Agreement is not confidential; L.B.A. understands that it may be made available to the public.

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

**L.B.A. Mortgage Services, Inc.**

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

Ernesto Garcia  
President

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

**New York State Department of Financial Services**

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

Rholda L. Ricketts  
Deputy Superintendent

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