

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

MARINE FUNDING, INC.
A004163

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 Marine Funding, Inc. ("Marine Funding") and the New York State Department of Financial Services (the "Department" and collectively with Marine Funding, 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"), Article 12-D of the New York Banking Law ("Banking Law"), New York Business Corporation Law ("BCL") Section 301, and New York General Business Law ("GBL") Section 130, cited herein by the Department, upon and subject to the terms and conditions hereof.

I.

RECITALS

1. Marine Funding, headquartered at 108-05 Liberty Avenue Richmond Hill, New York 11419, was granted a registration by the Department on August 21, 1996 to engage in the business of a mortgage broker pursuant to Article 12-D of the 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 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.

3. Section 38.8 of the General Regulations 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.

Unauthorized Domain Name

4. Pursuant to the Department's June 1, 2000 industry letter, the domain name of any website used by a licensee or a registrant to conduct mortgage banking or brokering activity qualifies as a business address.

5. Marine Funding published advertisements for New York residential mortgage loans on its website, www.marinefunding.net, from November 2006 to January 2012. Marine Funding requested approval to use this domain name on February 13, 2012. The Department approved the domain name for use by Marine Funding on September 14, 2012. A sample of the advertisement is annexed as Exhibit A.

6. Marine Funding failed to obtain authorization from the Department to utilize the www.marinefunding.net domain name to conduct New York regulated residential mortgage activities from November 2006 to January 2012.

7. Accordingly, Marine Funding violated Article 12-D Section 591-a(2) of the Banking law, which requires registrants to apply for and receive permission prior to using a specific business address.

Misleading Usage of United States Marine Corps Seal

8. Marine Funding ran an advertisement for New York residential mortgage

loans in the Indo-Caribbean Federation Review newspaper (the "Newspaper") from 2010 to 2011. A sample of the advertisement is annexed as Exhibit B.

9. Marine Funding distributed a flyer (the "Flyer") that advertises New York residential mortgage loans. A sample of the advertisement is annexed as Exhibit C.

10. The Flyer and the Newspaper advertisements displayed the seal of the United States Marine Corps (the "Marines").

11. By displaying the Marines seal, the products and services of Marine Funding appear to be sponsored, approved, or endorsed by the Marines, when in fact, they are not.

12. Accordingly, the Flyer and the Newspaper advertisements violated General Regulations Section 38.2(e), which provides that no mortgage broker shall fraudulently or deceitfully advertise a mortgage loan, or misrepresent the terms, conditions or charges incident to a mortgage loan in any advertisement therefor.

Unauthorized Usage of Assumed Name

13. On August 21, 1996, the Department issued a certificate to Marine Funding under the name Marine Funding, Inc.

14. The www.marinefunding.net website used the name Marine Funding to promote New York residential mortgage business.

15. However, the www.marinefunding.net website also used the name Marine Funding Mortgage to promote New York residential mortgage business. Marine Funding has not requested or received approval from the Department to use the name Marine Funding Mortgage.

16. Accordingly, Marine Funding violated GBL Section 130(1)(b) which provides

that no one shall carry on or conduct or transact business in this state under any name or designation other than his or its real name unless such person files a Certificate of Assumed Name with the New York Secretary of State.

17. Additionally Marine Funding violated Section 202(a)(16)(b) of the New York Business Corporation Law which provides that no corporation shall do business in New York State under any name, other than the names that appear in its certificate of incorporation, in compliance with the filing provisions of Section 130 of the General Business Law governing the conduct of business under an assumed name.

Unauthorized Usage of Restricted Word

18. Marine Funding utilized the word “mortgage” in the name “Marine Funding Mortgage” to promote New York residential mortgages.

19. Marine Funding failed to request or receive approval from the Department to use the restricted word or a derivative of the word “mortgage.”

20. Accordingly, Marine Funding violated BCL Section 301(a)(5)(B), which prohibits the use of the word or a derivative of the word “mortgage” in the name of a corporation without receiving approval from the Superintendent.

Other Terms and Disclosures

21. All three advertisements failed to include a statement to the effect that the mortgage broker arranges mortgage loans with third party providers.

22. Accordingly, Marine Funding violated General Regulations Section 38.2(d), which also provides that any advertisement by a mortgage broker must contain a statement to the effect that the mortgage broker arranges mortgage loans with third-party providers.

II**SETTLEMENT TERMS AND CONDITIONS**

Marine Funding 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:

1. Marine Funding 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;
- b. not conducting or transacting business in this state under any assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent or using the word "mortgage" or other restricted words in its name without prior approval by the Superintendent;
- c. ensuring that its advertisements do not display any seals of any government agency without approval;
- d. ensuring that its advertisements do not mislead consumers as to the terms and conditions of credit it is offering and that such advertisements disclose clearly and conspicuously the existence of material terms, conditions, and limitations relating to any advertised offer of credit; and

- e. ensuring that it will not advertise terms of credit using footnotes, asterisks, small print and color contrasts that materially contradict or modify the principal message of its advertisements, and will disclose clearly and conspicuously all material information.

2. Marine Funding agrees to develop appropriate written advertisement 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 Marine Funding and its employees involved in preparing or approving advertisements 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, Marine Funding agrees to submit a draft of its advertisement policies and procedures to the Department.

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

5. Marine Funding further agrees to provide copies of all advertisements run by it for the twelve (12) month period following the effective date of this Agreement.

6. Marine Funding agrees to pay a fine of \$ 5,000 payable in twelve (12) monthly installments as follows:

- \$416.74 upon execution of this Agreement, and
- \$416.66 each on or before the 15th day of each consecutive month for the following eleven (11) months.

7. Marine Funding 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. Marine Funding 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 Marine Funding's registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. Marine Funding 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 Marine Funding, 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 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, New York 10004

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

Attention:

Frank Naraine Singh
President
Marine Funding, Inc.
108-05 Liberty Avenue
Richmond Hill, NY 11419

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.

Marine Funding, Inc.

By: _____

Frank Naraine Singh
President

Dated: _____

New York State Department of Financial Services

By: _____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____