

1 State of New Hampshire Banking Department

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3 In re the Matter of:) Case No.: 07-012
)
 4 State of New Hampshire Banking) Order To Show Cause
)
 5 Department,) Cease and Desist Order
)
 6 Petitioner,) Immediate Suspension
)
 7 and)
)
 8 Coastal Mortgage Group, Hajmil Carr,)
)
 9 and Eric Gunberg,)
)
 10 Respondents

11
12 NOTICE OF ORDER

13 This Order commences an adjudicative proceeding under the provisions of
14 RSA 541A:31, RSA 397-A, and BAN 204.03.

15 LEGAL AUTHORITY AND JURISDICTION

16 Pursuant to RSA 397-A:17, the Commissioner of the New Hampshire Banking
17 Department (hereinafter "the Department") may issue an Order to Show Cause
18 why a license should not be revoked. RSA 397-A:17 states that the
19 Department may issue such Order when a licensee engages in an unethical
20 business practice. RSA 397-A:21 states the Commissioner may impose penalties
of up to \$2,500 per violation of the chapter.

21 Pursuant to RSA 397-A:18 the banking department may issue a cease and
22 desist order against any licensee or person who it has reasonable cause to
23 believe is in violation of the provisions of this chapter or any rule or order
24 under this chapter.

25 Pursuant to RSA 397-A:18 the Commissioner may by order summarily postpone
or suspend any license or application pending final determination of any order

1 to show cause, or other order, or of any other proceeding under this section,
2 provided the commissioner finds that the public interest would be irreparably
3 harmed by delay in issuing such order

4 Pursuant to RSA 383:10-d the Commissioner shall investigate conduct that
5 is or may be an unfair or deceptive act or practice under RSA 358-A and exempt
6 under RSA 358-A:3, I or that may violate any of the provisions of Titles XXXV
7 and XXXVI and administrative rules adopted thereunder. The commissioner may
8 hold hearings relative to such conduct and may order restitution for a person
9 or persons adversely affected by such conduct. The Commissioner may utilize
all remedies available under the Act.

10 **NOTICE OF RIGHT TO REQUEST A HEARING**

11 The above named respondents have the right to request a hearing on this
12 Order to Show Cause and Cease and Desist Order, as well as the right to be
13 represented by counsel. Any such request for a hearing shall be in writing,
14 and signed by the respondents or by the duly authorized agent of the above
15 named respondents, and shall be delivered either by hand or certified mail,
16 return receipt request, to the Banking Department, State of New Hampshire,
17 64B Old Suncook Road, Concord, NH 03301. Hearings will be conducted within 10
days of such request.

18 If respondents fail to request a hearing or respond to the orders
19 within 30 calendar days of receipt of these orders, respondent shall be
20 deemed in default, the penalties requested will be imposed, and the Cease and
21 Desist will be become permanent on the 31st day.

22 **STATEMENT OF ALLEGATIONS, APPLICABLE LAWS AND REQUEST FOR RELIEF**

23 The Staff Petition dated January 18, 2007 (a copy of which is attached
24 hereto) is incorporated by reference hereto.

25 **ORDER**

1 State of New Hampshire Banking Department

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3 In re the Matter of:) Case No.: 07-012
)
 4 State of New Hampshire Banking) Staff Petition
)
 5 Department,)
)
 6 Petitioner,) January 22, 2007
)
 7 and)
)
 8 Coastal Mortgage Group, Hajmil Carr,)
)
 9 and Eric Grunberg,)
)
 10 Respondents

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12 STATEMENT OF ALLEGATIONS

13 I. The staff of the Banking Department, State of New Hampshire (hereinafter
14 referred to as the "Department") alleges the following facts:

- 15 1. Respondent Coastal Mortgage Group (CMG) is licensed as a mortgage broker
 16 doing business as Novaya Mortgage and has held a license with the
 17 Department since 2005.
- 18 2. CMG's principal office is currently located at 14 Maine St Brunswick, ME
 19 and they have a branch office not required to be licensed by the
 20 Department in Portland, ME.
- 21 3. Respondent Hajmil Carr is an owner, Officer or other direct controller
 22 of Respondent CMG and materially contributed to Repondent CMG's failure
 23 to abide by the Chapter as alleged herein.
- 24 4. Respondent Eric Grunberg is an owner, Officer or other direct controller
 25 of Respondent CMG and materially contributed to Repondent CMG's failure
 to abide by the Chapter as alleged herein.

1 5. The Department initiated an examination of Respondent CMG on January 22,
2 2007 pursuant to RSA 397-A:12.

3 6. Said Respondent's representatives failed to allow Department
4 representatives access to their records.

5 7. In a previous exam Respondent CMG caused an undue delay of the
6 examination by refusing to provide requested loan files which had been
7 requested in advance until several days after the exam was due to begin.

8 8. In a previous exam Respondent CMG caused an undue delay of the
9 examination by refusing to provide revenue sheets, employee records, and
10 other financial information in a timely manner.

11 II. The staff of the Banking Department, State of New Hampshire alleges the
12 following issues of law:

13 1. The Banking Department ("Department"), has jurisdiction over the
14 licensing and regulation of persons engaged in first mortgage banker /
15 broker activities pursuant to NH RSA 397-A:3.

16 2. Pursuant to RSA 397-A:12 licensees are required to comply with
17 examination requests with or without prior notice. All books, papers,
18 files, files, related material, and records of assets shall be subject
19 to the Department's examination.

20 3. RSA 397-A:21 IV provides that any person who, either knowingly or
21 negligently, violates any provision of RSA 397-A, may upon hearing, and
22 in addition to any other penalty provided for by law, be subject to
23 suspension, revocation, or denial of any registration or license, or an
24 administrative fine not to exceed \$2,500, or both. Each of the acts
25 specified shall constitute a separate violation, and such
administrative action or fine may be imposed in addition to any
criminal penalties or civil liabilities imposed by New Hampshire

1 banking laws. Respondents are subject to revocation and/or
2 administrative fines for violations of RSA 397-A.

- 3 4. RSA 397-A:21 V provides that every person who directly or indirectly
4 controls a person liable under this section, every partner, principal
5 executive officer, or director of such person, who materially aids in
6 the acts constituting the violation, either knowingly or negligently,
7 may, upon notice and opportunity for hearing, and in addition to any
8 other penalty provided for by law, be subject to suspension,
9 revocation, or denial of an registration or license, including the
10 forfeiture of any application fee, or the imposition of an
11 administrative fine not to exceed \$2,500, or both. Each of the acts
12 specified shall constitute a separate violation, and such
13 administrative action or fine may be imposed in addition to any
14 criminal penalties or civil liabilities imposed by New Hampshire
15 banking laws. Respondents Eric Grunberg and Hajmill Carr are subject
16 to revocation and/or administrative fines for violations of RSA 397-A.
- 17 5. Pursuant to RSA 397-A:17 the commissioner may issue an order requiring a
18 person to whom any license has been granted or any person under the
19 commissioner's jurisdiction to show cause why the license should not be
20 revoked, suspended, or penalties imposed, or both, for violations of this
21 chapter. Respondent CMG is subject to license revocation for failing to
22 comply with examination requests pursuant to RSA 397-A:12.
- 23 6. Pursuant to RSA 397-A:18 the commissioner may by order summarily postpone
24 or suspend any license or application pending final determination of any
25 order to show cause, or other order, or of any other proceeding under
this section, provided the commissioner finds that the public interest
would be irreparably harmed by delay in issuing such order.
7. Pursuant to RSA 397-A:18 the banking department may issue a cease and
desist order against any licensee or person who it has reasonable cause

1 to believe is in violation of the provisions of this chapter or any rule
2 or order under this chapter.

3 **RELIEF REQUESTED**

4 The staff of the Banking Department requests the Commissioner take the
5 following action:

- 6 1. Find as fact the allegations contained in section I of the Statement of
7 Allegations of this petition.
- 8 2. Make conclusions of law relative to the allegations contained in section
9 II of the Statement of Allegations of this petition.
- 10 3. Assess fines and administrative penalties in accordance RSA 397-A:21, for
11 violations of the New Hampshire Banking Laws, in the number and amount
12 equal to the violations set forth in section I of the Statement of
13 Allegations of this petition. Respondents are each subject to an
14 administrative penalty of \$2,500 for each violation of the Chapter.
- 15 4. Order Respondent to show cause why their license should not be revoked.
- 16 5. Find that the public interest would be irreparably harmed by delay in
17 issuing such order and therefore issue an immediate suspension of their
18 license.
- 19 6. Order respondents to cease and desist from further violation of NH Law.
- 20 7. Take such other administrative and legal actions as are necessary for
21 enforcement of the New Hampshire Banking laws, the protection of New
22 Hampshire citizens, and to provide other equitable relief.

21 **RIGHT TO AMEND**

22 The Department reserves the right to amend this Petition for Relief and
23 to request that the Banking Department Commissioner take additional
24 administrative action. Nothing herein shall preclude the Department from
25 bringing additional enforcement action under RSA 397-A, RSA 383:10-d or the
regulations thereunder.

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Respectfully submitted by:

 /S/
James Shepard
Staff Attorney

 1/22/07
Date