

1 In re the Matter of: ) Case No.: 10-313  
 )  
 2 State of New Hampshire Banking )  
 )  
 3 Department, )  
 )  
 4 Petitioner, ) Order to Show Cause and  
 ) Cease and Desist  
 5 and )  
 )  
 6 Discount Mortgage Relief (d/b/a )  
 )  
 7 Mortgage Relief, LLC and INOB8, LLC), )  
 )  
 8 John Common (a/k/a [REDACTED] )  
 )  
 9 Libby Muelhaupt, and Bruce Spurlock, )  
 )  
 10 Respondents )  
 )  
 11 )

12 NOTICE OF ORDER TO SHOW CAUSE AND CEASE AND DESIST ("ORDER")

13 1. This Order commences an adjudicative proceeding under the provisions  
 14 of RSA Chapter 397-A (including RSA 397-A:17,I and II, RSA 397-A:18,I and  
 15 II, and RSA 397-A:20,IV) and RSA Chapter 541-A.

16 2. The Commissioner may impose administrative penalties of up to  
 17 \$2,500.00 for each violation. RSA 397-A:21,IV and V.

18 RESPONDENTS

19 3. Discount Mortgage Relief (d/b/a Mortgage Relief, LLC and INQB8, LLC)  
 20 ("Respondent Discount Mortgage") is a limited liability company incorporated  
 21 under the name Mortgage Relief, LLC in the State of Arizona on January 15,  
 22 2010, and under the name INQB8, LLC in the State of Delaware on March 10,  
 23 2008 with a principal office location in Scottsdale, Arizona. Respondent  
 24 Discount Mortgage is not registered with the New Hampshire Secretary of  
 25 State's Office. Respondent Discount Mortgage is a "Person." RSA 397-

1 A:1,XVIII.

2 4. The National Mortgage Licensing System & Registry ("NMLS") does not  
3 indicate that Respondent Discount Mortgage has ever held a license as a  
4 mortgage broker. The New Hampshire Banking Department's ("Department")  
5 records do not indicate that Respondent Discount Mortgage has ever held a  
6 New Hampshire Mortgage Broker license.

7 5. John Common (a/k/a [REDACTED] [REDACTED]) ("Respondent Common") is one of the  
8 owners of Respondent Discount Mortgage. Respondent Common is a Control  
9 person (RSA 397-A:21,V-a), a Principal (RSA 397-A:1,XIX), a Direct Owner  
10 (RSA 397-A:1 VI-a), and a Person (RSA 397-A:1,XVIII).

11 6. NMLS does not indicate that Respondent Common has ever held a license  
12 as a mortgage broker. The Department's records do not indicate that  
13 Respondent Common has ever held a New Hampshire Mortgage Broker license.

14 7. Libby Muelhaupt ("Respondent Muelhaupt") is one of the owners of  
15 Respondent Discount Mortgage. Respondent Muelhaupt is a Control person (RSA  
16 397-A:21,V-a), a Principal (RSA 397-A:1,XIX), a Direct Owner (RSA 397-A:1  
17 VI-a), and a Person (RSA 397-A:1,XVIII).

18 8. NMLS does not indicate that Respondent Muelhaupt has ever held a  
19 license as a mortgage broker. The Department's records do not indicate that  
20 Respondent Muelhaupt has ever held a New Hampshire Mortgage Broker license.

21 9. Bruce Spurlock ("Respondent Spurlock") is one of the owners of  
22 Respondent Discount Mortgage. Respondent Spurlock is a Control person (RSA  
23 397-A:21,V-a), a Principal (RSA 397-A:1,XIX), a Direct Owner (RSA 397-A:1  
24 VI-a), and a Person (RSA 397-A:1,XVIII).

25 10. NMLS does not indicate that Respondent Spurlock has ever held a

1 license as a mortgage broker. The Department's records do not indicate that  
2 Respondent Spurlock has ever held a New Hampshire Mortgage Broker license.

3 11. The above-named Respondents are hereinafter collectively known as  
4 "Respondents".

5 **RIGHT TO REQUEST A HEARING**

6 12. Respondents have a right to request a hearing on this Order. A hearing  
7 shall be held not later than ten (10) days after the Commissioner receives  
8 the Respondent's written request for a hearing. Respondents may request a  
9 hearing and waive the ten (10) day hearing requirement. The hearing shall  
10 comply with RSA Chapter 541-A. RSA 397-A:17 and RSA 397-A:18.

11 13. If any person fails to request a hearing within thirty (30) days of  
12 receiving this Order, then such person shall be deemed in default, and the  
13 Order shall, on the thirty-first (31<sup>st</sup>) day, become permanent, all  
14 allegations may be deemed true, and shall remain in full force and effect  
15 until modified or vacated by the Commissioner for good cause shown. RSA  
16 397-A:17,I and RSA 397-A:18.

17 14. A default may result in administrative fines as described in Paragraph  
18 2 above.

19 **STATEMENT OF ALLEGATIONS**

20 15. On September 17, 2010, the Department received a complaint from a New  
21 Hampshire consumer ("Consumer A") against Respondents concerning residential  
22 mortgage loan modification services.

23 16. On January 11, 2010, Respondents contracted with Consumer A to modify  
24 Consumer A's mortgage loan without a New Hampshire mortgage broker license,  
25 in violation of RSA 397-A:3,I.

1 17. Respondents collected an advance fee of \$1,931.00 from Consumer A, in  
2 violation of RSA 397-A:14,IV(m).

3 18. Respondents failed to provide a residential mortgage loan modification  
4 to Consumer A in violation of RSA 397-A:14,IV(b).

5 19. On April 12, 2010, the Department received a complaint from a New  
6 Hampshire consumer ("Consumer B") against Respondents concerning residential  
7 mortgage loan modification services.

8 20. On March 10, 2010, Respondents contracted with Consumer B to modify  
9 Consumer B's mortgage loan without a New Hampshire mortgage broker license,  
10 in violation of RSA 397-A:3,I.

11 21. Respondents collected an advance fee of \$800.00 from Consumer B, in  
12 violation of RSA 397-A:14,IV(m).

13 22. Respondents failed to provide a residential mortgage loan modification  
14 to Consumer B in violation of RSA 397-A:14,IV(b).

15 23. On September 13, 2010, the Department sent a letter via U.S. Certified  
16 Mail return receipt requested to Respondents, suggesting Respondents apply  
17 for licensure with the Department, requesting documents relative to New  
18 Hampshire consumers, and requesting a resolution to the consumer complaint.  
19 The correspondence was received by the Respondents on October 4, 2010. The  
20 Department did not receive a response to this correspondence.

21 24. On September 14, 2011, the Department sent a letter via U.S. Certified  
22 Mail return receipt requested to Respondents' attorney, suggesting  
23 Respondents apply for licensure with the Department, requesting documents  
24 relative to New Hampshire consumers, and requesting a resolution to the  
25 consumer complaint.

1 25. On September 23, 2011, the Department received a correspondence from  
2 Respondent Spurlock indicating that the Respondents ceased business  
3 operations on July 29, 2010. The Respondents did not provide the Department  
4 with the requested documents or resolve the consumer complaints.

5 26. On September 23, 2011, the Department sent an email correspondence to  
6 Respondent Spurlock indicating that the Department was still seeking the  
7 documents relative to New Hampshire consumer activity.

8 27. On September 23, 2011, the Department received an email correspondence  
9 from Respondent Spurlock indicating that the Respondents were no longer in  
10 possession of those documents as the documents were seized by the Arizona  
11 Attorney General's Office.

12 28. To date, Respondents have failed to resolve the consumer complaints  
13 that were filed with the Department.

14 29. To date, Respondents have failed to provide the information requested  
15 by the Department, in violation of RSA 397-A:12,I.

16  
17 \_\_\_\_\_ /s/  
18 Ryan McFarland  
19 Hearings Examiner

Dated: September 27, 2011

19 **ORDER**

20 30. **I hereby find as follows:**

21 a. Pursuant to RSA 397-A:17,I, the facts as alleged above, if true,  
22 show Respondents are operating or have operated in violation of RSA Chapter  
23 397-A and form the legal basis for this Order;

24 b. Pursuant to 397-A:20,VI, this Order is necessary and appropriate  
25 to the public interest and for the protection of consumers and consistent

1 with the purpose and intent of New Hampshire banking laws;

2 c. The Department finds pursuant to RSA 397-A:17,II and RSA 397-  
3 A:18,II, reasonable cause to issue an order to cease and desist; and

4 d. Pursuant to RSA 397-A:17,I and RSA 397-A:18,II, if any  
5 Respondent fails to respond to this Order and/or defaults then all facts as  
6 alleged herein are deemed as true.

7 **31. Accordingly, it is hereby ORDERED that:**

8 a. Respondents shall cease and desist from violating RSA Chapter  
9 397-A and rules or orders thereunder;

10 b. Respondents shall immediately provide the Department a list of  
11 all New Hampshire consumers for whom Respondents have residential mortgage  
12 loan modification activity and a status of those accounts. This list must  
13 include the names and contact information of the New Hampshire consumers,  
14 along with monies charged, collected and waived (if applicable). The list  
15 shall also be accompanied by all contracts, checks to and from the consumer  
16 and any other documents in the New Hampshire consumers' files;

17 c. Respondents shall show cause why the Commissioner should not  
18 enter an order of rescission, restitution, or disgorgement of profits in the  
19 amount of at least \$1,931.00 (for Consumer A) and \$800.00 (for Consumer B);

20 d. Respondents shall show cause why an administrative fine of up to  
21 a maximum of \$2,500.00 per violation should not be imposed as follows:

22 (1). Respondent Discount Mortgage:

23 Violation #1: Unlicensed mortgage broker activity (RSA  
24 397-A:3,I) - 2 counts;

25 Violation #2: Collecting an Advance Fee (RSA 397-

1 A:3,IV(m)) - 2 counts;

2 Violation #3: Failure to provide a residential mortgage  
3 loan modification (RSA 397-A:14,IV(b)) - 2 counts;

4 Violation #4: Failure to provide documents (RSA 397-  
5 A:12,I) - 1 count;

6 (2). Respondent Common (as Control Person, Direct Owner, and  
7 Principal):

8 Violation #1: Unlicensed mortgage broker activity (RSA  
9 397-A:3,I) - 2 counts;

10 Violation #2: Collecting an Advance Fee (RSA 397-  
11 A:3,IV(m)) - 2 counts;

12 Violation #3: Failure to provide a residential mortgage  
13 loan modification (RSA 397-A:14,IV(b)) - 2 counts;

14 Violation #4: Failure to provide documents (RSA 397-  
15 A:12,I) - 1 count;

16 (3). Respondent Muelhaupt (as Control Person, Direct Owner, and  
17 Principal):

18 Violation #1: Unlicensed mortgage broker activity (RSA  
19 397-A:3,I) - 2 counts;

20 Violation #2: Collecting an Advance Fee (RSA 397-  
21 A:3,IV(m)) - 2 counts;

22 Violation #3: Failure to provide a residential mortgage  
23 loan modification (RSA 397-A:14,IV(b)) - 2 counts;

24 Violation #4: Failure to provide documents (RSA 397-  
25 A:12,I) - 1 count;

1 (4). Respondent Spurlock (as Control Person, Direct Owner, and  
2 Principal):

3 Violation #1: Unlicensed mortgage broker activity (RSA  
4 397-A:3,I) - 2 counts;

5 Violation #2: Collecting an Advance Fee (RSA 397-  
6 A:3,IV(m)) - 2 counts;

7 Violation #3: Failure to provide a residential mortgage  
8 loan modification (RSA 397-A:14,IV(b)) - 2 counts;

9 Violation #4: Failure to provide documents (RSA 397-  
10 A:12,I) - 1 count;

11 e. Nothing in this Order:

12 (1). shall prevent the Department from taking any further  
13 administrative and legal action as necessary under New Hampshire law; and

14 (2). shall prevent the New Hampshire Office of the Attorney  
15 General from bringing an action against the above named Respondents in any  
16 New Hampshire superior court, with or without prior administrative action by  
17 the Commissioner.

18 **SO ORDERED.**

19  
20 \_\_\_\_\_ /s/

Dated: September 27, 2011

21 RONALD A. WILBUR  
22 BANK COMMISSIONER  
23  
24  
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