

1 State of New Hampshire Banking Department

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3 In re the Matter of: ) Case No.: 07-008  
 )  
 4 State of New Hampshire Banking )  
 )  
 5 Department, )  
 ) Consent Order as to Respondent  
 6 Petitioner, ) Mortgage Lenders Network USA, Inc.  
 )  
 7 and )  
 )  
 8 Mortgage Lenders Network USA Inc )  
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 9 Mitchell Heffernan, and James )  
 )  
 10 Pedrick, )  
 )  
 11 Respondents )

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13 CONSENT ORDER AS TO RESPONDENT MORTGAGE LENDER'S NETWORK USA, INC.

14 I. For purposes of settling the above-referenced matter, among other  
15 things, the New Hampshire Banking Department (hereinafter referred to  
16 as "the Department") and Respondent Mortgage Lenders Network USA, Inc.  
17 (hereinafter referred to as "MLN") do hereby enter this Consent Order  
18 and stipulate to the following:

- 19 1. MLN was licensed to conduct mortgage banking activity by the  
20 Department pursuant to RSA 397-A:3.
- 21 2. The Respondent MLN and Mitchell Heffernan were issued an Order to  
22 Show Cause and Cease and Desist Order (the "Department Orders")  
23 on January 19, 2007.
- 24 3. The Department Orders were amended by Motion dated February 2,  
25 2007, to add James Pedrick as an additional Respondent.
- 4. MLN requested a hearing on the Department Orders.

1 5. A hearing on the Department Orders was scheduled and subsequently  
2 continued to allow negotiations between the Department and  
3 Respondents.

4 6. On February 5, 2007, MLN filed a voluntary petition for relief  
5 under Chapter 11 of Title 11 of the Bankruptcy Code, 11 U.S.C. §§  
6 101 through 1330, in the United States Bankruptcy Court for the  
7 District of Delaware (hereinafter referred to as the "Bankruptcy  
8 Court"), in a case captioned In re Mortgage Lender's Network USA,  
9 Inc., Case No. 07-10146 (hereinafter referred to as the  
"Bankruptcy Proceeding").

10 7. The Department has entered into a separate settlement agreement  
11 with Respondents Mitchell Heffernan and James Pedrick.

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13 II. For purposes of amicably resolving and closing the above-referenced  
14 matters, and subject to the approval of the Bankruptcy Court, MLN agrees to  
15 the following terms and conditions and the Department accepts the same:

- 16 1. MLN agrees that it has voluntarily entered into this Consent Order  
17 without reliance upon any discussions between the Department and  
18 MLN, without promise of a benefit of any kind (other than  
19 concessions contained in this Consent Order), and without threats,  
20 force, intimidation, or coercion of any kind. MLN further  
21 acknowledges its understanding of the nature of the offenses stated  
22 above, including the penalties provided by law.
- 23 2. Except as hereinafter provided, MLN agrees to waive any and all  
24 rights to a hearing and appeal thereof.
- 25 3. MLN agrees that it will not deny the factual basis for this Consent  
Order to which it has stipulated in Section I above and will not  
give conflicting statements about such facts or its involvement in  
the stipulated facts.

1 4. The Department shall have an allowed prepetition claim against  
2 MLN for a civil penalty in the sum of Ten Thousand Dollars  
3 (\$10,000), which civil penalty shall have the priority in  
4 relation to other claims and shall be paid in accordance with  
5 the Bankruptcy Code, Rules of Bankruptcy Procedure, Local  
6 Rules of Bankruptcy Procedure and Order of the Bankruptcy  
7 Court. Notwithstanding the foregoing, the Department may seek  
8 Recovery of the civil penalty through the \$20,000 surety bond  
9 that MLN posted to the Bank Commissioner pursuant to RSA 397-  
A:5.

10 5. MLN states that it is winding down its business, has permanently  
11 ceased all licensed mortgage banking activity in the State of New  
12 Hampshire, and consents to the revocation of its license.

13 6. Subject to the approval of the Bankruptcy Court with respect to MLN,  
14 each person who signs this Consent Order in a representative  
15 capacity warrants that his or her execution of this Consent Order is  
16 duly authorized, executed, and delivered by and for the entity for  
17 which he signs.

18 Subject to the approval of the Bankruptcy Court, this Consent Order  
19 represents the complete and final resolution of, and discharge of any basis  
20 for any civil or administrative proceeding by the Department against MLN for  
21 violations arising as a result of or in connection with any actions or  
22 omissions by MLN through the date of this Order as it applies to the  
23 allegations contained in the Department Orders; provided, however, this  
24 release does not apply to facts not known by the Department or not otherwise  
25 provided by MLN to the Department as of the date of this Order nor does it  
prohibit any consumer from bringing an action under RSA 383:10-d, except to  
the extent that New Hampshire law prohibits such consumer from obtaining a

1 double recovery. Further, nothing herein is intended to nor shall it be  
2 deemed to afford to the Surety any defense against the Department on account  
3 of the Debtor having entered into the foregoing agreement.

4 The Department expressly reserves its right to pursue any administrative or  
5 civil action or remedy available to it should MLN violate this Consent Order  
6 or in the future violate the Act or rules and orders promulgated thereunder.

7 In the event of any such administrative or civil action, or in the event tha  
8 the Bankruptcy Court fails to approve this Consent Order, nothing herein  
9 shall be construed as a waiver by MLN of its right to pursue administrative  
10 remedies in any proceedings commenced by the Department, including any and  
11 all rights to an administrative hearing, as well as any and all rights to  
12 appeal such administrative proceedings.

