

1 State of New Hampshire Banking Department

2 In re the Matter of:) Case No.: 08-040
)
 3 State of New Hampshire Banking)
)
 4 Department,) Order to Show Cause
)
 5 Petitioner,)
)
 6 and)
)
 7 Directors Mortgage Inc. (d/b/a USA)
)
 8 Direct Funding), and Mark J. Hanna,)
)
 9 Respondents)

10 NOTICE OF ORDER

11 This Order commences an adjudicative proceeding under the provisions
12 of RSA 397-A and RSA 541-A.

13 LEGAL AUTHORITY AND JURISDICTION

14 Pursuant to RSA 397-A:17, the Banking Department of the State of New
15 Hampshire (hereinafter the "Department") has the authority to issue an order
16 to show cause why license revocation and penalties for violations of New
17 Hampshire Banking laws should not be imposed.

18 Pursuant to RSA 397-A:18, the Department has the authority to issue a
19 complaint setting forth charges whenever the Department is of the opinion
20 that the licensee or person over whom the Department has jurisdiction is
21 violating or has violated any provision of RSA Chapter 397-A, or any rule or
22 order thereunder.

23 Pursuant to RSA 397-A:20, the Commissioner may issue, amend, or
24 rescind such orders as are reasonably necessary to comply with the
25 provisions of the Chapter.

1 Pursuant to RSA 397-A:21, the Commissioner has the authority to
2 suspend, revoke or deny any license and to impose administrative penalties
3 of up to \$2,500.00 for each violation of New Hampshire banking law and
4 rules.

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

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

12 The above named Respondents have the right to request a hearing on
13 this Order to Show Cause, as well as the right to be represented by counsel
14 at each Respondent's own expense. All hearings shall comply with RSA 541-A.
15 Any such request for a hearing shall be in writing, and signed by the
16 Respondent or the duly authorized agent of the above named Respondent, and
17 shall be delivered either by hand or certified mail, return receipt
18 requested, to the Banking Department, State of New Hampshire, 53 Regional
19 Drive, Suite 200, Concord, NH 03301. Such hearings will be scheduled within
20 10 days of the Department's receipt of the request. If the Respondent fails
21 to appear at the hearing after being duly notified, such person shall be
22 deemed in default, and the proceeding may be determined against the Respondent
23 upon consideration of the Order to Show Cause, the allegations of which may be
24 deemed to be true.

25 If any of the above named Respondents fails to request a hearing within

1 30 calendar days of receipt of such order or reach a formal written and
2 executed settlement with the Department within that time frame, then such
3 person shall likewise be deemed in default, and the orders shall, on the
4 thirty-first day, become permanent, and shall remain in full force and effect
5 until and unless later modified or vacated by the Commissioner, for good cause
6 shown.

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

8 The Staff Petition dated June 11, 2009 (a copy of which is attached
9 hereto) is incorporated by reference hereto.

10 **ORDER**

11 WHEREAS, finding it necessary and appropriate and in the public
12 interest, and consistent with the intent and purposes of the New Hampshire
13 banking laws, and

14 WHEREAS, finding that the allegations contained in the Staff Petition,
15 if proved true and correct, form the legal basis of the relief requested,

16 It is hereby ORDERED, that:

- 17 1. Respondent Directors Mortgage Inc. (d/b/a USA Direct Funding)
18 ("Respondent Directors Mortgage") shall show cause why
19 penalties in the amount of \$5,000.00 should not be imposed
20 against it;
- 21 2. Respondent Mark J. Hanna ("Respondent Hanna") shall show
22 cause why penalties in the amount of \$7,500.00 should not be
23 imposed against him;
- 24 3. The above named Respondents shall show cause why, in addition
25 to the penalties listed in Paragraphs 1 through 2 above, the

1 fine for \$2,500.00 for the failure to file the financial
2 statement should not be paid to the Department;

3 4. The above named Respondents shall show cause why, in addition
4 to the penalties listed in Paragraphs 1 through 3 above, the
5 fine for \$2,500.00 for the failure to file the 2007 annual
6 report should not be paid to the Department;

7 5. The above named Respondents shall be jointly and severally
8 liable for the above amounts alleged in Paragraphs 1 through
9 4 above;

10 6. The above named Respondents shall show cause why, in addition
11 to the penalties listed in Paragraphs 1 through 5 above,
12 Respondent Directors Mortgage's license should not be
13 revoked.

14 It is hereby further ORDERED that:

15 7. Along with the administrative penalties listed for the above
16 named Respondents, the outstanding sum of \$5,000.00 shall be
17 immediately paid; and

18 8. Failure to request a hearing within 30 days of the date of
19 receipt or valid delivery of this Order shall result in a
20 default judgment being rendered and administrative penalties
21 imposed upon the defaulting Respondent(s).

22 SIGNED,

23
24 Dated: 06/11/09

25 /s/
PETER C. HILDRETH
BANK COMMISSIONER

1 State of New Hampshire Banking Department

2 In re the Matter of:) Case No.: 08-040
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 3 State of New Hampshire Banking)
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 4 Department,) Staff Petition
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 5 Petitioner,) June 11, 2009
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 6 and)
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 7 Directors Mortgage Inc. (d/b/a USA)
)
 8 Direct Funding), and Mark J. Hanna,)
)
 9 Respondents)

10 I. STATEMENT OF ALLEGATIONS

11 The Staff of the Banking Department, State of New Hampshire (hereinafter
12 "Department") alleges the following facts:

13 Facts Common on All Counts:

- 14 1. Respondent Directors Mortgage Inc. (d/b/a USA Direct Funding)
 15 (hereinafter "Respondent Directors Mortgage") was licensed as a
 16 Mortgage Banker from at least March 22, 2007 until its license
 17 expired on December 31, 2007.
- 18 2. Respondent Mark J. Hanna (hereinafter "Respondent Hanna") was
 19 the 100% owner, President and Chief Executive Officer of
 20 Respondent Directors Mortgage, when licensed by the Department.

21 Violation of RSA 397-A:13,II Failure to File Financial Statement (1 Count):

- 22 3. Paragraphs 1 through 2 are hereby realleged as fully set forth
 23 herein.
- 24 4. The Respondents' fiscal year end was July 31, 2007 and the
 25 financial statement was due on or before October 29, 2007.

1 5. Respondent Directors Mortgage was licensed on the date the
2 financial statement filing was due the Department.

3 6. The Department sent Respondent Directors Mortgage a reminder
4 letter on July 31, 2007, via U.S. mail, with a follow-up on
5 October 31, 2007 and a final letter on December 4, 2007.

6 7. The above named Respondents neither responded to the reminder
7 letters nor submitted the financial statement.

8 8. To date, the accrued penalty for failure to file a financial
9 statement has reached the maximum cap of \$2,500.00 (\$25.00 a day,
10 maximum \$2,500.00).

11 **Violation of RSA 397-A:13,I Failure to File Annual Report (1 Count):**

12 **Violation of RSA 397-A:13,VI Failure of Officer and Owner to Respond to**

13 **Department Inquiries (1 Count):**

14 9. Paragraphs 1 through 8 are hereby realleged as fully set forth
15 herein.

16 10. Respondent Directors Mortgage was licensed in 2007, and thus
17 subject to the filing of a 2007 annual report with the
18 Department.

19 11. The 2007 annual report was due on or before February 1, 2008.

20 12. On February 5, 2008, the Department mailed, via U.S. Certified
21 Mail Return Receipt requested, a reminder letter that the annual
22 report was due on February 1, 2008, which Respondents received
23 on February 8, 2008.

24 13. The above named Respondents failed to respond to the February 5,
25 2008 Department correspondence.

1 14. To date, Respondent Directors Mortgage has failed to file the
2 2007 annual report.

3 15. To date, the penalty for failing to file an annual report has
4 accrued to the cap of \$2,500.00.

5 **II. ISSUES OF LAW**

6 The staff of the Department alleges the following issues of law:

7 1. The Department realleges the above stated facts in Paragraphs 1
8 through 15 as fully set forth herein.

9 2. The Department has jurisdiction over the licensing and regulation
10 of persons engaged in mortgage banker or broker activities
11 pursuant to NH RSA 397-A:2 and RSA 397-A:3.

12 3. RSA 397-A:13,I provides that a licensee shall file its annual
13 report on or before February 1 each year concerning operations
14 for the preceding year or license period ending December 31.
15 Each of the above named Respondents violated this provision on at
16 least one occasion as alleged above. The amount of the fine is
17 \$2,500.00 for failing to file the annual report, as calculated
18 under RSA 397-A:13,IV below.

19 4. RSA 397-A:13,II provides that each licensee shall file a financial
20 statement within 90 days from the date of its fiscal year end.
21 Each of the above named Respondents violated this statute on at
22 least one occasion as alleged above. The maximum fine has
23 accrued to \$2,500.00, as calculated by RSA 397-A:13,IV below.

24 5. RSA 397-A:13,IV provides that any mortgage banker or mortgage
25 broker failing to file either the annual report or the financial

1 statement required by RSA Chapter 397-A within the time
2 prescribed may be required to pay to the Department a penalty of
3 \$25.00 for each calendar day the annual report or financial
4 statement is overdue, up to a maximum penalty of \$2,500.00 per
5 report or statement. The above named Respondents failed to file a
6 financial statement and annual report, the fine for each has now
7 accrued to the maximum cap of \$2,500.00.

8 6. RSA 397-A:13,VI provides that any officer, owner, manager or agent
9 of any licensee shall reply promptly in writing, or other
10 designated form, to any written inquiry from the Department.
11 Respondent Hanna violated this provision on at least one occasion
12 as alleged above.

13 7. RSA 397-A:17,I provides in part that the Commissioner may by
14 order, upon due notice and opportunity for hearing, assess
15 penalties or deny, suspend, or revoke a license or application if
16 it is in the public interest and the applicant, respondent, or
17 licensee, any partner, officer, member, or director, any person
18 occupying a similar status or performing similar functions, or
19 any person directly or indirectly controlling the applicant,
20 respondent, or licensee: (a) has violated any provision of RSA
21 Chapter 397-A or rules thereunder, or (b)has not met the
22 standards established in RSA Chapter 397-A.

23 8. RSA 397-A:18,I provides that the Department may issue a complaint
24 setting forth charges whenever the Department is of the opinion
25 that the licensee or person over whom the Department has

1 jurisdiction, has violated any provision of RSA Chapter 397-A or
2 orders thereunder.

3 9. RSA 397-A:21,IV provides that any person who, either knowingly or
4 negligently, violates any provision of RSA Chapter 397-A, may
5 upon hearing, and in addition to any other penalty provided for
6 by law, be subject to an administrative fine not to exceed
7 \$2,500.00, or both. Each of the acts specified shall constitute
8 a separate violation, and such administrative action or fine may
9 be imposed in addition to any criminal penalties or civil
10 liabilities imposed by New Hampshire Banking laws.

11 10. RSA 397-A:21,V provides that every person who directly or
12 indirectly controls a person liable under this section, every
13 partner, principal executive officer or director of such person,
14 every person occupying a similar status or performing a similar
15 function, every employee of such person who materially aids in the
16 act constituting the violation, and every licensee or person acting
17 as a common law agent who materially aids in the acts constituting
18 the violation, either knowingly or negligently, may, upon notice
19 and opportunity for hearing, and in addition to any other penalty
20 provided for by law, be subject to suspension, revocation, or
21 denial of any registration or license, including the forfeiture of
22 any application fee, or the imposition of an administrative fine
23 not to exceed \$2,500, or both. Each of the acts specified shall
24 constitute a separate violation, and such administrative action or
25 fine may be imposed in addition to any criminal or civil penalties

1 imposed.

2 **III. RELIEF REQUESTED**

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

- 5 1. Find as fact the allegations contained in section I of this Staff
6 Petition;
- 7 2. Make conclusions of law relative to the allegations contained in
8 section II of this Staff Petition;
- 9 3. Pursuant to RSA 397-A:17, order each of the above named
10 Respondents to show cause why their license should not be revoked;
- 11 4. Assess fines and administrative penalties in accordance with RSA
12 397-A:21, for violations of Chapter 397-A, in the number and
13 amount equal to the violations set forth in section II of this
14 Staff Petition; and
- 15 5. Take such other administrative and legal actions as necessary for
16 enforcement of the New Hampshire Banking Laws, the protection of
17 New Hampshire citizens, and to provide other equitable relief.

18 **IV. RIGHT TO AMEND**

19 The Department reserves the right to amend this Staff Petition and to
20 request that the Commissioner take additional administrative action.
21 Nothing herein shall preclude the Department from bringing additional
22 enforcement action under RSA 397-A or the regulations thereunder.

23 Respectfully submitted by:

24 /s/
25 Maryam Torben Desfosses
Hearings Examiner

 06/11/09
Date