

FINAL ORDER

DATE 1/29/19

IN THE MATTER OF:

DFIN SOLUTIONS, LTD, and
EASY DIRECT SOLUTIONS,

Respondents.

BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION

Case No.: CFR-FY2017-0024

SUMMARY ORDER TO CEASE AND DESIST

1. This matter arises from a complaint filed with the Office of the Commissioner of Financial Regulation ("OCFR") in the Department of Labor, Licensing and Regulation by [REDACTED] ("Consumer A") against Respondents DFIN Solutions, Ltd. ("DFIN") and Easy Direct Solutions ("Easy Direct").

2. Respondent DFIN is a limited liability company, which offers mortgage and other lending services to consumers. Respondent DFIN conducts its business from an unknown location in Great Valley, Malvern, Pennsylvania, 19355 as well as from 20s. Santa Cruz Avenue, Los Gatos, California 95030. DFIN is not registered with the Maryland State Department of Assessments & Taxation to conduct business in Maryland and is not licensed in any capacity by the Maryland Commissioner of Financial Regulation ("Commissioner"). DFIN collects payments from consumers through Destaro Services, LLC ("Destaro"), a Pennsylvania company incorporated in February 2016, which conducts its business from 1735 Market Street, Suite 3750, Philadelphia, Pennsylvania 19103 and 704, K-ii, Luhadiya Tower, Ashok Marg, C-scheme, Jaipur, Rajasthan, India 302001. Destaro is not registered with the Maryland State Department of Assessments & Taxation to conduct business in Maryland and is not licensed in any capacity by the Commissioner.

3. Respondent Easy Direct is a Delaware company incorporated in April 2016, which conducts its business from 300 North LaSalle, Suite 4925, Chicago, Illinois 60654, 914 N. Market Street, Suite 200, Wilmington, Delaware, 19808, and 601 South Figueroa Street, Suite 4050, Los Angeles, California 90017. Easy Direct is not registered with the Maryland State Department of Assessments & Taxation to conduct business in Maryland and is not licensed by the Commissioner.

4. The OCFR investigated Consumer A's complaint pursuant to the Commissioner's authority in Md. Code Ann. Financial Institutions Article ("FI") §2-114(a)(1)(i) to conduct public or private investigations as the Commissioner considers necessary to determine whether a "person" (defined in FI §1-101(t) to mean "an individual, receiver, trustee, guardian, personal representative, fiduciary, or representative of any kind and any partnership, firm, association,

corporation or other entity”) has violated a provision of law, regulation, rule, or order over which the Commissioner has jurisdiction. The investigation revealed the following facts.

5. At DFIN’s direction, Consumer A completed an application for a mortgage loan to refinance Consumer A’s real property located in Morningside, Maryland. Consumer A submitted the application to DFIN, however, DFIN failed to provide Consumer A with all of the disclosures required under Maryland law.

6. On September 9, 2016, Consumer A entered into an agreement with DFIN, which required Consumer A to pay \$5,062 in fees to obtain the mortgage loan. Consumer A made four deposits totaling \$5,062 into a bank account designated by DFIN and owned by Destaro.

7. On September 27, 2016, DFIN informed Consumer A that he was approved for a mortgage loan of \$128,000. However, DFIN required Consumer A to pay an additional \$12,000 to DFIN for the loan to be funded and disbursed.

8. On September 28, 2016, Consumer A submitted a written request to DFIN to cancel the transaction and requested a refund of the \$5,062 in fees paid to DFIN.

9. DFIN failed to cancel the transaction and refund the upfront fees to Consumer A as requested.

10. Instead, on March 15, 2017, Consumer A received from Respondent Easy Direct a Payment Security Note informing Consumer A that his mortgage loan application for \$128,000 had been approved by Dave Investment Group. Easy Direct instructed Consumer A to submit an upfront fee of \$1,000 as “USPS Charges and File Handling Charges” to Easy Direct for disbursement of the mortgage loan and the upfront fees previously paid to DFIN. Easy Direct attached a cashier’s check in the amount of \$133,664.00 payable to Consumer A to the Payment Security Note.

11. Respondents have actively engaged in mortgage lending activities in Maryland without obtaining the requisite license, failed to provide to Consumer A requisite pre-closing disclosures and a financing agreement, made misrepresentations to Consumer A concerning his loan application, and have otherwise engaged in a scheme of mortgage fraud.

12. Pursuant to FI §2-115(a), “When the Commissioner determines that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, and that immediate action against the person is in the public interest, the Commissioner may in the Commissioner’s discretion issue, without a prior hearing, a summary order directing the person to cease and desist from engaging in the activity, provided that the summary cease and desist order gives the person: (1) Notice of the opportunity for a hearing before the Commissioner to determine whether the summary cease and desist order should be vacated, modified, or entered as final; and (2) Notice that the summary cease and desist order will be entered as final if the person does not request a hearing within 15 days of receipt of the summary cease and desist order.”

13. Based on the OCFR's investigation, the Commissioner has determined that the Respondents are subject to and have violated the following laws, regulations, rules, or orders over which the Commissioner has jurisdiction, which provide:

Md. Code Ann. Commercial Law, Title 12
Subtitle 1. Interest and Usury

§ 12-106. Statements to be furnished by lender.

* * *

(b) *Statement before loan.* – (1) Before the execution of a loan contract under this title, the lender shall furnish to the borrower a written statement which sets forth:

(i) The total principal amount of the loan and the total amount of finance charge as defined in the federal Truth in Lending Act to be paid, stated in dollars, except that on loans payable on demand, the total amount of finance charge to be paid shall be stated on a per diem basis;

(ii) The annual effective rate of simple interest charged, stated in percentage calculated to the nearest 0.2 percent; and

(iii) The itemized amount of payments in addition to interest payable to the lender in connection with the loan at the time the loan is made, stated in dollars.

* * *

(c) *Statement of payments on loan secured by real property.* – At least annually and, on request of the borrower, at any other reasonable time or interval, a lender who receives scheduled monthly periodic payments on more than five loans secured by an interest in real property shall furnish to the borrower a written statement informing the borrower of the amount of:

- (1) Payments credited to reducing the principal;
- (2) Payments credited to interest as defined in this subtitle; and
- (3) The remaining unpaid principal balance.

§ 12-125. Financing agreements.

* * *

(a) *Definitions.* – (1) In this section the following words have the meanings indicated.

(2) “Borrower” means a person who makes an application for a loan secured by a first mortgage or first deed of trust on a 1- to 4-family home to be occupied by the borrower as the borrower’s primary residence.

* * *

(4) “Financing agreement” means a written agreement between a borrower and a lender which sets for the terms of a purchase money loan or a refinancing of an existing loan that:

(i) Results in or is secured by a first mortgage or a first deed or trust on a 1- to 4-family home to be occupied by the borrower; and

(ii) Is offered or extended to the borrower.

* * *

(6) (i) "Loan application" means any oral or written request for an extension of credit that is made in accordance with procedures established by a lender for the purpose of inducing the lender to seek or procure or to make a mortgage loan.

* * *

(b) *In general.* – (1) A lender who offers to make or procure a loan secured by a first mortgage or first deed of trust on a 1- to 4-family home to be occupied by the borrower shall provide the borrower with a financing agreement executed by the lender within 10 business days after the date the loan application is completed.

(2) The financing agreement shall provide:

(i) The term and principal amount of the loan;

(ii) An explanation of the type of mortgage loan being offered;

(iii) The rate of interest that will apply to the loan and, if the rate is subject to change or is a variable rate or is subject to final determination at a future date based on some objective standard, a specific statement of those facts;

(iv) The points, if any, to be paid by the borrower or the seller, or both; and

(v) The term during which the financing agreement remains in effect.

* * *

(d) *Penalties.* – If a lender fails to comply with the requirements of this section, the lender shall be subject to the penalties set forth in § 11-523 of the Financial Institutions Article.

Md. Code Ann., Financial Institutions Article, Title 11
Subtitle 5. Maryland Mortgage Lender Law

§ 11-501. Definitions.

* * *

(j) *Mortgage lender.* – (1) "Mortgage lender" means any person who:

(i) Is a mortgage broker;

(ii) Makes a mortgage loan to any person; or

(iii) Is a mortgage servicer.

(k) *Mortgage lending business.* – (1) "Mortgage lending business" means the activities set forth in the definition of "mortgage lender" in subsection (j) of this section which require that person to be licensed under this subtitle.

(l) *Mortgage loan.* – "Mortgage loan" means any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate on which a dwelling is constructed or intended to be constructed.

* * *

§ 11-504. License or registration requirement.

A person may not act as a mortgage lender unless the person is:

- (1) A licensee; or
- (2) A person exempted from licensing under this subtitle.

§ 11-517. Suspension or revocation of license; enforcement of subtitle, regulations, etc.; employment of mortgage originators.

* * *

(c) *Enforcement of subtitle, regulations, etc. – Orders, civil penalties. —*

(1) The Commissioner may enforce the provisions of this subtitle, regulations adopted under § 11-503 of this subtitle, and the applicable provisions of Title 12 of the Commercial Law Article by:

(i) Issuing an order:

- 1. To cease and desist from the violation and any further similar violations; and
- 2. Requiring the violator to take affirmative action to correct the violation including the restitution of money or property to any person aggrieved by any violation; and

(ii) Imposing a civil penalty not exceeding \$10,000 for each violation.

(2) If a violator fails to comply with an order issued under paragraph (1)(i) of this subsection, the Commissioner may impose a civil penalty not exceeding \$25,000 for each violation from which the violator failed to cease and desist or for which the violator failed to take the affirmative action to correct.

* * *

§ 11-523. Penalties.

* * *

(b) *Unlicensed persons. —* Any unlicensed person who is not exempt from licensing under this subtitle who makes or assists a borrower in obtaining a mortgage loan in violation of this subtitle may collect only the principal amount of the loan and may not collect any interest, costs, finder's fees, broker fees, or other charges with respect to the loan.

* * *

Md. Code Ann., Real Property Article, Title 7
Subtitle 4. Maryland Mortgage Fraud Protection Act

§ 7-401. Definitions.

* * *

(d) *Mortgage fraud. —* "Mortgage fraud" means any action by a person made with the intent to defraud that involves:

(1) Knowingly making any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;

(2) Knowingly creating or producing a document for use during the mortgage lending process that contains a deliberate misstatement, misrepresentation, or omission with the intent that the document containing the

misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;

(3) Knowingly using or facilitating the use of any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;

(4) Receiving any proceeds or any other funds in connection with a mortgage closing that the person knows resulted from a violation of item (1), (2), or (3) of this section;

(5) Conspiring to violate any of the provisions of item (1), (2), (3), or (4) of this section; or

(6) Filing or causing to be filed in the land records in the county where a residential real property is located, any document relating to a mortgage loan that the person knows to contain a deliberate misstatement, misrepresentation, or omission.

(e) *Mortgage lending process.* – (1) “Mortgage lending process” means the process by which a person seeks or obtains a mortgage loan.

(2) “Mortgage lending process” includes:

(i) The solicitation, application, origination, negotiation, servicing, underwriting, signing, closing, and funding of a mortgage loan; and

(ii) The notarizing of any document in connection with a mortgage loan.

(f) *Mortgage Loan.* – “Mortgage loan” has the meaning stated in § 11-501 of the Financial Institutions Article.

§ 7-402. Mortgage fraud prohibited.

A person may not commit mortgage fraud.

§ 7-404.1 Enforcement powers of the Commissioner.

(a) *In general.* – The Commissioner may enforce the provisions of this subtitle by exercising any of the powers provided under §§ 2-113 through 2-116 of the Financial Institution Article.

* * *

CODE OF MARYLAND REGULATIONS

Title 09. DEPARTMENT OF LABOR, LICENSING, AND REGULATION

Subtitle 03. COMMISSIONER OF FINANCIAL REGULATION

Chapter 6 Mortgage Lenders

Section .03 Licensing and Application Requirements

A. Scope.

(1) If otherwise required to be licensed under Financial Institutions Article §11-502, Annotated Code of Maryland, a person is not exempt because the person:

(a) Is an out-of-State deposit-taking financial institution;

(b) Does not have offices in Maryland;

- (c) Does not have tax situs in Maryland; or
- (d) Is not required to register as a foreign corporation doing business in Maryland.

* * *

.05 Advertising and Solicitation

A. A person may not publish, or cause to be published, any advertisement, or make or cause to be made any representation, that:

- (1) Contains any false, misleading, or deceptive statements regarding the making, brokering or servicing of a mortgage loan; or
- (2) Misrepresents terms, availability, rates, or charges incident to a mortgage loan.

* * *

.16 Enforcement

A person who violates these regulations is subject to the enforcement provisions of Financial Institutions Article, §11-517, Annotated Code of Maryland.

NOTICE OF OPPORTUNITY FOR HEARING

Pursuant to FI § 2-115(a), the Respondents are hereby given notice that they are entitled to a hearing before the Commissioner to determine whether this Summary Order to Cease and Desist should be vacated, modified, or entered as a final Order of the Commissioner; and this Summary Order to Cease and Desist will be entered as a final Order of the Commissioner if a hearing is not requested within 15 days of the receipt of this Summary Order to Cease and Desist.

Pursuant to Md. Code Ann., State Government Article ("SG") §§ 10-206.1(a) and (b) and COMAR 09.01.02.08, the Respondents are hereby given notice that: an agency may not grant the right to practice law to an individual who is not authorized to practice law in Maryland; interfere with the right of a lawyer who is authorized to practice law in Maryland to practice before an agency or the Office of Administrative Hearings; or prevent any party from being advised or represented at the party's own expense by an attorney or, if permitted by law, other representative. Further, an individual party may request a hearing and appear at a hearing in person or through an attorney authorized to practice law in Maryland, however, a business entity may only request a hearing and appear at a hearing through an attorney authorized to practice law in Maryland.

The Respondents are hereby given notice that any requests for a hearing in this matter must conform to the requirements stated above, must be in writing, must be signed by the party, and/or the attorney representing the party requesting the hearing, and must be submitted to the following address within 15 days of the date of the receipt of this Summary Order to Cease and Desist: **Carmen Flowers, Administrator, Office of the Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202.**

ORDER TO CEASE AND DESIST

Having determined that that the Respondents have engaged in acts or practices constituting violations of a law, regulation, rule, or order over which the Commissioner has jurisdiction and that immediate action against the Respondents is in the public interest, it is this 9 day of January, 2019, by the Maryland Commissioner of Financial Regulation:

ORDERED that Respondents shall immediately **CEASE** and **DESIST** from engaging in any and all activities which constitute a mortgage lending business or in any other way acting as a mortgage lender or broker in the State of Maryland either by acting directly, or by acting indirectly through other individuals or business entities; and it is

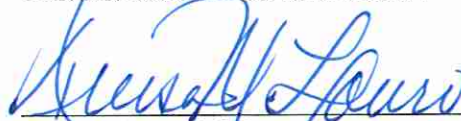
ORDERED that Respondents shall immediately **CEASE** and **DESIST** from violating the aforementioned statutory provisions of Maryland law and to take affirmative action to correct the violations described herein; and it is further

ORDERED that should the Respondents fail to request a hearing within 15 days of the receipt of this Summary Order to Cease and Desist, this Summary Order to Cease and Desist shall become a Final Order of the Commissioner and the Commissioner may impose civil penalties and/or take any other action against Respondents as authorized by FI §§ 2-115(b), 11-517(c), and 11-523(b); and it is further

ORDERED that all provisions of this Summary Order to Cease and Desist, including all Orders and Notices set forth herein, also apply to all unnamed owners, partners, members, officers, principals, directors, managers, employees, and agents of all Respondents' business entities named above; and it is further

ORDERED that the officers or managers for all Respondents' business entities named above shall provide a copy of this Summary Order to Cease and Desist to all unnamed owners, partners, members, officers, principals, directors, managers, and agents of those of the Respondents' business entities.

**MARYLAND COMMISSIONER OF
FINANCIAL REGULATION**



By: Teresa M. Louro
Deputy Commissioner

Jan. 9, 2019
Date