State of New Hampshire Banking Department

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In re the Matter of: 3

) Case No.: 07-008

State of New Hampshire Banking

) Consent Order

) Pedrick only

*Applies to Respondents Heffernan and

Department,

Petitioner,

and

Mortgage Lenders Network USA Inc

Mitchell Heffernan, and James

Pedrick, 10

Respondents

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CONSENT ORDER

- For purposes of settling the above-referenced matter, among other things, the New Hampshire Banking Department (hereinafter referred to as "the Department") and Respondents Heffernan and Pedrick, do hereby enter this Agreement and stipulate to the following:
 - 1. Respondent are shareholders, directors and former officers of Respondent Mortgage Lenders Network USA Inc (hereinafter referred to as "MLN") which was licensed to conduct mortgage banking activity by the Department pursuant to RSA 397-A:3.
 - 2. The Respondents were issued an Order to Show Cause and Cease and Desist Order (the "Department Orders") on January 19, 2007.
 - 3. Respondents requested a hearing on the Department Orders.
 - 4. MLN subsequently filed for bankruptcy protection.
 - 5. This Consent Decree shall not constitute either an adjudication of a finding on the merits of the Department's Orders against Respondents Heffernan and Pedrick and shall not be construed to

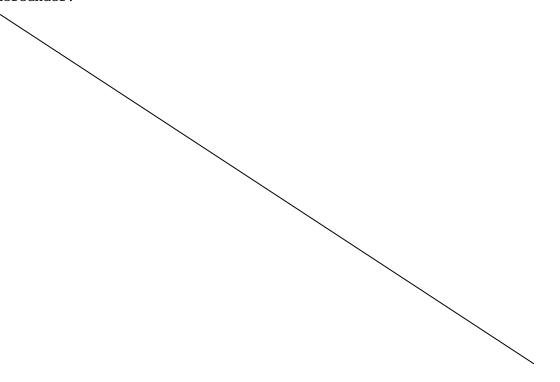
be an admission by Respondents Heffernan and Pedrick of any violation of the Department's mortgage banking laws, regulations and/or rules.

- 6. A hearing on the Department Orders was scheduled and subsequently continued to allow negotiations between the Department and Respondents.
- II. For purposes of amicably resolving and closing the above-referenced matters the Respondents agree to the following terms and conditions and the Department accepts the same:
 - 1. The Respondents agree that they have voluntarily entered into this Agreement without reliance upon any discussions between the Department and Respondents, without promise of a benefit of any kind (other than concessions contained in this Agreement), and without threats, force, intimidation, or coercion of any kind. The Respondents further acknowledge their understanding of the nature of the offenses stated above, including the penalties provided by law.
 - 2. The Respondents agree to waive any and all rights to a hearing and appeal thereof.
 - 3. The Respondents agree that they will not deny the factual basis for this Agreement to which they have stipulated above and will not give conflicting statements about such facts or their involvement in the stipulated facts.
 - 4. The Respondents agree that all terms of this Agreement are contractual and none is a mere recital.
 - 5. The Respondents will pay an administrative penalty of \$16,500 to the Department for violations of RSA 397-A:14-b by MLN.
 - 6. The Respondents will pay to consumers the amount listed in a non-public addendum to this agreement within 90 days of this agreement.

 The Respondents will make an accounting to the Department and will pay the funds directly to the Department.
 - 7. The Respondents acknowledge they are jointly and severally liable for the payments referenced above.

- 8. The Respondents acknowledge that failure to make payment as agreed above or further violations of law will result in license action and additional administrative fines.
- 9. The Department agrees to waive all administrative fines if the payments to consumers are completed within 60 days of the signing of this agreement.
- 10. Respondents hereby agree to a prohibition on their involvement in any New Hampshire mortgage business for a period of three years commencing from January 1, 2007 and expiring on December 31, 2009.
- 11. Each person who signs this Consent Order in a representative capacity warrants that his or her execution of this Consent Order is duly authorized, executed, and delivered by and for the entity for which he signs.

This Agreement represents the complete and final resolution of, and discharge of any basis for any civil or administrative proceeding by the Department against the Respondent for violations arising as a result of or in connection with any actions or omissions by the Respondent through the date of this Order as it applies to the allegations contained in the Department Orders. The Department expressly reserves its right to pursue any administrative or civil action or remedy available to it should the Respondents breach this Agreement or in the future violate the Act or rules and orders promulgated thereunder.



| 1 | WHEREFORE, based on the foregoing, we have set our hands to this Agreement, |
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| 2 | with it taking effect upon the signature of Peter C. Hildreth, Bank |
| _ | Commissioner. |
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| 4 | Recommended this 10th day of September, 2007 by |
| 5 | /s/ |
| | James Shepard, Staff Attorney, Banking Department |
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| 7 | Executed this 6th day of September, 2007. |
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| 9 | /S/ Lucy Karl, as representative for Respondents Mitchell Heffernan and James Pedrick |
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| 12 | FINDING THE ABOVE CONSENT ORDER AND THE AGREEMENTS CONTAINED THEREIN TO BE IN |
| 13 | THE PUBLIC INTEREST IT IS; |
| 14 | SO ORDERED |
| 15 | this 12th day of September, 2007. |
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| 10 | /S/ |
| 17 | Peter C. Hildreth, |
| 18 | Bank Commissioner |
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