

1 State of New Hampshire Banking Department

2 In re the Matter of:) Case No.: 07-053
)
 3 State of New Hampshire Banking) Consent Order
)
 4 Department,)
)
 5 Petitioner,)
)
 6 and)
)
 7 Fairfield Mortgage LLC, Earl J.)
)
 8 Cheney, David Paolini,)
)
 9 Respondents

10
11 CONSENT ORDER

12 I. For purposes of settling the above-referenced matter, among other
13 things, the New Hampshire Banking Department (hereinafter referred to
14 as "the Department") and Respondents Fairfield Mortgage LLC, Earl J.
15 Cheney, and David Paolini (hereinafter referred to together as the
16 "Respondents"), do hereby enter this Agreement and stipulate to the
17 following:

- 18 1. Respondent Fairfield Mortgage LLC ("Licensee") was licensed to
19 conduct mortgage brokering in New Hampshire by the Department
20 during the period referenced in the Staff Petition of July 18,
21 2007.
- 22 2. Respondent Earl J. Cheney ("Cheney") is a member of the Licensee.
- 23 3. Respondent David Paolini ("Paolini") is a member of the Licensee.
- 24 4. The Department and Respondents agree that the Licensee was
25 subject to examination and the jurisdiction of the Bank
Commissioner as a result of the foregoing.
- 5. The Respondents admit that the Licensee previously failed to
maintain an adequate security policy. The Respondents further
acknowledge that as a result of Licensee's lack of a security

1 policy, action taken by the Licensee could have resulted in a
2 failure to protect consumer information. The Department
3 acknowledges the Licensee has now cured this problem.

4 6. Licensee admits that previously it maintained records in a manner
5 that made it difficult for the Department to ensure compliance.

6 7. Licensee admits the allegations contained in Paragraph 26 of the
7 Staff Petition and does not contest that one of its former
8 employees, without authority, allowed another lender to utilize
9 its password to resubmit an application for a borrower previously
10 turned down by that lender.

11 8. The Department acknowledges that a subsequent examination of the
12 Respondent licensee, though not yet complete, has not revealed
13 any repeat violations of the above acknowledged issues.

14 II. For purposes of amicably resolving and closing the above-referenced
15 matters the Respondents agree to the following terms and conditions and the
16 Department accepts the same:

- 17 1. The Respondents agree that they have voluntarily entered into this
18 Agreement without reliance upon any discussions between the
19 Department and Respondents, without promise of a benefit of any kind
20 (other than concessions contained in this Agreement), and without
21 threats, force, intimidation, or coercion of any kind. The
22 Respondents further acknowledge their understanding of the nature of
23 the offenses stated above, including the penalties provided by law.
- 24 2. The Respondents agree to waive any and all rights to a hearing and
25 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.

1 5. The Licensee agrees it is subject to an administrative penalty of at
2 least \$25,000.00 ("Fine") and Cheney and Paolini understand that but
3 for this Agreement, the Department could seek to assess each of them
4 with a similar fine.

5 6. Cheney and Paolini agree to cause the Licensee to pay \$7,500.00 of
6 the Fine (the "Agreed Payment") within 30 days of the execution of
7 this agreement.

8 7. The Department agrees to waive \$17,500.00 ("Suspended Amount") of
9 the Fine upon the timely payment of the Agreed Payment.

10 8. The Respondents acknowledge that failure by the Licensee to make
11 Agreed Payment as agreed above will result in imposition of the
12 Suspended Amount and further agree that Paolini and Cheney will be
13 jointly and severally liable for the payment of the Agreed Payment
14 and the Suspended Fine.

15 This Agreement represents the complete and final resolution of, and discharge
16 of any basis for any civil or administrative proceeding by the Department
17 against the Respondents for violations arising as a result of or in
18 connection with any actions or omissions by the Respondents through the date
19 of this Order as it applies to the allegations in this action; provided,
20 however, this release does not apply to facts not known by the Department or
21 not otherwise provided by the Respondents to the Department as of the date of
22 this Order. This Agreement further does not apply to potential enforcement
23 action relating to the current examination of Respondent Licensee. The
24 Department expressly reserves its right to pursue any administrative or civil
25 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.

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