

1 State of New Hampshire Banking Department

2 In re the Matter of:) Case No.: 07-214
)
 3 State of New Hampshire Banking) Order to Show Cause
)
 4 Department,) with Immediate Suspension
)
 5 Petitioner,)
)
 6 and)
)
 7 Casa Blanca Mortgage, Inc., Michael)
)
 8 J. Chung, Jiwon J. Chung, Steve Ko,)
)
 9 and Peter S. Tomita,
 10 Respondents

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13 NOTICE OF ORDER

14 This Order commences an adjudicative proceeding under the provisions of
15 RSA 397-A:17, RSA 541-A and BAN 200.

16 LEGAL AUTHORITY AND JURISDICTION

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

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

23 NOTICE OF RIGHT TO REQUEST A HEARING

24 The above named respondent has the right to be represented by counsel
25 at the Respondent's own expense. All hearings shall comply with RSA 541-A.
Because of the immediate suspension issued a hearing will be held in the next

1 ten days of this order. If the Respondent fails to appear at the hearing after
2 being duly notified, such person shall be deemed in default, and the proceeding
3 may be determined against the Respondent upon consideration of the Order to
4 Show Cause, the allegations of which may be deemed to be true.

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

7 The Staff Petition dated August 1, 2007 (a copy of which is attached
8 hereto) is incorporated by reference hereto.

9 **ORDER**

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

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

15 It is hereby ORDERED, that the Respondent shall show cause why:

- 16 1. Administrative penalties of \$2,500.00 per Respondent per
17 violation should not be imposed; and
18 2. Respondent's license should not be revoked; and

19 FINDING that the public welfare requires emergency action it is hereby
20 ORDERED that:

- 21 3. Respondent's license is suspended immediately pending an
22 adjudicative proceeding.

23 SIGNED,

24 Dated: 8/2/07

25 /s/
PETER C. HILDRETH
BANK COMMISSIONER

1 State of New Hampshire Banking Department

2 In re the Matter of:) Case No.: 07-214
)
 3 State of New Hampshire Banking) Staff Petition
)
 4 Department,)
)
 5 Petitioner,) August 1, 2007
)
 6 and)
)
 7 Casa Blanca Mortgage, Inc., Michael)
)
 8 J. Chung, Jiwon J. Chung, Steve Ko,)
)
 9 and Peter S. Tomita,

10 Respondents

13 STATEMENT OF ALLEGATIONS

14 I. The Staff of the Banking Department, State of New Hampshire
 15 (hereinafter referred to as the "Department) alleges the following
 16 facts:

- 17 1. On or about June 4, 2007 the Department was scheduled to begin an
 18 examination of Casa Blanca Mortgage Inc. (hereinafter "Respondent
 19 CBMI").
- 20 2. Michael J. Chung (hereinafter "Respondent M. Chung") is the
 21 President and Chief Executive Officer of Respondent CBMI.
- 22 3. Peter S. Tomita (hereinafter "Respondent Tomita") is the Compliance
 23 Manager of Respondent CBMI.
- 24 4. Jiwon J. Chung (hereinafter "Respondent J. Chung") is the
 25 Controller of Respondent CBMI.

1 5. Steve Ko (hereinafter "Respondent Ko") is the Chief Operating
2 Officer of Respondent CBMI.

3 6. Respondent CBMI is licensed as a Mortgage Banker and at all times
4 relevant to this action held a Department license since at least
5 2003.

6 7. The Department sent a notice of an upcoming examination to
7 Respondent CBMI via US Certified Mail on May 7, 2007 (mail piece
8 number: 7006 3450 0000 0611 5697). The Respondent received and
9 signed for the mail piece on or about May 11, 2007.

10 8. On May 17, 2007 the Department received an acknowledgement of the
11 examination via email from Respondent Tomita.

12 9. On July 27, 2007 the Department attempted to contact Respondent
13 CBMI a second time. Respondents have not responded to the request.

14 10. Respondent CBMI similarly failed to facilitate an examination
15 scheduled to take place on December 5, 2005. Respondent CBMI has
16 established a history of not responding to Department requests for
17 examination.

18 11. Since this is a repeated failure to facilitate the examination
19 process it is reasonable to conclude that there is an ongoing risk
20 of harm to the consumer.

21 12. To date, the Respondent has failed to provide any exam materials to
22 the Department for this examination.

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24 **ISSUES OF LAW**

25 II. The staff of the Department, alleges the following issues of law:

- 1 1. The Department realleges the above stated facts in paragraphs 1
2 through 11.
- 3 2. The Department has jurisdiction over the licensing and
4 regulation of persons engaged in mortgage banker activities
5 pursuant to NH RSA 397-A:3.
- 6 3. Pursuant to New Hampshire Banking law, RSA 397-A:12 the
7 Department may examine the business affairs of any licensee or
8 any other person, whether licensed or not, as it deems necessary
9 to determine compliance with this Chapter and the rules adopted
10 pursuant to it and with the Consumer Credit Protection Act, as
11 amended (15 U.S.C. 1601 et seq.). In determining compliance,
12 the Department may examine the books, accounts, records, files,
13 and other documents or matters of any licensee or person. RSA
14 397-A:12 further requires every person being examined, and all
15 of the officers, directors, employees, agents, and
16 representatives of such person shall make freely available to
17 the commissioner or his examiners, the accounts, records,
18 documents, files, information, assets, and matters in their
19 possession or control relating to the subject of the examination
20 and shall facilitate the examination. The Respondent violated
21 this provision by failing to provide the examination materials.
- 22 4. RSA 397-A:17 II allows the Department to immediately suspend a
23 license for 30 days pending the investigation of that licensee.
- 24 5. RSA 397-A:21 IV provides that any person who, either knowingly
25 or negligently, violates any provision of Chapter 397-A, may
 upon hearing, and in addition to any other penalty provided for

1 by law, be subject to an administrative fine not to exceed
2 \$2,500, or both. Each of the acts specified shall constitute a
3 separate violation, and such administrative action or fine may
4 be imposed in addition to any criminal penalties or civil
5 liabilities imposed by New Hampshire Banking laws.

6 **RELIEF REQUESTED**

7 III. The staff of the Department requests the Commissioner take the
8 following Action:

- 9 1. Find as fact the allegations contained in section I of this
10 petition;
- 11 2. Make conclusions of law relative to the allegations contained
12 in section II of the this petition;
- 13 3. Issue a fine against each Respondent in the amount of \$2,500.00
14 for each violation of the chapter.
- 15 4. Take such other administrative and legal actions as necessary
16 for enforcement of the New Hampshire Banking Laws, the
17 protection of New Hampshire citizens, and to provide other
18 equitable relief.

19 **RIGHT TO AMEND**

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

25 Respectfully submitted by:

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 /S/
James Shepard
Staff Attorney

8/1/07
Date