

1 State of New Hampshire Banking Department

2 In re the Matter of: ) Case No.: 08-031  
 )  
 3 State of New Hampshire Banking ) Order to Show Cause  
 )  
 4 Department, )  
 )  
 5 Petitioner, )  
 )  
 6 and )  
 )  
 7 SouthCoast Mortgage & Investment )  
 )  
 8 Corporation, and Paul Matos, )  
 )  
 9 Respondents

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10  
11 NOTICE OF ORDER

12 This Order commences an adjudicative proceeding under the provisions of  
13 RSA 397-A:17, RSA 541-A, BAN 200 and JUS 800.

14 LEGAL AUTHORITY AND JURISDICTION

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

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

22 NOTICE OF RIGHT TO REQUEST A HEARING

23 The above named respondents have the right to request a hearing on this  
24 Order to Show Cause, as well as the right to be represented by counsel at  
25 each Respondent's own expense. All hearings shall comply with RSA 541-A. Any  
such request for a hearing shall be in writing, and signed by the respondents  
or the duly authorized agent of the above named respondents, and shall be

1 delivered either by hand or certified mail, return receipt requested, to the  
2 Banking Department, State of New Hampshire, 64B Old Suncook Road, Concord, NH  
3 03301. Such hearings will be scheduled within 10 days of the request. If the  
4 Respondents fail to appear at the hearing after being duly notified, such  
5 person shall be deemed in default, and the proceeding may be determined against  
6 the Respondents upon consideration of the Order to Show Cause, the allegations  
7 of which may be deemed to be true.

8 If the Respondents fail to request a hearing within 30 calendar days of  
9 receipt of such order or reach formal settlement with the Department within  
10 that time frame, then such person shall likewise be deemed in default, and the  
11 orders shall, on the thirty-first day, become permanent, and shall remain in  
12 full force and effect until and unless later modified or vacated by the  
13 commissioner, for good cause shown.

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

15 The Staff Petition dated February 14, 2008 (a copy of which is attached  
16 hereto) is incorporated by reference hereto.

17 **ORDER**

18 WHEREAS, finding it necessary and appropriate and in the public  
19 interest, and consistent with the intent and purposes of the New Hampshire  
20 banking laws, and

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

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

- 24 1. Administrative penalties of \$2,500.00 should not be imposed  
25 against each named Respondent for a violation of the Chapter;  
and
2. Statutory penalties of \$7,350.00.00 pursuant to RSA 397-A:11  
should not be imposed against Respondent Southcoast; and
3. Respondent SouthCoast's license should not be revoked; and



1 State of New Hampshire Banking Department

2 In re the Matter of: ) Case No.: 08-031  
) )  
3 State of New Hampshire Banking ) Staff Petition  
) )  
4 Department, ) )  
) )  
5 Petitioner, ) February 14, 2008  
) )  
6 and ) )  
) )  
7 SouthCoast Mortgage & Investment ) )  
) )  
8 Corporation, and Paul Matos, ) )  
) )  
9 Respondent

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10  
11 STATEMENT OF ALLEGATIONS

12 The Staff of the Banking Department, State of New Hampshire (hereinafter  
13 referred to as the "Department) alleges the following facts:

- 14 1. On or about September 24, 2007, the Department was scheduled to  
15 begin an examination of SouthCoast Mortgage & Investment  
16 Corporation. (hereinafter "Respondent SouthCoast").
- 17 2. Paul Matos is, or was at all times relevant, President of  
18 Respondent SouthCoast.
- 19 3. Respondent SouthCoast was licensed as a Mortgage Broker and at  
20 all times relevant to this action held a Department license since  
21 at least 2003.
- 22 4. The Department sent a notice of an upcoming examination to the  
23 Respondent via US Certified Mail on August 27, 2007 (mail piece  
24 number 7006 3450 0000 0610 0426). The Respondent received and  
25 signed for the notice on or about August 30, 2007.



1 the Department may examine the books, accounts, records, files,  
2 and other documents or matters of any licensee or person. RSA  
3 397-A:12 further requires every person being examined, and all  
4 of the officers, directors, employees, agents, and  
5 representatives of such person shall make freely available to  
6 the commissioner or his examiners, the accounts, records,  
7 documents, files, information, assets, and matters in their  
8 possession or control relating to the subject of the examination  
9 and shall facilitate the examination. The Respondent violated  
10 this provision by failing to facilitate the examination.

11 4. RSA 397-A:11 provides for a fine of \$50 per day for every day  
12 that records are not produced after 21 days.

13 5. RSA 397-A:21 IV provides that any person who, either knowingly  
14 or negligently, violates any provision of Chapter 397-A, may  
15 upon hearing, and in addition to any other penalty provided for  
16 by law, be subject to an administrative fine not to exceed  
17 \$2,500, or both. Each of the acts specified shall constitute a  
18 separate violation, and such administrative action or fine may  
19 be imposed in addition to any criminal penalties or civil  
20 liabilities imposed by New Hampshire Banking laws.

21 6. RSA 397-A:21 V provides that every person who directly or  
22 indirectly controls a person liable under this section, every  
23 partner, principal executive officer or director of such person,  
24 every person occupying a similar status or performing a similar  
25 function, every employee of such person who materially aids in  
the act constituting the violation, and every licensee or person

1 acting as a common law agent who materially aids in the acts  
2 constituting the violation, either knowingly or negligently, may,  
3 upon notice and opportunity for hearing, and in addition to any  
4 other penalty provided for by law, be subject to suspension,  
5 revocation, or denial of any registration or license, including  
6 the forfeiture of any application fee, or the imposition of an  
7 administrative fine not to exceed \$2,500, or both. Each of the  
8 acts specified shall constitute a separate violation, and such  
9 administrative action or fine may be imposed in addition to any  
10 criminal or civil penalties imposed.

11 **RELIEF REQUESTED**

12 The staff of the Department requests the Commissioner take the following  
13 Action:

- 14 1. Find as fact the allegations contained in section I of this petition;
- 15 2. Make conclusions of law relative to the allegations contained in  
16 section II of the this petition;
- 17 3. Order the Respondents to Show Cause why its license should not be  
18 revoked;
- 19 4. Assess fines and administrative penalties in accordance with RSA 397-  
20 A:21, for violations of Chapter 397-A, in the number and amount equal  
21 to the violations set forth in section II of this petition; and
- 22 5. Take such other administrative and legal actions as necessary for  
23 enforcement of the New Hampshire Banking Laws, the protection of New  
24 Hampshire citizens, and to provide other equitable relief.

25 **RIGHT TO AMEND**

