In re the Matter of:

State of New Hampshire Banking

Department,

Petitioner,

Petitioner,

Order to Show Cause

and

Mortgage Modifiers, LLC (a division of )

Residential Financial Group), and

Vaughn Rice,

Respondents

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Respondents

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## NOTICE OF CEASE AND DESIST AND ORDER TO SHOW CAUSE ("ORDER")

1. This Order commences an adjudicative proceeding under the provisions of RSA Chapter 399-D and RSA Chapter 541-A.

#### RESPONDENTS

- Mortgage Modifiers, LLC (a division of Residential Financial Group) ("Respondent MML") was a Florida limited liability company administratively dissolved for failure to file annual reports with the Florida Secretary of State Division of Corporations. Respondent MML has never registered with the New Hampshire Secretary of State. No registrations exist with the Florida or New Hampshire Secretary of State for Residential Financial Group.
- 3. Respondent MML has never been licensed as a Debt Adjuster with the New
  Hampshire Banking Department ("Department").
- 4. Vaughn Rice ("Respondent Rice") is listed in the Florida Division of Corporation's records as the Managing Member of Respondent MML.
- 25 | 5. Respondent MML and Respondent Rice are hereby collectively known as

"Respondents".

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# LEGAL AUTHORITY AND JURISDICTION

6. "Direct Owner" is defined as any person, including individuals, that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of 10 percent or more of the applicant or licensee. RSA 399-D:2,V-b.

- 7. "Person" is defined as an individual, corporation, partnership, association, limited liability company, association, joint stock company, trust, unincorporated organization, or any other entity. RSA 399-D:2,VII.
  - 8. "Principal" of the applicant or licensee is defined as "an owner with 10 percent or more ownership interest, corporate officer, director, member, general or limited liability partner, limited partner with 10 percent or more ownership interest, trustee, beneficiary of 10 percent or more of the trust that owns the applicant or licensee, indirect owner, senior manager, New Hampshire branch manager, and any person occupying similar status or performing similar functions." RSA 399-D:2, VIII.
  - 9. The Commissioner has the authority to issue an order to show cause to any person under the Commissioner's jurisdiction why penalties for violations of RSA Chapter 399-D or any rule or order thereunder should not be imposed.
  - 10. The Commissioner may by order, upon due notice and opportunity for hearing, assess penalties, deny, suspend, decline to renew or revoke a license if it is in the public interest and the respondent, any partner, officer, member, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly

- 1 | controlling the respondent has violated any provision of RSA Chapter 397-A
  2 | or rules or orders thereunder. RSA 399-D:13,I.
- 3 11. The Department may issue an order to cease and desist from violating RSA
- 4 | Chapter 399-D or any rule or order thereunder if it has reasonable cause to
- 5 | believe the Respondents have violated RSA Chapter 399-D or any rule or order
- 6 | thereunder. RSA 399-D:23,II.
- 7 | 12. The Commissioner may impose administrative fines of up to \$2,500.00 for
- 8 | each violation. RSA 399-D:24.
- 9 | 13. The Commissioner may issue, amend, or rescind such orders as are
- 10 | reasonably necessary to comply with the provisions of RSA Chapter 399-D. RSA
- 11 || 399-D:25, IV.

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## RIGHT TO REQUEST A HEARING

- 13 | 14. Respondents have a right to request a hearing on this Order. A hearing
- 14 | shall be held not later than ten (10) days after the Commissioner receives
- 15 | the Respondents' written request for a hearing. Respondents may request a
- 16 | hearing and waive the ten (10) day hearing requirement. The hearing shall
- 17 | comply with RSA Chapter 541-A, RSA 399-D:13 and RSA 399-D:23.
- 18 | 15. If any person fails to request a hearing within thirty (30) days of
- 19 | receiving this Order, then such person shall be deemed in default, and the
- 20 || Order shall, on the thirty-first (31st) day, become permanent, all
- 21 | allegations may be deemed true, and shall remain in full force and effect
- 22 | until modified or vacated by the Commissioner for good cause shown. RSA 399-
- 23 D:13 and RSA 399-D:23.
- 24 | 16. A default may result in administrative fines as described in Paragraph
- 25 | 12 above.

17. In April of 2010, the Department conducted an examination of a licensee and through that examination discovered Respondents conducted debt adjustment activity with a New Hampshire consumer in December 2008.

- a. A December 29, 2008 authorization form from Respondents (letterhead states Mortgage Modifiers A Division of Residential Financial Group) was signed by the New Hampshire consumer giving permission to Respondents to discuss payment assistance on the consumer's behalf and faxed the same day to the Department licensee.
- 18. Research conducted on June 25, 2010 revealed that the Economic Crimes Division of the Florida Office of the Attorney General has an active public consumer-related investigation regarding Respondents. Respondents' business in the complaint summary is listed as "foreclosure-related rescue service."

  19. On June 25, 2010, Debthelpdirectory.com listed "Residential Financial Group Mortgage Modifiers" with a description that included the statement "STOP FORECLOSURE NOW!!!" Based on Paragraph 17a above, it is more likely
- 20. On June 25, 2010, the Department sent an inquiry letter to Respondents via U.S. Certified Mail Return Receipt, which was returned to the Department on July 9, 2010 as "vacant, unable to forward".

than not that this is Respondents' advertisement.

21. On September 18, 2010, the Department sent a different inquiry letter to Respondents via U.S. Certified Mail Return Receipt, which was returned to the Department on October 21, 2010 as "unclaimed, unable to forward". This inquiry letter gave Respondents ten (10) calendar days to respond to the Department's inquiry.

1	22. On October 25, 2010, the Department sent an inquiry letter via U.S.		
2	Certified Mail Return Receipt to Respondents at a different address than		
3	letters previously sent, which was returned to the Department on December 9		
4	2010 as "unclaimed, unable to forward". The Department also sent a letter		
5	via U.S. Certified Mail Return Receipt to Respondents' Registered Agent'		
6	address, which was successfully delivered on October 28, 2010.		
7	23. As of December 27, 2010, the Better Business Bureau of West Florida has		
8	given Respondent MML an F rating for, inter alia, 20 complaints filed		
9	against the business and failing to respond to 13 of the 20 complaints.		
10	24. To date, the Department has not received a response from Respondents.		
11	25. Contrary to RSA 399-D:3,I, and as described in Paragraphs 17 through 24		
12	above, Respondents conducted unlicensed debt adjustment activity in New		
13	Hampshire and failed to respond to Department inquiries.		
14			
15	/s/ January 6, 2011		
16	Maryam Torben Desfosses Date Hearings Examiner		
17	ORDER		
18	26. I hereby find as follows:		
19	a. Pursuant to RSA 399-D:13,I, the facts as alleged above, if true,		
20	show Respondent is operating or has operated in violation of RSA Chapter		
21	399-D and form the legal basis for this Order;		
22	b. Pursuant to RSA 399-D:25,VI, this Order is necessary and		
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23	appropriate to the public interest and for the protection of consumers and		

The Department finds pursuant to RSA 399-D:23,II, reasonable

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d. If Respondent fails to respond to this Order and/or defaults then all facts as alleged herein are deemed as true.

## 27. Accordingly, it is hereby ORDERED that:

- a. Respondents shall cease and desist from violating RSA Chapter 399-D and rules or orders thereunder;
- b. Respondents shall immediately provide the Department a list of all New Hampshire consumers for whom Respondents have conducted debt adjustment activity and a status of those accounts. This list must include the names and contact information of the New Hampshire consumers, along with monies charged, collected and waived (if applicable). The list shall also be accompanied by all contracts, checks to and from the consumer and any other documents in the New Hampshire consumers' files;
- c. Respondents shall show cause why an administrative fine of up to a maximum of \$2,500.00 per violation should not be imposed as follows:
  - (1). Respondent MML:

Violation #1: Unlicensed debt adjustment activity;

(2). Respondent Rice:

Violation #1: Unlicensed debt adjustment activity; and

- d. Nothing in this Order:
- (1). shall prevent the Department from taking any further administrative and legal action as necessary under New Hampshire law; and
- (2). shall prevent the New Hampshire Office of the Attorney
  General from bringing an action against the above named Respondents in any
  New Hampshire superior court, with or without prior administrative action by

1	the Commissioner.	
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3	SO ORDERED.	
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5	/s/	Dated: 01-06-2011
6	ROBERT A. FLEURY DEPUTY BANK COMMISSIONER	
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