

IN THE MATTER OF:

MEREDIAN FINANCIAL CORPORATION,

Respondent.

**BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION**

Case No.: CFR-FY2011-245

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Maryland Commissioner of Financial Regulation (the “Commissioner”) has determined that Meredian Financial Corporation (the “Respondent”) has been engaged in the mortgage lending business in Maryland, as defined in Financial Institutions Article (“FI”), § 11-501 (k), Annotated Code of Maryland; and

WHEREAS, the Deputy Commissioner of Financial Regulation (the “Deputy Commissioner”) found evidence to support that Respondent is not in compliance with various provisions of FI, Title 11, Subtitle 5, (the Maryland Mortgage Lender Law, hereafter “MMLL”), Annotated Code of Maryland; and

WHEREAS, the Deputy Commissioner issued a Summary Order to Cease and Desist and Summary Suspension of Respondent’s Maryland Mortgage Lender License on June 6, 2011 (the “Summary Order”), after determining that Respondent was not in compliance with the aforementioned provisions of Maryland law, and that the public welfare imperatively required that Respondent’s Maryland Mortgage Lenders License be immediately suspended pursuant to SG § 10-226(c)(2); and that it was in the public interest

that Respondent immediately cease and desist from engaging in the business of mortgage lending in Maryland, as defined in FI §11-501(k); and

WHEREAS, the Summary Order notified Respondent of, among other things, the following: that Respondent was entitled to a hearing before the Commissioner to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Commissioner; that the Summary Order would be entered as a final order if Respondent did not request a hearing within fifteen (15) days of the receipt of the Summary Order, and that as a result of a hearing, or of Respondent's failure to request a hearing, the Commissioner may, in the Commissioner's discretion and in addition to taking any other action authorized by law, enter an order making the Summary Order final, issue penalty orders against Respondent, issue orders requiring Respondent to pay restitution and other money to consumers, as well as take other actions related to Respondent's business activities; and

WHEREAS, the Summary Order was properly served on Respondent via First Class U.S. Mail and Certified U.S. Mail; and

WHEREAS, Respondent failed to request a hearing on the Summary Order within the fifteen (15) day period set forth in the Summary Order, and as provided for and in compliance with FI § 2-115(a)(2), and has not filed a request for a hearing as of the date of this Final Order to Cease and Desist (this "Final Order"); and

WHEREAS, the Commissioner has based his decision in this Final Order on the following:

1. Pursuant to FI § 11-508:

(a) *Requirement.*—An applicant for a new license or for the renewal of a license shall file a surety bond with each original application and any renewal application for the license.

(b) *Nature, characteristics, etc.*—The surety bond shall:

(1) Run to the Commissioner and be for the benefit of any mortgage loan borrower who has been damaged by a violation committed by a licensee of any law or regulation governing the activities of mortgage lenders;

(2) Be issued by a surety company authorized to do business in the State;

(3) Be conditioned that the applicant shall comply with all Maryland laws regulating the activities of mortgage lenders and mortgage loan lending; and

(4) Be approved by the Commissioner.

* * *

(e) *Blanket surety bond.*—Notwithstanding any other provisions of this section, and subject to approval by the Commissioner, if an applicant files five or more original or renewal applications at the same time, the applicant may provide a blanket surety bond for all licensed offices in the amount of \$750,000.

(f) *Trust account.*—Subject to approval by the Commissioner, an applicant for license who files an application for a new license or for the renewal of a license may satisfy the bonding requirement under this section by establishing a trust account with or obtaining an irrevocable letter of credit from a financial institution insured by the Federal Deposit Insurance Corporation in an amount equal to the bond required under this section.

2. Pursuant to the Code of Maryland Regulations (“COMAR”) 09.03.06.15(G)(1), “[a] licensee shall maintain the required surety bond, letter of credit, or trust account throughout each licensing term in at least the amount required by Financial Institutions Article, §11-508, Annotated Code of Maryland.”

3. The following relevant and credible evidence, obtained pursuant to the Commissioner’s investigation into this matter, was considered in the issuance of the Summary Order:

a. At all times relevant to the alleged non-compliance described herein, the Respondent has been duly licensed by the Commissioner as a Maryland mortgage lender (License No.: 06-18246).

b. More specifically, the surety bond, letter of credit, or trust account, issued to the Respondent, pursuant to FI § 11-508, expired on May 26, 2011, and that said surety bond, letter of credit, or trust account has not been replaced, and that said surety bond, letter of credit, or trust account is no longer in effect.

4. Accordingly, Respondent's failure to maintain a surety bond, letter of credit, or trust account in accordance with FI §11-508 and COMAR 09.03.06.15, constitutes grounds for suspension of Respondent's Maryland Mortgage Lender License under FI § 11-517(a)(4) and FI § 11-517(a)(5).

NOW, THEREFORE, having determined that Respondent waived its right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant to FI § 11-517(c) and FI § 2-115(b), it is by the Maryland Commissioner of Financial Regulation, hereby

ORDERED that the Summary Order to Cease and Desist and Summary Suspension of Respondent's Maryland Mortgage Lender License issued by the Deputy Commissioner against Respondent on June 6, 2011 is entered as a final order of the Commissioner as modified herein, and that Respondent's Maryland Mortgage Lender License (License No.: 06-18246) is **SUSPENDED** for the remainder of the current licensing period, and that the records of the Commissioner shall reflect such a determination; and it is further

ORDERED that Respondent shall **CEASE** and **DESIST** for the remainder of the current licensing period from engaging in any of the following: any and all mortgage lending business activities as defined in FI § 11-501(k), including acting as a mortgage broker as defined under FI § 11-501(i) or as a mortgage lender as defined under FI § 11-501(j), or in any other way acting as a mortgage lender, broker, or originator in the State of

Maryland or with Maryland residents, either by acting directly, or by acting indirectly through other individuals or business entities; and it is further

ORDERED that Respondent shall send all correspondence, notices, civil penalties and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 North Calvert Street, Suite 402, Baltimore, Maryland 21202, Attn: Proceedings Administrator.

6/30/11
Date



Mark Kaufman
Commissioner