IN THE MATTER OF:	BEFORE THE MARYLAND
PLATINUM RESOLUTIONS GROUP, LLC,	COMMISSIONER OF
ENRICO CORPORATION,	FINANCIAL REGULATION
RHONDA M. SCOTT,	Case No.: CFR-FY2012-203
EMEKA K. UDEZE, and	
KENNETH J. ENRICO	
Respondents	

SUMMARY ORDER TO CEASE AND DESIST AND ORDER TO PRODUCE

WHEREAS, the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the "Agency") undertook an investigation into the mortgage loan originating activities of Platinum Resolutions Group, LLC, Enrico Corporation, Rhonda M. Scott, Emeka K. Udeze, and Kenneth J. Enrico (collectively the "Respondents"); and

WHEREAS, as a result of that investigation, the Commissioner of Financial Regulation (the "Commissioner") finds grounds to allege that Respondents violated various provisions of the Annotated Code of Maryland, Financial Institutions Article ("FI"), Title 11, Subtitle 6, (the Maryland Mortgage Originators Law, hereinafter "MMOL"), and Real Property Article ("RP"), Title 7, Subtitle 4 (the Maryland Mortgage Fraud Protection Act, hereinafter "MMFPA") and the Commissioner finds that action under FI §§ 2-114 and 2-115 is appropriate.

NOW, THEREFORE, the Commissioner has determined, for the reasons set forth below, that the Respondents are in violation of Maryland law, and that it is in the public interest that the Respondents immediately cease and desist from originating, brokering, lending, mitigating, or engaging in any other activities involving Maryland mortgage loans or otherwise pertaining to the mortgage industry in Maryland.

1. Pursuant to FI § 11-601(q), "mortgage loan originator" is defined as follows:

> (1) "Mortgage loan originator" means an individual who for compensation or gain, or in the expectation of compensation or gain:
> (i) Takes a loan application; or
> (ii) Offers or negotiates terms of a mortgage loan.
> (2) "Mortgage loan originator" does not include an individual who:
> (i) Acts solely as a mortgage loan processor or underwriter;
> (ii) Performs only real estate brokerage activities and is licensed in accordance with Title 17 of the Business Occupations and Professions Article, unless the individual is compensated by a mortgage lender, mortgage broker, or other mortgage loan originator or by any agent of a mortgage lender, mortgage broker, or other mortgage loan originator; or
> (iii) Is involved solely in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C. § 101(53d).

2. Pursuant to FI § 11-602(b), "[u]nless exempted from this subtitle under subsection (d) of this section, an individual may not engage in the business of a mortgage loan originator unless the individual holds a valid license issued under this subtitle." In addition, pursuant to FI § 11-603(a), for a "licensee to act as a mortgage loan originator," he/she must be, "acting within the scope of employment with . . . (1) [a] mortgage lender . . . or (2) [a] person who is exempt from licensing as a mortgage lender."

3. Pursuant to FI § 11-614, "[i]f the Commissioner finds that the conduct of any other business conceals a violation or evasion of this subtitle or any rule or regulation adopted under this subtitle, or any law regulating mortgage lending or mortgage origination

in the State, the Commissioner may issue a written order to a licensee to stop doing business: (1) At any place in which the other business is conducted or solicited; or (2) In association or conjunction with the other business."

4. FI § 11-615 provides, in part, as follows:

> (c) *Sanctions.* –
> (1) The Commissioner may enforce the provisions of this subtitle, regulations adopted under this subtitle, and the applicable provisions of Title 12 of the Commercial Law Article by:
> (i) Issuing an order:
> 1. To cease and desist from the violation and any further similar violations; and
> 2. Requiring the violator to take affirmative action to correct the violation, including the restitution of money or property to any person aggrieved by the violation; and
> (ii) Imposing a civil penalty not exceeding $5,000 for each violation.
> (2) If a violator fails to comply with an order issued under paragraph (1)(i) of this subsection, the Commissioner may impose a civil penalty not exceeding $5,000 for each violation from which the violator failed to cease and desist or for which the violator failed to take affirmative action to correct.

5. Pursuant to FI § 11-617, "[a]ny person who willfully violates the provisions of this subtitle is guilty of a felony and, on conviction, is subject to a fine not exceeding $25,000 or imprisonment not exceeding 5 years or both."

6. Pursuant to the Code of Maryland Regulations ("COMAR") 09.03.09.04A, the Commissioner has promulgated a good faith and fair dealing requirement upon each and every mortgage loan originator, which states in part: "[a] mortgage originator has a duty of good faith and fair dealing in communications and transactions with a borrower . . ."

7. Pursuant to RP § 7-401(d), "mortgage fraud" is defined as follows:

> (d) *Mortgage Fraud.*– "Mortgage fraud" means any action by a person made with the intent to defraud that involves:

(1) Knowingly making any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
(2) Knowingly creating or producing a document for use during the mortgage lending process that contains a deliberate misstatement, misrepresentation, or omission with the intent that the document containing the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
(3) Knowingly using or facilitating the use of any deliberate misstatement, misrepresentation, or omission during the mortgage lending process with the intent that the misstatement, misrepresentation, or omission be relied on by a mortgage lender, borrower, or any other party to the mortgage lending process;
(4) Receiving any proceeds or any other funds in connection with a mortgage closing that the person knows resulted from a violation of item (1), (2), or (3) of this section;
(5) Conspiring to violate any of the provisions of item (1), (2), (3), or (4) of this section; or
(6) Filing or causing to be filed in the land records in the county where a residential real property is located, any document relating to a mortgage loan that the person knows to contain a deliberate misstatement, misrepresentation, or omission.

8. Pursuant to RP § 7-401(e), "mortgage lending process" is defined as follows:

(e) *Mortgage lending process.–*
(1) "Mortgage lending process" means the process by which a person seeks or obtains a mortgage loan.
(2) "Mortgage lending process" includes:
(i) The solicitation, application, origination, negotiation, servicing, underwriting, signing, closing, and funding of a mortgage loan; and
(ii) The notarizing of any document in connection with a mortgage loan.

9. Pursuant to RP § 7-402, "[a] person may not commit mortgage fraud." RP § 7-407 provides for the following penalties for violation of the MMFPA:

(a) *In general.–* Except as provided in subsections (b) and (c) of this section, a person who violates this subtitle is guilty of a felony and on

conviction is subject to a fine not exceeding $5,000 or imprisonment not exceeding 10 years or both.

(b) *Enhanced penalties – Vulnerable adult victim.*– If a violation involves a victim who is a vulnerable adult as defined under § 3-604(a) of the Criminal Law Article, a person who violates this subtitle is guilty of a felony and on conviction is subject to a fine not exceeding $15,000 or imprisonment not exceeding 15 years or both.

(c) *Enhanced penalties – Pattern of mortgage fraud or conspiracy.*– If a violation involves engaging or participating in a pattern of mortgage fraud or a conspiracy or endeavor to engage or participate in a pattern of mortgage fraud, a person who violates this subtitle is guilty of a felony and on conviction is subject to a fine not exceeding $100,000 or imprisonment not exceeding 20 years or both.

(d) *Restitution.*–

(1) A person convicted of violating this subtitle shall pay restitution to any person damaged by the violation.

(2) Restitution shall be ordered in addition to a fine or imprisonment or both.

(e) *Separate offenses.*– Each residential real property transaction subject to a violation of this subtitle constitutes a separate offense, and shall not merge with any other crimes set forth in the Criminal Law Article.

(f) *Applicability of § 5-106(b) of the Courts Article.*– A person who violates this subtitle is subject to § 5-106(b) of the Courts Article.

10. FI §§ 2-115(a) and (b) set forth the Commissioner's general authority to issue summary cease and desist orders, and to take additional actions for violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (in addition to taking any other action permitted by law, and subject to a hearing or waiver of hearing), providing as follows:

(a) *Summary cease and desist orders.*- When the Commissioner determines that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, and that immediate action against the person is in the public interest, the Commissioner may in the Commissioner's discretion issue, without a prior hearing, a summary order directing the person to cease and desist from engaging in the activity, provided that the summary cease and desist order gives the person:

(1) Notice of the opportunity for a hearing before the Commissioner to determine whether the summary cease and desist order should be vacated, modified, or entered as final; and

(2) Notice that the summary cease and desist order will be entered as final if the person does not request a hearing within 15 days of receipt of the summary cease and desist order.

(b) *Other authorized actions for violations*.- When the Commissioner determines after notice and a hearing, unless the right to notice and a hearing is waived, that a person has engaged in an act or practice constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, the Commissioner may in the Commissioner's discretion and in addition to taking any other action authorized by law:

(1) Issue a final cease and desist order against the person;

(2) Suspend or revoke the license of the person;

(3) Issue a penalty order against the person imposing a civil penalty up to the maximum amount of $1,000 for a first violation and a maximum amount of $5,000 for each subsequent violation; or

(4) Take any combination of the actions specified in this subsection.

11. FI §§ 2-114(a) and (b) set forth the Commissioner's general authority to order the production of information, as well as documents and records, while investigating potential violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (which is in addition to the Commissioner's specific investigatory authority set forth in various other Maryland statutes and regulations). Thus, FI § 2-114(a)(2) provides that the Commissioner may "[r]equire ... a person to file a statement in writing, under oath or otherwise as the Commissioner determines, as to all the facts and circumstances concerning the matter to be investigated." Further, pursuant to FI § 2-114(b), "the Commissioner or an officer designated by the Commissioner may," among other things, "take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records . . ."

12. In the present matter, in or around July of 2013, the Agency began an investigation into the business activities of the Respondents. Pursuant to this investigation, the Agency developed reasonable grounds to believe that the Respondents provided

unlicensed loan origination and mortgage brokering services related to Maryland residential real property, and engaged in a mortgage fraud scheme resulting in theft/fraud, in violation of various provisions of Maryland Law, including, but not limited to, the MMOL and the MMFPA. The legal and factual basis for this determination is described below.

13. The Agency's investigation determined that Rhonda M. Scott of Oxon Hill, Maryland, Emeka K. Udeze of Bowie, Maryland, and Kenneth J. Enrico of Massapequa, New York engaged in mortgage-related business activities in the State of Maryland involving Maryland residential real property. During all relevant periods, the Respondents were not licensed to provide mortgage lender or mortgage originator services in Maryland.

14. Kenneth J. Enrico has been federally indicted in the Northern District of Georgia for defrauding consumers of more than $1.2 million through mortgage fraud schemes.

15. Rhonda M. Scott, Emeka K. Udeze, and others have been federally indicted in the District of Maryland for conspiracy in a $4.5 million mortgage fraud scheme.

16. More specifically, the Agency investigation revealed that the Respondents engaged in unlicensed mortgage origination and mortgage brokering activities in perpetration of a mortgage fraud scheme. The factual bases for these findings are set forth below:

a. Respondent Platinum Resolutions Group, LLC ("Platinum Resolutions Group") is a Maryland-based LLC whose charter has been forfeited. Platinum Resolutions Group has never held a Maryland Mortgage Lender's License.

b. Respondents Rhonda M. Scott and Emeka K. Udeze are owners, directors, officers, managers, employees and/or agents of Respondent Platinum Resolutions

Group. Respondent Udeze was granted a conditional Maryland Mortgage Originator License which expired in January 2011 (License #26-4621). As of this date, Respondent Udeze has not renewed his license.

c. Respondent Enrico Corporation is a New York state based corporation. Enrico Corporation is not registered to do business in Maryland and has never held a Maryland Mortgage Lender License.

d. Respondent Kenneth J. Enrico is the owner, director, officer, manager, employee and/or agent of Enrico Corporation;

e. At various times, Respondents represented to Maryland consumers that, for compensation, they could provide services to arrange mortgage loans through private investors, including, but not limited to, Respondent Enrico and/or Respondent Enrico Corporation.

f. Consumer A

(1) In approximately September of 2011, [redacted] (Consumer A) entered into an agreement with the Respondents Scott and Udeze, to obtain a mortgage loan to purchase a new home in Bowie, Maryland;

(2) Consumer A, at the direction of the Respondent Udeze, completed a loan service agreement from Respondent Platinum Resolutions Group, and issued a cashier's check made payable to Platinum Resolutions Group, for the amount of $3,500, which was deposited into an unidentified bank account;

(3) Subsequent to the submission of the loan application, Consumer A received a Mortgage Loan Commitment Form informing her that she was approved for the loan;

(4) Respondents never submitted Consumer A's loan application to any lender and failed to provide any of the loan origination and/or mortgage brokering services for which they had contracted with Consumer A;

(5) Respondents' failure to obtain a loan for Consumer A resulted in the loss of her upfront fees and the loss of her opportunity to purchase the desired home;

(6) Respondents ceased communications and have not refunded the $3,500 fee paid by Consumer A.

g. Consumer B

(1) In approximately September of 2011, [redacted] (Consumer B) issued a cashier's check in the amount of $5,000, made payable to Platinum Resolutions Group, that was submitted to Respondent Scott in order to obtain a mortgage loan to purchase a new home in Maryland;

(2) Respondents never provided any of the loan origination and/or mortgage brokering services which they had promised to provide to Consumer B;

(3) Respondents' failure to obtain a loan for Consumer B resulted in the loss of her upfront fees and the loss of her opportunity to purchase the desired home;

(4) Respondents ceased communications and have not refunded the $5,000 fee paid by Consumer B.

h. Consumer C

(1) In or around 2012, [redacted] (Consumer C) met with Respondent Scott, to obtain a mortgage loan to purchase homes in Maryland;

(2) Consumer C, at the direction of the Respondent Scott, issued a check made payable to Platinum Resolution Group, for the amount of $5,000;

(3) Respondents never provided any of the loan origination and/or mortgage brokering services which they had promised to provide to Consumer C;

(4) Respondents ceased communications and have not refunded the $5,000 fee paid by Consumer C.

i. Consumers D

(1) In approximately June of 2011, after entering into a residential contract of sale to acquire a new home in Upper Marlboro, Maryland, [redacted] (Consumers D) entered into an agreement with Respondents Enrico and Enrico Corporation to obtain a mortgage loan in order to fund the purchase;

(2) Consumers D provided a deposit payment to the Respondents in the amount of $3,500;

(3) Subsequent to the submission of the loan application, Consumers D received a letter from Respondent Enrico Corporation informing them that they were approved for the loan;

(4) Respondents never provided loan funding or any of the loan origination and/or mortgage brokering services which they had promised to provide to Consumers D;

(5) Respondents' failure to obtain a loan for Consumers D resulted in the loss of their upfront fees and the loss of their opportunity to purchase the desired home;

(6) Respondents ceased communications and have not refunded the $3,500 fee paid by Consumers D.

j. Other consumers

(1) The Agency's investigation further revealed that at least two other Maryland Consumers were harmed by Respondents' mortgage fraud scheme.

(2) [redacted] (Consumer E) paid Respondents $5,000 for mortgage origination services that were never provided.

(3) [redacted] (Consumer F) also paid Respondents $5,000 for mortgage origination services that were never provided.

17. The Respondents' activities discussed above constituted a theft/fraud upon Maryland Consumers and such theft/fraud was conducted through a mortgage fraud scheme;

18. None of the Respondents are duly licensed under either Title 11, Subtitle 5 or Subtitle 6 of the Financial Institutions Article;

19. By advertising and contracting with Maryland residents to perform loan origination and mortgage brokering services, and by taking Consumers' loan applications, Respondents acted as unlicensed mortgage lenders and/or mortgage originators in violation of the MMLL and MMOL;

20. The Respondents violated COMAR 09.03.09.04A by neglecting their duty of good faith and fair dealing in their communications and transactions with Consumers; and

21. By knowingly making deliberate misstatements, misrepresentations, and/or omissions during the mortgage lending process with the intent to defraud their clients, and fraudulently converting clients' money for personal gain in the perpetration of a mortgage fraud scheme, the Respondents have committed mortgage fraud in violation of Title 7, Subtitle 4 of the Real Property Article, including, but not limited to, RP § 7-402.

WHEREFORE, having determined that immediate action is in the public interest, and pursuant to the aforementioned provisions of the Annotated Code of Maryland and

associated regulations, it is, by the Maryland Commissioner of Financial Regulation, **HEREBY**

ORDERED that the Respondents shall immediately **CEASE** and **DESIST** from engaging in any of the following: any and all activities which constitute a mortgage lending business 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); acting as a mortgage originator as defined in FI § 11-601(q); 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

ORDERED that the Respondents shall immediately **CEASE** and **DESIST** from violating the aforementioned statutory provisions of Maryland law, including, but not limited to the MMOL and MMFPA; and that the Respondents should be assessed statutory monetary penalties and ordered to provide restitution for such violations; and it is further

ORDERED that the Respondents shall provide to the Office of the Commissioner each of the following within 15 days of the receipt of this Summary Order to Cease and Desist:

- **The names, addresses, and phone numbers of all Maryland residents, homeowners and/or consumers** (hereinafter "Maryland residents") who, at any time on or after January 1, 2007, retained or contracted with the Respondents, or contracted with another person with whom the Respondents worked or were affiliated, for the purpose (in whole or in part) of providing mortgage loan origination and/or mortgage brokering services for them or on their behalf related to Maryland residential real property.

- **Any and all documents under Respondents' control or in their possession** pertaining to mortgage loan origination and/or mortgage brokering services and activities on or after January 1, 2007, related to Maryland residential real property, or otherwise involving Maryland consumers.

- **The names, addresses, and phone numbers of third-party individuals or business entities** ("third parties") who, at any time on or after January 1, 2007, referred or agreed to refer consumers to the Respondents for the purpose (in whole or in part) of providing mortgage loan origination and/or mortgage brokering services related to Maryland residential real property.

- **The names, addresses, and phone numbers of third-parties** to whom, at any time on or after January 1, 2007, the Respondents referred or agreed to refer consumers for the purpose (in whole or in part) of providing mortgage loan origination and/or mortgage brokering related to Maryland residential real property.

- **Any and all documents under Respondents' control or in their possession pertaining to the third-parties** identified above, the contents of which documents relates in any way to mortgage loan origination and/or mortgage brokering services to be performed on or after January 1, 2007, or to any associated referral arrangements, fees, or other forms of compensation.

- **Copies of all marketing and advertising materials** potentially reaching Maryland consumers on or after January 1, 2007, which the Respondents, or which the third parties marketing directly or indirectly on Respondents' behalf, use or have used to market or advertise Respondents' mortgage loan origination and/or mortgage brokering services related to Maryland residential real property, including, but not limited to, copies of all printed marketing materials, internet advertisements, and radio and television advertisements.

FURTHERMORE,

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115, the Respondents are entitled to a hearing before the Commissioner to determine whether this Summary Order to Cease and Desist should be vacated, modified, or entered as a final order of the Commissioner; and further

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115, this Summary Order to Cease and Desist will be entered as a final order of the Commissioner if the Respondents do not request a hearing within 30 days of the receipt of this Summary Order to Cease and Desist; and further

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to COMAR 09.01.02.08, and State Government Article ("SG") §§ 9-1607.1, 10-206.1, and 10-207, and in accordance with SG § 10-207(b)(4), individual Respondents are only permitted to request a hearing, and to appear at such hearing, on behalf of themselves, or through an attorney authorized to practice law in Maryland at Respondents' own expense; and further,

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to SG §§ 9-1607.1 and 10-206.1, and in accordance with SG § 10-207(b)(4), business entities are only permitted to request a hearing, and to appear at such hearing, through an attorney authorized to practice law in Maryland at Respondents' own expense; and further,

THE RESPONDENTS ARE HEREBY NOTIFIED that any and all requests for a hearing in this matter must conform to the requirements stated above, must be made in the form of a signed, written request, and must be submitted to the following address:

Enforcement Unit, Administrator
Office of the Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202;

and further,

THE RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI §§ 2-115(b) and 11-615(c) as a result of a hearing, or of the Respondents' failure to correctly request a hearing in the manner described above, the Commissioner may, in the Commissioner's discretion, and in addition to taking any other action authorized by law, take the following actions: enter an Order making this Cease and Desist Order final; issue an order requiring that the Respondents refund all interest, costs, originator fees, broker fees, and/or other charges paid by Maryland consumers to the Respondents in conjunction

with residential mortgage loans that were originated, brokered, or closed during periods when the Respondents did not hold the appropriate license under Title 11, Subtitle 6, of the Financial Institutions Article; issue a penalty order against the Respondents imposing a civil penalty up to $5,000 for each violation of the MMOL; issue a penalty order against the Respondents imposing a civil penalty up to $5,000 for each subsequent violation of these laws; or may take any combination of the aforementioned actions against the Respondents. Additionally, pursuant to RP § 7-404, as a result of the Respondents' failure to comply with requirements imposed under the MMFPA, the Commissioner may seek an injunction against the Respondents in a Maryland circuit court, and may recover from the Respondents the costs of bringing such an action. Additionally, pursuant to RP § 7-404.1(c) the Commissioner may enter an order directing Respondents to take affirmative action to correct the violations described herein, including the restitution of money or property to any person aggrieved by the violation. The Commissioner may also refer this matter to the appropriate law enforcement agency for criminal prosecution for the violations described herein.

MARYLAND COMMISSIONER OF FINANCIAL REGULATION

March 8, 2016
Date

By: Teresa M. Louro
Acting Deputy Commissioner