

NEW YORK STATE DEPARTMENT
OF FINANCIAL SERVICES

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In the Matter of

**AMERICAN ADVISORS GROUP, INC.
B500998**

SETTLEMENT AGREEMENT

A Licensed Mortgage Banker Pursuant To
Article XII-D of the New York Banking Law
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This Settlement Agreement (“Agreement”) is made and entered into by and between American Advisors Group, Inc. (“AAG”) and the New York State Department of Financial Services (the “Department,” and collectively, with AAG, the “Settling Parties”) evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations cited herein of 3 NYCRR Section 420.18(a)(2), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. AAG, headquartered at 3800 West Chapman Avenue, 3rd Floor, Orange, CA 92868 was licensed by the Department as a mortgage banker, pursuant to Article 12-D of the Banking Law, since September, 2014,

2. Sections 44 and 598 of the Banking Law provide, in part, that the Superintendent may, in a proceeding after notice and a hearing, require a licensed mortgage banker to pay to the people of this state a penalty for a violation of the Banking Law and/or any regulation promulgated thereunder.

3. 3 NYCRR Section 38.8 provides that a mortgage banker may be subject to disciplinary action by the Department for, among other things, violations of Article 12-D of the Banking Law, the regulations promulgated thereunder, or violations of state or federal law

indicating that the entity is unfit to engage in the business of a mortgage banker.

Failure to Make Adequate Determination regarding MLO's Loan Originating Activities

4. Mortgage bankers, such as AAG, are required to determine pursuant Part 420.18 (a) (2), that as a condition of employment such MLO will “engage in mortgage loan originating honestly, fairly and efficiently.”

5. In contravention thereof, the Department has determined that during the period between July 2015 and December 2015, Edward Keith Howard (“Howard”), an MLO sponsored by AAG, utilized two radio commercials to solicit and promote mortgage loans relating to properties in New York State.

6. Specifically, the commercials stated, “when you get that mortgage from Ed Howard,” and “we fund your loan with our money,” when in fact Howard was not licensed to make mortgage loans; instead, he was licensed as an MLO to accept residential loan applications on behalf of the originator - AAG.

7. MLOs, such as Edward Keith Howard, in accordance with 3 NYCRR Section 420.20 (a) (3) shall not “[m]isrepresent his or her license status, or persuade or induce a borrower to apply for a mortgage loan under the belief that such MLO is duly licensed as a mortgage banker or registered as a mortgage broker pursuant to Article 12- D of the Banking Law.”

8. By failing to monitor and curtail the misrepresentations in the mortgage solicitation activities of Howard, the Department has determined that AAG operated its mortgage loan business in violation of 3 NYCRR Section 420.18 (a) (2).

II.

SETTLEMENT TERMS AND CONDITIONS

AAG freely and voluntarily waives its right to a hearing under Banking Law Sections 44 and 598 on such violations and agrees to take the actions listed below redress the violation cited herein.

1. AAG agrees to take all necessary steps to ensure its compliance with all applicable federal and state laws, regulations, and supervisory requirements relating to its mortgage business, including, but not limited to:

- a. complying with the requirements of Article 12-D of the Banking Law, and Part 38 of the General Regulations of the Superintendent;
- b. not conducting or transacting business in this state under any name, assumed name or designation using any website, domain, or other name that has not been approved by the Superintendent;
- c. ensuring that its MLOs' mortgage loan activities and advertisements do not mislead consumers into believing that an MLO is a mortgage broker or a mortgage banker pursuant to Article 12-D of the Banking Law.

2. AAG agrees to develop appropriate written compliance policies and procedures designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The compliance policies and procedures shall, at a minimum: (i) designate an individual responsible for monitoring compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters; and (ii) establish a training program to ensure that AAG and its employees involved in loan origination understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.

3. AAG agrees to pay a fine of \$ 20,000.
4. AAG further agrees that such payment will be made in immediately available funds in accordance with the Department's payment instructions.

III.

MISCELLANEOUS TERMS AND CONDITIONS

1. AAG acknowledges that its failure to comply with any of the terms and conditions of this Agreement may result in the Department taking action to revoke AAG's license to engage in the business of a mortgage banker under Article 12-D of the Banking Law.
2. AAG acknowledges that entering into this Agreement shall not bar, estop, or otherwise prevent the Superintendent, or any state, federal or local agency or department or any prosecutorial authority from taking any other action affecting AAG, any of its current or former owners, officers, directors, employees, or insiders, or their successors or assigns with respect to the violations cited herein, or any other matter whether related or not to such violations.
3. This Agreement may not be altered, modified or changed unless in writing signed by the Superintendent or her designee.
4. This Agreement shall be enforceable and remain in effect unless stayed or terminated in writing by the Superintendent or her designee.
5. The effective date of this Agreement is the date on which it is executed by the Deputy Superintendent for Mortgage Banking.
6. All written communications to the Department regarding this Agreement shall be sent as follows.

Attention:

Rholda L. Ricketts
Deputy Superintendent
New York State Department of Financial Services
One State Street,
New York, New York 10004

7. All written communications to AAG regarding this Agreement shall be sent as follows.

Attention:

Reza Jahangiri
President and Chief Executive Officer
American Advisors Group, Inc.
3800 West Chapman Avenue, 3rd Floor
Orange, CA 92868

8. This Agreement is not confidential; therefore it is available to the public.

WHEREFORE, the Settling Parties hereto have caused this Agreement to be executed.

American Advisors Group, Inc.

By: _____/s/_____

Reza Jahangiri
President and Chief Executive Officer

Dated: _____

New York State Department of Financial Services

By: _____/s/_____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____