

New York State Department
of Financial Services

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In the Matter of

**ALL ISLAND MORTGAGE & FUNDING CORP.
A002396**

SETTLEMENT AGREEMENT

A Registered Mortgage Broker 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 All Island Mortgage & Funding Corp. ("AIMF") and the New York State Department of Financial Services (the "Department" collectively, with AIMF, the "Settling Parties") evidencing an agreement between the Settling Parties to resolve, without a hearing, the violations of 3 NYCRR Parts 38 and 410, and Section 591 of the New York Banking Law ("Banking Law"), upon and subject to the terms and conditions hereof.

I.

RECITALS

1. AIMF, headquartered at 496 Smithtown By-Pass, Suite 308, Smithtown, NY 11787, was granted a registration by the Department on April 25, 1989 to engage in business as a mortgage broker pursuant to Article 12-D of the Banking Law.
2. Sections 44 and 598 of the Banking Law provide, in part, that the Superintendent of Financial Services ("Superintendent") may, in a proceeding after notice and a hearing, require a registered mortgage broker to pay to the people of this State a penalty for a violation of the Banking Law and any regulation promulgated thereunder.
3. 3 NYCRR Section 38.8 provides that a mortgage broker 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 broker.

Failure to Include the Required Legend

1. Based on information, the Department discovered that AIMF failed to include in its print advertisement the legend “Registered Mortgage Broker – NYS Department of Financial Services” or words of like effect therein, and a statement to the effect that the mortgage broker arranges mortgage loans with third-party providers.

2. Accordingly, the Department has determined that AIMF violated 3 NYCRR Section 38.2(a), which prohibits a registrant from advertising without including the legend “Registered Mortgage Broker – NYS Department of Financial Services” or words of like effect therein.

3. Additionally, the Department has determined that AIMF violated 3 NYCRR Section 38.2(d), which requires that a registrant include in its advertisement a statement to the effect that the mortgage broker arranges mortgage loans with third-party providers.

Misleading Advertisement

4. Further, based on information, the Department discovered that AIMF utilized an advertisement, which included a phrase “Same Day Approval” to solicit and promote mortgage loans relating properties in this State.

5. In light of the fact that AIMF is a mortgage broker, the Department has determined, AIMF violated 3 NYCRR Section 38.2(e)(1), which prohibits a registrant from fraudulently or deceitfully advertising a mortgage loan.

Unauthorized Domain Name

6. Pursuant to the Department’s All Industry Letter, dated June 1, 2000 (the “2000 Industry Letter”), the domain name of any website used by a licensee or a registrant to conduct

mortgage banking or brokering activity qualifies as a business address that must be registered with the Department.

7. The Department discovered that AIMF used the domain name “smithtownmortgagecompany.com” to solicit and promote mortgage loans relating to 1-4 family residential properties located in this State during a period including April 2015.

8. AIMF failed to obtain authorization from the Department to utilize the aforementioned domain name prior to the time-period in question.

9. Accordingly, pursuant to the 2000 Industry Letter, the Department has determined that AIMF violated Section 591-a (2) of the Banking Law, which requires registrants to apply for and receive permission prior to using a specific business address.

Incomplete Central Application Log

10. Based on information, the Department discovered that AIMF failed to include in its central application log, the source of its applications and all other fees collected and/or distributed prior to closing.

11. Accordingly, the Department has determined that AIMF violated 3 NYCRR Sections 410.7(a)(4)(v) and (vi), which require that a mortgage broker include on a centralized application the source of its applications and all fees collect and/or disbursed prior to closing.

II.

SETTLEMENT TERMS AND CONDITIONS

AIMF is willing to resolve the violations by entering into this Agreement and freely and voluntarily waives its right to a hearing under Banking Law Sections 44 and 598 on such violations. Therefore, in consideration of the promises and covenants set forth herein:

1. AIMF 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, 3 NYCRR Parts 38 and 410;
 - b. ensuring that it will provide appropriate training for its employees regarding the utilization of any location to conduct regulated mortgage business, assumed name or any website, domain, or other name; and
 - c. 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.
2. AIMF agrees to develop, written advertisement and compliance policies and procedures (“Compliance P&P”), designed to ensure compliance with all applicable federal and state laws, regulations, supervisory requirements and guidance letters. The Compliance P&P 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 AIMF and its MLO and non-MLO employees understand all applicable federal and state laws, regulations, supervisory requirements and guidance letters.
3. AIMF agrees to pay a fine of \$10,000 payable in twelve (12) monthly installments as follows:
- \$1,200 upon execution of this Agreement and
 - \$800 each on or before the 15th day of each consecutive month for the following eleven (11) months.

4. AIMF 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. AIMF acknowledges that its failure to comply with any of the settlement terms and conditions of this Agreement may result in the Department taking action to revoke AIMF's registration to engage in the business of a mortgage broker under Article 12-D of the Banking Law.

2. AIMF 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 AIMF, 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 his designee.

4. This Agreement shall be enforceable and remain in effect unless stayed or terminated in writing by the Superintendent or his 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 should 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 AIMF regarding this Agreement should be sent as follows.

Attention:

Robert Schiano
President
All Island Mortgage & Funding Corp.
496 Smithtown By-Pass, Suite 308
Smithtown, New York 11787

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.

All Island Mortgage & Funding Corp.

By: _____/s/_____

Robert Schiano
President

Dated: _____

New York State Department of Financial Services

By: _____/s/_____

Rholda L. Ricketts
Deputy Superintendent

Dated: _____