

IN THE MATTER OF:
ATT MORTGAGE COMPANY,
STEVE CHUNG,
CHU WANG,
SHAO-LIANG CHUNG, and
LIRONG SHI,
Respondents.

BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION

DFR-EU-2008-214

FINAL ORDER

WHEREAS, the Commissioner of Financial Regulation (the “Commissioner”) undertook an investigation into the business activities of the following: ATT Mortgage Company, Steve Chung, Chu Wang, Shao-Liang Chung, Lirong Shi (collectively, the “Respondents”), as well as of other persons not subject to this Final Order; and

WHEREAS, as a result of that investigation, the Deputy Commissioner of Financial Regulation (the “Deputy Commissioner”) found evidence to support that Respondents have engaged in acts or practices constituting a violation of a law, regulation, rule or order over which the Commissioner has jurisdiction, namely that Respondents have violated various provisions of the Annotated Code of Maryland, including Financial Institutions Article (“FI”), § 11-501 *et seq.* (the Maryland Mortgage Lender Law, or “MMLL”) and Real Property Article (“RP”) § 7-401 *et seq.* (the Maryland Mortgage Fraud Protection Act, or “MMFPA”); and

WHEREAS, the Deputy Commissioner issued a Summary Order to Cease and Desist and Summary Suspension of Maryland Mortgage Lender License against Respondents and other persons on December 10, 2009 (the "Summary Order"), after determining that Respondents were in violation of the aforementioned provisions of Maryland law, and the public welfare imperatively required that the Maryland mortgage lender license of ATT Mortgage be immediately suspended; and that Respondents immediately cease and desist from engaging in mortgage fraud, or from conspiring to engage in mortgage fraud, involving Maryland residential real property; and that Respondents immediately cease and desist from brokering, lending, servicing, originating, or engaging in any other activities pertaining to mortgage loans involving Maryland residential real property; and

WHEREAS, the Summary Order notified Respondents of, among other things, the following: that Respondents were 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 Respondents did not request a hearing within thirty (30) days of the receipt of the Summary Order; and that as a result of a hearing, or of Respondents' 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 Respondents, issue orders requiring Respondents to pay restitution to any aggrieved person, as well as take other actions related to Respondents' business activities; and

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

WHEREAS, Respondents failed to request a hearing on the Summary Order within thirty (30) days of Respondents' receipt thereof and have not filed a request for a hearing as of the date of this Final Order; and

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

1. Pursuant to the MMLL, the Commissioner is responsible for licensing and regulating mortgage lenders, mortgage brokers, and mortgage servicers with regard to consumer loans secured by residential real property located in the State of Maryland.

2. At all times relevant to the facts set forth in the Summary Order, Respondent ATT Mortgage Company, located at 416 Hungerford Drive, Suite 204, Rockville, Maryland 20850, was duly licensed under the MMLL as a Maryland mortgage lender engaged in the mortgage lending business, as those terms are defined in FI § 11-501(j) and (k), respectively, holding License Number 06-2365. More specifically, ATT Mortgage Company functioned as a mortgage broker, as defined under FI § 11-501(i).

3. FI § 11-517 provides, in part, as follows:

(a) Suspension or revocation of license - In general. - Subject to the hearing provisions of § 11-518 of this subtitle, the Commissioner may suspend or revoke the license of any licensee if the licensee or any owner, director, officer, member, partner, stockholder, employee, or agent of the licensee:

* * *

(3) In connection with any mortgage loan or loan application transaction:

- (i) Commits any fraud;
- (ii) Engages in any illegal or dishonest activities; or

- (iii) Misrepresents or fails to disclose any material facts to anyone entitled to that information;
- (4) Violates any provision of this subtitle or any rule or regulation adopted under it or any other law regulating mortgage loan lending in the State; or
- (5) Otherwise demonstrates unworthiness, bad faith, dishonesty, or any other quality that indicates that the business of the licensee has not been or will not be conducted honestly, fairly, equitably, and efficiently.

* * *

(c) Enforcement of subtitle, regulations, etc. - Orders, civil penalties.

(1) The Commissioner may enforce the provisions of this subtitle, regulations adopted under § 11-503 of 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.

* * *

4. RP § 7-401 ("Definitions") provides, in relevant part, as follows:

(a) In general.- In this subtitle the following words have the meanings indicated.

(b) Document.- "Document" includes applications, appraisal reports, HUD-1 settlement statements, W-2 forms, verifications of income or employment, bank statements, tax returns, payroll stubs, and any required disclosure.

* * *

(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.

(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.

* * *

(g) Pattern of mortgage fraud.- "Pattern of mortgage fraud" means two or more incidents of mortgage fraud that:

(1) Involve two or more residential real properties; and

(2) Have similar intents, results, accomplices, victims, or methods of commission or otherwise are interrelated by distinguishing characteristics.

* * *

5. Pursuant to RP § 7-402, "[a] person may not commit mortgage fraud."

6. The following relevant and credible evidence, obtained pursuant to the investigation by the Office of the Commissioner of Financial Regulation (the "Agency"),

was considered in the issuance of the Summary Order: written complaint against Respondents filed by a mortgage lender; mortgage documents; land records; records of the Maryland Department of Assessments and Taxation; employment and pay records; interviews and other communications between Agency investigators and Respondents; interviews with Maryland consumers who had obtained mortgages from the Respondents; and the Agency's licensing records. More particularly, this evidence supports the following findings:

a. Respondents engaged in mortgage fraud by submitting eleven mortgage loan applications involving Maryland residential properties to mortgage lenders for funding, each of which mortgage loan application contained false information pertaining to the borrowers and associated properties, including misrepresentations about employment, income, assets, and other items. The mortgage lenders subsequently approved and funded loans based on the false information submitted by Respondents and contained in the eleven mortgage loan applications.

b. The above referenced mortgage loans were made in connection with residential real properties in the following Maryland locations: Catonsville, Centreville, Clarksburg, Gaithersburg (2 properties), Germantown, Potomac, Promfret, Silver Spring (2 properties), and Westminster.

c. Among other activities, the individual Respondents conducted business out of their Rockville location (416 Hungerford Drive, Suites 200-204, Rockville, Maryland 20850) using the name of ATT Mortgage Company ("ATT Mortgage").

d. The records of the Maryland State Department of Assessments and Taxation (“SDAT”) indicate that ATT Mortgage was incorporated as a business entity in 2005 by Shao-Liang Chung.

e. Steve Chung directed and oversaw all of the business activities of ATT Mortgage.

f. Each of the 11 loans referenced above was brokered by ATT Mortgage between December 6, 2007 and July 10, 2008, with Steve Chung being identified as the loan officer in each instance.

g. AJ Title Services, Inc., located at 8300 Old Courthouse Road, Suite 230A, Vienna, Virginia 22182, is listed as the title company conducting the closing for each of these 11 loans. Lirong Shi was the incorporator and resident agent for AJ Title Services, Inc. Lirong Shi was also an employee of Steve Chung’s mortgage company, ATT Mortgage. Conversely, Steve Chung has represented himself to be an employee of AJ Title Services, Inc., but in such instances indicated that his business location was 416 Hungerford Drive, Suite 202, Rockville, Maryland 20850 (the same location as ATT Mortgage).

h. Each of the borrowers in the 11 mortgage loan applications at issue listed their employer as ASI Alpha Scientific, Inc. (“ASI”), with each application indicating that the borrower had a high-paying job with ASI. Further, each of the 11 mortgage loan application files contained employment verification documents allegedly provided by an employee of ASI.

i. ASI’s business address is the same location as that of ATT Mortgage, namely 416 Hungerford Drive, Suite 200-1, Rockville, Maryland 20850.

Further, SDAT records indicate that Steve Chung is ASI's President, Vice President, and resident agent.

j. None of the 11 borrowers referenced above was in fact employed in a high-paying job at ASI. Rather, these borrowers were actually employed in various low-paying jobs in the restaurant industry and elsewhere.

k. Respondent Steve Chung, in concert with Respondents Chu Wang, Shao-Liang Chung, Lirong Shi, (collectively, the "individual Respondents"), and others, engaged in mortgage-related activities individually, and under the business names ATT Mortgage Company, AJ Title Services, Inc., and ASI Alpha Scientific, Inc., from a single location in Rockville, Maryland (416 Hungerford Drive, Suites 200-204, Rockville, Maryland 20850).

l. The individual Respondents, individually and through the business entities identified above, committed, and conspired to commit, mortgage fraud, by falsifying employment information for each of the borrowers in the 11 mortgage loans at issue, with Provident Funding Associates, L.P. being a victim of the Respondents' mortgage fraud.

7. Respondents' activities described above demonstrate knowing and willful actions involving conspiracy and a clear pattern of mortgage fraud, as defined in the above-cited provisions of the MMFPA, in conjunction with mortgage loan and loan application transactions. All of the Respondents thus violated the MMFPA.

8. These violations of the MMFPA by the owners, directors, officers, members, partners, stockholders, employees, or agents of licensee ATT Mortgage also constitute violations of the MMLL. They are grounds to suspend or revoke ATT

Mortgage's mortgage lender license pursuant to FI §§ 11-517(a)(3)–(a)(5): in connection with any mortgage loan or loan application transaction, they committed fraud, engaged in illegal and dishonest activities, and misrepresented material facts to persons entitled to that information (subjecting ATT Mortgage to action under FI § 11-517(a)(3)(i),(ii),(iii)); they violated laws regulating mortgage lending in the State of Maryland, including the MMFPA and MMLL (subjecting ATT Mortgage to action under FI § 11-517(a)(4)); and their fraudulent activities demonstrate unworthiness, bad faith, dishonesty, and other negative qualities indicating that the business activities of licensee ATT Mortgage has not been and will not be conducted honestly, fairly, equitably, and efficiently (subjecting ATT Mortgage to action under FI § 11-517(a)(5)). These activities also constitute grounds for ordering administrative penalties against Respondents under FI § 11-517(c)(1)(ii) and/or FI § 2-115(b).

9. The actions cited above also constitute grounds for referral of this matter to the appropriate agency for felony criminal prosecution. Further, Respondents' activities are subject to the enhanced penalty provisions of both FI § 11-523(a) and RP § 7-407(c).

NOW, THEREFORE, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant FI § 11-517(a),(c) and RP §§ 7-401, 7-402, it is, by the Maryland Commissioner of Financial Regulation, **HEREBY**

ORDERED that the Summary Order to Cease and Desist issued by the Deputy Commissioner against Respondents on December 10, 2009 is entered as a Final Order of the Commissioner, as modified herein; it is further

ORDERED that, pursuant to FI §§ 11-517(a)(3)–(a)(5), all Maryland mortgage lender licenses of Respondent ATT Mortgage Company, including but not limited to License Number 06-2365, are REVOKED effective immediately; and it is further

ORDERED that all Respondents shall permanently CEASE AND DESIST from engaging in mortgage fraud, or from conspiring to engage in mortgage fraud, involving Maryland residential real property; and that all Respondents shall permanently CEASE AND DESIST from engaging in any mortgage loan brokering, lending, servicing, or origination activities involving Maryland residential real property; and it is further

ORDERED that, pursuant to FI § 11-517(c)(1)(ii), and upon careful consideration of: (i) the seriousness of the Respondents’ violations; (ii) the lack of good faith of Respondents, (iii) the history and ongoing nature of Respondents’ violations; and (iv) the deleterious effect of Respondents’ violations on the public and on the mortgage industry, Respondents shall pay to the Commissioner a total civil penalty in the amount of FIFTY-FIVE THOUSAND DOLLARS (\$55,000), which consists of the following:

<i>Prohibited Activity and Violation</i>	Civil Penalty per Violation	x Number of Violations	= Penalty
<i>Violations of the MMLL</i>	\$5,000	11 Fraudulent Mortgage Loan Applications	\$ 55,000
		TOTAL	\$ 55,000

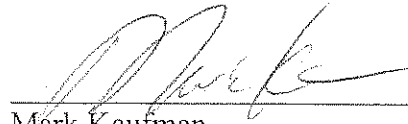
And it is further,

ORDERED that Respondents shall pay to the Commissioner, by cashier's or certified check made payable to the "Commissioner of Financial Regulation," the amount of \$55,000 within fifteen (15) days from the date of this Final Order; and it is further

ORDERED that Respondents 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: Administrator, Enforcement Unit.

3/4/14

Date



Mark Kaufman
Commissioner of Financial Regulation