IN THE MATTER OF THE APPLICATION OF SONG MIN HONG FOR A MORTGAGE ORIGINATOR LICENSE	* * * * * *	BEFORE THE COMMISSIONER OF FINANCIAL REGULATION Case No. DFR-EU-164

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STATEMENT OF THE CASE

The hearing on the above captioned matter was held on December 11, 2007, and heard by the Deputy Commissioner of Financial Regulation, Joseph E. Rooney ("Deputy Commissioner"). This matter was scheduled for a hearing as a result of a decision by the Office of the Commissioner of Financial Regulation, pursuant to Md. Code Ann., Fin. Inst. ("FI") § 11-607(e), to deny Applicant, Song Min Hong, a mortgage originator license [Comm'r Exhibit # 3]. The denial was based on the following: (a) Applicant's failure to satisfy the Commissioner that the Applicant is of good moral character and has the general fitness to warrant the belief that the Applicant will act as a mortgage originator in a lawful, honest, fair and efficient manner as required by FI § 11-605(a)(2); and (b) a prior felony conviction and misdemeanor probation before judgment of Applicant that are directly related to Applicant's fitness and qualification to act as a mortgage originator, in violation of FI §§ 11-605(b) and 11-615(a)(2). Applicant was not represented by counsel. Kris King, Assistant Attorney General, appeared as presenter of evidence on behalf of the Office of the Commissioner. Christopher J. Young, Assistant Attorney General served as counsel to the Deputy Commissioner. The proceedings were electronically recorded.

FINDINGS OF FACT

From the testimony and exhibits presented, and with the opportunity to observe the demeanor of the witnesses and to assess their credibility, the Deputy Commissioner finds the relevant facts to be

these:

1. On or about August 2, 2007, Applicant submitted an application for a mortgage originator license [Comm'r Exhibit # 4].

2. On or about February 21, 2007, Applicant was convicted in the United States District Court for the District of New York (WD) on the felony charge of misprision of felony [Comm'r Exhibit # 4]. Applicant testified that his conviction arose from his being present at an attempted purchase of a controlled substance (fifty pounds of marijuana) by a person with whom he was traveling in an automobile from an undercover Drug Enforcement Agent in or around Buffalo, New York. The offense occurred on February 12, 2005 [Comm'r Exhibit # 4]. Applicant was sentenced to three years probation and required to pay a $1,000 fine [Comm'r Exhibit # 4]. Applicant testified that he remains on probation, which will expire on or about February 21, 2009, but that he has paid the $1,000 fine.

3. On or about April 21, 2006, Applicant was arrested in Montgomery County, Maryland on a misdemeanor charge of Gambling-Sporting Event, and received probation before judgment and was required to pay a $1,000 fine [Comm'r Exhibit # 4]. Applicant testified that he has paid the $1,000 fine.

CONCLUSIONS OF LAW

Based on the Findings of Fact, the Deputy Commissioner concludes as a matter of law under FI § 11-605 that the Applicant should not be granted a mortgage originator license at this time. To qualify for a mortgage originator license, an applicant must satisfy the Commissioner that the applicant is of "good moral character and has general fitness to warrant the belief that the applicant will act as a mortgage originator in a lawful, honest, fair, and efficient manner". FI § 11-605(a)(2). The Commissioner may also deny an application for any reason that a license may be revoked or

suspended under either the Mortgage Originator Law (FI § 11-601 *et seq.*) or the Mortgage Lender Law (FI § 11-501 *et seq.*) FI § 11-607(e)(2). Conviction under the laws of the United States or any state of a felony or misdemeanor that is directly related to the fitness and qualification of an individual to act as a mortgage originator; and demonstration of unworthiness, bad faith, dishonesty, or any other quality that indicates that the business of the Applicant will not be conducted honestly are two such grounds. FI § 11-615(a)(2) and (5).

When denying a license because of a criminal conviction, the Commissioner is required to consider the following: (1) the nature of the crime; (2) the relationship of the crime to the activities authorized by the license; (3) with respect to a felony, the relevance of the conviction to the fitness and qualification of the licensee or applicant to engage in the mortgage origination business; (4) the length of time since the conviction; and (5) the behavior and activities of the applicant since the conviction.

In this case, Applicant's U.S. District Court felony conviction was less than one year ago, and his period of probation has not yet been completed. The incident and arrest which gave rise to the conviction occurred February 12, 2005. This felony arrest was followed just fourteen months later, on April 21, 2006, by Applicant's misdemeanor arrest on the charge of Gambling-Sporting Event for his involvement in an illegal gambling operation and resulted in his receiving probation before judgment and a $1,000.

The Deputy Commissioner finds particularly troubling Applicant's continued participation in illegal activities after his first arrest on February 12, 2005 on felony charges. The Deputy Commissioner concludes that this demonstrates a pattern by Applicant of disregard for the law and calls into question his judgment. This pattern of criminal behavior is relevant to the fitness and qualification of Applicant to engage in the mortgage origination business. The Deputy Commissioner

notes that a strong code of personal honesty, ethics and good judgment is an essential characteristic of a person licensed to engage in the mortgage origination business and Applicant's behavior suggests that he lacks the requisite fitness and qualification for the license. While Applicant shows a desire to rehabilitate himself, an insufficient amount of time has passed since his conviction and probation before judgment to allow the Deputy Commissioner to conclude that Applicant will act as a mortgage originator in a lawful, honest, fair and efficient manner as required by FI § 11-605(a)(2). Moreover, he is still on probation for the felony conviction. Therefore, the Deputy Commissioner must conclude, based upon the evidence before him, Applicant is not presently qualified to be granted a mortgage originator license.

The Deputy Commissioner notes that his denial of Applicant's license at this time does not act as a permanent bar to his reapplying for a mortgage originator license at a future time.

FINAL ORDER

In consideration of the foregoing Findings of Fact and Conclusions of Law, it is this 3rd day of January, 2008, hereby **ORDERED** that:

Applicant, Song Min Hong, is **DENIED** a mortgage originator license, pursuant to FI § 11-607(e).

Pursuant to State Govt. Art., Section 10-222, any party who is aggrieved by the Commissioner's decision, may file a petition for judicial review with the Circuit Court for the county where any party resides or has a principal place of business. Such petition must be filed within 30 days after Applicant's receipt of this Order (Md. Rule 7-203). The filing of a petition for judicial review does not automatically stay the enforcement of the Final Order.

COMMISSIONER OF FINANCIAL REGULATION

By: Joseph E. Rooney

Joseph E. Rooney, Deputy Commissioner