

STATE OF NEW JERSEY



DEPARTMENT OF BANKING AND INSURANCE DIVISION OF BANKING

ORDER NO. E07-0615

IN THE MATTER OF:

AEGIS WHOLESAL CORPORATION)	ORDER
Ref. no. 9947603)	TO CEASE AND DESIST
NATHANIEL L. PARKS)	AND
Ref. No. 8501145)	TAKE CERTAIN ACTIONS
)	AND
)	TO SHOW CAUSE WHY LICENSES
)	SHOULD NOT BE REVOKED
)	AND
)	PENALTIES IMPOSED

To: Aegis Wholesale Corporation
100 Walnut Avenue, Suite 502
Clark, NJ 07066

Aegis Wholesale Corporation
3010 Briarpark Drive, Suite 700
Houston, TX 77042

Nathaniel L. Parks
Aegis Wholesale Corporation
100 Walnut Avenue, Suite 502
Clark, NJ 07066

Nathaniel L. Parks
85 Toby Drive
Succasunna, NJ 07876

John C. H. Hooff, Jr., President
Aegis Wholesale Corporation
3010 Briarpark Drive, Suite 700
Houston, TX 77042

Michael C. Balog, EVP & Secretary
Aegis Wholesale Corporation
3010 Briarpark Drive, Suite 700
Houston, TX 77042

Patrick A. Walden, EVP
Aegis Wholesale Corporation
3010 Briarpark Drive, Suite 700
Houston, TX 77042

Eugene S. Putnam, Jr., EVP & Treasurer
Aegis Wholesale Corporation
3010 Briarpark Drive, Suite 700
Houston, TX 77042

THIS MATTER having been opened by the Commissioner of the New Jersey Department of Banking and Insurance (“Commissioner”), upon information that Aegis Wholesale Corporation (“Aegis”), a licensed lender pursuant to the New Jersey Licensed Lenders Act (the “Act”), N.J.S.A. 17:11C-1 et seq., and Nathaniel L. Parks (“Parks”), a licensed individual for Aegis under the Act, have engaged in conduct in violation of the Act; and

IT APPEARING that John C. H. Hoof, Jr., Michael C. Balog, Patrick A. Waldon, and Eugene S. Putnam, Jr., are on record with the Department as corporate officers of Aegis; and

COUNT ONE

IT APPEARING that, beginning on August 6, 2007 Aegis Mortgage Corporation, the parent company and funding source for Aegis, announced it was unable to fund home loans in its pipeline, and beginning on August 7, 2007 Aegis and Parks closed at least two mortgage loans they had entered into with New Jersey resident mortgage loan customers when they knew or should have known they would be unable to fund those loans, thereby misrepresenting or concealing a material particular of that transaction in violation of N.J.S.A. 17:11C-22g, with each such misrepresentation or concealment a separate violation of N.J.S.A. 17:11C-22g; and

COUNT TWO

IT FURTHER APPEARING that, beginning on or about August 7, 2007, Aegis and Parks failed to deliver funds constituting mortgage loan proceeds within the time required by N.J.S.A. 17:11C-22h after mortgage loan closings with respect to at least two agreements Aegis and Parks had entered into with a New Jersey resident mortgage loan customers, in violation of N.J.S.A. 17:11C-22h and N.J.S.A. 17:11C-18a(1), with each such failure to disburse representing a separate violation; and

COUNT THREE

IT FURTHER APPEARING that, prior to August 7, 2007, Aegis and Parks accepted an unknown number of pending mortgage loan applications that have not closed (hereinafter referred to as the “Loans in the Pipeline”) that Aegis and Parks knew or should have known they would be unable to process through to closing and funding in accordance with the mortgage agreements, thereby misrepresenting or concealing a material particular of the transaction in violation of N.J.S.A. 17:11C-22g and N.J.S.A. 17:11C-18a(1), with each such misrepresentation or concealment representing a separate violation; and

COUNT FOUR

IT FURTHER APPEARING that Aegis and Parks have failed to maintain the required net worth or become insolvent, in violation of N.J.S.A. 17:11C-14, N.J.S.A. 17:11C-18a(4) and N.J.S.A. 17:11C-18a(1);

NOW, THEREFORE, in accordance with authority provided in the Act and at N.J.S.A. 17:1-15g, **IT IS** on this 14th day of August 2007, **ORDERED** that:

A. ORDER TO CEASE AND DESIST

1. Aegis and Parks shall immediately **CEASE and DESIST** from closing loans without available funding for New Jersey mortgage loan customers; and
2. Aegis and Parks shall immediately **CEASE and DESIST** from accepting any new applications or accepting any fees with respect to New Jersey mortgage loan customers until further notice from the Commissioner; and

B. ORDER TO TAKE CERTAIN ACTIONS

3. Aegis and Parks shall immediately **TAKE ACTION** to fund those loans that have closed without funding or to redirect such loans to a viable alternative funding source; and
4. Aegis and Parks shall immediately **TAKE ACTION** to secure a viable funding source for the Loans in the Pipeline before proceeding any further with processing such loans or to redirect the Loans in the Pipeline to a viable alternative lender; and
5. Aegis and Parks shall immediately **TAKE ACTION** to, on a weekly basis, provide the Commissioner with a weekly report, in electronic format, containing all information the Commissioner may direct, detailing the status of each Loan in the Pipeline; and
6. Aegis and Parks shall immediately **TAKE ACTION** to make available for examination any and all books, accounts, records and documents pertaining to its business as the Commissioner may direct; and
7. Aegis and Parks shall immediately **TAKE ACTION** to place into and maintain in escrow until further order of the Commissioner all monies representing fees of any kind paid by New Jersey mortgage loan customers for a loan that has not been funded; and
8. Failure to comply with the terms of Sections A and B of this Order shall subject Aegis and Parks to further administrative proceedings pursuant to N.J.S.A. 17:11C-18 and to the imposition of administrative penalties in accordance with N.J.S.A. 17:11C-48; and

C. ORDER TO SHOW CAUSE – LICENSE REVOCATION

9. Aegis and Parks shall appear and show cause why their licensed lender licenses should not be **REVOKED** pursuant to N.J.S.A. 17:11C-18(a)1 for the violations alleged in the Counts set forth above; and

- 10 Aegis and Parks shall appear and show cause why they should not be jointly and severally liable for **ADMINISTRATIVE PENALTIES** of up to \$5,000 for each violation of the Act, pursuant to N.J.S.A. 17:11C-48; and

IT IS PROVIDED that Aegis and Parks have the right to request an administrative hearing pursuant to the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.; as to the terms of this Order; and

IT IS FURTHER PROVIDED that unless a request for a hearing is received within twenty (20) days of receipt of this Order, the right to a hearing in this matter shall be deemed to have been waived by Aegis and Parks and the Commissioner shall dispose of this matter in accordance with law.


A hearing may be requested by mailing the request to:

Leona B. Joyner, Chief of Enforcement
Office of Consumer Finance
Department of Banking and Insurance
P.O. Box 040, Trenton, New Jersey 08625-0040

The request shall contain:

- (1) Your name, address and daytime telephone number;
- (2) A copy of this Order;
- (3) A statement requesting a hearing;
- (4) A specific admission or denial of each fact alleged in this Order to Show Cause. Where the licensee has no specific knowledge regarding a fact alleged in the Order, a statement to that effect must be contained in the hearing request. Allegations contained in this Order not answered in the manner set forth above shall be deemed to have been admitted; and
- (5) A concise statement identifying any factual or legal defense intended to be asserted in response to each charge in this Order. Where the defense relies on facts not contained in the Order, those specific facts must be stated.

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE



STEVEN M. GOLDMAN, COMMISSIONER