

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Recovco Mortgage Management LLC,
NMLS ID 1200721.

) ORDER TO SHOW CAUSE
)
)

TO: Recovco Mortgage Management LLC
c/o Michael Strauss
4600 Fuller Drive, Suite 300
Irving, Texas 75038

THIS MATTER having been opened by the Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner"), upon information that Recovco Mortgage Management LLC ("Respondent"), may have violated various provisions of the Residential Mortgage Lending Act, N.J.S.A. 17:11C-51 to -89 ("RMLA"); and

WHEREAS, Respondent was previously licensed as a residential mortgage lender in New Jersey, pursuant to N.J.S.A. 17:11C-54(a)(1), until its license was surrendered on December 14, 2021; and

WHEREAS, Respondent is subject to the provisions of the RMLA; and

WHEREAS, N.J.S.A. 17:11C-70(a)(3)(f), the Commissioner may revoke or suspend the license of a mortgage lender when the Commissioner finds that the licensee has shown itself untrustworthy or incompetent to act as a mortgage loan originator; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(a)(3)(g), the Commissioner may revoke or suspend the license of a mortgage lender originator when the Commissioner finds that the licensee has engaged in any other conduct which would be deemed by the Commissioner to be the cause for denial, revocation, suspension, or refusal of the license or license renewal; and

WHEREAS, pursuant to N.J.S.A. 17:11C-75(e), no residential mortgage lender shall engage in any unfair or deceptive practice toward any person, or directly or indirectly employ any scheme, device, or artifice to defraud or mislead borrowers, lenders, or any other person, including any action to misrepresent, circumvent, or conceal the nature of any information or material particular of any transaction, or to obtain the real property that is, or intended to be, the security for the loan; and

WHEREAS, pursuant to N.J.S.A. 17:11C-75(m), no residential mortgage lender or residential mortgage broker shall fail to disburse funds in accordance with the licensee's agreements, unless otherwise ordered by the Commissioner or a court of competent jurisdiction; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(b)(4), the Commissioner may impose a civil penalty not exceeding \$25,000.00 on any person for a violation of the RMLA. Each violation of the RMLA, including any order, rule or regulation made or issued pursuant to the RMLA, shall constitute a separate offense; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(b)(6), the Commissioner may order a person found to be in violation of the RMLA to make restitution to any person aggrieved by the violation; and

WHEREAS, pursuant to N.J.S.A. 17:11C-70(b)(7), the Commissioner may order any other remedial action with respect to a violation of the RMLA as the Commissioner deems necessary; and

COUNT 1
(Failure to fund mortgages on time)

IT APPEARING that in February and March 2020, Respondent entered into four mortgage loan agreements with the following four New Jersey borrowers – (1) “J.G.”; (2) “S.A.”; (3) “C.T.”; and (4) “V.W.”; and

IT FURTHER APPEARING that pursuant to said mortgage loan agreements, Respondents were required to fund the mortgages three days after the real estate closings; and

IT FURTHER APPEARING that despite this obligation, Respondent failed to fund said mortgages on time, or at all; and

IT FURTHER APPEARING that, more specifically, Respondent never funded the mortgage of J.G., and J.G. had to obtain funding elsewhere; and

IT FURTHER APPEARING that Respondent funded the mortgage of S.A. on June 4, 2020, or more than two months after the March 21, 2020 closing; and

IT FURTHER APPEARING that Respondent never funded the mortgage of C.T., and C.T. had to obtain funding elsewhere; and

IT FURTHER APPEARING that Respondent funded the mortgage of V.W. on July 21, 2020, or almost four months after the March 23, 2020 closing; and

IT FURTHER APPEARING that the details of the four mortgages are summarized in the following chart:

Borrower initials	Closing date	Status of funding
J.G.	March 18, 2020	Never funded. Borrower obtained other funding.
S.A.	March 21, 2020	Funded late on June 4, 2020.
C.T.	March 23, 2020	Never funded. Borrower obtained other funding.
V.W.	March 23, 2020	Funded late on July 21, 2020.

IT FURTHER APPEARING that on December 14, 2021, Respondent surrendered its mortgage lender license in New Jersey, and it is no longer licensed in New Jersey; and

IT FURTHER APPEARING that by failing to fund the four mortgages on time, or at all, Respondent violated N.J.S.A. 17:11C-75(e) and (m); and

IT FURTHER APPEARING that each failure to fund a mortgage on time constitutes a separate violation of the RMLA; and

NOW, THEREFORE, IT IS on this 26th day of August 2024,

ORDERED that Respondent appear and show cause why its surrendered mortgage loan originator license in New Jersey, under NMLS ID 1200721, should not be revoked, pursuant to N.J.S.A. 17:11C-70(a)(3); and

IT IS FURTHER ORDERED that Respondent appear and show cause why it should not be barred from acting as a residential mortgage lender, residential mortgage broker, or mortgage loan originator, or a stockholder, an officer, director, partner or other owner, or any employee of a licensee, or acting in any other capacity pursuant to the RMLA, pursuant to N.J.S.A. 17:11C-70(b)(5); and

IT IS FURTHER ORDERED that Respondent appear and show cause why the Commissioner should not assess a civil penalty of not more than \$25,000.00 for each violation of the RMLA, pursuant to N.J.S.A. 17:11C-70(b)(4); and

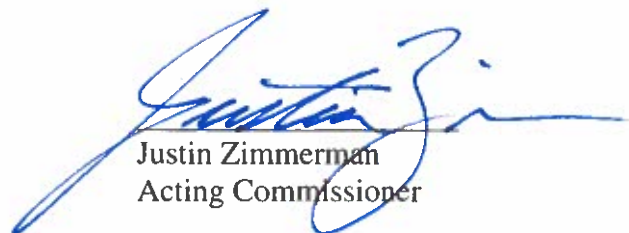
IT IS FURTHER ORDERED that Respondent appear and show cause why the Commissioner should not order restitution to any person aggrieved by Respondent' violations, pursuant to N.J.S.A. 17:11C-70(b)(6); and

IT IS FURTHER ORDERED that Respondent have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at its own expense, to take

testimony, to call or cross-examine witnesses, to have subpoenas issued, and to present evidence or argument if a hearing is requested; and

IT IS FURTHER ORDERED that unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondent and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by emailing the request to Paulette Sibblies-Flagg at paulette.sibblies-flagg@dob.nj.gov and mailing a copy to Paulette Sibblies-Flagg, OCF Investigations Unit, Department of Banking and Insurance, P.O. Box 040, Trenton, New Jersey 08625. A copy of the request for a hearing shall also be emailed to Deputy Attorney General Garen Gazaryan at garen.gazaryan@law.njoag.gov and a copy mailed to P.O. Box 117, Trenton, New Jersey 08625. The request shall contain the following:

- A. Respondent' full name, address, and daytime telephone number;
- B. A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- C. A specific admission or denial of each fact alleged in this Order to Show Cause. Where Respondent have no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- D. A statement requesting a hearing.



Justin Zimmerman
Acting Commissioner