

ORDER NO. OCF26-04

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Recovco Mortgage Management LLC,
NMLS ID 1200721.

)
)
)

FINAL ORDER

TO: Recovco Mortgage Management LLC
c/o Michael Strauss
367 Great Plains Road,
Southampton, NY 11968

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

WHEREAS, on August 26, 2024, the Commissioner issued Order to Show Cause OCF24-15 alleging violations of the RMLA by Respondent as follows:

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, Respondent 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

WHEREAS, as set forth in the certification of service of Garen Gazaryan, Deputy Attorney General, attached hereto as Exhibit A, Respondent was given notice of the aforesaid charges and an opportunity to contest the charges at a hearing pursuant to the Order to Show Cause, which was duly served upon Respondent by certified and regular mail; and

WHEREAS, Respondent failed to provide written responses to the charges contained in the Order to Show Cause, and therefore Respondent has waived his right to a hearing to contest these charges and the charges are deemed admitted; and

WHEREAS, in Kimmelman v. Henkels & McCoy, Inc., 108 N.J. 123, 137-139 (1987), the Supreme Court established seven factors to be considered in determining the imposition of civil fines in administrative proceedings ("Kimmelman factors"); and

WHEREAS, the seven Kimmelman factors are as follows: (1) the good or bad faith of the defendant; (2) defendant's ability to pay a civil fine; (3) the amount of profits obtained from the illegal activity; (4) the injury to the public; (5) the duration of the misconduct; (6) the existence of criminal or treble damages actions; and (7) the past violations of defendant; and

WHEREAS, the Kimmelman factors apply to this matter as follows: (1) Respondent showed extreme bad faith by failing to fund four mortgages on time, or at all; (2) Respondent has not provided any evidence of inability to pay a civil fine; (3) there is no evidence that Respondent obtained profits from the violations; (4) there is no evidence of injury to the public; (5) Respondent's violations occurred from March 18, 2020 to March 23, 2020; (6) there are no criminal or treble damages actions resulting from Respondent's misconduct; and (7) Respondent had no past violations with the Department; and

NOW, THEREFORE, IT IS on this 20th day of January 2026,

ORDERED, that the charges contained in the Order to Show Cause are deemed admitted by Respondent; and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:11C-70(a)(3), Respondent's surrendered residential mortgage lender license in New Jersey, under NMLS ID 1200721, is hereby **REVOKED** effective upon the execution of this Final Order by the Commissioner; and

IT IS FURTHER ORDERED that, pursuant to N.J.S.A. 17:11C-70(b)(5), Respondent is hereby 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; and

IT IS FURTHER ORDERED that, based on the Kimmelman analysis, and pursuant to N.J.S.A. 17:11C-70(b)(4), Respondent is assessed and shall pay a civil penalty of \$100,000.00 to the Commissioner for four violations of the RMLA; and

IT IS FURTHER ORDERED, that Respondent shall remit the payment of \$100,000.00 to the Commissioner of Banking and Insurance, State of New Jersey, P.O. Box 040, Trenton, New Jersey 08625, Attention: Paulette Sibblies-Flagg, OCF Enforcement Unit, by certified check,

cashier's check or money order made payable to the "State of New Jersey, General Treasury," within ten days from the date of service of this Order; and

IT IS FURTHER ORDERED, that in the event full payment of the penalty and costs is not made, the Commissioner may exercise any and all remedies available by law, including but not limited to recovery of any unpaid penalties, in accordance with the Penalty Enforcement Law, N.J.S.A. 2A:58-10 to -12; and

IT IS FURTHER ORDERED, that the civil penalty in this Final Order is imposed pursuant to the police powers of the State of New Jersey for the enforcement of the law and the protection of the public health, safety and welfare, and is not intended to constitute debts which may be limited or discharged in a bankruptcy proceeding; and

IT IS FURTHER ORDERED, that the provisions of this Final Order represent a final agency decision and constitute a final resolution of the allegations contained in the Order to Show Cause.



Justin Zimmerman
Commissioner