

CLOTHILDE V. HEWLETT
Commissioner
MARY ANN SMITH
Deputy Commissioner
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:)	CRMLA LICENSE NO.: 41DBO-118560
THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,)	
Complainant,)	SETTLEMENT AGREEMENT
v.)	
THE STONEHILL GROUP, INC.,)	
Respondent.)	

This Settlement Agreement (Settlement Agreement) is entered into between the Commissioner of Financial Protection and Innovation (Commissioner) and The Stonehill Group, Inc. (Respondent) and together with the Commissioner, the Parties (Parties) and is made with respect to the following facts:

I.

RECITALS

A. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of residential mortgage lending and residential mortgage loan servicing under the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).

1 B. Respondent is a residential mortgage lender licensed by the Commissioner pursuant
2 to the CRMLA. Respondent’s principal place of business is 1117 Perimeter Center West, Suite
3 #E212 Atlanta, Georgia 30338.

4 C. Pursuant to Financial Code sections 50307 and 50401, all licensees under the
5 CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate
6 Amount of Loans Serviced (Annual Report) on or before March 1 of each year for the preceding
7 12-month period ending December 31.

8 D. On December 29, 2022, Respondent submitted a request to surrender its CRMLA
9 license through the Nationwide Multistate Licensing System and Registry (NMLS).¹ On January 1,
10 2023, the company failed to renew its CRMLA license through NMLS.

11 E. On January 3, 2023, the Commissioner notified the Respondent through NMLS by
12 setting a license deficiency item acknowledging its surrender request as well as a letter it uploaded
13 to NMLS. The license deficiency item advised that Respondent must meet the surrender checklist
14 requirements before the Commissioner would accept Respondent’s surrender request. The license
15 deficiency item also advised that license requirements are still required to be met until the
16 Commissioner had accepted Respondent’s surrender request.

17 F. On January 31, 2023, a second electronic notice was sent to Respondent’s designated
18 email address reminding Respondent that its Annual Report was due on March 1, 2023, and that
19 failure to file its Annual Report by the deadline could result in suspension or revocation of their
20 license.

21 G. On or about February 22, 2023, a third electronic notice was sent to Respondent’s
22 designated email address reminding Respondent that its Annual Report was due on March 1, 2023,
23 and that failure to file its Annual Report by the deadline could result in suspension or revocation of
24 their license.

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27 ¹ NMLS is a web-based platform for regulatory agencies to administer initial license applications and
28 ongoing compliance requirements. NMLS is used by participating agencies to process the
applications of companies and individuals looking to apply, renew, surrender, or amend licenses for
various industries. NMLS is used by Mortgage Lenders, Mortgage Loan Originators, Money
Transmitters, Money Services including check cashing and currency exchange businesses, and more.

1 H. On or about March 1, 2023, a final electronic notice was sent to Respondent’s
2 designated email address informing Respondent that the Commissioner has not received its Annual
3 Report and that the Annual Report is due on March 1, 2023, and that the failure to file its Annual
4 Report by the deadline could result in suspension or revocation of its license.

5 I. On March 29, 2023, Respondent emailed the Commissioner referring to the
6 current licensing deficiency items, and the Commissioner responded to the email advising that the
7 company had not complied with surrender requirements, so it was still required to file an Annual
8 Report.

9 J. Over the next few months, Respondent and the Commissioner exchanged several
10 communications regarding outstanding items from the surrender the surrender checklist
11 requirements.

12 K. As of June 21, 2023, although Respondent completed many of the requirements, it
13 still had not provided an auditor’s opinion that the company no longer had customer accounts. As a
14 result, on that day, the Commissioner issued an Accusation and Notice of Intention to Issue Order
15 Revoking California Residential Mortgage Lending and/or Servicing License (together, the
16 Accusation) to revoke Respondent’s CRMLA license for failure to file a 2022 Annual Report, in
17 violation of Financial Code sections 50307 and 50401.

18 L. Respondent timely submitted a Notice of Defense, requesting a hearing on the
19 Accusation.

20 M. On August 8, 2023, Respondent submitted the last items outstanding from the
21 surrender checklist: an auditor’s opinion that the company no longer had customer accounts.

22 N. The Commissioner finds that entering into this Settlement Agreement is in the public
23 interest and consistent with the purposes fairly intended by the policies and provisions of the
24 CRMLA.

25 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
26 forth herein, the Parties agree as follows:

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II.

TERMS AND CONDITIONS

1. Purpose. This Settlement Agreement resolves the issues before the Commissioner in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the CRMLA.

2. Withdraw of Request for Hearing and Waiver of Hearing Rights. Respondent hereby withdraws its Notice of Defense and request for an administrative hearing on the Accusation. Respondent acknowledges that the Commissioner is ready, willing and able to proceed with the administrative action described above in Paragraphs D-K, and Respondent hereby waives the right to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CRMLA; the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law; and by waiving such rights, Respondent effectively consents to this Agreement becoming final.

3. Full and Final Settlement. The Parties hereby acknowledge and agree that this Settlement Agreement is intended to constitute a full, final, and complete resolution of the violations described herein, and that no further proceedings or actions will be brought by the Commissioner in connection with these matters under the CRMLA or any other provision of law, excepting therefrom any proceeding to enforce compliance with the terms of this Settlement Agreement.

4. License Surrender. The Commissioner acknowledges that Respondent has now provided all information necessary to process the surrender of its CRMLA license. Upon the effective date of this Settlement Agreement, the Commissioner agrees that she will not unduly delay processing of Respondent’s license surrender request and will notify Respondent in writing of acceptance of the license surrender once complete.

5. Information Willfully Withheld or Misrepresented. This Settlement Agreement may be rescinded and the Commissioner may pursue any and all remedies available under law against

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1 Respondent if the Commissioner discovers that Respondent knowingly or willfully withheld or
2 misrepresented information used for and relied upon in this Settlement Agreement.

3 6. Assisting Other Agencies. Nothing in this Settlement Agreement limits the
4 Commissioner’s ability to assist any other government agency (city, county, state, or federal) with
5 any prosecution, administrative, civil or criminal brought by that agency against Respondent or any
6 other person based upon any of the activities alleged in this matter or otherwise.

7 7. Headings. The headings to the paragraphs of this Settlement Agreement are inserted
8 for convenience only and will not be deemed a part hereof or affect the construction or
9 interpretation of the provisions hereof.

10 8. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or
11 successors in interest.

12 9. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
13 Settlement Agreement it has relied solely on the statements set forth herein and the advice of its
14 own counsel. Each of the Parties further represents, warrants, and agrees that in executing this
15 Settlement Agreement it has placed no reliance on any statement, representation, or promise of any
16 other party, or any other person or entity not expressly set forth herein, or upon the failure of any
17 party or any other person or entity to make any statement, representation, or disclosure of anything
18 whatsoever. The Parties have included this clause: (1) to preclude any claim that any party was in
19 any way fraudulently induced to execute this Settlement Agreement and (2) to preclude the
20 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
21 Settlement Agreement.

22 10. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
23 of this Settlement Agreement will be valid or binding unless it is in writing and signed by each of
24 the parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver
25 of any other provision. No waiver by either party of any breach of, or of compliance with, any
26 condition or provision of this Settlement Agreement by the other party will be considered a waiver
27 of any other condition or provision or of the same condition or provision at another time.

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1 11. Full Integration. This Settlement Agreement is the final written expression and the
2 complete and exclusive statement of all the agreements, conditions, promises, representations, and
3 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions
5 between and among the parties, their respective representatives, and any other person or entity, with
6 respect to the subject matter covered hereby.

7 12. Governing Law. This Settlement Agreement will be governed by and construed in
8 accordance with California law. Each of the parties hereto consents to the jurisdiction of such
9 court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an
10 inconvenient forum to the maintenance of such action or proceeding in such court.

11 13. Effect Upon Future Proceedings. If Respondent applies for any license, permit or
12 qualification under the Commissioner’s current or future jurisdiction, or are the subject of any
13 future action by the Commissioner to enforce this Settlement Agreement, then the subject matter
14 hereof shall be admitted for the purpose of such application(s) or enforcement proceedings(s).

15 14. Counterparts. This Settlement Agreement may be executed in one or more separate
16 counterparts, each of which will be deemed an original when so executed. Such counterparts
17 together will be deemed to constitute a single document.

18 15. Notice. Any notice required under this Settlement Agreement shall be provided to
19 each party at the following addresses:

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21 To Respondent The Stonehill Group, Inc.:

22 The Stonehill Group, Inc. c/o Kristi Christian
23 Vice President and Secretary
24 1117 Perimeter Center West, #E212 Atlanta, Georgia 30338
25 kristi.christian@firstsource.com

26 To the Commissioner:

27 Taylor Steinbacher, Senior Counsel
28 Department of Financial Protection and Innovation
 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344
 Taylor.Steinbacher@dfpi.ca.gov

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16. Signatures. A fax or electronic-mail signature will be deemed an original signature.

17. Public Record. Respondent hereby acknowledges that this Settlement Agreement is a matter of public record.

18. Effective Date. This Settlement Agreement shall become final and effective when signed by all parties and delivered by the Commissioner’s agent via e-mail to Haydn Richards at hrichards@bradley.com.

19. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement and undertake the obligations set forth herein.

Dated: August 29, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: _____
MARY ANN SMITH
Deputy Commissioner

Dated: August 23, 2023

THE STONEHILL GROUP, INC.

By: _____
KRISTI CHRISTIAN
Vice President and Secretary