

**IN THE MATTER OF:
ALLIANCE NETWORK,
BRIAN J. PACIOS,**

**and
SAMEER LAKHANY,**

Respondents.

**BEFORE THE MARYLAND
COMMISSIONER OF
FINANCIAL REGULATION**

Case No. CFR-FY2012-100

FINAL ORDER TO CEASE AND DESIST

Pursuant to Md. Code Ann., Fin. Inst. Art. ("FI"), § 2-115, and for the reasons stated below, Gordon M. Cooley, the Commissioner of Financial Regulation of the Department of Labor, Licensing and Regulation of the State of Maryland, issues this Final Order to Cease and Desist to Alliance Network, Brian J. Pacios, and Sameer Lakhany.

The Summary Order to Cease and Desist ("Summary Order") issued on November 12, 2014 is herein adopted and incorporated by reference.

Background.

1. As described more fully in the Summary Order, the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the "Agency") undertook an investigation, as a result of a consumer complaint, into the credit services business activities of Alliance Network, Brian J. Pacios, and Sameer Lakhany (collectively, "Respondents").
2. The Agency's investigation revealed that Respondent Alliance Network is a purported business offering loan modification services and operates out of offices in the State of California. The Agency's investigation revealed that Alliance Network

engaged in business activities with Maryland consumers, involving Maryland residential property. Alliance Network has not registered to do business in the State of Maryland. Respondents Pacios and Lakhany are employees, directors, officers, managers, and/or agents of Alliance Network.

3. The Agency's investigation revealed that, in February 2011, [REDACTED] [REDACTED] a Maryland consumer, entered into a loan modification agreement with Respondents. The consumer paid \$2,700.00 in up-front fees to Respondents in exchange for which Respondents represented that they would be able to obtain a loan modification for the consumer. Respondents collected \$2,700.00 in fees but never obtained a loan modification for the consumer.
4. Acting Deputy Commissioner Keisha Whitehall Wolfe, as a result of the Agency's investigation, found reasonable grounds to believe that Respondents were not licensed as required by Maryland law and had violated various provisions of Maryland law, including Md. Code Ann., Commercial Law Article ("CL"), Title 14, Subtitle 19, (the Maryland Credit Services Business Act, hereinafter "MCSBA"), and Financial Institutions Article, Title 11, Subtitles 2 and 3 (Licensing, Consumer Loans and Installment Loans).
5. In particular, in addition to finding unlicensed activity, the Acting Deputy Commissioner found that: Respondents violated CL § 14-1902 by collecting up-front fees prior to performing all services on behalf of the consumers and by making false or misleading statements that they would be able to obtain beneficial loan modifications for Maryland homeowners; Respondents violated CL §§ 14-1908 and 14-1909 by failing to obtain the requisite surety bonds; Respondents

violated CL §§ 14-1904 and 1905 by filing to provide consumers with the requisite information statements; and Respondents violated CL § 14-1906 by failing to include all required contract terms in their agreements with consumers. The Acting Deputy Commissioner found that, because Respondents failed to comply with the MSCBA, all contracts between Respondents and consumers are void and unenforceable pursuant to CL § 14-1907. The Acting Deputy Commissioner further found that Respondents had breached their contracts with Maryland Consumers and that such breaches are per se violations of the MSCBA.

6. The Acting Deputy Commissioner determined that enforcement action under FI §§ 2-114 and 2-115 was appropriate and issued the Summary Order against the Respondents on November 12, 2014, after determining that the Respondents were engaged in credit services business activities, including loan modification services and mortgage assistance relief services,¹ as defined by Maryland law; that Respondents were in violation of the aforementioned provisions of Maryland law, and that it was in the public interest that Respondents immediately cease and desist

¹ At the time of the alleged violation, in February 2011, the Credit Services Business Act applied to mortgage assistance relief services, which includes, *inter alia*, negotiating a modification of any term of a mortgage or loan on a dwelling. Effective July 1, 2013, the definition of “credit services business” under the Credit Services Business Act was amended to exclude “a mortgage assistance relief service provider regulated under Title 7, Subtitle 5 of the Real Property Article.” *See* 2013 Md. Laws Ch. 247; *see also* Md. Code Ann., Real Prop. Art., § 7-501 *et seq.* (Maryland Mortgage Assistance Relief Services Act). The 2013 amendment further provided: “This Act is not intended, and may not be construed, to have any effect on the authority of the Commissioner of Financial Regulation to regulate mortgage assistance relief service providers under Title 14, Subtitle 19 of the Commercial Law Article, or on any enforcement actions, including litigation, taken under that authority as it existed and based on actions that occurred before the effective date of this Act [July 1, 2013].” 2013 Md. Laws Ch. 247.

from engaging in credit services business activities and/or mortgage assistance relief services with Maryland consumers related to residential real property.

7. The Summary Order notified Respondents of, among other things, the following: 1) Respondents were entitled to hearing before the Commissioner of Financial Regulation to determine whether the Summary Order should be vacated, modified, or entered as a final order of the Commissioner; 2) the Summary Order would be entered as a final order if the Respondents did not request a hearing within 15 days of the receipt of the Summary Order; and 3) as a result of a hearing or of Respondents' failure to request a hearing the Commissioner may, in his discretion and in addition to taking any other action allowed by law, enter an order making the Summary Order final, issue penalty orders against Respondents, and issue orders requiring Respondents to pay refunds and other monetary awards to Maryland consumers, as well as take other action related to Respondents' business activities.
8. The Summary Order was properly served on Respondents via first class mail and Certified U.S. Mail. Respondents failed to request a hearing in connection with the Summary Order.
9. Respondent Brian J. Pacios is the subject to an earlier final order for restitution and penalties issued by the Commissioner of Financial Regulation, *In the matter of National Relief Group, Inc. and Brian J. Pacios*, Case No. CFR-FY2010-361. In that prior matter, for violations of the MSCBA, unlicensed activity, Pacios was fined \$1,000.00, and, for requiring up-front fees before the performance of services, he was fined \$1,000.00.

NOW, THEREFORE, having determined that Respondents waived their right to a hearing in this matter by failing to request a hearing within the time period specified in the Summary Order, and pursuant to CL §§ 14-1907, 14-1911, 14-1912, and FI § 2-115, it is by the Maryland Commissioner of Financial Regulation hereby:

ORDERED that the Summary Order is entered as a **FINAL ORDER** of the Commissioner;

FURTHER ORDERED that the Respondents shall permanently **CEASE and DESIST** from engaging in any further credit services business activities with Maryland consumers; that Respondents shall permanently **CEASE and DESIST** from engaging in any further mortgage assistance relief services with Maryland consumers; and that Respondents shall permanently **CEASE and DESIST** from further violation of the Maryland laws identified herein;

FURTHER ORDERED that all provisions of this Final Order shall also apply to all named and unnamed partners, officers, employees, and/or agents of Respondents;

FURTHER ORDERED that, pursuant to FI § 2-115(b) and upon consideration of the factors enumerated in FI § 2-115(c), Respondents shall pay to the Commissioner a civil money penalty in the amount of Five Thousand Dollars (\$5,000.00). The civil money penalties are calculated as follows:

Prohibited Activity and Violation	Penalty per Violation	Number of Violations	Penalty
Unlicensed Activity in Violation of CL §§14-1902(1) and 14-1903 and FI §§11-302 and 11-303	\$1,000.00	1	\$1,000.00
Violation of CL §14-1902 (collecting up-front fees prior to performing all services)	\$1,000.00	1	\$1,000.00
Violation of CL §14-1908 and 14-1909 (failing to obtain surety bonds)	\$1,000.00	1	\$1,000.00
Violations of CL §§14-1904, 14-1905, and 14-1906 (failing to provide information statements and to include requisite contractual terms in agreements)	\$1,000.00	1	\$1,000.00
Violation of CL §14-1907 (breached contract with consumer)	\$1,000.00	1	\$1,000.00
Total			\$5,000.00

FURTHER ORDERED that Respondents shall be and hereby are jointly and severally liable for the payment of this \$5,000.00 penalty and shall pay the Commissioner, by cashier's check or certified check made payable to the "Commissioner of Financial Regulation," the amount of \$5,000.00 within twenty (20) days from the date of this Final Order;

FURTHER ORDERED that, pursuant to FI § 2-115(b)(3), Respondent Brian J. Pacios, in addition to the penalties ordered above, shall also pay an enhanced penalty of Ten Thousand Dollars (\$10,000.00) because the instance case involves subsequent violations of the MCSBA, for unlicensed activity and charging up-front fees before the performance of all services; Respondent Pacios shall pay the Commissioner, by cashier's

check or certified check made payable to the "Commissioner of Financial Regulation," the amount of \$10,000.00 (in addition to the other penalties) within twenty (20) days from the date of this Final Order;

FURTHER ORDERED that, because Respondents are in violation of the Maryland Credit Services Business Act, any and all loan modification services agreements made by Respondents with Maryland consumers are void and unenforceable pursuant to CL § 14-1907;

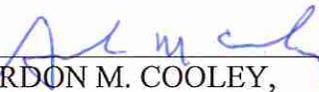
FURTHER ORDERED that, pursuant to CL § 14-1912(a), as Respondents' activities constituted willful noncompliance with MSCBA, Respondents shall pay the consumer a monetary award equal to three times the amount illegally collected from the consumer; and therefore the Respondents shall pay consumer [REDACTED] the monetary award of \$ 8,100.00 (3 times \$2,700); further, Respondents shall be and hereby are jointly and severally liable for the payment of this monetary award;

FURTHER ORDERED that Respondents shall pay the required monetary award to the consumer identified above within thirty (30) days of the date of this Final Order. Respondents shall make payment by mailing to the consumer a check in the amount specified above via First Class Mail, postage prepaid, at the most recent address of the consumer known to the Respondents. If mailing is returned as nondeliverable, Respondents shall promptly notify the Commissioner in writing for further instruction as to the means of making said payment. Upon making the required payment, the Respondents shall furnish a copy of the front and back of the cancelled check for the payment to the Commissioner as evidence of having made payment, within sixty (60) days of the date of this Final Order;

FURTHER ORDERED that Respondents shall send all correspondence, notices, civil penalties, and other required submissions to the Commissioner at the following address: Commissioner of Financial Regulation, 500 N. Calvert Street, Suite 402, Baltimore, MD 21202, Attention: Proceedings Administrator;

FURTHERED ORDERED that, notwithstanding the imposition of civil penalties herein, the Commissioner reserves the right to refer any and all of these violations to the State's Attorney for consideration of criminal prosecution pursuant to CL § 14-1915.

9/22/2016
DATE



GORDON M. COOLEY,
COMMISSIONER OF FINANCIAL
REGULATION