

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



DEPARTMENT OF BUSINESS REGULATION
DIVISION OF BANKING
1511 PONTIAC AVENUE, BUILDING 68-2
CRANSTON, RI 02920

IN THE MATTER OF:

FRIENDSHIP MORTGAGE COMPANY, INC.

CONSENT AGREEMENT

The Rhode Island Department of Business Regulation (“Department”) and Friendship Mortgage Company, Inc. (“Respondent”) agree as follows:

1. Respondent is the holder of Loan Broker License Number(s) 20021395LB (the “License”) issued pursuant to the terms and provisions of R. I. Gen. Laws §19-14-1 *et seq.*

2. R. I. Gen. Laws § 19-14-5 provides that each licensee, licensed pursuant to an application for license filed after June 30, 1995, shall maintain the following minimum net worth to be evidenced in accordance with regulations promulgated by the Director of the State of Rhode Island Department of Business Regulation (“Director”) or the Director’s designee: (1) Small loan lenders, the sum of twenty-five thousand dollars (\$25,000); (2) Loan brokers, the sum of ten thousand dollars (\$10,000); (3) Lenders, the sum of one hundred thousand dollars (\$100,000); and (4) Sale of checks, the sum of fifty thousand dollars (\$50,000).

3. On or about July 14, 2009 the Division of Banking (“Division”) of the Department completed a supervisory examination of Respondent pursuant to R. I. Gen. Laws § 19-14-23. The resulting Report of Examination (“Report”) dated July 14, 2009 cited Respondent in violation of R. I. Gen. Law § 19-14-5, entitled Minimum Capital. For the calendar quarters ending June 30, 2008, September 30, 2008, December 31, 2008 and March 30, 2009 Respondent reported net worth below the required minimum net worth or ten thousand dollars (\$10,000), which failed to comply with the net worth requirements for

a loan broker pursuant to R. I. Gen. Laws § 19-14-5.

4. Subsequent to the issuance of the Report, the Division received certification of the financial condition of Respondent evidencing an additional capital injection sufficient to maintain a minimum net worth of at least ten thousand dollars (\$10,000), as required by R. I. Gen. Laws § 19-14-5, as well as documentation of the source of the additional capital injection.

5. Respondent acknowledges and waives its right to further notice of the fact that it is the Division's position that Respondent violated R. I. General Laws which violation could result in the suspension or revocation of the Licenses under R. I. Gen. Laws §§ 19-14-15 and 19-14-14, additional monetary penalties of up to one thousand dollars (\$1,000.00) per violation and the imposition of criminal and civil sanctions.

6. In light of Respondent's offer to settle this matter, Respondent: waives its right to appeal this Consent Agreement; without admitting that the allegations in paragraphs 1 through 6 are true; is willing to remedy this matter; and is willing to take all necessary action as delineated in this paragraph and the following paragraphs of this Consent Agreement to allow Respondent to maintain the Licenses in good standing.

7. Respondent shall:

- A. Immediately comply fully with any applicable rules and regulations promulgated under R. I. Gen. Law;
- B. On or before August 14, 2009, pay by check made payable to the "General Treasurer, State of Rhode Island"¹, an administrative assessment in the aggregate amount of one thousand, one hundred eleven dollars (\$1,378) as detailed below to be applied as follows:
 - 1) One thousand dollars (\$1,000) for the violation of state statute.
 - 2) An additional examination fee of three hundred seventy-eight dollars (\$378).
 - 3) Maintain a compliance officer to monitor compliance to all

¹ Payee must be the "General Treasurer, State of Rhode Island". Checks with incorrect payee will be

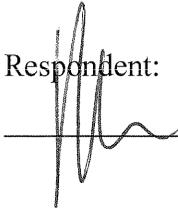
applicable state and federal laws and regulations.

C. Maintain at all times the required minimum net worth of ten thousand dollars (\$10,000) as described in paragraph two pursuant to R. I. Gen. Laws § 19-14-5.

8. The Division agrees to permit Respondent to maintain the License in good standing subject to compliance by Respondent with this Consent Agreement and applicable state and federal laws and regulations.

THIS CONSENT AGREEMENT CONSTITUTES A FINAL ORDER OF THE DEPARTMENT OF BUSINESS REGULATION PURSUANT TO R. I. GEN. LAWS § 42-35-12. PURSUANT TO R.I. GEN. LAWS § 42-35-15, THIS ORDER MAY BE APPEALED TO THE SUPERIOR COURT SITTING IN AND FOR THE COUNTY OF PROVIDENCE WITHIN THIRTY (30) DAYS OF THE DATE OF THIS CONSENT AND ENFORCEMENT ORDER. SUCH APPEAL, IF TAKEN, MUST BE COMPLETED BY FILING A PETITION FOR REVIEW IN SUPERIOR COURT. HOWEVER, RESPONDENT UNDERSTANDS THAT BY WAIVING ITS RIGHT TO A COMPLETE HEARING AND AGREEING TO THIS CONSENT AND ENFORCEMENT ORDER, THE ABOVE RIGHTS ARE WAIVED AND IF ANY TERMS OF THIS CONSENT AND ORDER ARE VIOLATED THE DEPARTMENT SHALL SEEK ADDITIONAL REMEDIES PURSUANT TO R. I. GEN. LAWS §§ 19-14-13, 19-14-14, 19-14-23, 19-14-26, AND/OR 19-14-26.1.

Respondent:



Date: 9/11/09

By: Robert M. Gallucci, President
Friendship Mortgage Company, Inc.
24 Salt Pond, Suite A-1
Wakefield, Rhode Island 02876

returned for re-issuance.

STATE OF R.I.

COUNTY OF [Kent]

In CRANSTON, in said County, on the 11th day of September, 2009, before me personally appeared the above-named Robert M. Gallucci, to me known and known by me to be the President of Friendship Mortgage Company, Inc. and the person executing these presents in behalf of B Friendship Mortgage Company, Inc., the party executing the foregoing instrument, and she acknowledged said instrument by her so executed to be his free act and deed as such President and the free act and deed of said Friendship Mortgage Company, Inc.

Shirley P. Dos Santos
Shirley P. Dos Santos, Notary
(Print or type name of Notary) 3/2/2012

Department:

I hereby approve reject the Consent Agreement as agreed to by and between the parties in the above entitled matter.

Entered this 11th day of September, 2009

Steven L. Cayouette
Steven L. Cayouette, CFE
State Chief Bank Examiner