

# STATE OF NEW JERSEY



## DEPARTMENT OF BANKING AND INSURANCE DIVISION OF BANKING

ORDER NO. E07-0231

IN THE MATTER OF:

NEW CENTURY MORTGAGE )  
CORPORATION, Ref. No. 9823019 )  
VITO DESTITO, Ref. No. 9938037 )  
AND PATRICIA L. REYES, )  
Ref. No. 0520172 )  
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**ORDER  
TO CEASE AND DESIST  
AND TO TAKE CERTAIN ACTIONS  
&  
ORDER TO SHOW CAUSE  
WHY LICENSES SHOULD  
NOT BE REVOKED**

TO: New Century Mortgage Corporation  
50 Tice Boulevard, Suite 110  
Woodcliff Lake, NJ 07677

Vito Destito  
New Century Mortgage Corporation  
50 Tice Boulevard, Suite 110  
Woodcliff Lake, NJ 07677

Patricia L. Reyes  
New Century Mortgage Corporation  
50 Tice Boulevard, Suite 110  
Woodcliff Lake, NJ 07677

Bradley Alexander Morrice, President, CEO  
New Century Mortgage Corporation  
18400 Von Karman, Suite 1000  
Irvine, CA 92612-0516

Kevin Cloyd, Executive Vice President  
New Century Mortgage Corporation  
18400 Von Karman, Suite 1000  
Irvine, CA 92612-0516

Patti M. Dodge, Chief Financial Officer  
New Century Mortgage Corporation  
18400 Von Karman, Suite 1000  
Irvine, CA 92612-0516

Stergios Theologides, Secretary  
New Century Mortgage Corporation  
18400 Von Karman, Suite 1000  
Irvine, CA 92612-0516

**THIS MATTER** having been opened by the Commissioner of Banking and Insurance (“the Commissioner”), upon information that New Century Mortgage Corporation (“New Century”), a licensed lender with mortgage banker and secondary lending authorities pursuant to the New Jersey Licensed Lenders Act (the “Act”), N.J.S.A. 17:11C-1 et seq., and Vito Destito (“Destito”) and Patricia L. Reyes (“Reyes”), both of whom being individual licensees of New Century, have engaged in conduct in violation of the Act warranting issuance of this Order to Cease and Desist and to Take Certain Actions and Order to Show Cause Why Licenses Should not be Revoked (collectively referred to as “this Order”); and

**IT APPEARING** that Bradley Alexander Morrice, Kevin Cloyd, Patti M. Dodge, and Stergios Theologides are persons on record with the Commissioner as officers, directors, or principals of, or persons with a controlling interest in New Century; and

#### **COUNT ONE**

**IT APPEARING** that New Century, Destito, and Reyes have failed to disburse funds after a mortgage loan closing as required by approximately 59 agreements it has entered into with New Jersey resident mortgage loan customers, in violation of N.J.S.A. 17:11C-22h, with each such failure to disburse representing a separate violation of N.J.S.A. 17:11C-22h;

#### **COUNT TWO**

**IT FURTHER APPEARING** that New Century, Destito, and Reyes have failed to deliver mortgage loan funds within the required time after a mortgage loan closing with respect to approximately 59 agreements New Century has entered into with New Jersey resident mortgage loan customers, in violation of N.J.S.A. 17:11C-22i, with each such failure representing a separate violation of N.J.S.A. 17:11C-22i;

#### **COUNT THREE**

**IT FURTHER APPEARING** that New Century, Destito and Reyes have taken approximately 451 pending mortgage loan applications from New Jersey mortgage loan customers that have not closed (hereinafter referred to as the “Loans in the Pipeline”) and that New Century knew or should have known it would be unable to process through to closing and funding in accordance with the mortgage agreements, thereby misrepresenting or concealing a material particular of the transaction in violation of N.J.S.A. 17:11C-22g, with each such misrepresentation or concealment representing a separate violation of N.J.S.A. 17:11C-22g;

#### **COUNT FOUR**

**IT FURTHER APPEARING** that New Century has become insolvent, in violation of N.J.S.A. 17:11C-18a(4); and

**WHEREAS**, effective March 8, 2007, New Century has voluntarily agreed to take actions substantially similar to sections 1 through 6 of this Order;

**NOW, THEREFORE**, in accordance with authority provided at N.J.S.A. 17:1-15g, **IT IS**, on this 13<sup>th</sup> day of March 2007, **ORDERED** that:

**A. ORDER TO CEASE AND DESIST**

1. New Century, Destito, and Reyes shall immediately **CEASE AND DESIST** from closing loans without available funding, for New Jersey mortgage loan customers;
2. New Century, Destito, and Reyes shall immediately **CEASE AND DESIST** from taking any new applications in New Jersey until further notice from the Commissioner;

**B. ORDER TO TAKE CERTAIN ACTIONS**

3. New Century, Destito, and Reyes shall immediately **TAKE ACTION** to fund those New Jersey loans that have closed without funding or to redirect such loans to a viable alternative funding source;
4. New Century, Destito, and Reyes shall immediately **TAKE ACTION** to secure a viable funding source for the Loans in the Pipeline before proceeding any further with such loans or to redirect the Loans in the Pipeline to a viable alternative lender;
5. New Century, Destito, and Reyes shall immediately **TAKE ACTION**, on a daily basis, to provide to the Commissioner a daily report, in electronic format, with all such information as the Commissioner may require, including where appropriate proof of funding (by Federal ID Wire Number), detailing the status of all loans closed but not funded;
6. New Century, Destito, and Reyes shall immediately **TAKE ACTION**, on a daily basis, to provide to the Commissioner a daily report, in electronic format, with all such information as the Commissioner may require, detailing the status of each Loan in the Pipeline;
7. Failure to comply with the terms of this Order shall subject New Century, Destito, and Reyes to further administrative proceedings pursuant to N.J.S.A. 17:11C-18 and N.J.S.A. 17:11C-48; and

**IT IS PROVIDED** that New Century, Destito, and Reyes shall have the right to request an administrative hearing pursuant to the Administrative Procedures Act, N.J.S.A. 52:14B-1 et seq., as to the terms of sections 1 through 7 of this Order; and

C. **ORDER TO SHOW CAUSE - LICENSE REVOCATION**

8. New Century, Destito, and Reyes shall appear and show cause why their licensed lenders licenses should not be **REVOKED** pursuant to N.J.S.A. 17:11C-43 and N.J.S.A. 17:11C-18(a)(1) for such violations;

9. New Century, Destito, and Reyes shall appear and show cause why they should not be jointly and severally liable for administrative **PENALTIES** for such violations of the Act pursuant to N.J.S.A. 17:11C-48; and

**IT IS FURTHER PROVIDED** that unless a request for a hearing on sections 1 through 9 of this Order is received within twenty (20) days of receipt of this Order, the right to a hearing in this matter shall be deemed to have been waived by New Century, Destito and Reyes, and the Commissioner may dispose of this matter by issuing a final order pursuant to law.

A hearing may be requested by mailing the request to:

Leona B. Joyner, Chief of Enforcement  
Office of Consumer Finance  
Department of Banking and Insurance  
P.O. Box 040  
Trenton, New Jersey 08625-0040

The request shall contain:

- (1) Your name, address and daytime telephone number;
- (2) A copy of this Order;
- (3) A statement requesting a hearing;
- (4) A specific admission or denial of each fact alleged in this Order. Where the licensee has no specific knowledge regarding a fact alleged in the Order, a statement to that effect must be contained in the hearing request. Allegations of this Order not answered in the manner set forth above shall be deemed to have been admitted; and
- (5) A concise statement identifying any factual or legal defense intended to be asserted in response to each charge in this Order. Where the defense relies on facts not contained in the Order, those specific facts must be stated.

STEVEN M. GOLDMAN, COMMISSIONER  
NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE

