

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF)	FINDINGS OF FACT
Meridias Capital, Inc.,)	CONCLUSIONS OF LAW
375 North Stephanie Street, Suite 1011,)	AND
Henderson, Nevada)	CONSENT AGREEMENT

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Mortgage Bankers Registration and Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-721 (Reissue 2004; Supp. 2005) (“the Act”). Pursuant to Neb. Rev. Stat. § 45-710 (Reissue 2004), the DEPARTMENT has investigated the actions of Meridias Capital, Inc., 375 North Stephanie Street, Suite 1011, Henderson, Nevada (“MERIDIAS”). As a result of such investigation, and being duly advised and informed in the matter, the Director and MERIDIAS enter into the following Findings of Fact, Conclusions of Law, and Consent Agreement.

FINDINGS OF FACT

1. On May 23, 2005, MERIDIAS submitted a Mortgage Banker License Application (“Application 1”) to the DEPARTMENT. Application 1 was signed by German Florez (“FLOREZ”) the President of MERIDIAS. Application 1 was accompanied by a letter from the Thomas Law Firm of Dallas, Texas (“TLF”) which indicated that it was submitting Application 1 on behalf of MERIDIAS. Application 1 was not submitted on the most current application form as required by the DEPARTMENT. On June 27, 2005, the DEPARTMENT sent a letter to TLF asking it to submit MERIDIAS’ application on the correct form.

2. On July 20, 2005, a new application (Application 2) for MERIDIAS was received by the DEPARTMENT on the correct form. Application 2 was signed by FLOREZ as President of MERIDIAS. Immediately prior to the signature line, the application provides "I represent that the information contained herein is true and complete, to the best of my knowledge and belief." By signing Application 2, FLOREZ represented to the DEPARTMENT that all of the information contained therein was correct.

3. Question #10 of Application 2 states: "Has applicant, or any director, shareholder or principal officer or partner or member of applicant, ever been subject to a federal or state administrative investigation or order?" In response to this question, MERIDIAS answered "No".

4. Based on the information contained in Application 2, the DEPARTMENT issued License #1572 to MERIDIAS on August 24, 2005.

5. On January 4, 2006, MERIDIAS submitted a 2006 Mortgage Banker License Renewal Application ("Renewal Application") to the DEPARTMENT.

6. Question #7 of the Renewal Application asks: "Has applicant's or any director's, shareholder's, principal officer's, or member's authority to transact business as a mortgage banker, mortgage broker, or mortgage servicer in any state been revoked or suspended within the last year by a state or federal regulatory or law enforcement office?"

7. MERIDIAS answered "Yes" to this question and provided the following explanation:

The state of Vermont denied licensure. The law firm that was hired by Meridias Capital to gain licensure in that state supplied inaccurate information on the application and as such, the license was denied. Meridias Capital no longer employs this law firm and will reapply for licensure to the state of Vermont.

8. Question #8 of the Renewal Application asks: "Has applicant, or any director, shareholder or principal officer or partner or member of applicant, ever been subject to a federal or state administrative investigation or order, if not previously disclosed?"

9. MERIDIAS answered "Yes" to this question and provided the following explanation in an attachment labeled "Regulatory History":

1. On February 1, 2005, Meridias Capital, Inc. submitted a renewal package for a branch license to the state of Nevada. The package did not include the \$25.00 renewal fee. As such, the package was returned to Meridias Capital, Inc. and the state of Nevada fined Meridias Capital, Inc. for not being properly licensed at one of the locations. The state of Nevada gave Meridias Capital, Inc. the choice to dispute the fine or pay it. The Company agreed to the fine in order to eliminate further time and costs associated with the effort. The state of Nevada then indicated that a "Settlement Agreement" would need to be enacted between the two parties. The Company is currently in good standing with the Nevada Mortgage Lending Division and its Nevada license is active.

2. The Company failed to submit a report to the Texas Office of Consumer Credit Commissioner. A penalty was paid and the hearing for revocation was dismissed. The failure to file the report was due to its accounting office not filing the appropriate annual report. It is currently in good standing with the Texas Office of Consumer Credit Commissioner and its Texas license is active.

10. The DEPARTMENT sent an e-mail to MERIDIAS on January 7, 2006, requesting copies of the Nevada Settlement Agreement, the Vermont Order, and the Texas action along with an explanation as to why these actions were not included on MERIDIAS' Application 2 in 2005.

11. MERIDIAS responded in a letter dated January 9, 2006, that the DEPARTMENT received on January 13, 2006. The letter contained copies of a letter from the Vermont Department of Banking, Insurance, Securities and Health Care Administration ("VERMONT DEPARTMENT") dated December 15, 2005, regarding a "Request for Reconsideration"; a copy of a "Stipulated Settlement Agreement"

("Agreement") between MERIDIAS and the Nevada Department of Business and Industry Division of Mortgage Lending ("NEVADA DIVISION"); and an Order of Dismissal from the Texas Office of Consumer Credit Commissioner ("TEXAS COMMISSIONER").

12. As to the Agreement between MERIDIAS and the NEVADA DIVISION, MERIDIAS stated as follows:

To assist us with our licensing efforts in all states, we hired the services of Thomas Law Firm. All forms were signed in early January of 2005, prior to the Nevada Settlement Agreement. Once the agreement was formalized and signed, a copy was sent to Thomas Law Firm notifying them of the action. Thomas Law Firm continued to assemble the licensing package and submitted the package to the state of Nebraska without additional review by Meridias Capital. Meridias Capital was under the impression that Thomas Law Firm had disclosed this Settlement Agreement to the state of Nebraska.

13. MERIDIAS also provided the following explanation concerning the letter from the VERMONT DEPARTMENT:

In addition, please note that Meridias Capital has lost confidence in Thomas Law Firm and is no longer employing them in their licensing efforts. Meridias Capital will create a new application for the State of Vermont through its in-house Compliance Department.

14. A review of the Agreement between MERIDIAS and the NEVADA DIVISION discloses that MERIDIAS was assessed a \$10,000 penalty. The Agreement was dated February 9, 2005, prior to MERIDIAS' submission of both its Application 1 and Application 2.

15. Neb. Rev. Stat. § 45-707(1)(d) (Supp. 2005) provides that the Director may suspend or revoke any license issued under the Act or impose an administrative fine if the licensee has made statements which at the time or in light of the circumstance in which they were made were false or misleading in any material respect.

16. The Agreement with the NEVADA DIVISION was an administrative action by a state regulatory agency. MERIDIAS therefore violated Neb. Rev. Stat. § 45-707(1)(d) (Supp. 2005) when it answered “No” to Question #10 in Application 2 as such answer was false.

17. According to the letter from the VERMONT DEPARTMENT, MERIDIAS submitted a document entitled “Regulatory History” to that agency on November 18, 2005. The Regulatory History submitted to the VERMONT DEPARTMENT offers the identical explanation for the Agreement with the NEVADA DIVISION that MERIDIAS offered to the DEPARTMENT, namely that MERIDIAS submitted a renewal application, did not submit the \$25.00 renewal fee and was then fined for unlicensed activity in Nevada.

18. The VERMONT DEPARTMENT specifically rejected MERIDIAS’ explanation as to the circumstances that led to the NEVADA DIVISION’s action. The VERMONT DEPARTMENT noted that penalty was assessed for unlicensed activity at a branch that had never been licensed as a branch of MERIDIAS by the NEVADA DIVISION, not for a problem with the renewal application and fee.

19. The DEPARTMENT has reviewed the Agreement and concurs with the conclusion of the VERMONT DEPARTMENT. Contrary to the representations contained in the Regulatory History attached to MERIDIAS’ Renewal Application, the Agreement did not involve MERIDIAS’ failure to submit a renewal fee. The action resulted from MERIDIAS’ decision to conduct business from an unlicensed branch in Henderson, Nevada. MERIDIAS therefore violated Neb. Rev. Stat. § 45-707(1)(d) (Supp. 2005) when it gave a false explanation of the NEVADA DIVISION’s action in the Regulatory History attached to its Renewal Application.

20. The DEPARTMENT further rejects the explanation regarding the NEVADA DIVISION's actions contained in MERIDIAS' letter dated January 9, 2006. MERIDIAS represented to the DEPARTMENT that it had signed Application 1 in January 2005, prior to the Agreement with the NEVADA DIVISION. It also represented that it had not reviewed Application 1 prior to its submission to the DEPARTMENT. However, Application 1 was signed on February 2, 2005, by FLOREZ, who represented the information contained therein was correct, and his signature was acknowledged on March 17, 2006. The NEVADA DIVISION's investigation was clearly pending at that time. Furthermore, Application 2 was signed by FLOREZ on July 13, 2005. At that time FLOREZ represented to the DEPARTMENT that the information contained in Application 2 was correct. While it is possible that TLF may have completed the form incorrectly, it was ultimately MERIDIAS' responsibility to insure that the forms were submitted with correct information. Moreover, it is clear that the forms were returned to MERIDIAS after the Agreement with the NEVADA DIVISION and that MERIDIAS had the opportunity and responsibility to review both Applications to insure that all of the questions were answered correctly.

21. MERIDIAS therefore violated Neb. Rev. Stat. § 45-707(1)(d) (Supp. 2005) by providing false information in its January 9, 2006, letter explaining why the NEVADA DIVISION's action was not disclosed in MERIDIAS' Applications.

22. The TEXAS COMMISSIONER's action was also an administrative action that required notice to the DEPARTMENT. The Order of Dismissal included with MERIDIAS' January 9, 2006 letter was dated July 11, 2005, and indicated that MERIDIAS had paid a penalty fee. MERIDIAS therefore violated Neb. Rev. Stat. § 45-707(1)(d)

(Supp. 2005) when it failed to disclose the TEXAS COMMISSIONER's action in Application 2.

23. Neb. Rev. Stat. § 45-705(2) (Supp. 2005) provides that an applicant for a mortgage banker license shall submit an application on forms provided by the DEPARTMENT, and the form shall contain, among other items, a description of the activities of the applicant in such detail as the DEPARTMENT may require.

24. MERIDIAS also violated Neb. Rev. Stat. § 45-705(2) (Supp. 2005), as it failed to provide complete information as to prior disciplinary actions as required by the form provided by the DEPARTMENT.

25. According to the letter from the VERMONT DEPARTMENT, it denied MERIDIAS' application for a license by a letter dated November 3, 2005. The first notice that MERIDIAS gave to the DEPARTMENT of the denial was contained in its Renewal Application which was received by the DEPARTMENT on January 4, 2006.

26. The denial of a license application by another state is a material development requiring notice to the DEPARTMENT. MERIDIAS therefore violated Neb. Rev. Stat. § 45-711(9) (Supp. 2005), as it failed to notify the DEPARTMENT of a material development within thirty (30) days of its occurrence.

27. The DEPARTMENT incurred a minimum of five hundred dollars (\$500.00) in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-705 (Supp. 2005) provides, in part, that no person shall act as a mortgage banker or use the title mortgage banker in this state unless he, she, or it is licensed or registered with the DEPARTMENT. The statute further provides that an

applicant for a mortgage banker license shall submit an application on forms provided by the DEPARTMENT. The form shall contain, among other items, all addresses at which the applicant will conduct its business and the names and titles of each director and principal officer of the applicant.

2. Neb. Rev. Stat. § 45-706(1) (Supp. 2005) provides that the business of a mortgage banker shall be operated honestly, soundly, and efficiently in the public interest consistent with the purposes of the Act.

3. Neb. Rev. Stat. § 45-707(1)(d) (Supp. 2005) provides that the Director may suspend or revoke any license issued under the Act or impose an administrative fine if the licensee has made statements which, at the time or in the light of the circumstance in which they were made, were false or misleading in any material respect.

4. Neb. Rev. Stat. § 45-711(9) (Supp. 2005) provides that the licensee shall notify the Director in writing within thirty days after the occurrence of any material development. A denial of a license application by another state is a material development requiring notice to the DEPARTMENT.

5. Neb. Rev. Stat. § 45-717.01(2) (Reissue 2004) provides that if the Director finds, after notice and hearing in accordance with the Administrative Procedure Act, that any person has knowingly committed any act prohibited by Section 45-707 or has otherwise violated the Act, the Director may order such person to pay an administrative fine not exceeding one thousand dollars for each separate violation plus the costs of investigation.

6. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to have determined that MERIDIAS has violated the Act and that proceedings could be commenced to revoke or suspend MERIDIAS' license and/or an administrative

fine in an amount of not more than one thousand dollars for each of the violations plus costs of investigation should be imposed in accordance with Neb. Rev. Stat. § 45-717.01(2) (Reissue 2004).

7. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

8. It is in the best interest of MERIDIAS and in the best interest of the public for MERIDIAS and the DEPARTMENT to resolve the issues included herein.

CONSENT AGREEMENT

The DEPARTMENT and MERIDIAS agree as follows:

Stipulations: In connection with this Consent Agreement, MERIDIAS and the DEPARTMENT stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Consent Agreement shall resolve all matters between the DEPARTMENT and MERIDIAS in connection with the Findings of Fact listed above. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the DEPARTMENT.
3. This Consent Agreement shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Agreement.

MERIDIAS further represents as follows:

1. MERIDIAS is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. MERIDIAS is acting free from any duress or coercion of any kind or nature.

3. This Consent Agreement is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Agreement and for no other purpose.

IT IS, THEREFORE AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Agreement, MERIDIAS shall pay a fine of one thousand dollars (\$1,000.00) for each of the four violations of Neb. Rev. Stat. § 45-707(1)(d) (Supp. 2005) where MERIDIAS provided false and misleading information in documents filed with the DEPARTMENT.

2. Within ten days after the effective date of this Consent Agreement, MERIDIAS shall pay a fine of seven hundred fifty dollars (\$750.00) for the violation of Neb. Rev. Stat. § 45-705(2) (Supp. 2005) in which MERIDIAS failed to provide required information on DEPARTMENT applications.

3. Within ten days after the effective date of this Consent Agreement, MERIDIAS shall pay a fine of five hundred dollars (\$500.00) for the violation of Neb. Rev. Stat. § 45-711(9) (Supp. 2005) where MERIDIAS failed to notify the DEPARTMENT of a material development within thirty days.

4. Within ten days after the effective date of this Consent Agreement, MERIDIAS shall pay the investigation costs of the DEPARTMENT in the amount of five hundred dollars (\$500.00).

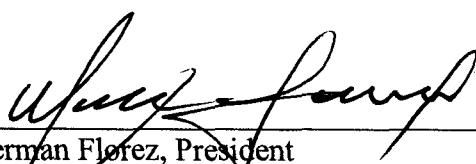
5. The total amount of the fine and investigation costs, five thousand seven hundred fifty dollars (\$5,750.00) shall be payable in one check or money order to the DEPARTMENT.

6. In the event MERIDIAS fails to comply with any of the provisions of this Consent Agreement, the DEPARTMENT may commence such action regarding MERIDIAS as it deems necessary and appropriate in the public interest.

7. The effective date of this Consent Agreement shall be the date of the Director's signature.

DATED this _____ day of June, 2006.


Meridias Capital, Inc.

By: 
German Florez, President

375 North Stephanie Street, Suite 1011
Henderson, Nevada 89014
(702) 938-6800

DATED this 19th day of June, 2006.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

By: 
John Munn, Director

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