STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

**Before the Director of the Department of Insurance and Financial Services**

In the matter of:

**JERALD PAYTON,** **Enforcement Case No. 13-11850**

Respondent.
_____/

Issued and entered,
this 30th day of October 2013
by Teri L. Morante,
Senior Deputy Director

## ORDER OF PROHIBITION

**WHEREAS**, pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation have been transferred to the Director of the Department of Insurance and Financial Services (Director); and,

**WHEREAS**, the Director is statutorily charged with the responsibility and authority to administer and implement the Mortgage Brokers, Lenders, and Servicers Licensing Act (Act), 1987 PA 173, as amended, MCL 445.1651 *et seq.*, pursuant to provisions therein; and,

**WHEREAS**, Section 18a(8) of the Act provides for the prohibition of a person convicted of a felony involving fraud, dishonesty, or breach of trust, from being a licensee or registrant and from being employed by, an agent of, or control person of any licensee or registrant under the Act or a licensee or registrant under a financial licensing act; and,

**WHEREAS**, Section 18a(8) of the Act provides that a person subject to an Order issued thereunder, may apply to the Director to terminate the Order after 5 years from the date of the Order; and,

**WHEREAS**, pursuant to Section 18b(2) of the Act, Respondent may have a right to judicial review of this Order; and,

**WHEREAS**, Respondent, from 2006 through 2007, knowingly and with the intent to facilitate the transfer of bank funds in pursuit of a fraudulent scheme, devised a scheme to obtain funds under the custody or control of financial institutions by means of materially false representations or omissions; and,

**WHEREAS**, Respondent accomplished the scheme by creating and presenting HUD-1 Settlement Statements and other loan documents, which contained material representations and omissions, thereby inducing financial institutions to approve and fund mortgage loans so that Respondent could obtain a portion of the mortgage loan proceeds; and,

**WHEREAS**, Respondent was convicted of a felony offense, Bank fraud, in violation of 18 U.S.C. § 1344, in the United States District Court, Eastern District of Michigan (Case No. 11CR-20606-2); and,

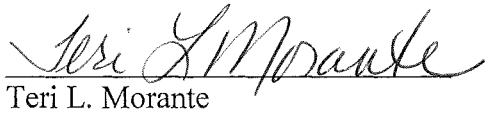
**WHEREAS**, that conviction having involved fraud, dishonesty, or breach of trust, Respondent is subject to Prohibition by the Department of Insurance and Financial Services, pursuant to MCL 445.1668a(8); and,

**WHEREAS**, the Director finds and concludes as a matter of law and fact that Respondent shall be and is eligible for and subject to Prohibition by the Department of Insurance and Financial Services, pursuant to MCL 445.1668a(8),

**NOW THEREFORE, IT IS ORDERED** that:

1. **JERALD PAYTON** is prohibited from being a licensee or registrant and from being employed by, an agent of, or control person of any licensee or registrant under the Mortgage Brokers, Lenders, and Servicers Licensing Act, 1987 PA 173, as amended, MCL 445.1651 *et seq.*, or a licensee or registrant under a financial licensing act.

2. This Order shall be and is effective on the date it is issued and entered, as shown in the caption hereof. This Order shall remain in effect until terminated, modified, or set aside in writing by the Director.



Teri L. Morante
Senior Deputy Director