

**STATE OF MICHIGAN**  
**DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH**  
**OFFICE OF FINANCIAL AND INSURANCE REGULATION**  
**Before the Commissioner of Financial and Insurance Regulation**

**Office of Financial and Insurance Regulation,  
Petitioner**

v

**Sarah Fawaz,  
and  
Metro-West Title Agency, Inc.  
Respondents**

**Enforcement Case No. 10-7769**

---

**For the Petitioner:**

**Scott Basel  
Office of Financial and Insurance Regulation  
P.O. Box 30220  
Lansing, MI 48909-7720**

**For the Respondent:**

**Sarah Fawaz**  


---

**Issued and entered  
this 15<sup>th</sup> day of September 2010  
by Ken Ross  
Commissioner**

**FINAL DECISION**

**I. Background**

On July 2, 2010, Chief Deputy Commissioner Stephen R. Hilker issued an Administrative Complaint and Order for Hearing in this case. The Administrative Complaint set forth detailed allegations that Respondents had violated provisions of the Michigan Insurance Code (MCL 500.100, *et seq.*). The Order required Respondents to take one of the following actions within 21 days: agree to a resolution of the case, file an answer to the allegations stated in the complaint, request an adjournment, or file a statement that Respondents plans to attend the hearing. Respondents failed to take any of these actions.

On August 27, 2010, the Petitioner filed a Motion for Final Decision. Given Respondents' failure to comply with the Order to Respond, Petitioner's motion is granted.

The factual allegations and conclusions of law stated in the complaint are adopted and made part of this Final Decision.

## **II. Findings of Fact and Conclusions of Law**

1. Respondent Sarah Fawaz, is a licensed resident producer authorized to conduct business in the State of Michigan. Respondent Metro-West Title Agency is a licensed title insurance agency authorized to conduct business in the State of Michigan. Sarah Fawaz is an owner of Metro-West Title Agency.
2. As licensees of the Office of Financial and Insurance Regulation (OFIR), Respondents knew or had reason to know that Section 1239(1)(h) of the Michigan Insurance Code provides that the Commissioner may place on probation, suspend, or revoke an insurance producer's license or may levy a civil fine under section 1244 or any combination of actions for "[u]sing fraudulent, coercive, or dishonest practices or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere."
3. Respondents knew or had reason to know that the Real Estate Settlement Procedures Act (RESPA), specifically 12 USC 2607, provides:
  - (a) Business referrals  
No person shall give and no person shall accept any fee, kickback, or thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or a part of a real estate settlement service involving a federally related mortgage loan shall be referred to any person.
  - (b) Splitting charges  
No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real

estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed.

4. Respondent Fawaz and [REDACTED] incorporated Metro-West Title Agency on June 1, 2004. Respondent Fawaz [REDACTED] incorporated Southwest Advertising, Inc. on November 17, 2006. Southwest has no employees and has no physical place of business. The address used by Southwest was [REDACTED] shop.
5. Beginning in 2006, Respondents made substantial deposits into a Fifth Third bank account in the name of Southwest. Southwest did not provide any service to Respondents. Southwest is a shell company, its only purpose being to disburse and hide the kickback payments described below.
6. Respondents, as closing agent, would complete settlement statements for home sales, including a HUD-1 form, and provide the originals to the lenders. After the loans were approved, Respondents would cross off lines 1101 and 1108 on the HUD-1 form and handwrite an amount that Respondent Metro-West would receive; the difference between the original amount and the handwritten amount would go to the mortgage broker who referred the client.
7. Respondent Fawaz [REDACTED] would then write a check on the Southwest account payable to the referring mortgage broker. To further illustrate the system is the following example:

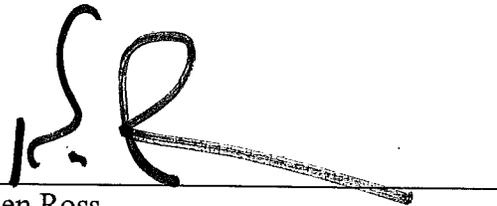
Respondents sent a HUD-1 to First NLC Financial Services for a closing on April 13, 2007. There were pen written changes to the original document. Line 1101 originally had typewritten \$400; this was crossed off and \$250 was hand written in its place; denoting a \$150 split. On the front of the HUD-1, there is a handwritten note that reads "[REDACTED] 150." A

check was written on the Southwest account on April 20, 2007, to [REDACTED] for \$150.00. [REDACTED] is an employee of Infinity Mortgage Service, Inc.

8. The payments to the mortgage brokers were not disclosed to the lenders, to the clients, or to the United States Department of Housing and Urban Development.
9. Over the course of an investigation conducted by OFIR, approximately 400 checks were discovered that constitute kickbacks under RESPA totaling over \$280,000.00.
10. While Respondents would complete the HUD-1 form detailing how funds would be distributed, the actual disbursement of the funds was not as stated. The HUD-1 form includes the following attestation, "To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of this transaction." Respondents knowingly and intentionally falsified the information on the HUD-1 form.
11. The above-described conduct evidences a deliberate scheme to violate RESPA, to defraud consumers, to defraud lending institutions, and to defraud the United States Department of Housing and Urban Development.
12. By developing an elaborate scheme to violate RESPA and by intentionally falsifying HUD-1 forms, Respondents engaged in conduct that was fraudulent, coercive, and dishonest in the course of conduct of business in this state as well as demonstrating untrustworthiness and financial irresponsibility in the course of conduct of business in this state, in violation of Section 1239(1)(h) of the Code.

**III. Order**

1. In accordance with section 1239 of the Michigan Insurance Code, Respondent Sarah Fawaz's insurance producer license is revoked.
2. In accordance with section 1239 of the Michigan Insurance Code, Respondent Metro-West's title insurance agency license is revoked.

A handwritten signature in black ink, appearing to read 'KR', is written over a horizontal line. The signature is stylized and cursive.

Ken Ross  
Commissioner