

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

TRUTH FINANCIAL SERVICES, INC.,
EMZIE HULETTY, FOUNDER & CEO,
LARRY EGGETT, PRESIDENT,
DOROTHY HULETTY, SECRETARY/
TREASURER, H & H PROPERTY
MANAGEMENT, INC., MIGUEL
HAMILTON; TRUTH MANAGEMENT
SERVICES.COM, MITCHELL
MORTGAGE COMPANY,
AND ITS AGENTS

CEASE & DESIST ORDER
NO. 00-055-M

CEASE AND DESIST ORDER

The Arkansas Securities Commissioner ("Commissioner") has received information which indicates that Truth Financial Services, Inc., Emzie Huletty, Founder and CEO, Larry Eggett, President, Dorothy Huletty, Secretary/Treasurer, H & H Property Management, Inc., Miguel Hamilton, Trust Management Services.com, Mitchell Mortgage Company, and its Agents, collectively ("Truth Financial"), have violated provisions of the Arkansas Mortgage Loan Company and Loan Broker Act ("Act,") Ark. Code Ann. §23-39-101 et seq. (Repl. 1994.)

FINDINGS OF FACT

1. According to the Oklahoma Department of Consumer Credit, Truth Financial is a mortgage loan broker registered in the State of Oklahoma since

December 12, 1997. Truth Financial's principal place of business is located at 1900 N.W. Expressway, Suite 1340, Oklahoma City, Oklahoma 73118.

2. Emzie Huletty is the Founder and CEO of Truth Financial, whose business address is 1900 N.W. Expressway, Suite 1340, Oklahoma City, Oklahoma 73118 City.

3. Larry Eggett is President of Truth Financial, whose business address is 1900 N.W. Expressway, Suite 1340, Oklahoma City, Oklahoma 73118 City.

4. Dorothy Huletty is Secretary/Treasurer of Truth Financial, whose business address is 1900 N.W. Expressway, Suite 1340, Oklahoma City, Oklahoma 73118.

5. H & H Property Management, Inc. holds itself out to be a property management company, whose business address is 1900 N.W. Expressway, Suite 1340, Oklahoma City, Oklahoma 73118. Emzie Huletty is Founder and CEO of H & H Property Management, Inc. and Dorothy Huletty is Secretary/Treasurer of H & H Property Management, Inc.

6. Miguel Hamilton is President of H & H Property Management, Inc., whose business address is 1900 N.W. Expressway, Suite 1340, Oklahoma City, Oklahoma 73118.

7. Truth Management Services.com is an Internet loan division of Truth Financial Services; the website address is <http://www.truthmangementservices.com>.

8. Mitchell Mortgage Company holds itself out to be a mortgage loan company, whose business address is 10501 N. Central Expressway, Suite 301, Dallas, Texas 75231.

9. On or about June 27, 2000, the Arkansas Securities Department ("Department") received information from an Arkansas resident who had entered into an "Originator Agreement" (Attached as Exhibit "A") with Truth Financial to conduct mortgage loan and/or loan broker business in Arkansas. According to the "Originator Agreement" the Arkansas resident would originate loans for Truth Financial and would "be considered to be a Truth Financial Services, Inc. agent for its said purposes."

10. The "Originator Agreement" instructs the agent to submit a Residential Loan Application, along with \$160.00 obtained from the applicant, to Mitchell Mortgage. The "Originator Agreement" further states the agent will be paid \$100.00 per \$160.00 application fee.

11. Additionally, the information reflected Truth Financial was soliciting individuals in Arkansas to act as agents to conduct mortgage loan and loan brokering business in this State. According to the documents Truth Financial enlists agents on a five-tier or pyramid scale (Attached as Exhibit "B.") Truth Financial describes these tiers as follows:

Loan Originator: Close 3 loans (\$100,000)
receive 20% of the Origination Fee

Loan Officer: Close 5 loans (\$250,000)
receive 30% of the Origination Fee

Loan Specialist: Close 10 loans (\$500,000)
receive 40% of the Origination Fee

Agency Director: Own Agency + 2 Loan Specialist
receive 100% of the Origination Fee

National Agency Director: Have 5 Agency Directors + .5%
for each new agency developed

By recruiting new agents the Loan Specialist, Agency Director and National Agency Director qualify for bonuses. (Attached as Exhibit "C.")

12. On June 28, 2000, the Department wrote to Truth Financial, supplying a copy of the Act and requesting a written response within fourteen (14) days detailing why Truth Financial would not be subject to the Act. The Department also requested a list of all loans offered, made or brokered in Arkansas, including: the names and addresses of each borrower; the amount and date of the loan; the type of loan; the rate of interest; the name and address of funding organization; and the amount of fees received by Truth Financial or its affiliates. Truth Financial did not respond to the Department's request for information.

13. On or about August 30, 2000, the Department received information from a second Arkansas resident indicating Truth Financial was offering to make or broker mortgage loans in Arkansas. Contained in this information was a memorandum by Truth Financial instructing agents to submit checks payable to the order of "Mitchell Mortgage Company" in the amount of \$160.00 (Attached as Exhibit "D.") In addition each "originator" was instructed to pay a monthly "recertification fee" to Mitchell Mortgage in the amount of \$100.00. With the "recertification fee" payment each originator would qualify to receive the previous month's payment from Truth Financial.

14. Also contained in the information the Department received on August 30, 2000 was a document titled "Request for Verification of Mortgage Loan or Credit Union." In this document the section titled "2. From (Name and Address of Lender)" Truth Financial has supplied their name, address and telephone number (Attached as Exhibit "E.")

15. Truth Management Services.com is an Internet Loan Division of Truth Financial. At this website Truth Financial offers Loan Programs and "Loans in Any State." (Attached as Exhibit "F.")

16. On August 30, 2000 the Department sent a second request for information to Truth Financial. Truth Financial did not respond to this request. On September 25, 2000, the Department mailed and faxed a third request for information, informing Truth Financial of the Department's intentions to enter an order directing them to cease mortgage loan company or loan broker activity in Arkansas if the Department did not receive a response within five (5) days.

17. Truth Financial has not responded to these requests for information by the Department.

18. According to the records of the Commissioner Truth Financial, Emzie Huletty, Larry Eggett, Dorothy Huletty, H & H Property Management, Inc., Miguel Hamilton, Truth Management Services.Com, Mitchell Mortgage Company and its agents are not registered or exempted from registration as a loan broker or mortgage loan company in the State of Arkansas.

CONCLUSIONS OF LAW

19. Ark. Code Ann. § 23-39-102(5)(A) defines "Mortgage loan company" as any person who directly or indirectly:

- (i) Holds himself out for hire to serve as an agent for any person in an attempt to obtain a loan which will be secured by a lien or mortgage on real property;
- (ii) Holds himself out for hire to serve as an agent for any person who has money to loan, which loan is or will be secured by a lien or mortgage on real property;
- (iii) Holds himself out as being able to make, purchase, place, sell, or exchange loans secured by liens or mortgages on real property;

- (iv) Holds himself out as being able to service loans secured by liens or mortgages on real property; or
- (v) Holds himself out to be a loan broker.

20. Ark. Code Ann. § 23-39-102(6) defines "Loan broker" as any person who engages in the business of purchasing wages or salaries or who acts as a go-between, finder, or agent of a lender or borrower of money for the purpose of procuring a loan of money or who engages in the business of guaranteeing to endorsing notes or other evidences of indebtedness.

21. Ark. Code Ann. § 23-39-301 states that it is unlawful for any person to transact business in this State, either directly or indirectly, as a mortgage loan company or loan broker without first filing an application with the Commissioner and obtaining a registration certificate.

22. Ark. Code Ann. § 23-202(b)(1) states that whenever it appears to the Commissioner that any mortgage loan company or loan broker has engaged in or is about to engage in any act or practice in violation of the Act or any rule or regulation or order thereunder, the Commissioner may summarily order the mortgage loan company or loan broker to cease and desist from such act or practice.

OPINION

23. This matter has been properly brought before the Arkansas Securities Commissioner in accordance with Ark. Code Ann. § 23-39-201.

24. From the facts known by the Commissioner, the Commissioner has reason to believe that Truth Financial, its principals Emzie Huletty, Larry Eggett and Dorothy Huletty, H & H Property Management, Inc., Miguel Hamilton, Truth Management Services.Com, Mitchell Mortgage Company, and its agents have engaged in activity in

violation of the Act by offering and brokering mortgage loans in Arkansas while not registered or exempt from the registration provisions of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101, et seq.

25. Pursuant to Ark. Code Ann. § 23-39-202(b)(1)(B), the Arkansas Securities Commissioner can and should order Truth Financial, Emzie Huletty, Larry Eggett, Dorothy Huletty, H & H Property Management, Inc., Miguel Hamilton, Truth Management Services.Com, Mitchell Mortgage Company, and its agents to immediately cease and desist from conducting all mortgage loan and loan brokering activities in the State of Arkansas.

26. This Order is in the public interest.

ORDER

IT IS THEREFORE ORDERED THAT Truth Financial Services, Inc., Emzie Huletty, Larry Eggett, Dorothy Huletty, H & H Property Management, Inc., Miguel Hamilton, Truth Management Services.Com, Mitchell Mortgage Company, and its agents CEASE AND DESIST from any further actions in the State of Arkansas in connection with the business of mortgage loans and loan brokering until such time as they are properly registered or exempted from registration pursuant to the Arkansas Mortgage Loan Companies and Loan Brokers Act.

WITNESS MY HAND AND SEAL THIS 20th DAY OF OCTOBER, 2000.



MAC DODSON
ARKANSAS SECURITIES COMMISSIONER



Originator Agreement

1900 N.W. Expressway
Suite 1340
Oklahoma City, OK 73118
Office: 405-843-5723
Fax: 405-843-5733

It is hereby agreed by and between Truth Financial Services, Inc., and Originator (identified below) that Originator will, from time to time, originate loans for Truth Financial Services, Inc. in accordance with the Truth Financial Services, Inc., standard underwriting practices. Truth Financial Services, Inc., and Originator agree that such origination is a valuable service to Truth Financial Services, Inc., and hereby agrees herein as set forth: ____INT

ORIGINATOR shall not accept any type of payment from a client in relation to a loan originated for Truth Financial Services, Inc., whether called a **referral fee, broker fee, consulting fee, investigation fee, or otherwise**, and shall have no agreement with such customer to pay such fees. ____INT

If required by law, ORIGINATOR, shall at all times, during the existence of the Agreement, be properly licensed and fully comply with all laws related to its dealings with its customers and Truth Financial Services, Inc. ____INT

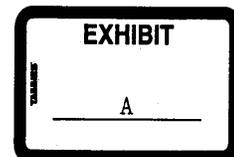
ORIGINATOR is only originating loans and is not subject to any requirements of the Truth-In-Lending Rules related to first mortgage and home equity credit plan disclosures. ____INT

Truth Financial Services, Inc. has the right to approve or reject the extension of credit, or modify the amount, or the term requested for each client. Truth Financial Services will inform ORIGINATOR of its action on the application prior to closing. ____INT

If the loan is closed and funds are disbursed to the customer on a loan originated by ORIGINATOR, Truth Financial Services, Inc. will pay ORIGINATOR an origination fee of 1% of the loan amount, which is to be in addition to the normal rate, discount point, and origination quote given by Truth Financial Services, Inc. On a case-by-case basis, the ORIGINATOR fee may exceed 1%, but in not case exceed 2 1/2%. For any direct agency you organize, you will received an additional 1/2%. Truth Financial Services, Inc. is not responsible for any tax liability resulting from fees paid to ORIGINATOR. Truth Financial Services, Inc. will only pay an originator to the extent permitted by law. ____INT

Truth Financial Services, Inc. will not pay any type of origination fee to client, or individual having contact with or done business with ORIGINATOR whether called a **referral fee, broker fee, consulting fee, investigation fee, or otherwise**. ____INT

FINANCIAL SERVICES YOU CAN TRUST



1ST & 2ND MORTGAGE • DEBT CONSOLIDATION • COMMERCIAL • FARM & RANCH

(Continued from page 2)

ORIGINATOR shall be considered to be a Truth Financial Services, Inc. agent for its said purposes.

The Agency Director/Sub-Agency Director may have opportunities to hire originators, who will only be able to submit business through its Agency Director. All origination fees will be paid to the *code number* of the submitting originator. The Agency Director will assume all liability and responsibility of disbursement and payment to and for all hired agents associates, thereby holding Truth Financial Services, Inc. harmless.

____INT
Originators employed by an Agency Director will agree, in writing, not to compete with or associate Truth Financial Services, Inc. Truth Financial Services, Inc. agrees to acknowledge and abide by this agreement upon receipt of a endorsed copy of this Agreement between Originator and ASSOCIATE. ____INT

At the time of Residential Loan application, ORIGINATOR will collect from client an application fee in the **amount of \$160.00 made payable to Mitchell Mortgage**. ORIGINATOR **will not accept cash** of any kind - only checks, money orders, or cashiers will be the current acceptable form of payment. ORIGINATOR will be paid \$100.00 per \$160.00 application fee, for expenses. ____INT

This agreement may be terminated upon 30 days written prior notice by either party. Termination shall not affect the liability of either party that arose prior to termination. ____INT

Signed and Sealed this _____ day of _____ 199____

Notary & Number: _____ Commission Expires _____

By: _____
Emzie J. Hulett
Chief Executive Officer

By: _____
Larry Eggett
President

Mailing Address (Street or P.O. Box)

City State Zip Code

Tax ID or Social Security Number

Printed Name: _____

By: _____
Agency Director/
Sub-Agency Director

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OS

By Following Our
Unbelievable
Growth Chart

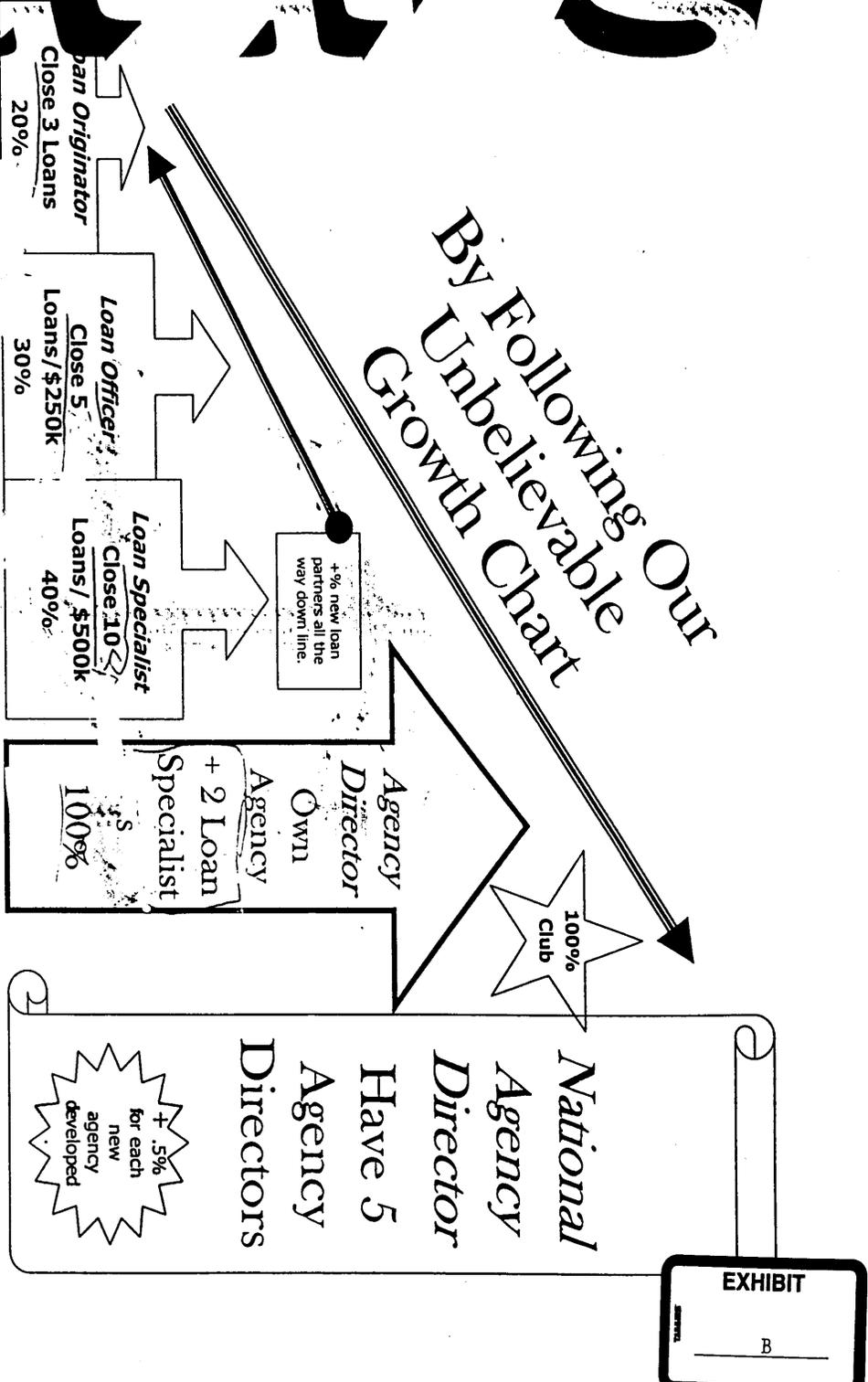


EXHIBIT
B

rev. 3/99 Income percentage is based on Origination Fee of 1/2% and not to exceed 2 1/2%. Restrictions do apply to commercial loans.

BONUS ADVANTAGE

Who

How to get Bonus A

How to get Bonus B

**National
Agency Director**

Collectively Submit
800 Loan Applications
in 12- month period.
Your Bonus: \$1500 per
month for 1 year

20 Closes and 100
applications
Submitted in same
month.
Your Bonus: \$8000

Agency Director

Collectively Submit
300 Loan Applications
in 12- month period.
Your Bonus: \$1000 per
month for 1 year

10 closes and 40
applications
Submitted in same
month.
Your Bonus: \$5000

Loan Specialist

Collectively Submit
150 Loan Applications
in 12-month period
Your Bonus: \$400 a
month for one year.
20

5 closes and 25
applications
Submitted in same
month.
Your Bonus: \$2000

rev. 3/99

EXHIBIT

C

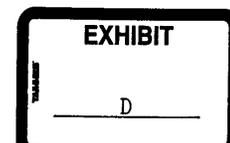


1900 N.W. EXPRESSWAY
SUITE 1340
OKLAHOMA CITY, OK 73118
OFFICE: (405)-843-5723
FAX: (405)-843-5733

MEMO

RE: ORIGINATION AGREEMENT

1. ALL ORIGINATOR AGREEMENTS & INDEPENDENT CONTRACTOR AGREEMENTS (ORIGINAL COPIES) MUST BE SIGNED AND RETURN BY AS, AND FOR ALL OF NON AS DOWLINE, PRIOR TO THE 1ST OF JULY, IN ORDER TO RECEIVE COMPENSATION FOR THE DISBURSEMENT DATE OF 6-5-99. WHICH WILL BE DISPERSED 6-6-99. ALL RECITIFICATION FEES MUST VBE RECEIVED BY THE 1ST OF JULY.
2. ANY AS WHO IS MISSING A SIGNED AGREEMENT IN HOME OFFICE, THIS MAY BE CONSIDERED GROUNDS FOR TERMINATION, AND WILL BE HANDLED ACCORDINGLY FOR BOTH AD AND LO'S.
3. A. NO COMMISSION WILL BE USED FOR RECERTIFICATION PAYMENT, MUST BE FROM INDIVIDUALS ACCOUNT.
B. CHECKS FOR RECERTIFICATION MUST COME FROM THE INDIVIDUAL AND MUST BE RECEIVED BY THE 1ST OF EACH MONTH.
C. REIMBURSEMENT CHECKS WILL BE SENT ON THE 5TH OF EACH MONTH.
4. ANY RECERTIFICATRION FEE NOT RECEIVE BY 1ST OF THE MONTH WILL DISQUALIFY ORIGINATOR TO RECEIVE ANY REIMBURSEMENT FORM PREVIOUS MONTH WILL DISQUALIFY ORIGINATOR TO RECEIVE ANY REIMBURSEMENT FROM PREVIOUS MONTH.
5. A COPY OF ONE HUNDRED SIXTY DOLLARS (\$160.00) CHECK ALONG WITH ALL APPLICATIONS ARE FAXED TO THE OKLAHOMA CITY OFFICE.
6. CHECKS MUST BE SUBMITTED AND MADE PAYABLE TO THE ORDER OF MITCHELL MORTGAGE COMPANY, 10501 N CENTRAL EXPRESSWAY, SUITE 301, DALLAS, TX 75231. IN THE AMOUNT OF \$160.00 ALONG WITH \$100.00 RECERTIFICATION FEE.
7. ONLY AD'S CAN HAVE PHONE CONVERSATION WITH HOME OFFICE OR DALLAS OFFICE
8. AD MUST SUMMIT THEIR DOWNLINE LIST STATING THEIR POSITION IN THE COMPANY ALONG WITH ORIGINATION AGREEMENT.
9. ALL NON AD ORIGINATORS MAY REQUEST IN WRITING TO HOME OFFICE TO REQUEST VERBAL COMMUNICATION IF THEY HAVE BEEN UNSUCCESSFUL IN OBTAINING RESPONSE FORM THERE AD OR AD UPLINE.



93-0184

Request for Verification of Mortgage Loan or Credit Union

Privacy Act Notice: The information is to be used by the agency requesting it or its assignees in determining whether you qualify as a prospective mortgagor under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not your application for approval as a prospective mortgagor or borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37 (VA); by 12 USC, Section 1701 et. seq. (if HUD/FHA); by 42 USC, Section 1452b (if HUD/CFD); and Title 42 USC, 1471 et. seq., or 7 USC, 1621 et. seq. (if USDA/FmHA).

Instructions: Lender — Complete items 1 through 6. Have applicant(s) complete Part I, item 8, and forward directly to Creditor named in Part I, item 1. Lender/Creditor — Please complete Part II, and return directly to Lender named in Part I, item 2. The form is to be transmitted directly to the lender and is not to be transmitted through the applicant or any other party.

| | | | |
|---|--|---|--|
| 1. To (Name and address of Mortgage Holder/Credit Union/Lender) | | 2. From (Name and Address of Lender) | |
| MORTGAGE VERIFICATION DEPT. AMERICAN ENTERPRISES PO BOX 242420 MILWAUKEE, WIS 53224-9049 | | TRUTH FINANCIAL SERVICES 1900 NW EXPRESSWAY SUITE 1340 OKLAHOMA CITY, OK 73118 (405) 843-5723 | |

| | | | |
|--|------------------------------|------------------------------|----------------------------|
| 3. Signature of Lender SUNNY HOWRUIZ | 4. Title PROCESSOR | 5. Date 07/21/2000 | 6. Lender's No. (Optional) |
|--|------------------------------|------------------------------|----------------------------|

7. Information to be Verified

Property Address: **HARRISON, AR 72601**

Account in Name of: _____ Loan (Account) Number: _____

| | |
|-------------------------------------|-------------------------------|
| 8. Name and Address of Applicant(s) | 9. Signature of Applicant(s) |
| | X |
| | X SEE ATTACHED CONSENT |

Part II - To Be Completed by Mortgagee/Creditor

We have received an application for a loan from the above, to whom we understand you have extended a loan or rent. In addition to the information requested below please furnish us with any information you might have that will assist us in processing this loan.

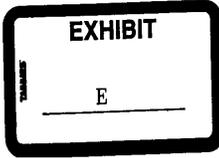
| | | | |
|--------------------------------------|-----------------------------------|---|---|
| 10. ORIGINAL LOAN AMOUNT \$ _____ | ORIGINATION DATE 6/8/99 | 11. MONTHLY PAYMENT \$ _____ | Includes: Taxes <input type="checkbox"/> YES <input type="checkbox"/> NO Insurance <input type="checkbox"/> YES <input type="checkbox"/> NO |
| 12. PRESENT LOAN BALANCE \$ _____ | DATE OF MATURITY 9/1/02 | 13. TYPE OF LOAN (Check one) <input type="checkbox"/> FHA <input type="checkbox"/> VA <input checked="" type="checkbox"/> CONVENTIONAL | |

14. Specify number of late payments in the past 12 months: **6**

15. Is account current YES NO

16. REMARKS

| | | |
|--|--|------------------------------|
| 17. SIGNATURE OF MORTGAGEE <i>[Signature]</i> | 18. TITLE OF MORTGAGEE Trustee | 19. DATE 7-26-2000 |
|--|--|------------------------------|



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Financial Services You
Can Trust

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ONLINE

REFINANCE
YOUR HOME

PURCHASE
LOANS

EQUITY
LOANS

INTEREST
RATES

GET PRE
APPROVED

TOOLS &
CALCULATORS

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We offer over 100 different lenders and programs to choose from



Apply Online -- fast and free

Use our Secure Server or our Standard Server

Here are just a few of the programs we offer.

Interest Rates

Find out what the current rates are

Rate Tracker

Let us know what rate you want and we will contact you when it's available

Questions & Answers

Some of the most common questions that we are asked

- 1st & 2nd Mortgages
- Home Equity
- Debt Consolidation
- Farm & Ranch
- Condominiums
- Recreation Vehicles
- Signature Loans
- Venture Loans
- Venture Capital
- Commercial
- Mobile Homes

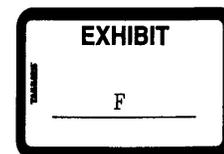
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1 (405) 843-5723

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Loan Programs

- 125% LTV to 135% LTV 2nd
- No 4506's for Self-Employed
- 100% LTV Full DOC Program (Owner Occupied or Refi)
- 65% LTV 1003, Appraisal, Title Policy, No Credit Report or Income. (No Doc Program)
- 90% LTV Cash out with 2 x 30 Mtg. Rate's (A- Credit)
- 90% Non Owner Occupied (A Prime)
- 85% LTV on Condo's with A Credit
- 85% LTV "B" Rates with "A" Mtg. Rating and "D" Consumer Credit
- 85% Stated Income - Second Mtg.
- 75% LTV No Ratios with Asset
- 60/65% Qualifying Ratios (No Source of Funds Required)
- 90% LTV Purchase on Single and DBL Wide Mobile Homes (1976 and up)
- No MI 85% LTV Unlimited Acreage on a working Farm or Ranch with the House being Worth at Least 50% of Value
- 3 Months Seasoned Refi
- Loans in Any State
- Other Programs Available to fit the Client

Commercial Loans

- 60% Hard Assets
- Cast out Lease Buy Back Program
- Up to 85% on Commercial Projects
Call for Information on different Projects that Funds are Available for

Church And Non-Profit Organization Loans

- Church and Non-profit Loans Available. Call for Information

Bulk Loan Purchases

- WAC, WAM, POW
Call for Information

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