

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**THE MADISON FINANCIAL
GROUP**

ORDER NO. C-07-022-07-CD01

CEASE AND DESIST ORDER

On this date before the Arkansas Securities Commissioner (hereinafter referred to as the “Commissioner”) is the matter of, THE MADISON FINANCIAL GROUP (hereinafter referred to as “MADISON”), and the issue of its compliance with the Arkansas Fair Mortgage Lending Act (hereinafter referred to as “the Act”). The Staff of the Arkansas Securities Department (hereinafter referred to as the “Staff”), alleges that MADISON has failed to comply with the proper licensing requirements of the Act, and has obtained evidence indicating that MADISON is acting or attempting to act as a Mortgage Banker in the State of Arkansas and is fraudulently referencing an Arkansas Mortgage Banker License. Based upon the records of the Arkansas Securities Department (hereinafter referred to as the “Department”), the evidence presented, and the representations of Staff, the Commissioner finds:

FINDINGS OF FACT

1. The Act became effective on January 1, 2004. A requirement of the Act is that each company who acts or attempts to act, directly or indirectly as a mortgage

broker, mortgage banker or mortgage servicer with any person located in Arkansas must first obtain a license from the Commissioner.

2. On or about June 12, 2007, the STAFF became aware of the following website, www.themadisonfinancialgroup.com. Information on the website states that MADISON is headquartered at 509 Madison Ave, New York, NY 10022. and that MADISON is licensed to business in the State of Arkansas as a Mortgage Banker with Arkansas Mortgage Banker License Number 10224.
3. A thorough review of the Department's records reveals that this license number belonged to E-Loan, Inc., and was voluntarily surrendered on February 2, 2007, and terminated.
4. A thorough review of the Department's records reveals that that MADISON has never been licensed or applied to be licensed as a mortgage banker or mortgage broker in the State of Arkansas.

APPLICABLE CODE PROVISIONS

5. Ark. Code Ann. § 23-39-503 (b) provides that it is unlawful for any person, other than an exempt person, to act or attempt to act, directly or indirectly, as a mortgage broker, mortgage banker, loan officer, or mortgage servicer with any person located in Arkansas without first obtaining a license from the Commissioner.
6. Ark. Code Ann. § 23-39-514 (b) (1) provides that upon finding that any action of any person is in violation of the Act, the Commissioner may summarily order the person to cease and desist from the prohibited action.

CONCLUSIONS OF LAW

7. MADISON is not and has never been a licensed mortgage banker or mortgage broker with the Department.
8. MADISON is purporting to use an unauthorized license that has been terminated.
9. MADISON is acting or attempting to act as a mortgage banker or mortgage broker to Arkansas consumers without being licensed in violation of Ark. Code Ann. § 23-39-514 (b) (1).
10. MADISON is misleading the consumers of Arkansas with the public display of what purports to be an authorized license, but is not.
11. Ark. Code Ann. § 23-39-514 (b) (1) authorizes the Commissioner to order a business to cease and desist from a prohibited action upon a finding of a violation of the Act.

ORDER


IT IS HEREBY ORDERED that MADISON CEASE and DESIST, effective immediately, from all mortgage loan banking and brokering activities in Arkansas and from engaging in any advertisement or the dissemination of information that may mislead, confuse or deceive the consumers of the State of Arkansas.

IT IS FURTHER ORDERED that any pending mortgage loan applications now held by MADISON shall immediately be transferred to a duly licensed loan officer, mortgage banker or mortgage broker and proof of such filed with the Department within ten (10) days of the receipt of this Order.

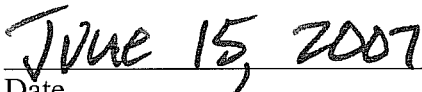
MADISON may request a hearing before the Commissioner in accordance with Ark. Code Ann. § 23-39-514. Any request for a hearing must be made in writing and

delivered to the Commissioner within thirty (30) days from the date on which notice of this Order is sent by the Commissioner to MADISON'S address by first class mail, postage prepaid. If MADISON does not request a hearing and the Commissioner does not order a hearing, the order will remain in effect until it is modified or vacated by the Commissioner.

IT IS SO ORDERED:



Michael B. Johnson
Arkansas Securities Commissioner



Date