

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO C-11-0277

ORDER NO C-11-0277-11-OR02

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:
US DOC PREP, LLC**

RESPONDENT

CEASE AND DESIST ORDER

On May 13, 2011, the Staff of the Arkansas Securities Department (“Staff”) filed a Request for a Cease and Desist Order (“Request”), stating that it has information and certain evidence in its possession that indicates US Doc Prep, LLC (“US Doc Prep”) has violated provisions of the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

The Staff’s Request asserts the following representations of fact:

1. US Doc Prep is a business entity that has its main office in Newport Beach, California. US Doc Prep has never been licensed under the FMLA in Arkansas in any capacity.

2. On March 11, 2011, Arkansas resident one (“AR1”) received a telephone call from an employee of US Doc Prep, Kevin Kelsey (“Kelsey”), concerning a modification of the terms of AR1’s residential mortgage loan. AR1’s residence is located in Lowell, Arkansas. Kelsey promised to reduce the interest rate on AR1’s mortgage loan from 5.8% down to 3.8%. Kelsey collected confidential financial information from AR1, so Kelsey could see if AR1 qualified for a federal program called Homes Affordable Modification Program (“HAMP”). Within one hour of the first telephone call, Kelsey called AR1 again. Kelsey said that AR1 paid out more than what AR1 brought in, and AR1 automatically qualified for HAMP. Later, AR1 contacted the

bank holding AR1's mortgage loan. An employee of this bank told AR1 that AR1 did not meet the financial requirements and would not qualify for HAMP.

3. Based on the telephone conversation with the employee of the bank holding AR1's mortgage loan, AR1 decided not to use US Doc Prep to modify the terms of AR1's mortgage loan. AR1 told Kelsey about this decision.

4. AR1 did not voluntarily pay any advanced fee to US Doc Prep. However, US Doc Prep used information about AR1's checking account, which had been obtained by Kelsey, to create a payment instrument. This payment instrument in the amount of \$595.00 was intended to appear that it was issued by AR1 to US Doc Prep. This unauthorized check, which was presented for payment by US Doc Prep to AR1's bank, represented an advance fee that US Doc Prep was attempting to charge to and collect from AR1. Although US Doc Prep never modified the terms of AR1's mortgage loan, US Doc Prep never refunded or returned any part or portion of the fraudulently obtained \$595.00 advance fee to AR1. However, after reviewing this transaction, AR1's bank refunded said amount to AR1.

5. Copies of pages from the website for US Doc Prep are attached to the Request as Exhibit 1. These pages from the US Doc Prep website make it clear that US Doc Prep is offering to modify the terms of residential mortgage loans for consumers.

CONCLUSIONS OF LAW

6. Ark. Code Ann. § 23-39-503(b) states that it is unlawful for any person to act or attempt to act, directly or indirectly, as a mortgage broker or loan officer without first obtaining a license from the Securities Commissioner under the FMLA. As detailed in paragraphs two through five, US Doc Prep violated Ark. Code Ann. § 23-39-503(b) when it attempted to act as a mortgage broker for AR1 without first being licensed as a mortgage broker under the FMLA.

7. Ark. Code Ann. § 23-39-503(c) states that it is unlawful for any person to employ, to compensate, or to appoint as its agent any person to act as a loan officer, unless the loan officer is licensed as a loan officer with the Arkansas Securities Department under the FMLA. As detailed in paragraphs two through five, US Doc Prep violated Ark. Code Ann. § 23-39-503(c) when it allowed its employee to act as a loan officer for AR1 without first being licensed as a loan officer under the FMLA.

8. Ark. Code Ann. § 23-39-513(4) states that it is unlawful for any person other than an exempt person to pay, receive, or collect, in whole or in part, any commission, fee, or other compensation for brokering a mortgage loan in violation of this subchapter, including a mortgage loan brokered or solicited by any unlicensed person other than an exempt person. As detailed in paragraphs two through five, US Doc Prep violated Ark. Code Ann. § 23-39-513(4) when it collected an advance fee in the total amount of \$595.00 from AR1 for offering to modify the terms of AR1's mortgage loan without first being licensed as a mortgage broker under the FMLA.

9. Ark. Code Ann. § 23-39-514(d)(1) states that upon finding that any action of a person is in violation of the FMLA, the Commissioner may summarily order the person to cease and desist from the prohibited action. The conduct, acts, and practices of US Doc Prep and its employee threaten immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Cease and Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-39-514.

ORDER

IT IS THEREFORE ORDERED that US Doc Prep and its employees cease and desist from all mortgage loan activity in Arkansas until such time as it and they have been properly licensed under the FMLA.

A hearing on this Cease and Desist Order shall be held, if requested by US Doc Prep in writing within thirty days of the date of the entry of this Cease and Desist Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

If no hearing is requested and none is ordered by the Commissioner, this Cease and Desist Order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-39-514(d).



A. Heath Abshure
Arkansas Securities Commissioner

May 19, 2011
Date