

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**FOUNDATION FUNDING GROUP, INC.,
D/B/A GREATSTONE MORTGAGE
TAMPA, FL**

ORDER NO. 01-049-M

**CEASE AND DESIST ORDER AND
REVOCAION OF MORTGAGE LOAN COMPANY
EXEMPTION FROM REGISTRATION
PURSUANT TO ARK. CODE ANN. § 23-39-306(a)(4)**

Arkansas Securities Commissioner Mac Dodson, upon sufficient evidence presented to him, has reason to believe that **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** has failed to comply with the provisions of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101, *et seq.*, and has thereby lost its exemption from registration pursuant to Ark. Code Ann. § 23-39-306(a)(4).

FINDINGS OF FACT

1. **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** was formed as a New Jersey corporation on January 6, 1994.
2. The Department received a request for exemption from registration as a mortgage loan company pursuant to Ark. Code Ann. § 23-39-306(a)(4) from **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** on March 29, 1995. The request for exemption was approved and a letter issued April 5, 1995.

3. On October 1, 2001, the Department received Notice of Cancellation from the RLI Insurance Company reflecting that **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE's** Surety Bond Number RSB628439 would be terminated November 30, 2001.
4. By certified letter dated October 1, 2001, Rhys G. Rogers, an Examiner Supervisor with the Department, advised **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** that the Act required the \$35,000.00 surety bond to remain in force at all times, enclosed a copy of the Notice of Cancellation received from the RLI Insurance Company, and requested that **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** file a replacement bond within fifteen (15) days of the receipt of the letter. The certified letter was returned to the Department October 22, 2001, stamped "***Return to Sender, Moved, Left no Address***".
5. Pursuant to the Notice of Cancellation, **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE's** \$35,000.00 surety bond issued by the RLI Insurance Company expired on November 30, 2001, and **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** has not filed a replacement surety bond.

CONCLUSIONS OF LAW

6. The Commissioner is charged with the administration and enforcement of the Act pursuant to Ark. Code Ann. § 23-39-201 (Repl. 1994).
7. Ark. Code Ann. § 23-39-304(a)(1) (Supp. 1999) requires each mortgage loan company to deposit a \$35,000.00 corporate surety bond with the Commissioner.
8. Ark. Code Ann. § 23-39-307(b) (Supp. 1999) provides for revocation of an exemption from registration if the company does not conduct its business in accordance with law or has violated any provision of the Act.

OPINION

9. This matter has been properly brought before the Commissioner in accordance with Ark. Code Ann. § 23-39-201 (Repl. 1994). **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE's** failure to maintain a \$35,000.00 surety bond in accordance with Ark. Code Ann. § 23-39-304(a)(1) (Repl. 1999) is a violation of the Act and grounds to revoke **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE's** exemption from registration.
10. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE's** exemption from registration.
11. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** CEASE AND DESIST from engaging in all mortgage loan and loan brokering activities which are in violation of the Act including advertising, offering and conducting mortgage loan company and loan brokering business.

IT IS FURTHER ORDERED that the exemption from registration provided **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** under Ark. Code Ann. § 23-39-306(a)(4) be revoked in accordance with Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999).

IT IS FURTHER ORDERED that all pending mortgage loan applications now held by **FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE** shall immediately be transferred to a duly registered or exempted mortgage loan company or loan broker and proof of such filed within ten (10) days of the receipt of this order.

FOUNDATION FUNDING GROUP. INC. D/B/A GREATSTONE MORTGAGE is hereby notified of its right to a hearing regarding this matter. However, if no written application for a hearing is made within twenty (20) days of the entry of this order, this order will become final.

WITNESS MY HAND AND SEAL this 4th day of December 2001.

A handwritten signature in black ink, appearing to read "Mac Dodson", written in a cursive style.

MAC DODSON

ARKANSAS SECURITIES COMMISSIONER