

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**FREEDOM FINANCIAL SERVICES, INC.
SPRINGFIELD, MO**

ORDER NO. 02-007-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 Michael B. Johnson, of the Arkansas Securities Department ("Department"), upon sufficient evidence presented to him, has reason to believe that **FREEDOM FINANCIAL SERVICES, INC. ("FREEDOM")** 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.*, ("Act") and has thereby lost its exemption from registration pursuant to Ark. Code Ann. § 23-39-306(a)(4).

FINDINGS OF FACT

1. 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 **FREEDOM** on December 8, 2000. The request for exemption was approved and a letter issued December 15, 2000.
2. On January 15, 2002, the Department received Notice of Cancellation from The Ohio Casualty Insurance Company reflecting that **FREEDOM's** Surety Bond Number 3-503-837 would be terminated March 15, 2002.

3. By certified letter dated January 16, 2002, Rhys G. Rogers, an Examiner Supervisor with the Department, (i) advised **FREEDOM** that the Act required the \$35,000.00 surety bond to remain in force at all times, (ii) enclosed a copy of the Notice of Cancellation received from The Ohio Casualty Insurance Company, and (iii) requested that **FREEDOM** file a replacement bond within fifteen (15) days of the receipt of the letter. The signed return receipt reflects that **FREEDOM** received the January 16, 2002, certified letter on January 24, 2002.
4. Pursuant to the Notice of Cancellation, **FREEDOM's** \$35,000.00 surety bond issued by The Ohio Casualty Insurance Company expired on March 15, 2002, and **FREEDOM** has not filed a replacement surety bond.

CONCLUSIONS OF LAW

5. The Commissioner is charged with the administration and enforcement of the Act pursuant to Ark. Code Ann. § 23-39-201 (Repl. 1994).
6. 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.
7. 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

8. This matter has been properly brought before the Commissioner in accordance with Ark. Code Ann. § 23-39-201 (Repl. 1994). **FREEDOM'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 which constitutes grounds to revoke **FREEDOM's** exemption from registration.
9. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **FREEDOM's** exemption from registration.
10. This order is in the public interest.

ORDER

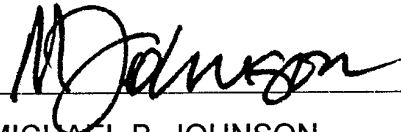
IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that **FREEDOM FINANCIAL SERVICES, INC.** CEASE AND DESIST from engaging in all mortgage loan and loan brokering activities including advertising, offering and conducting mortgage loan company and loan brokering business.

IT IS FURTHER ORDERED that the exemption from registration provided **FREEDOM FINANCIAL SERVICES, INC.** 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 **FREEDOM FINANCIAL SERVICES, INC.** 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.

FREEDOM FINANCIAL SERVICES, INC. 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 18th day of March 2002.

A handwritten signature in black ink, appearing to read "M. Johnson", is written over a horizontal line.

MICHAEL B. JOHNSON

ARKANSAS SECURITIES COMMISSIONER