

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF**

**RILEY FINANCIAL GROUP CORPORATION  
D/B/A RILEY FINANCIAL GROUP  
MIAMI, FL**

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**ORDER NO. C-02-003-02-CD01**

**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 **RILEY FINANCIAL GROUP CORPORATION D/B/A RILEY FINANCIAL GROUP ("RILEY")** 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 **RILEY** on March 5, 2001. The request for exemption was approved and a letter issued March 19, 2001.
2. On May 14, 2002, the Department received Notice of Cancellation from Great American Insurance Company reflecting that **RILEY's** Surety Bond Number 5623084 would be terminated June 26, 2002.

3. By certified letter dated May 19, 2002, Rhys G. Rogers, an Examiner Supervisor with the Department, (i) advised **RILEY** 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 Great American Insurance Company, and (iii) requested that **RILEY** file a replacement bond by the June 26, 2002, expiration date. The signed return receipt reflects that **RILEY** received the May 19, 2002, certified letter on May 28, 2002.
4. Pursuant to the Notice of Cancellation, **RILEY's** \$35,000.00 surety bond issued by Great American Insurance Company of America expired on June 26, 2002, and **RILEY** 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). **RILEY'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 **RILEY's** exemption from registration.
9. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **RILEY'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 **RILEY FINANCIAL GROUP CORPORATION D/B/A RILEY FINANCIAL GROUP** 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 **RILEY FINANCIAL GROUP CORPORATION D/B/A RILEY FINANCIAL GROUP** 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 **RILEY FINANCIAL GROUP CORPORATION D/B/A RILEY FINANCIAL GROUP** 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.

**RILEY FINANCIAL GROUP CORPORATION D/B/A RILEY FINANCIAL GROUP**

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 8th day of August 2002.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is written in a cursive, flowing style with a large initial "M" and a long, sweeping tail.

MICHAEL B. JOHNSON

ARKANSAS SECURITIES COMMISSIONER