

**STATE OF ARKANSAS  
SECURITIES DEPARTMENT**

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**IN THE MATTER OF**

**UNION MORTGAGE, INC.  
ALEXANDRIA, LA**

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**ORDER NO. C-02-030-02-CD01**

**CEASE AND DESIST ORDER AND  
REVOCATION OF MORTGAGE LOAN COMPANY  
REGISTRATION CERTIFICATE**

Arkansas Securities Commissioner Michael B. Johnson, of the Arkansas Securities Department (“Department”), upon sufficient evidence presented to him, has reason to believe that **UNION MORTGAGE, INC. (“UNION”)** 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 registration certificate.

**FINDINGS OF FACT**

1. **UNION** was formed as a Louisiana corporation on May 1, 1997.
2. The Department received an application for registration as a mortgage loan company from **UNION** on December 1, 1998. The application was approved and a registration certificate issued December 15, 1998.
3. On July 12, 2002, the Department received Notice of Cancellation from Fidelity & Deposit Company of Maryland reflecting that **UNION’s** Surety Bond Number LPM3011769 would be terminated November 5, 2002.

4. By certified letter dated July 12, 2002, Rhys G. Rogers, a Securities Examiner Supervisor with the Department, (i) advised **UNION** 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 Fidelity & Deposit Company of Maryland, and (iii) requested that **UNION** file a replacement bond within fifteen (15) days of the receipt of the letter. The signed return receipt reflects that **UNION** received the July 12, 2002, certified letter on July 16, 2002.
5. Pursuant to the Notice of Cancellation, **UNION's** \$35,000.00 surety bond issued by Fidelity & Deposit Company of Maryland expired on November 5, 2002, and **UNION** 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(a)(3) (Supp. 1999) provides for revocation of a 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). **UNION'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 **UNION's** registration certificate.
10. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **UNION's** registration certificate.
11. This order is in the public interest.

### ORDER

IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that **UNION MORTGAGE, INC.** 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 registration certificate provided **UNION MORTGAGE, INC.** under Ark. Code Ann. § 23-39-301 (Supp. 1999) 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 **UNION MORTGAGE, 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.

**UNION MORTGAGE, 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 November, 2002.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is written in a cursive style with a large, stylized initial "M".

MICHAEL B. JOHNSON  
ARKANSAS SECURITIES COMMISSIONER