

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**OAK FOREST FINANCIAL CORPORATION
CONWAY, AR**

ORDER NO. C-03-007-03-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 **OAK FOREST FINANCIAL CORPORATION (“OAK FOREST”)** 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. **OAK FOREST** was formed as an Arkansas corporation on August 7, 2001.
2. The Department received an application for registration as a mortgage loan company from **OAK FOREST** on December 6, 2001. The application was approved and a registration certificate issued December 10, 2001.
3. On January 10, 2003, the Department received Notice of Cancellation from Westchester Fire Insurance Company reflecting that **OAK FOREST’s** Surety Bond Number K06722696 would be terminated March 11, 2003.

4. By certified letter dated January 16, 2003, Rhys G. Rogers, a Securities Examiner Supervisor with the Department, (i) advised **OAK FOREST** 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 Westchester Fire Insurance Company, and (iii) requested that **OAK FOREST** file a replacement bond by the March 11, 2003, bond expiration date. The signed return receipt reflects that **OAK FOREST** received the January 16, 2003, certified letter on January 17, 2003.
5. Pursuant to the Notice of Cancellation, **OAK FOREST's** \$35,000.00 surety bond issued by Westchester Fire Insurance Company expired on March 11, 2003, and **OAK FOREST** 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). **OAK FOREST'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 **OAK FOREST's** registration certificate.
10. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **OAK FOREST'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 **OAK FOREST FINANCIAL CORPORATION** 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 registration certificate provided **OAK FOREST FINANCIAL CORPORATION** 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 **OAK FOREST FINANCIAL CORPORATION** 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.

OAK FOREST FINANCIAL CORPORATION 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 17th day of March, 2003.

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

MICHAEL B. JOHNSON
ARKANSAS SECURITIES COMMISSIONER