

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**VERSATILE MORTGAGE, INC.; MERGE
MORTGAGE, INC.; MERGING ENTERPRISES,
INC.; RENALDO D. ROBINSON;
SHIRLENA L. WRIGHT; BRIAN RODGERS;
RUBY ALEXANDER; JAMES BURKS;
DWAN ROBINSON AND ODELL KENNEDY**

ORDER

NO. C-03-020-03-CD01

**ORDER TO CEASE AND DESIST
AND
SUSPENSION OF MORTGAGE LOAN COMPANY REGISTRATION**

This Order to Cease and Desist and Suspension of Mortgage Loan Company Registration (“Order”) is entered pursuant to the provisions of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101, *et. seq.*, (“Mortgage Loan Company and Loan Broker Act”). This Order entered by the Arkansas Securities Department (“Department”) summarily suspends the registration of Versatile Mortgage, Inc. and directs that Versatile Mortgage, Inc., Merge Mortgage Inc., Merging Enterprises, Inc., Renaldo D. Robinson; Shirlena L. Wright, Brian Rodgers, Ruby Alexander, James Burks, Dwan Robinson and Odell Kennedy immediately cease and desist from engaging in the business of a mortgage loan company or loan broker.

FINDINGS OF FACT

1. Versatile Mortgage, Inc. (“Versatile”). became registered as a Mortgage Loan Company and Loan Broker and was granted a Certificate of Authority, License No. 2942-02-1, pursuant to the Mortgage Loan Company and Loan Broker Act on September 5, 2002 after filing a registration application (“Application”) on August 15, 2002. The business address for Versatile, according to the Application, is 3900 Barrow Road, Little Rock, Arkansas. Versatile filed a renewal application (“Renewal”) on March 27, 2003, and was granted a Certificate of Authority, License Number MLCB-11182, by the Department on April 1, 2003. The Renewal made no changes to the filings contained in the original Application other than a change of the home address for Shirlena L. Wright.
2. Renaldo D. Robinson, Jr. (“Renaldo Robinson”). Renaldo Robinson is listed as the registered agent for both Merge Mortgage, Inc. and Merging Enterprises, Inc. in filings made with the Office of the Secretary of State of Arkansas. Information obtained by the Department pursuant to its investigation indicates that Renaldo Robinson is the actual owner of Versatile and that he hired Shirlena Wright to act as the owner, president and manager of the company.
3. Shirlena L. Wright (“Wright”). acting as the president of Versatile filed both the Application and Renewal registration filings for Versatile with the Department. Wright is listed as the initial registered agent and president of the Corporation on the Articles of Incorporation filed with the office of the Secretary of State of Arkansas on July 29, 2002 and included in the original Application filing of

Versatile with the Department. Wright is listed as the sole owner and president of Versatile in the Application filings of Versatile. No other persons are listed as having an interest in the business as principals, partners, officers, trustees, directors or managers. The Renewal filings contained no additional persons other than Wright that have an interest in Versatile. In statements made to the Department, Wright maintains she has not authorized any changes to the ownership or control of Versatile. Wright has represented to the Department that she has not been involved with Versatile as a manager or employee since April 1, 2003.

4. Merge Mortgage, Inc. ("Merge Mortgage"). Records of the Department reflect no registration filings for Merge Mortgage as a mortgage loan company or loan broker. Records of the Office of the Secretary of State of Arkansas reflect a Corporation Registration filing for Merge Mortgage, Inc. on February 22, 2001, Filing # 100195803, and that the registration has been revoked. Renaldo D. Robinson, Jr. is listed as the registered agent with an address of 12111 W. Markham, Little Rock, Arkansas.
5. Merging Enterprises, Inc. ("Merging Enterprises"). Records of the Department reflect no registration filings for Merging Enterprises as a mortgage loan company or loan broker. Records of the Office of the Secretary of State of Arkansas reflect a Corporation Registration filing for Merging Enterprises, Inc. on February 14, 2002, Filing # 100209390. Dwan Robinson, Jr. is listed as the registered agent with an address of 112 South Second Street, Jacksonville, Arkansas.

6. Brian Rodgers (“Rodgers”). On April 29, 2003, the Department received documents concerning Versatile that purport to amend the company’s filings with the Office of the Secretary of State of Arkansas to reflect that Rodgers is the acting president of Versatile pursuant to amendment filings made with that Office on April 4, 2003.
7. Ruby Alexander (“Alexander”). On April 29, 2003, the Department received documents concerning Versatile that purport to amend the company’s filings with the Office of the Secretary of State of Arkansas to reflect that Alexander is an acting vice president of Versatile pursuant to amendment filings made with that Office on April 4, 2003.
8. James Burks (“Burks”). On April 29, 2003, the Department received documents concerning Versatile that purport to amend the company’s filings with the Office of the Secretary of State of Arkansas to reflect that Burks is an acting vice president of Versatile pursuant to amendment filings made with that Office on April 4, 2003.
9. Dwan Robinson (“Dwan Robinson”). Dwan Robinson is listed on loan application documents submitted by Versatile as an employee of Versatile. Dwan Robinson is the son of Renaldo Robinson.
10. Odell Kennedy (“Kennedy”). Kennedy is listed on loan application documents submitted by Versatile as an employee of Versatile.

11. North American Specialty Insurance Company (“North American”) has provided documents to the Department regarding a surety bond contract with Versatile, Bond # SUR192973, that lists the business address of Versatile as 909 W. Main Street, Jacksonville, Arkansas. The Department received initial confirmation of the existence of Bond # SUR192973 from North American on September 2, 2002. The confirmation included a copy of a document entitled “Rider” that amended the principal’s name from Merging Enterprise, Inc. to Versatile Mortgage, Inc. The effective date of the rider is August 14, 2002. Ruby Alexander is listed as the principal for Merging Enterprises, Inc. on the Rider. The Department received a letter from North American on April 21, 2003, informing that the surety bond for Versatile is cancelled effective June 21, 2003.

Rental/Purchase Arrangements

12. On or about May 9, 2003, the Department received information regarding Versatile that indicated the existence of possible violations of the Mortgage Loan Company and Loan Broker Act. An investigation of the claims was initiated and has led to the following additional findings of fact.
13. An individual who owned a home in Little Rock, Arkansas (“Homeowner”) was contacted in December 2002 by an employee of Versatile, Kennedy, who suggested that Homeowner apply for new financing to replace her existing mortgage loan. Homeowner applied for new financing with Versatile to replace her existing mortgage loan she obtained approximately three years earlier. Homeowner was soon told by employees of Versatile that she did not qualify for

new financing for her present home, but the Versatile employees presented Homeowner with a proposal to acquire rental properties in central Arkansas. Versatile employees immediately initiated the process that led to the purchase by Homeowner of three residential properties, in addition to her present residence, within a period of forty-three (43) days. Homeowner purchased residential properties on January 7, 2003, February 7, 2003 and February 19, 2003. She now is the owner of record and mortgagor on four residential properties in central Arkansas.

14. It was explained to Homeowner that the three new properties she acquired already had tenants and that rents paid by the tenants would be used to make her mortgage payments on the properties. Versatile represented to Homeowner that they would collect the rental payments and make all of her mortgage payments for her. Versatile employees represented to Homeowner that they would arrange for the tenants to purchase the three properties from Homeowner after a one-year period and that the series of transactions would result in profits to Homeowner. Versatile employees represented that Homeowner would realize profits from payments of equity on the three residences during the one-year period. Homeowner received no paperwork from Versatile concerning the rental or lease arrangements with the tenants to the three properties. She was told that Versatile would “take care of all of the details” and she would not be responsible for the collection of rent or monthly payments to the respective mortgage holders.

15. To effect the three residential purchases, employees of Versatile prepared documents, including loan application documents, that contain numerous questionable representations and fees. On each of the loan application documents examined by the Department the property to be purchased is listed as the primary residence of Homeowner. The loan application documents examined by the Department contain the names of two employees of Versatile, Kennedy and Dwan Robinson, who are listed as “interviewers” on the documents.
16. Homeowner has complained to the Department that she has been informed by each of the three Lenders of the mortgage loans that they have not received monthly payments for the loans. Homeowner initially contacted Wright at Versatile and was given \$700 in cash for the April payment on the Edwina Drive property. After continuing to receive past-due notices from the mortgages, Homeowner contacted Wright, but was told that Wright was no longer associated with Versatile, and that Renaldo Robinson was now running Versatile. Homeowner contacted Renaldo Robinson at Versatile regarding the company’s failure to make the mortgage payments. On April 30, 2003 Renaldo Robinson instructed James Burks to give Homeowner a check in the amount of \$2,346 as payment for deficient mortgage payments. The Department has obtained a copy of the check, number 1007, dated April 30, 2003, written on a US Bank account number 151800237167, styled “Versatile Mortgage Inc, 3900 Barrow Rd Ste 4, Ph. 501-565-0333, Little Rock, AR 72204”, and signed by James Burks.

Homeowner's attempts to deposit or cash the check have been unsuccessful and Homeowner has been informed by a local bank that Versatile does not have sufficient funds in their bank account for the bank to honor the check.

17. Homeowner has contacted the tenants of the three properties and has been told they have made monthly lease payments to Versatile. One of the tenants provided Homeowner with a copy of a Lease Agreement. Although the document bears a signature of Homeowner's name in a space provided for Lessor, Homeowner maintains she had never seen the document and the signature is not similar to her signature on other documents provided to the Department. The tenant also provided Homeowner with copies of receipts for payments made on the property located on Nicole Street, North Little Rock, Arkansas. A receipt dated February 28, 2003 for "March Mortgage Payment", in the amount of \$730 cash, uses a letterhead for Merging Enterprises, 3900 Barrow Road, Little Rock. A second receipt dated March 28, 2003 in the amount of \$730 was received by Brian Rodgers and also uses a letterhead for Merging Enterprises, 3900 Barrow Road, Little Rock, Arkansas. A third receipt dated April 25, 2003 in the amount of \$730 was received by Brian Rodgers and uses a letterhead for Versatile Mortgage, Inc., 3900 Barrow Road, Little Rock, Arkansas.
18. The tenant of one of the properties, located on Clover Hill Street, Little Rock, has represented to Homeowner that regular monthly payments have been made to Versatile.

19. Homeowner's efforts to discuss her concerns with the couple that resides in the third property, located on Edwina Drive, Little Rock, resulted in their disclosure that they work for Renaldo Robinson at a local restaurant and he deducts their monthly rent from their wages. They told Homeowner that Renaldo Robinson represented to them that he is the owner of the home.

Insufficient Funds

20. On May 22, 2003 the Department received a second complaint regarding Versatile. A Little Rock real estate appraiser ("Appraiser") has received two checks, both for the amount of \$800, from Versatile for work that Versatile had requested. The Department has obtained a copy of the second check, number 97, dated April 18, 2003, written on a US Bank account number 151800237159, styled "Versatile Mortgage Inc, 3900 Barrow Rd Ste 4, Little Rock, AR 72204-6934", and signed by James Burks. The Appraiser was informed by a Little Rock branch of Bank of America that Versatile did not have sufficient funds in their bank account to cover the checks written to Appraiser.

Registration Filing Violations

21. The investigation of Versatile and individuals associated with Versatile by the Department reveals that the original Application and Renewal filings made by Versatile with the Department contain material misrepresentations and omissions. The Application and Renewal fail to list Renaldo Robinson as a person having an interest in the business as a principal, partner, officer, trustee, director or manager. Filings made with the Department contain material misrepresentations and omissions concerning the work history of Wright.
22. The original Application filed by Versatile stated that Versatile has no branches outside the State of Arkansas. The Renewal filing by Versatile listed no branch offices for Versatile. However, correspondence received by the Department from Versatile via facsimile on April 14, 2003 lists two offices, the registered office at 3900 Barrow Road, Little Rock and an additional office located at 5453 N. MacArthur Blvd., Dallas, Texas. Telephone records reflect an address for Versatile at 5453 N. MacArthur Blvd., Irving, Texas, a suburb of Dallas.

Merge Mortgage, Inc./Renaldo Robinson

23. The Department received an inquiry in July 2001 concerning activity by Merge Mortgage and Renaldo Robinson acting as a mortgage loan company or loan broker. Documents obtained by the Department at the time included an "Appraisal Request Form" on letterhead that includes the name Merge Mortgage, Inc. and a Jacksonville, Arkansas phone number. The document also refers to a branch office of "Jax, R. Robinson" and contains the names: Renaldo Robinson

and Ruby Alexander. Department records reflect no registration filing for Merge Mortgage. Efforts by the Department to contact Merge Mortgage resulted in a letter response from Renaldo D. Robinson, Jr. stating that Merge Mortgage was “in the process of gathering all of the needed requirements to complete our application for our Arkansas State brokers license.” Further attempts by the Department to contact Renaldo Robinson, including three certified letters during the calendar year 2002, have resulted in no response from Renaldo Robinson.

24. As referenced above, the company that provided Versatile with a surety bond, North American, revealed that the original application to the bond was made for Merging Enterprises and listed a business address on Main Street in Jacksonville, Arkansas.
25. The Department has also learned that Renaldo Robinson was convicted in Federal Court in April 1999 on charges of Conspiracy to Commit Wire Fraud concerning activity he engaged in as the owner of Robinson Enterprises. Renaldo Robinson received a sentence that included twenty-one months imprisonment that was to commence in May 1999. In addition he was ordered to make restitution in the amount of \$232,500 and submit to three years of supervised release after the completion of his imprisonment. Renaldo Robinson was successful in having his supervision transferred from Lake Charles, Louisiana to Little Rock, Arkansas in 2002, but as noted above, he had been engaged in business and corresponded with the Department from Jacksonville, Arkansas prior to his supervision transfer.

CONCLUSIONS OF LAW

26. Ark. Code Ann. § 23-39-201 provides in part that the Arkansas Securities Commissioner (“Commissioner”) shall exercise general supervision and control over mortgage loan companies and loan brokers doing business in Arkansas.
27. Ark. Code Ann. § 23-39-307 provides in part that the Commissioner may suspend or revoke any registration when the applicant or registrant: (2) Is unfit, through lack of financial responsibility, experience, or otherwise, to conduct the business of a mortgage loan company or loan broker, as the case may be; (3) Does not conduct his business in accordance with law or has violated any provision of this chapter; (5) Is in such financial condition that he cannot continue in business with safety to his customers; (6) Has been guilty of fraud in connection with any transaction governed by this chapter; (7) Has made any misrepresentations or false statements to, or concealed any essential or material fact from, any person in the course of the mortgage loan company business; (8) Has knowingly made or caused to be made to the Commissioner any false representation of material fact, or has suppressed or withheld from the Commissioner any information which the applicant or registrant possesses and which, if submitted by him, would have rendered the registrant ineligible to be registered under this chapter; (11) Has been convicted of a felony or any misdemeanor of which fraud is an essential element.

28. Ark. Code Ann. § 23-39-202 provides in part that whenever it appears, upon sufficient grounds or evidence, that a mortgage loan company has engaged in any act or practice in violation of the Act or any rule or regulation hereunder, or the mortgage loan company's affairs are in an unsafe condition, the Commissioner may summarily order the mortgage loan company to cease and desist from the act or practice.
29. This matter has been properly brought before the Commissioner and is in the public interest.
30. The Department investigation of the above named registered mortgage loan company, Versatile, indicates that the registrant has knowingly made false representations or omissions of material facts to the Commissioner; has knowingly made misrepresentations to persons in the course of the mortgage loan company business; and has not operated its business in accordance with applicable law.
31. The Department investigation of the above named unregistered companies and individuals, Renaldo Robinson, Merge Mortgage Inc., Merging Enterprises, Inc., Shirlena L. Wright, Brian Rodgers, Ruby Alexander, James Burks, Dwan Robinson and Odell Kennedy, indicates that they have engaged in acts or practices in violation of this chapter.

ORDER

32. IT IS THEREFORE ORDERED that the registration of Versatile Mortgage, Inc. is hereby summarily suspended and the company is directed to immediately Cease and Desist from transacting business as a mortgage loan company or loan broker, or otherwise engaging in mortgage loan or loan brokering activities in Arkansas.
33. IT IS FURTHER ORDERED that Renaldo D. Robinson, Merge Mortgage Inc., Merging Enterprises, Inc., Shirlena L. Wright, Brian Rodgers, Ruby Alexander, James Burks, Dwan Robinson and Odell Kennedy immediately Cease and Desist from transacting business as a mortgage loan company or loan broker, or otherwise engaging in mortgage loan or loan brokering activities in Arkansas.
34. Respondents may request a hearing before the Commissioner. Any request for a hearing must be made in writing within twenty (20) days of entry of this Order. If no hearing is requested within twenty (20) days, this Order shall become final.
- WITNESS MY HAND AND SEAL THIS 29TH DAY OF MAY, 2003.



MICHAEL B. JOHNSON
ARKANSAS SECURITIES COMMISSIONER