

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
ASD CASE NO. C-08-045
ORDER NO. C-08-045-08-C001**

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

**CANDICE ANN WALLACE
LICENSE NO. 15242**

RESPONDENTS

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act ("FMLA"), Ark. Code Ann. §§ 23-39-501 through 23-39-518, the Rules of the Arkansas Securities Commissioner ("Rules") promulgated under the FMLA and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-16-201 through 25-16-303 in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and Respondent Candice Ann Wallace ("Wallace") in full and final settlement of all claims that could be brought against Wallace by the Staff on the basis of the facts set forth herein.

Wallace admits the jurisdiction of the FMLA and the Arkansas Securities Commissioner ("Commissioner"), waive her right to a formal hearing and, without admitting or denying the findings of facts made herein, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. From on or about January 20, 2006, through on or about January 30, 2007, Wallace, an employee of Southern Mortgage, in the course of her employment as mortgage loan officers, engaged in a pattern of submitting inaccurate statements on stated

income mortgage loans that were being brokered by Wallace. Specifically, Wallace would normally initiate the loan brokering process by taking a loan application from a borrower, at which time employers were identified and monthly incomes were determined. This process was followed by submission of the borrower's application to the prospective lenders. In each of the loan files more particularly described below, the Wallace submitted inflated monthly income amounts to the prospective lenders. The submission of these inaccurate statements to the prospective lenders during the course of brokering the stated income mortgage loans was the result of Wallace's failure to exercise reasonable skill, care and diligence in the preparation of the mortgage loan applications.

2. On or about January 30, 2006, Wallace initiated the process of brokering a mortgage loan for Narcisa Aracely Garcia in the amount of \$215,000.00, to be secured by real property located at 2560 Mia Place, A & B, in Springdale, Arkansas. Wallace completed a loan application from Garcia by telephone. Wallace subsequently submitted documents to the lender representing that Garcia was employed by Superior Industries, with a monthly income of \$5,800.00. However, Garcia's payroll records with Superior Industries reflect an average monthly income of \$2,556.08 in 2005, and \$1,799.21 in 2006.

3. On or about March 13, 2006, Wallace initiated the process of brokering a mortgage loan for Jose M. Calderon in the amount of \$164,000.00, to be secured by real property located at 3135 Arrow Place in Springdale, Arkansas. Wallace completed a loan application from Calderon by telephone. Wallace subsequently submitted documents to the lender representing that Calderon was employed by All Around Landscaping, with an

average monthly income of \$5,000.00. However, Calderon's payroll records with All Around Landscaping reflect an average monthly income of \$2,965.96 in 2005, and \$2,091.94 in 2006.

4. On or about January 30, 2007, Wallace initiated the process of brokering a mortgage loan for Osmero Leberon in the amount of \$140,125.00, to be secured by real property located at 3403 Picasso Blvd, S.W. in Bentonville, Arkansas. Wallace completed a loan application from Leberon by telephone. Wallace completed a handwritten application reflecting that Leberon was employed by Denny's Restaurants, with a monthly income of \$5,900.00. Wallace also completed a second typewritten application reflecting that Leberon was employed by Denny's Restaurants, with a monthly income of \$6,000.00. Wallace subsequently submitted documents to the lender representing that Leberon was employed by Denny's Restaurants, with a monthly income of \$6,000.00. However, Leberon's payroll records with Denny's Restaurants reflect an average monthly income of \$2,445.60 in 2005, and \$2,634.94 in 2006.

CONCLUSIONS OF LAW

5. The acts of Respondent Wallace described above in Paragraphs 1 through 4 constitute a violation of Ark. Code Ann. §23-39-510(3) and (4). In addition, said acts warrant disciplinary action in the form of a suspension of her Arkansas loan officer license, as authorized by Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B), and Ark. Code Ann. §§ 23-39-505(n)(3)(A) and 505(n)(3)(B). Likewise, an appropriate civil penalty should be entered against Respondent Wallace, as authorized by Ark. Code Ann. § 23-39-514(b).

6. The entry of this order is in the public interest.

7. The Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage broker or loan officer upon a licensee or any partner, officer, director, member, manager, or other person occupying a similar status or performing a similar function on behalf of a licensee for any violation of the FMLA. Ark. Code Ann. §23-39-514(b)(1)-(2).

ORDER

By agreement and with the consent of the Staff and Respondent Candice Ann Wallace, it is hereby ordered that the surrender of the loan officer license of Respondent Candice Ann Wallace should be accepted, upon condition that Wallace, or any entity owned or controlled in whole or in part by Wallace, shall not apply to the Arkansas Securities Department for a license to engage in the mortgage loan business in Arkansas for a period of two (2) years to commence upon the entry of the Consent Order, and that during the two (2) year period, Wallace shall refrain from owning, controlling, being employed by, or participating in any capacity in the conduct of the affairs of any mortgage banker or mortgage broker licensed by the Securities Commissioner in any capacity until such time as Wallace has been issued a new mortgage broker, mortgage banker, or mortgage loan officer license by the Commissioner.

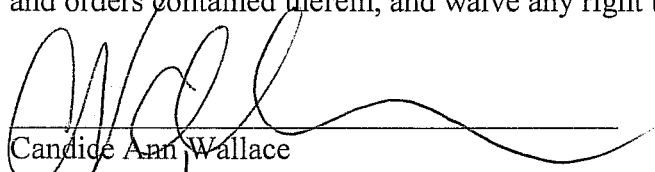
IT IS SO ORDERED.



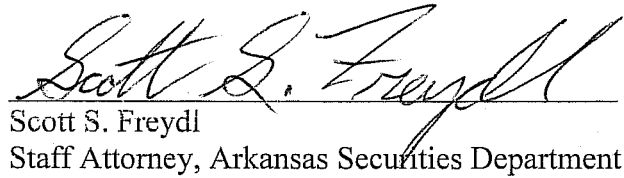
A. HEATH ABSHURE
Arkansas Securities Commissioner

August 5, 2009
DATE

I hereby agree to the entry of this Consent Order, and consent to all terms, conditions, and orders contained therein, and waive any right to an appeal from this order.


Candide Ann Wallace

7/21/09
Date


Scott S. Freydl
Staff Attorney, Arkansas Securities Department

8/5/09
Date