

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
ASD CASE NO. C-09-032
ORDER NO. C-09-032-09-CO01

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:
KEY FINANCIAL CORPORATION
LICENSE NO. 26997

RESPONDENT

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 Key Financial Corporation (“Key”) in full and final settlement of all claims that could be brought against Key by the Staff on the basis of the facts set forth herein.

Key admits the jurisdiction of the FMLA and the Arkansas Securities Commissioner (“Commissioner”), waives its 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 August 17, 2007, until October 4, 2007, three loan officers employed by the Respondent, Key, originated eleven loans for Arkansas residents prior to being properly licensed as loan officers by the Arkansas Securities Department (“Department”). During this time period Key was aware and approved of the three employees originating the eleven loans. However, Key mistakenly understood that these loan officers could originate mortgage loans in Arkansas during this time period. While Key had applied to the Department for loan officer licenses for all

three loan officers, Key had failed to apply for a branch office license for Key's branch office where all three of these loan officers worked in Arkansas. On October 5, 2007, all three of these loan officers were granted a loan officer's license by the Department. In addition, on October 5, 2007, the Key branch office was also granted a license by the Department.

2. Delia Ingle ("Ingle") was employed as a loan officer by Key during the relevant time period when the violations detailed in this order occurred. Key submitted a loan officer license application for Ingle to the Department on August 21, 2007. Ingle's loan officer license was ultimately approved and granted by the Department on October 5, 2007. However, on August 17, 2007, August 28, 2007, September 15, 2007, and October 4, 2007, Ingle originated mortgage loans for Arkansas residents. These four mortgage loan applications were accepted by Key.

3. Milton Lamar ("Lamar") was employed as a loan officer by Key during the relevant time period when the violations detailed in this order occurred. Key submitted a loan officer license application for Lamar to the Department on August 21, 2007. Lamar's loan officer license was ultimately approved and granted by the Department on October 5, 2007. However, on August 28, 2007, Lamar originated three mortgage loans for three Arkansas residents. In addition, on August 29, 2007, and September 11, 2007, Lamar originated mortgage loans for Arkansas residents. These five mortgage loan applications were accepted by Key.

4. Diane Miller ("Miller") was employed as a loan officer by Key during the relevant time period when the violations detailed in this order occurred. Key submitted a loan officer license application for Miller to the Department on August 21, 2007. Miller's loan officer license was ultimately approved and granted by the Department on October 5, 2007. However, on September 21, 2007, and September 25, 2007, Miller originated mortgage loans for Arkansas residents. These two mortgage loan applications were accepted by Key.

CONCLUSIONS OF LAW

5. The acts of Key's loan officers and Key as described above in paragraphs one through four constitute eleven violations of Ark. Code Ann. § 23-39-503(a) and three violations of Ark. Code Ann. § 23-39-503(c). In addition, said acts warrant the entry of an appropriate civil penalty against Respondent Key, 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) and (2).

ORDER

By agreement and with the consent of the Staff and the authorized representatives of the Respondent, Key Financial Corporation, it is hereby ordered that Key shall be responsible for the payment of a civil penalty in the amount of \$5,000.00 to the Arkansas Securities Department. The payment of said civil penalty shall be made by Key to the Arkansas Securities Department within thirty (30) calendar days of the date of this order.

IT IS SO ORDERED.

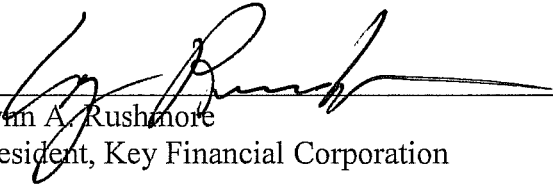


A. HEATH ABSHURE
Arkansas Securities Commissioner

July 28, 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.



Lynn A. Rushmore
President, Key Financial Corporation

7-23-09

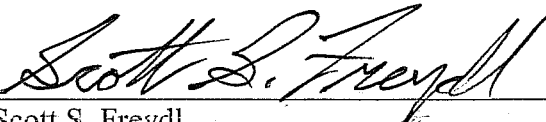
Date



Jeffery Dell
General Counsel, Key Financial Corporation

7-24-2009

Date



Scott S. Freydl
Staff Attorney, Arkansas Securities Department

7/28/09

Date