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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-10-0088

ORDER NO. C-10-0088-11-OR01

11 MAY 16 AM 8:38

ARKANSAS SECURITIES DEPT

IN THE MATTER OF:
NATIONS FUNDING SOURCE, INC., NMLS&R NO. 6032 AND
SOOKRANI SATTIE NARAIN, NMLS&R NO. 16386 **RESPONDENTS**

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act ("FMLA"), codified at Ark. Code Ann. §§ 23-39-501 through 23-39-518, the Rules of the Arkansas Fair Mortgage Lending Act ("Rules") and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-101 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and the Respondents, Nations Funding Source, Inc. and Sookrani Sattie Narain, in full and final settlement of all claims that could be brought against Nations Funding Source, Inc. and Sookrani Sattie Narain by the Staff on the basis of the facts set forth herein.

Nations Funding Source, Inc. and Sookrani Sattie Narain admit the jurisdiction of the FMLA and the Arkansas Securities Commissioner ("Commissioner"), waive its and her right to a formal hearing and appeal, without admitting or denying the findings of fact made herein, consent to the entry of this Order, and agree to abide by its terms.

FINDINGS OF FACT

From the pleadings, testimony of witnesses, documentary evidence, and all other matters properly before the Commissioner, the Commissioner does make the following findings of fact:

1. Nations Funding Source, Inc. ("Nations") is a former corporation organized under the laws of the State of Florida and a former mortgage broker company located in Fort Lauderdale,

Florida, NMLS&R number 6032. Nations' license as a mortgage broker with the Arkansas Securities Department ("Department") was surrendered on July 21, 2010.

2. Sookrani Sattie Narain ("Narain"), NMLS&R number 16386, was a licensed loan officer, the 100 percent shareholder, president, and only officer of Nations. Narain's license as a mortgage loan officer with the Department was surrendered on September 23, 2010.

3. The Staff has determined that between April and October, 2008, while Guadalupe Karina Espinoza ("Espinoza") was employed by Nations, Espinoza was involved in accepting mortgage loan applications from seven Arkansas residents without being properly licensed by the Commissioner. Also, the Staff has determined that in between April and December 2008, while Randy Rosado ("Rosado") was employed by Nations, Rosado was involved in accepting mortgage loan applications from four Arkansas residents without being properly licensed by the Commissioner. The unlicensed mortgage loan officer activity of Espinoza and Rosado as detailed above constitutes ten (10) separate violations of Ark. Code Ann. § 23-39-503(c) by Nations and Narain in 2008.

4. The Staff has determined that between September and November 2009, while Sherri Elam ("Elam") was employed by Nations, Elam was involved in accepting mortgage loan applications from four Arkansas residents without being properly licensed by the Commissioner. Also, the Staff has determined that in February 2009, while Mike Rouse ("Rouse") was employed by Nations, Rouse was involved in accepting mortgage loan applications from two Arkansas residents without being properly licensed by the Commissioner. In addition, the Staff has determined that in March 2009, while Angela Dunaway ("Dunaway") was employed by Nations, Dunaway was involved in accepting mortgage loan applications from two Arkansas residents without being properly licensed by the Commissioner. The unlicensed mortgage loan officer

activity of Elam, Rouse, and Dunaway as detailed above constitutes eight (8) separate violations of Ark. Code Ann. § 23-39-503(c) by Nations and Narain in 2009.

5. In 2009, Nations operated two unlicensed branch offices conducting mortgage loan activities in Arkansas. The Nations branch offices were located in Bentonville and Springdale, Arkansas. The mortgage loan activities of these unlicensed branch offices constitute two violations of Ark. Code Ann. § 23-39-505(i) by Nations and Narain in 2009.

6. The Staff has determined that Narain altered the mortgage loan applications of five Arkansas residents. The alterations made to these applications by Narain included adding Narain's name as the loan officer and deleting the name or changing title of the existing loan officer, Espinoza or Rosado, on the application to "loan supervisor". The altering of these five mortgage loan applications by Narain on behalf of Nations constitutes five (5) violations each of Ark. Code Ann. § 23-39-513(12) by Nations and Narain.

7. The Staff has determined that Nations and Narain failed to include fourteen Arkansas residents on its annual mortgage loan activity report for 2009, which is required to be filed with the Commissioner pursuant to Ark. Code Ann. § 23-39-506(a)(2)(A). The failure of Nations and Narain to correct this inaccurate annual mortgage loan activity report within 30 days of its filing constitutes one violation each of Ark. Code Ann. § 23-39-511(d) by Nations and Narain.

8. On January 29, 2010, Narain, on behalf of Nations, responded to a request from the Staff for a list of Nations' Arkansas mortgage loan activity in 2008 and 2009 with a list that failed to include fourteen Arkansas residents. The failure of Nations and Narain to provide a complete and correct response to the Staff's information request dated January 4, 2010, constitutes one violation each of Ark. Code Ann. § 23-39-513(13) by Nations and Narain.

9. As the 100 percent shareholder, president, and only officer of Nations, Narain was responsible for directing and controlling the actions of Nations. Therefore, Narain is responsible for the actions of Nations concerning any violations of the FMLA.

Legal Authority and Conclusions of Law

10. Ark. Code Ann. § 23-39-503(c) states that it is unlawful for any person other than an exempt person to employ, to compensate, or appoint as its agent any person to act as a loan officer unless the loan officer is licensed as a loan officer under the Arkansas FMLA. The unlicensed mortgage loan officer activity by employees of Nations as detailed in paragraphs three and four constitutes 18 separate violations of Ark. Code Ann. § 23-39-503(c) by Nations and Narain in 2008 and 2009.

11. Ark. Code Ann. § 23-39-505(i) states that each branch office of a mortgage broker licensed under this subchapter shall obtain a separate license. The mortgage loan activities of the unlicensed branch offices of Nations as detailed in paragraph five constitutes two violations of Ark. Code Ann. § 23-39-505(i) by Nations and Narain.

12. Ark. Code Ann. § 23-39-513(12) states that it is unlawful for any person in the course of any mortgage loan transaction or activity to engage in practices that are dishonest or unethical in the mortgage industry. The altering of five mortgage loan applications by Narain on behalf of Nations as detailed in paragraph six constitutes five violations of Ark. Code Ann. § 23-39-513(12) by Nations and Narain.

13. Ark. Code Ann. § 23-39-506(a)(2)(A) states that each licensed mortgage broker wishing to renew a license shall provide the commissioner with an annual report of mortgage activity.

14. Ark. Code Ann. § 23-39-511(d) states that if the information contained in any document filed with the commissioner is or becomes inaccurate or incomplete in any material respect, the licensee shall file a correcting amendment to the information contained in the document within thirty (30) days from the date on which the change takes place. The failure of Nations and Narain to correct this inaccurate annual mortgage loan activity report within 30 days of its filing as detailed in paragraph seven constitutes one violation each of Ark. Code Ann. § 23-39-511(d) by Nations and Narain.

15. Ark. Code Ann. § 23-39-513(13) states that it is unlawful for any person in the course of any mortgage loan transaction or activity to unreasonably fail to deliver or provide information or documents promptly to the commissioner upon written request. The failure of Nations and Narain to completely respond to the Staff's information request as detailed in paragraph eight constitutes one violation of Ark. Code Ann. § 23-39-513(13) by Nations and Narain.

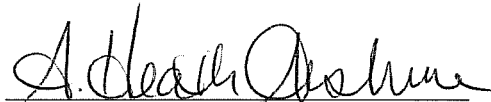
16. Ark. Code Ann. §§ 23-39-514(a)(1) and (a)(2)(B) states that the Commissioner may by order deny, suspend, revoke, or refuse to issue or renew a license of a licensee or applicant if the Commissioner finds that the order is in the public interest and the licensee, or any loan officer or managing principal has violated or failed to comply with any provision of the FMLA. The acts and violations of the FMLA and Rules by nations and Narain as detailed in paragraphs three-eight warrant the entry of this order, which is also in the public interest.

17. Ark. Code Ann. §§ 23-39-514(b)(1) and (2) states that the Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage broker 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. The acts and violations of the FMLA by Nations and Narain, as detailed in paragraphs three-eight, warrant the entry of appropriate civil penalties against Nations and Narain.

ORDER

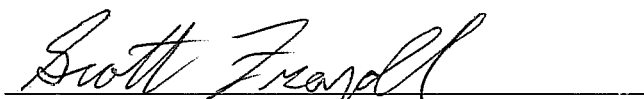
By agreement and with the consent of the Staff, Nations, and Narain it is hereby ordered that: One, the mortgage loan broker license of Nations and the loan officer license of Narain shall be suspended for one year beginning from the date of the entry of this order. During this one year suspension period, Nations is prohibited from acting as a mortgage broker and Narain is prohibited from acting as a loan officer or managing principal of a mortgage broker, banker, or servicer. Two, Narain shall be responsible for the payment of a civil penalty in the amount of \$8,000.00 to the Arkansas Securities Department. Three, the payment of said civil penalty by Narain shall be made to the Arkansas Securities Department as follows; \$4,000.00 within six months of the entry of this Consent Order with the balance of \$4,000.00 due within one year of the entry of this Consent Order.


A. Heath Abshure
Arkansas Securities Commissioner
May 16, 2011
Date

Approved as to Content and Form:


Sookrani Sattie Narain, individually and as
president of Nations Funding Source, Inc.
Respondents

5-6-11
Date


Scott Freydl, Staff Attorney
Arkansas Securities Department

5/16/11
Date