

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-10-147

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:

LENDXFINANCIAL, LLC,
NMLS&R NO. 47814

RESPONDENT

REQUEST FOR REVOCATION OR SUSPENSION OF LICENSE AND HEARING

Comes now the Staff of the Arkansas Securities Department ("Staff"), by and through its attorney, Karyn Tierney, and for its Request for Revocation or Suspension of License and Hearing, states:

Administrative Authority

This matter is in connection with the revocation of a license to conduct business as a mortgage banker pursuant to the Arkansas Fair Mortgage Lending Act ("Act"), Ark. Code Ann. §§ 23-39-501 through 23-39-518 and is therefore properly before the Arkansas Securities Commissioner ("Commissioner").

Respondent

1. LendXFinancial, LLC ("LendX"), is a limited liability company organized and existing under the laws of Delaware, with its principal place of business located at 1155 Perimeter Center, West #600, Atlanta, GA 30338. LendX has been licensed as a mortgage banker by the Arkansas Securities Department ("Department") since February 11, 2009. LendX's mortgage banker license is scheduled to expire on December 31, 2010.

Findings of Fact

2. Each mortgage banker licensed by the Department is required to submit audited financial statements with the Department through the NMLS&R within ninety (90) days of the end of the licensee's fiscal year.

3. LendX's fiscal year ended on December 31, 2009. Therefore, LendX was required to file its audited financial statements by March 31, 2010. LendX failed to file its audited financial statements by the deadline.

4. The Staff contacted LendX through the NMLS&R on April 1, 2010, and attempted to contact LendX by certified mail on May 18, 2010, concerning the failure of LendX to file its audited financial statements by the March 31, 2010, deadline.

5. Each mortgage banker licensed by the Department is required to file an annual report of mortgage activity with the Department by March 31 of each year. LendX failed to file an annual report of mortgage activity with the Department by the deadline.

6. The Staff contacted LendX through the NMLS&R on April 14, 2010, and attempted to contact LendX by certified mail May 18, 2010, concerning the failure of LendX to file its annual report of mortgage activity in Arkansas by the March 31, 2010, deadline.

7. As of the date of this filing, LendX has failed to remit the required audited financial statements or the required annual report of mortgage activity to the Department.

8. Pursuant to Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B) the Commissioner may suspend or revoke the Arkansas mortgage banker license of LendX for failing to file its audited financial statements with the Department in violation of Ark. Code Ann. § 23-39-506(f) and Rule 5006-1(a)(6) of the Rules of the Fair Mortgage Lending Act, and for failing to file its annual report of mortgage activity with the Department in violation of Ark. Code Ann. §§ 23-39-506(a)(2)(A), Rule 5006-2 of the Rules of the Fair Mortgage Lending Act, and Commissioner's Order No. C-10-037-10-OR01. Specifically, LendX should have filed its audited financial statements and its annual report of mortgage activity with the Department no later than March 31, 2010.

9. Pursuant to Ark. Code Ann. § 23-39-514(b)(1)-(2), the Commissioner may impose a civil penalty against LendX that shall not exceed \$10,000.00 for each violation under the Act.

CONCLUSIONS OF LAW

10. The Act states that each licensed mortgage banker shall file within ninety days after the end of the mortgage banker's fiscal year end, audited financial statements that reflect that the licensee has a net worth of at least twenty-five thousand dollars. Ark. Code Ann. § 23-39-506(f).

11. The Act states that each licensed mortgage banker shall file an annual report of mortgage activity. Ark. Code Ann. § 23-39-506(a)(2)(A).

12. Rule 5006-2 of the Rules of the Fair Mortgage Lending Act states that each mortgage banker licensed in Arkansas at anytime during the reporting period shall file a report containing information regarding the licensee's mortgage activity in Arkansas by March 31 of the calendar year.

13. By Order No. C-10-037-10-OR01, titled In The Matter of: Arkansas Fair Mortgage Lending Act, Ark Code Ann. § 23-39-506(a)(2), the Commissioner ordered that each mortgage banker licensed under the Act must file an annual report of mortgage activity directly with the Department by March 31, 2010.

14. The Commissioner may by order deny, suspend, revoke, or refuse to issue or renew a license of a licensee if the Commissioner finds that the order is in the public interest and the licensee has violated or failed to comply with any provision of the Act, any rule adopted by the Commissioner, or any order of the Commissioner. Ark. Code Ann. § 23-39-514(a)(1) and (a)(2)(B).

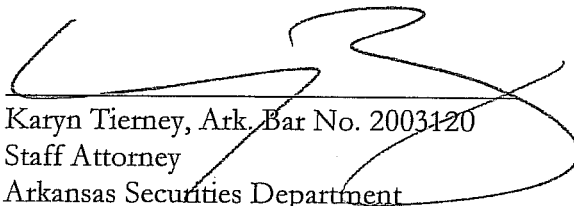
15. The Commissioner by order may impose a civil penalty that shall not exceed \$10,000.00 for each violation by a mortgage banker upon a licensee or partner, officer, director, member, manager, or other person occupying a similar status or performing a similar function on behalf of a licensee for any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

REQUESTED RELIEF

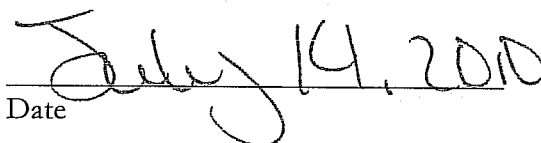
For the reasons set forth herein, the Staff requests that a hearing be held to consider whether the mortgage banker license of LendX should be revoked or suspended, as well as the imposition of

a reasonable civil penalty, for LendX's failure to file its audited financial statement and its annual report of mortgage activity with the Department in violation of Ark. Code Ann. §§ 23-39-506(f) & 23-39-506(a)(2)(A), Rule 5006-2 of the Rules of the Fair Mortgage Lending Act, and Commissioner's Order No. C-10-037-10-OR01.

Respectfully Submitted,



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Date