

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO C-10-184

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:
RELIEF LAW CENTER
D/B/A USA LOAN AUDITORS**

RESPONDENT

REQUEST FOR CEASE AND DESIST ORDER

The Staff of the Arkansas Securities Department (“Staff”) received information and has in its possession certain evidence that indicates Relief Law Center d/b/a USA Loan Auditors (“Relief Law Center”) has violated provisions of the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518 and the Rules of the FMLA (“Rules”).

Administrative Authority

1. This matter is brought in connection with violations of sections of the Arkansas FMLA and is therefore properly before the Arkansas Securities Commissioner (“Commissioner”) in accordance with Ark. Code Ann. § 23-39-514(d).

Respondent

2. Relief Law Center is a business entity believed by the Staff to have its main office in Orange, California. Relief Law Center has never been licensed under the FMLA in any capacity

Facts Supporting Request for Cease and Desist Order

3. This year Arkansas resident one (“AR1”) received a solicitation letter titled “Notice Regarding Predatory” from Relief Law Center. A copy of Relief Law Center’s solicitation letter is attached hereto as “Exhibit 1”. In its letter Relief Law Center offers to lower AR1’s monthly mortgage payments, lower AR1’s interest rate, modify AR1’s ARM, reduce the principal of AR1’s second mortgage, and discount AR1’s pay-off or forbearance amounts. After reviewing

this solicitation letter, AR1 decided not to contact Relief Law Center. In addition, after this letter was sent to AR1, no employee of Relief Law Center contacted AR1.

4. As a whole Relief Law Center's solicitation letter that was sent to AR1 is misleading and deceptive. The letter is designed to resemble a government or regulatory form. First, the letter lists "Form 008-S Lender Investigation Notification 2010". Second, the letter uses the terms "investigation" or "lender investigation" six times. Third, the letter states that: "We are currently investigating your lender HOT SPRINGS BK&TR CO for predatory lending. Based on our information you may be a victim of lender misconduct." In fact, there is no evidence to indicate that AR1's bank or lender was under any type of government or regulatory investigation of its mortgage lending practices concerning any accusation of predatory lending. Clearly, Relief Law Center's solicitation letter was designed to mislead or deceive AR1 into think that AR1's bank or lender was the subject of a government or regulatory investigation. Further, Relief Law Center's solicitation letter was designed to mislead or deceive AR1 into think that AR1 was the victim of predatory lender misconduct. Finally, the misleading or deceptive statements contained in Relief Law Center's solicitation letter were designed to get AR1 to contact and hire Relief Law Center to modify AR1's existing mortgage loan.

5. On April 9, 2010, and again on May 4, 2010, members of the Staff sent letters requesting information from Relief Law Center concerning Relief Law Center's mortgage loan activity in Arkansas. Relief Law Center did not respond in any way to either of these requests for information. On July 14, 2010, the Commissioner entered an Order of Investigation that granted Staff Attorney Scott Freydl the authority to issue subpoenas. On the same day a subpoena was issued requesting information concerning Relief Law Center's mortgage loan

activity in Arkansas. Although the subpoena was served on Relief Law Center on June 17, 2010, the Staff received no response of any kind from Relief Law Center.

Applicable Law

6. Ark. Code Ann. § 23-39-503(b) states that it is unlawful for any person other than an exempt person to act or attempt to act, directly or indirectly, as a mortgage broker, mortgage banker, loan officer, or mortgage servicer with any person located in Arkansas without first obtaining a license from the commissioner under the Arkansas FMLA.

7. Rule 5003-3(c)(1) of the Rules states that a person offering or negotiating loan modification services is, at least at a minimum, indirectly acting as a loan officer. Therefore, any person who directly or indirectly solicits, accepts, or negotiates; or offers or attempts to solicit, accept, or negotiate loan modifications for a borrower; and receives compensation or gain is required to be licensed as a loan officer.

8. Ark. Code Ann. § 23-39-513(7) states it is unlawful for any person in connection with the advertisement or solicitation of any mortgage loan to engage in any transaction, practice, or course of business that is misleading or deceptive.

9. Ark. Code Ann. § 23-39-513(13) states it is unlawful for any person to unreasonably fail to deliver or provide information or documents promptly to the commissioner upon written request.

10. Upon finding that any action of a person is in violation of the Arkansas FMLA, the Commissioner may summarily order the person to cease and desist from the prohibited action. Ark. Code Ann. § 23-39-514(d).

Conclusions of Law

11. As detailed in ¶ 3, Relief Law Center violated Ark. Code Ann. § 23-39-503(b) when it solicited and attempted to act as a mortgage broker and/or loan officer with AR1 without first being licensed under the Arkansas FMLA.

12. The solicitation letter sent by Relief Law Center to AR1, as detailed in ¶ 4, is misleading and deceptive. Therefore, the letter sent to AR1 by Relief Law Center constitutes one violation of Ark. Code Ann. § 23-39-513(7) by Relief Law Center.

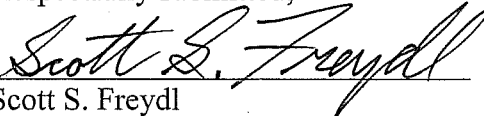
13. As detailed in ¶ 5, Relief Law Center violated Ark. Code Ann. § 23-39-513(13) when it repeatedly failed to respond to written requests for information and a lawfully issued subpoena concerning Relief Law Center's mortgage loan activity in Arkansas.

14. The conduct, acts, and practices of Relief Law Center threatens immediate and irreparable public harm. A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-39-514(d).

Prayer for Relief

WHEREFORE, the Staff respectfully requests that the Commissioner order Relief Law Center to immediately CEASE AND DESIST from acting or attempting to act as a mortgage broker and/or loan officer in the State of Arkansas until it is properly licensed under the Arkansas FMLA; using misleading or deceptive solicitations or advertising; and, for all other relief to which the Staff may be entitled.

Respectfully submitted,



Scott S. Freydl

Staff Attorney

Arkansas Securities Department

7/27/10

Date

File Number MOD [REDACTED]	Lender Investigation Notification		Code MOD [REDACTED]
Investigation Contact Phone Number (888) 637-5482	Property State AR		
USA Loan Auditors 14252 Culver Drive Suite 230 Irvine, CA 92604	Property Type: RESIDENTIAL		
	Notice Type: 008-S	Subject Investigation Notice	
Personal ID Number MOD 2407475			
Property Address and Zip Code 42 53 [REDACTED]	RE: PREDATORY LENDING INVESTIGATION		
State AR	<u>Lender Investigation</u>	Lender HOT SPRINGS BK&TR CO	Total Loan Amount \$ 247225

Form 008-S Lender Investigation Notification

2010

**NOTICE REGARDING PREDATORY LENDING
YOUR IMMEDIATE PARTICIPATION IS REQUIRED**

PLEASE READ ENTIRE DOCUMENT CAREFULLY

We are currently investigating your lender HOT SPRINGS BK&TR CO for predatory lending. Based on our information you may be a victim of lender misconduct. As a remedy you may qualify to:

1. Lower your monthly mortgage payments.
2. Lower your interest rate to as low as 2.5% fixed rate, 30 or 40 year term.
3. Modify your ARM or Option ARM into a low fixed rate.
4. Repair your credit score.
5. Eliminate or reduce delinquent amounts.
6. Reduce the principal of your second mortgage.
7. Discounted pay-off or forbearance amounts.

This will be the final notice that you will receive. Due to the statute of limitations laws, time to participate is very limited. It is extremely important that you contact us.

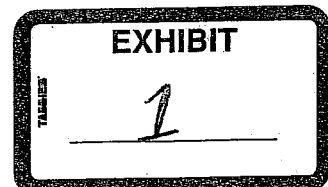
To qualify for participation you must call

Toll Free: (888) 637-5482

FAILURE TO RESPOND TO THIS NOTICE MAY AFFECT YOUR LEGAL RIGHTS

WE CAN HELP SAVE YOUR HOME

Call: (888) 637-5482
6.30 AM PST TO 8 PM PST (MON-FRI)
5.30 AM PST TO 3 PM PST (SAT)



Fax Back to 1- 888 - 880 - 8729 to receive a call back within 24 hours

Please indicate best time to call _____ Cell Phone _____ Home Phone _____
Email Address _____ @ _____ By _____ Date ____/____/____

This product or service has not been approved or endorsed by any government agency and this offer is not being made by an agency of government.

Legal Advertisement