

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO C-10-0150
ORDER NO C-10-0150-11-OR01

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:
SELECT DEBT SOLUTIONS, INC.

RESPONDENT

CEASE AND DESIST ORDER

On February 3, 2011, the Staff of the Arkansas Securities Department (“Staff”) filed a Request for Cease and Desist Order (“Request”), stating that it has information and certain evidence in its possession that indicates Select Debt Solutions, Inc. (“Select Debt Solutions”), has violated provisions of the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

The Staff’s Request asserts the following representations of fact:

1. Select Debt Solutions is a business entity organized under the law of the State of Florida with its main office in North Palm Beach, Florida. Select Debt Solutions has never been licensed under the FMLA in any capacity.
2. On July 16, 2010, Arkansas resident one (“AR1”) received a fax with attached documents from Steve Roberts of Select Debt Solutions. The fax and documents concerned a modification of the existing mortgage loan for AR1’s residential dwelling located in North Little Rock, Arkansas. The faxed documents included: a cover sheet (attached to the Request as Exhibit 1); a letter from Angela Baum, a loan modifications processing assistant with Select Debt Solutions (attached to the Request as Exhibit 2); an application form (attached to the

Request as Exhibit 3); a hardship form letter (attached to the Request as Exhibit 4); a third party authorization form (attached to the Request as Exhibit 5); a mortgage modification application agreement (attached to the Request as Exhibit 6); a credit/debt card authorization form (attached to the Request as Exhibit 7); a payment plan form (attached hereto as Exhibit 8); and an ACH debt authorization form (attached to the Request as Exhibit 9). AR1 completed and returned these documents and forms to Select Debt Solutions.

3. Sometime after AR1 returned the documents and forms listed in paragraph two to Select Debt Solutions, AR1 received a second letter (attached to the Request as Exhibit 10) with additional forms and instructions from Colleen Scott, a loan modifications processing assistant with Select Debt Solutions. The letter acknowledged that AR1 had been prompt and complete in AR1's response to the first request for documents from Select Debt Solutions. The letter also included three forms for AR1 to complete and return. These forms consisted of Form 4506-T (attached to the Request as Exhibit 11), which is an United States Department of the Treasury/Internal Revenue Service form to request a transcript of a tax return, and two financial worksheets (attached to the Request as Exhibits 12 and 13). The information required from AR1 to complete the forms provided by Select Debt Solutions is all the standard personal financial information required from a borrower, like AR1, by a mortgage broker or banker during the mortgage loan application process.

4. AR1 paid an advance fee of \$1,995.00 to Select Debt Solutions by electronic draft in three payments of \$665.00 each. The first payment of \$665.00 was automatically drafted by Select Debt Solutions on or about July 26, 2010; the second payment of \$665.00 was automatically drafted by Select Debt Solutions on or about August 19, 2010; the third payment of \$665.00 was automatically drafted by Select Debt Solutions on or about September 16, 2010.

Select Debt Solutions never successfully modified AR1's mortgage loan. In addition, Select Debt Solutions never refunded or returned any part or portion of the \$1,995.00 advance fee to AR1.

5. Select Debt Solutions conducted unsuccessful loan modification activities on behalf of AR1 and was compensated by AR1 without holding a license from the Commissioner under the FMLA.

CONCLUSIONS OF LAW

6. Ark. Code Ann. § 23-39-503(b) states that it is unlawful for any person to act or attempt to act, directly or indirectly, as a mortgage broker or loan officer without first obtaining a license from the Commissioner under the FMLA. As detailed in paragraphs two through five, Select Debt Solutions violated Ark. Code Ann. § 23-39-503(b) when it acted as a mortgage broker with AR1 without first being licensed as a mortgage broker under the FMLA.

7. 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 FMLA. As detailed in paragraphs two and three, Select Debt Solutions violated Ark. Code Ann. § 23-39-503(c) when it employed or appointed Angela Baum and Colleen Scott to act as loan officers with AR1 without first being licensed under the FMLA.

8. Ark. Code Ann. § 23-39-513(4) states that it is unlawful for any person other than an exempt person to pay, receive, or collect, in whole or in part, any commission, fee, or other compensation for brokering a mortgage loan in violation of the FMLA, including a mortgage loan brokered or solicited by any unlicensed person other than an exempt person. As detailed in paragraphs two through five, Select Debt Solutions violated Ark. Code Ann. § 23-39-513(4) when it collected a commission or advance fee in the amount of \$1,995.00 from AR1 for

attempting to renegotiate or modify AR1's mortgage loan without first being licensed as a mortgage broker under the FMLA.

9. Ark. Code Ann. § 23-39-514(d) states that upon finding that any action of a person is in violation of the FMLA, the Commissioner may summarily order the person to cease and desist from the prohibited action. The conduct, acts, and practices of Select Debt Solutions and the employees of Select Debt Solutions threaten immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Cease and Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-39-514(d).

ORDER

10. Select Debt Solutions shall immediately cease and desist from all mortgage loan activity in the State of Arkansas, until such time as it is properly licensed under the FMLA; from allowing employees of Select Debt Solutions from acting as mortgage loan officers in the State of Arkansas, until such time as they are properly licensed under the FMLA; and, from collecting any commission or fee in violation of the FMLA until such time as it has been properly licensed under the FMLA.

11. A hearing on this Cease and Desist Order shall be held, if requested by Select Debt Solutions in writing within thirty days of the date of the entry of this Cease and Desost Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

If no hearing is requested and none is ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-39-514(d).

Dated: February 3, 2011


A. Heath Abshure
Arkansas Securities Commissioner