

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO C-10-116
ORDER NO C-10-116-11-OR01

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ARKANSAS SECURITIES DEPT

IN THE MATTER OF:
NATIONAL RELIEF GROUP, INC.

RESPONDENT

CEASE AND DESIST ORDER

On January 28, 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 National Relief Group, Inc. (“National Relief”), 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. National Relief is a business entity that has its main office in Irvine, California. National Relief has never been licensed under the FMLA in Arkansas in any capacity.
2. In August 2009, Arkansas resident one (“AR1”) contacted National Relief concerning a modification of the terms of AR1’s residential mortgage loan. AR1’s residence is located in Arkadelphia, Arkansas.
3. After AR1’s initial contact with National Relief, AR1 received a packet of documents from National Relief. The packet of documents National Relief sent to AR1 included: a welcome packet containing instructions, (attached to the Request as Exhibit 1); an instruction sheet, (attached to the Request as Exhibit 2); a required documentation checklist,

(attached to the Request as Exhibit 3); an authorization form, (attached to the Request as Exhibit 4); and an application, (attached to the Request as Exhibit 5). The information required from AR1 to complete the forms provided by National Relief is all the standard personal financial information required from a borrower, like AR1, by a mortgage broker or lender during the mortgage loan application process. AR1 completed and faxed all of the paperwork to National Relief. Ultimately, National Relief was unable to successfully obtain a mortgage loan modification for AR1.

4. AR1 paid an advance fee of \$3,000.00 to National Relief by electronic draft in two payments of \$1,500.00. The first payment of \$1,500.00 was automatically drafted by National Relief on August 14, 2009; the second payment of \$1,500.00 was automatically drafted by National Relief on September 16, 2009. National Relief never successfully modified AR1's mortgage loan. In addition, National Relief never refunded or returned any part or portion of the \$3,000.00 advance fee to AR1.

5. National Relief 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, National Relief violated Ark. Code Ann. § 23-39-503(b) when it attempted to act as a mortgage broker with AR1 without first being licensed as a mortgage broker under the FMLA.

7. 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, National Relief violated Ark. Code Ann. § 23-39-513(4) when it collected an advance fee in the amount of \$3,000.00 from AR1 for attempting to renegotiate or modify AR1's mortgage loan without first being licensed as a mortgage broker under the FMLA.

8. Ark. Code Ann. § 23-39-514(d)(1) 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 National Relief 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

9. National Relief shall immediately cease and desist from all mortgage loan activity in Arkansas, including but not limited to the collection of any commission or fee, until such time as it has been properly licensed under the FMLA.

10. A hearing on this Cease and Desist Order shall be held, if requested by National Relief in writing within thirty days of the date of the entry of this Cease and Desist 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 Cease and Desist 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 handwritten signature in black ink, reading "A. Heath Abshure". The signature is written in a cursive style with a horizontal line underneath the name.

A. Heath Abshure
Arkansas Securities Commissioner