

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO. C-10-0088**

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:**

**NATIONS FUNDING SOURCE, INC., NMLS&R NO. 6032 AND  
SOOKRANI SATTIE NARAIN, NMLS&R NO. 16386**

**RESPONDENTS**

**REQUEST FOR REVOCATION OR SUSPENSION OF LICENSES  
AND HEARING**

Comes now the Staff of the Arkansas Securities Department (“Staff”), by and through its attorney, Scott Freydl, and for its Request for Revocation or Suspension of Licenses and Hearing, states:

**Administrative Authority**

This matter concerns the revocation or suspension of licenses to conduct business as a mortgage broker and a mortgage loan officer pursuant to the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518, and is therefore properly before the Arkansas Securities Commissioner (“Commissioner”).

**Respondents**

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.

### **Facts to be Presented by the Staff**

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.

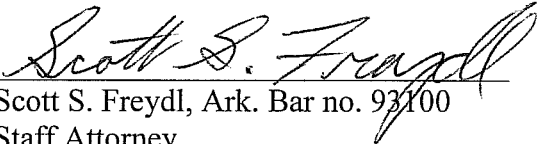
16. Ark. Code Ann. §§ 23-39-514(a)(1) and (a)(2)(B) states that the Commissioner may by order deny, suspend, revoke, or refuse to issue or renew a license of a licensee or applicant if the Commissioner finds that the order is in the public interest and the licensee, or any loan officer or managing principal 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 3-8 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.

**Summary**

For the reasons set forth herein, the Staff requests that a hearing be held to consider whether the Arkansas mortgage broker license of Nations and the loan officer license of Narain should be revoked or suspended, as well as the imposition of reasonable civil penalties, for Nations' and Narain's violations of the FMLA.

Respectfully Submitted,

  
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3/14/11  
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