

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
CIVIL DIVISION

FILED 08/21/2009 13:21:01
Pat O'Brien Pulaski Circuit Clerk
CRI By _____

A. HEATH ABSHURE,
ARKANSAS SECURITIES COMMISSIONER

PLAINTIFF

V.

No. CV-2009-5326

21ST CENTURY LEGAL SERVICES, INC. AND
FIDELITY NATIONAL LEGAL SERVICES, INC.

DEFENDANTS

**AMENDED COMPLAINT FOR TEMPORARY AND PERMANENT INJUNCTION TO
ENFORCE ORDER, CIVIL FINE, AND FOR ANCILLARY RELIEF**

Comes now the Plaintiff, A. Heath Abshure, Arkansas Securities Commissioner, by and through counsel, Scott S. Freydl, Staff Attorney, and for his amended complaint alleges the following:

PARTIES

1. A. Heath Abshure (Commissioner) is the Arkansas Securities Commissioner, duly appointed in accordance with Ark. Code Ann. § 23-42-201(a). He is charged with the administration of the Arkansas Fair Mortgage Lending Act (FMLA), codified at Ark. Code Ann. §§ 23-39-501 through 23-39-518.

2. 21st Century Legal Services, Inc. (21st Century) is a California corporation. The business address listed with the California Secretary of State's office for 21st Century is 9340 Baseline Road, Suite 105, Rancho Cucamonga, California 91701. 21st Century has never been licensed by

the Arkansas Securities Department (Department) in accordance with the FMLA to engage in mortgage loan activity.

3. Fidelity National Legal Services, Inc. (Fidelity National) is a California corporation. The business address listed with the California Secretary of State's office for Fidelity National is 9340 Baseline Road, Suite 105, Rancho Cucamonga, California 91701. Fidelity National has never been licensed by the Department in accordance with the FMLA to engage in mortgage loan activity.

JURISDICTION AND VENUE

4. This is an action brought pursuant to the FMLA, specifically Ark. Code Ann. §§ 23-39-514(d)(3) and 23-39-514(l), which permits the Commissioner to seek the assessment of a civil penalty, injunctive relief to enforce orders issued pursuant to the FMLA, and relief ancillary to injunctive relief as may be appropriate in the public interest, including, but not limited to obtaining a fine against the Defendants in the Circuit Court of Pulaski County, Arkansas.

5. This Court has jurisdiction pursuant to Ark. Code Ann. §§ 23-39-514(d)(3)(B) and 23-39-514(l)(1)(B).

6. Venue is proper in this Court pursuant to Ark. Code Ann. §§ 23-39-514(d)(3)(B) and 23-39-514(l)(1)(B).

FACTUAL ALLEGATIONS

7. In April 2009, Arkansas resident (AR) 1 contacted 21st Century by telephone concerning a renegotiation of the terms of AR1's residential mortgage loan. AR1's residence is located in Searcy, Arkansas. AR1 spoke to a representative of 21st Century by the name of Sandy. AR1

and Sandy discussed the amount of AR1's existing mortgage loan as well as AR1's current monthly mortgage payments. Sandy told AR1 that President Obama's initiative allowed homeowners, like AR1, to claim a hardship in order to get a reduction in the interest rate AR1 was paying for AR1's existing mortgage loan. Sandy also stated that 21st Century was partnered with AR1's existing mortgage lender, so 21st Century could get AR1 a lower interest rate and monthly payment. Sometime after the telephone conversation between AR1 and Sandy, 21st Century contacted a notary public in Arkansas. This Arkansas notary public was sent a packet of forms by 21st Century to present to AR1 for completion and signature. Included in this packet of forms was a set of instructions for the Arkansas notary public to follow, a letter from Sandi Ayala, a "mortgage specialist" with 21st Century, to AR1, a form titled Loan Modification Application, and a form titled Residential Loan Modification Agreement. A copy of this letter is attached hereto as "Exhibit A". Sandy Ayala a/k/a Sandi Ayala (Ayala) has never been licensed by the Department as a mortgage loan officer. The information required from AR1 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR1, by a mortgage broker or lender during the mortgage loan application process. The letter stated that AR1's proposed loan modification would be "a 30 year fixed (at) 4% interest rate with a monthly payment of \$477.15." This letter also said AR1 would need to pay a fee of \$1,694.30 to 21st Century for this modified mortgage loan. The letter stated further that AR1 could pay the fee with "a post dated check dated 5/1/09 for \$564.77, a post dated check dated 6/1/09 for \$564.77 and a post dated check dated 7/1/09 for \$564.76." In addition, the letter stated that "your first payment will be negotiated to begin September 2009 – payable to your current lender for the amount of \$477.15." Finally, this letter told AR1 to "enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs." AR1 completed

and delivered the paperwork provided by 21st Century along with the three post dated checks to the Arkansas notary public. The Arkansas notary public forwarded AR1's completed paperwork and checks to 21st Century.

8. In April 2009, AR2 contacted 21st Century by telephone concerning a renegotiation of the terms of AR2's residential mortgage loan. AR2's residence is located in Searcy, Arkansas. AR2 spoke to a representative of 21st Century by the name of Sandy. AR2 and Sandy discussed the amount of AR2's existing mortgage loan as well as AR2's current monthly mortgage payments. Sandy told AR2 that AR2 needed to claim a hardship in order to get a reduction in the interest rate AR2 was currently paying for AR2's mortgage loan. Sometime after the telephone conversation between AR2 and Sandy, 21st Century contacted a notary public in Arkansas. This Arkansas notary public was sent a packet of forms by 21st Century to present to AR2 for completion and signature. Included in this packet of forms was a letter from Sandy Ayala, a "mortgage specialist" with 21st Century, to AR2, a form titled Loan Modification Application, and a form titled Residential Loan Modification Agreement. A copy of this letter is attached hereto as "Exhibit B". Ayala has never been licensed by the Department as a mortgage loan officer. The information required from AR2 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR2, by a mortgage broker or lender during the mortgage loan application process. The letter stated that AR2's proposed loan modification would be "a 30 year fixed (at) 4% interest rate with a monthly payment of \$691.86." This letter also said AR2 would need to pay a fee of \$2,078.72 to 21st Century for this modified mortgage loan. The letter stated further that AR2 could pay for the fee with "a post dated check dated 6/1/09 for \$692.91, a post dated check dated 7/1/09 for \$692.91 and a post dated check dated 8/1/09 for \$692.90." In addition, the letter stated that "your first

payment will be negotiated to begin August 2009 – payable to your current lender for the amount of \$691.86.” Finally, this letter told AR2 to “enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs.” AR2 completed and delivered the paperwork provided by 21st Century along with the three post dated checks to the Arkansas notary public. The Arkansas notary public forwarded AR2’s completed paperwork and checks to 21st Century.

9. In April 2009, AR3 contacted 21st Century by telephone concerning a renegotiation of the terms of AR3’s residential mortgage loan. AR3’s residence is located in Sherwood, Arkansas. AR3 spoke to a representative of 21st Century by the name of Michael. AR3 and Michael discussed the amount of AR3’s existing mortgage loan as well as AR3’s current monthly mortgage payments. Michael told AR3 that AR3 could claim a hardship in order to get a reduction in the interest rate AR3 was paying for his existing mortgage loan. Sometime after the telephone conversation between AR3 and Michael, 21st Century contacted a notary public in Arkansas. This Arkansas notary public was sent a packet of forms by 21st Century to present to AR3 for completion and signature. Included in this packet of forms was a letter from Michael Herried (Herried), a “mortgage specialist” with 21st Century, to AR3, a form titled Loan Modification Application, and a form titled Residential Loan Modification Agreement. A copy of the letter is attached hereto as “Exhibit C”. Herried has never been licensed by the Department as a mortgage loan officer. The information required from AR3 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR3, by a mortgage broker or lender during the mortgage loan application process. The letter stated that AR3’s proposed loan modification would be “a 30 year fixed (at) 4% interest rate with a monthly payment of \$1,297.37.” This letter also said AR3 would need to

pay a fee of \$3,289.74 to 21st Century for this modified mortgage loan. The letter stated further that AR3 could pay for the fee with “a post dated check dated 5/1/09 for \$1,096.58, a post dated check dated 6/1/09 for \$1,096.58 and a post dated check dated 7/1/09 for \$1,096.58.” In addition, the letter stated that “your first payment will be negotiated to begin August 2009 – payable to your current lender for the amount of \$1,297.37.” Finally, this letter told AR3 to “enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs.” AR3 completed and delivered the paperwork provided by 21st Century along with the three post dated checks to the Arkansas notary public. The Arkansas notary public forwarded AR3’s completed paperwork and checks to 21st Century.

10. On June 24, 2009, the Commissioner entered a Cease and Desist Order against 21st Century, Ayala, and Herried concerning the violations of the FMLA detailed above. A copy of this Cease and Desist Order is attached hereto as “Exhibit D”. Further, a copy of this Cease and Desist Order was served on the Defendant by certified, return receipt United States mail on June 26, 2009. The Defendant has not requested that the Commissioner schedule a hearing concerning said Cease and Desist Order as is permitted by Ark. Code Ann. § 23-39-514(d)(2).

11. The aforementioned Cease and Desist Order specifically directed 21st Century to immediately cease and desist from all mortgage loan activity in Arkansas until such time as it obtained the proper license under the FMLA. Further, the Cease and Desist Order directed the staff of the Department to continue its investigation into the activities of 21st Century, Ayala, and Herried to determine if they had engaged in any activities which are prohibited under the FMLA, including but not limited to, any activities which may have been misleading, deceptive, or which constituted a fraud upon any person.

12. Since the entry of said order, 21st Century has not applied for or been granted any license under the FMLA by the Department.

13. An Arkansas notary public has provided the staff of the Department with evidence that in violation of said Cease and Desist Order, the Defendant is continuing to contact Arkansas residents in an effort to solicit mortgage loan modification applications. On or about July 17, 2009, an Arkansas notary public was contacted by a representative of 21st Century, Michelle. This representative of 21st Century wanted the Arkansas notary public to meet with AR4. The Arkansas notary public was to have AR4 complete a loan modification application and other paperwork for 21st Century. Shortly after receiving this meeting request from 21st Century, the Arkansas notary public received a second telephone call from the representative of 21st Century. The representative of 21st Century stated to the Arkansas notary public that the meeting with AR4 was cancelled, because AR4 decided not to renegotiate her mortgage loan. AR4 told the staff of the Department that she received an unsolicited telephone call from a representative of 21st Century, Steve, during the third week of July 2009. On behalf of 21st Century, Steve offered to renegotiate AR4's current mortgage loan. AR4 ultimately decided not to meet with the Arkansas notary public, after she contacted the Arkansas Attorney General's office about 21st Century.

14. On July 17, 2009, the aforementioned Arkansas notary public received an e-mail from a representative of 21st Century, Ana Dominguez. Again, the Arkansas notary public was to have AR5 complete a loan modification application, a UCI authorization and release, a lender workout package, and a hardship letter. Included in this packet of forms was a letter from Richard Almeraz (Almeraz), a "loan modification specialist" with 21st Century. A copy of the letter is attached as "Exhibit D". Almeraz has never been licensed by the Department as a mortgage loan

officer. The information required from AR5 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR5, by a mortgage broker or lender during the mortgage loan application process. The letter stated that AR5's proposed loan modification would be "a 30 year fixed (at) 3.25% interest rate with a monthly payment of \$757.77." This letter also said AR5 would need to pay a fee of \$1,801.00 to 21st Century for this modified mortgage loan. The letter stated further that AR6 could pay for the total fee of \$1,801.00 with "a post dated check dated 8/1/09 for \$600.34, a post dated check dated 9/1/09 for \$600.33 and a post dated check dated 10/1/09 for \$600.33." In addition, the letter stated that "your first payment will be negotiated to begin November 2009 – payable to your current lender for the amount of \$757.77." In addition, the Arkansas notary public was to pick-up the following items from AR5: three to four checks as advanced payment of 21st Century's fee, a copy of AR5's identification, a copy of the mortgage statement, two pay stubs, and two bank statements. All of the completed forms, checks, and documents were to be returned by the Arkansas notary public to 21st Century. Since the Arkansas notary public knew about the Department's Cease and Desist Order, she did not contact or meet with AR5.

15. On or about July 21, 2009, the previously mentioned Arkansas notary public was contacted by a representative of 21st Century, Brissa Cazares. This representative of 21st Century wanted the Arkansas notary to meet with another Arkansas resident. The Arkansas notary public was to have AR6 complete a loan modification application, an authorization to release, a lender workout package, and a loan modification letter. Included in this packet of forms was a letter from Mandingo Gibbs (Gibbs), a "loan modification specialist" with 21st Century. A copy of the letter is attached as "Exhibit E". Gibbs has never been licensed by the Department as a mortgage loan officer. The information required from AR6 to complete the forms provided by 21st

Century is all of the standard personal financial information required from a borrower, like AR6, by a mortgage broker or lender during the mortgage loan application process. The letter stated that AR6's proposed loan modification would be "a 30 year fixed (at) 4% interest rate with a monthly payment of \$267.35." This letter also said AR6 would need to pay a processing fee of \$1,501.00 to 21st Century for this modified mortgage loan. The letter stated further that AR6 could pay for the total fee of \$2,035.70 with "a post dated check dated 8/1/09 for \$508.93, a post dated check dated 9/1/09 for \$508.93, a post dated check dated 10/1/09 for \$508.92, and a post dated check dated 11/1/09 for \$508.92." In addition, the letter stated that "your first payment will be negotiated to begin December 2009 – payable to your current lender for the amount of \$267.35." In addition, the notary was to pick-up the following items from AR6: three to four checks as advanced payment of 21st Century's fee, a copy of the AR6's identification, a copy of the mortgage statement, two pay stubs, and two bank statements. All of the completed forms, checks, and documents were to be returned by the Arkansas notary public to 21st Century. Since the Arkansas notary public knew about the Department's Cease and Desist Order, she did not attend this meeting.

16. On August 3, 2009, an Arkansas notary public received an e-mail from a representative of 21st Century, Mellisa Pierce. This representative of 21st Century wanted the Arkansas notary to meet with an Arkansas resident. The Arkansas notary public was sent a packet of forms by 21st Century to present to AR7 for completion and signature. Included in this packet of forms was a letter from Crystal Buck (Buck), a "loan modification specialist" with 21st Century, a loan modification application, a residential loan modification agreement, a loan mitigation, modification and presentation fee acknowledgement, a loan modification worksheet, an explanation of hardship for and a hardship letter form, a personal financial statement/balance

sheet form, an authorization to release credit information, a disclaimer notice form, a borrower's workout consent form, and a loan modification letter. A copy of the letter is attached as "Exhibit F". Buck has never been licensed by the Department as a mortgage loan officer. The information required from AR7 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR7, by a mortgage broker or lender during the mortgage loan application process. The letter stated that AR7's proposed loan modification would be "a 30 year fixed (at) 4% interest rate with a monthly payment of \$416.00." This letter also said AR7 would need to pay a processing fee of \$950.00 to 21st Century for this modified mortgage loan. The letter stated further that AR7 could pay for the total fee of \$2,198.00 with "a post dated check dated 8/4/09 for \$732.66, a post dated check dated 9/4/09 for \$732.66 and a post dated check dated 10/4/09 for \$732.66." In addition, the letter stated that "your first payment will be negotiated to begin November 2009 – payable to your current lender for the amount of \$416.00." In addition, the notary was to pick-up the following items from AR7: three to four checks as advanced payment of 21st Century's fee, a copy of the AR7's identification, a copy of the mortgage statement, two pay stubs, and two bank statements, and the hardship letter. All of the completed forms, checks, and documents were to be returned by the Arkansas notary public to 21st Century. Since the Arkansas notary public knew about the Department's Cease and Desist Order, he did not attend this meeting. AR7 told the staff of the Department that she received an unsolicited telephone call from a representative of 21st Century, Mellisa, on July 30, 2009. On behalf of 21st Century, Mellisa offered to renegotiate AR7's current mortgage loan. On July 30, 2009, AR7 called 21st Century and spoke to Crystal, who identified herself as a supervisor.

17. On August 12, 2009, the Arkansas notary public mentioned in paragraphs 12 through 14 received an e-mail from a representative of Fidelity National, Ana Dominguez. Ana Dominguez had contacted this same Arkansas notary public concerning a meeting on behalf of Fidelity National and AR5. This representative of Fidelity National wanted the Arkansas notary to meet with an Arkansas resident. The Arkansas notary public was sent a packet of forms by 21st Century to present to AR8 for completion and signature. Included in this packet of forms was a letter from Edgar Ortiz (Ortiz), a “loan modification specialist” with Fidelity National, a loan modification application, a residential loan modification agreement, a loan mitigation, modification and presentation fee acknowledgement, a loan modification worksheet, an explanation of hardship for and a hardship letter form, a personal financial statement/balance sheet form, an authorization to release credit information, a disclaimer notice form, a borrower’s workout consent form, and a loan modification letter. All of the documents sent to the Arkansas notary public concerning AR8 list the company’s name as Fidelity National Legal Services. However, the documents were in the same format, contained the same language, and information as the documents provided by 21st Century for AR1 through AR7. In addition, the information required from AR8 to complete the forms provided by Fidelity National is all of the standard personal financial information required from a borrower, like AR8, by a mortgage broker or lender during the mortgage loan application process. A copy of the letter is attached as “Exhibit G”. Ortiz has never been licensed by the Department as a mortgage loan officer. The letter stated that AR8’s proposed loan modification would be “a 30 year fixed (at) 4.5% interest rate with a monthly payment of \$343.94.” This letter also said AR8 would need to pay a flat fee of \$1,295.00 to Fidelity National for this modified mortgage loan. The letter stated further that AR8 could pay for the total fee of \$1,295.00 with “a post dated check dated 8/13/09 for \$323.75,

a post dated check dated 9/13/09 for \$323.75, a post dated check dated 10/13/09 for \$323.74, and a post dated check dated 11/13/09 for \$323.74.” In addition, the letter stated that “your first payment will be negotiated to begin December 2009 – payable to your current lender for the amount of \$343.75.” In addition, the notary was to pick-up the following items from AR8: three to four checks as advanced payment of Fidelity National’s fee, a copy of the AR8’s identification, a copy of the mortgage statement, two pay stubs, and two bank statements, and the hardship letter. All of the completed forms, checks, and documents were to be returned by the Arkansas notary public to Fidelity National. Since the Arkansas notary public knew about the Department’s Cease and Desist Order, she did not attend this meeting. AR8 told the staff of the Department that on August 8, 2009, she received an unsolicited telephone call from a representative of 21st Century, Ortiz. On behalf of 21st Century, Ortiz offered to renegotiate AR8’s current mortgage loan. AR8 received a subsequent call concerning her mortgage loan. The person calling AR8 stated that he worked for Fidelity National, which was the same entity as 21st Century. AR8 said that she never met with the Arkansas notary public.

VIOLATIONS AND RELIEF REQUESTED

18. The Cease and Desist Order attached hereto as “Exhibit H” is authorized under Ark. Code Ann. § 23-39-514(d).
19. The Plaintiff re-alleges and incorporates by reference all factual allegations set forth in ¶¶ 6-17.
20. The facts set out in ¶¶ 6-17 of this amended complaint show that 21st Century and Fidelity National have violated the FMLA as codified at Ark. Code Ann. § 23-39-503(b) on numerous occasions. Ark. Code Ann. § 23-39-503(b) states that it is unlawful for any person to

act as a mortgage broker without first obtaining a license from the Commissioner. In Ark. Code Ann. § 23-39-501(20) the definition of person includes corporations, like 21st Century and Fidelity National. In addition, in Ark. Code Ann. § 23-39-501(15) a mortgage broker is defined as a person who for compensation or other gain contacts borrowers by telephone, electronic means, mail, or in person to solicit, accept, or offer to accept applications for mortgage loans; negotiate or offer to negotiate the terms or conditions of a mortgage loan. In violation of Ark. Code Ann. § 23-39-503(b), 21st Century and Fidelity National acted as mortgage brokers when their employees and agents contacted Arkansas residents by telephone and in person meetings to solicit, offer and accept mortgage loan modification applications and collect fees without first obtaining a license from the Commissioner. Ark. Code Ann. § 23-39-514(l) allows the Commissioner to apply to this Court for a temporary or permanent injunction and a fine in an amount of not more than ten thousand dollars (\$10,000.00) for each violation of the FMLA. Further, the Commissioner is seeking a temporary or permanent injunction and such fine from this Court against the Defendants for each violation of the FMLA as detailed in ¶¶ 6-8.

21. The facts set out in ¶¶ 6-17 of this amended complaint show that 21st Century and Fidelity National have violated the FMLA as codified at Ark. Code Ann. § 23-39-503(c) on numerous occasions. Ark. Code Ann. § 23-39-503(c) states that it is unlawful for any person to employ, to compensate, or to appoint as its agent any person to act as a loan officer unless the loan officer is licensed as a loan officer by the Commissioner. In Ark. Code Ann. § 23-39-501(20) the definition of person includes corporations, like 21st Century and Fidelity National. In Ark. Code Ann. § 23-39-501(11) the definition of loan officer is an individual who for compensation as an employee solicits, accepts, or offers to accept applications for mortgage loans; negotiates or offers to negotiate the terms or conditions of mortgage loans. In violation of

Ark. Code Ann. § 23-39-503(c), 21st Century and Fidelity National employed for compensation Ayala, Herried, Almeraz, Gibbs, Buck, Ortiz, and others to solicit, accept, or offer to accept applications for mortgage loan modifications; negotiate or offer to negotiate a modification of the terms or conditions of mortgage loans in Arkansas without said persons being licensed as loan officers by the Commissioner. Ark. Code Ann. § 23-39-514(l) allows the Commissioner to apply to this Court for a temporary or permanent injunction and a fine in an amount of not more than ten thousand dollars (\$10,000.00) for each violation of the FMLA. Further, the Commissioner is seeking a temporary or permanent injunction and such fine from this Court against the Defendants for each violation of the FMLA as detailed in ¶¶ 6-8.

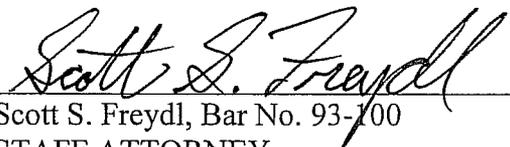
22. The facts set out in ¶¶ 9-17 of this amended complaint show that 21st Century has willfully and wantonly failed to comply with the Cease and Desist Order entered by the Commissioner on June 24, 2009. Ark. Code Ann. § 23-39-514(d)(3) states that a person shall be subject to a civil penalty of up to twenty-five thousand dollars (\$25,000.00) for each violation of the Commissioner's cease and desist order, after the entry of the order, if no appeal is requested by the person subject to the cease and desist order, and the person continues to engage in the prohibited action in violation of the Commissioner's order. In Ark. Code Ann. § 23-39-501(20) the definition of person includes a corporation, like 21st Century. In violation of the Commissioner's Cease and Desist Order the Defendant continues to have its employees solicit mortgage loan modification applications from residents of the State of Arkansas without first being licensed by the Department. Since the Complaint was filed in this case, it appears that 21st Century is trying to evade said Order by changing the name of the company.

23. The facts set out in ¶17 of this amended complaint show that 21st Century has continued to engage in unlicensed mortgage loan activity in Arkansas under the new name of Fidelity

National. The business address listed with the California Secretary of State's office for 21st Century and Fidelity National is the same address. It appears that the same individuals employed by 21st Century are now working for Fidelity National. Finally, the style and content of the forms used by 21st Century and Fidelity National, as well as the approach in contacting and meeting with Arkansas residents, is the same

WHEREFORE, the Plaintiff, the Commissioner, respectfully requests that this Court enter an order granting a temporary and permanent injunction against the Defendants enjoining the Defendants, 21st Century and Fidelity National, from conducting any mortgage loan activity in Arkansas; a fine in the amount of \$10,000.00 for each violation of the FMLA contained in the Ceased and Desist Order attached hereto and this Complaint; a civil penalty in the amount of \$25,000.00 for each violation of the attached Cease and Desist Order by the Defendant, 21st Century, as detailed above; and, for all other relief as may be appropriate in the public interest.

Respectfully Submitted,



Scott S. Freydl, Bar No. 93-100

STAFF ATTORNEY

Arkansas Securities Department

201 East Markham Street, Suite 300

Little Rock, Arkansas 72201

Telephone: (501) 324-9266

Facsimile: (501) 324-9268

8/21/09

Date



April 28, 2009

CASE ID: 117564.28.2 009

Dear [REDACTED]

**IS YOUR LOAN GOING NEGATIVE?
IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?
WE CAN RESTRUCTURE YOUR LOAN!**

We will help get your mortgage note modified to get rates as low as 3%!
Term Expansions, Stop Foreclosure, Principle Reductions Short Sales, Fixed Rates, Deed In Lieu.
We will request for all delinquent payments and any current payments that have not been made to be forgiven or be placed on the back-end of your modification. Our goal is to put you in a better loan and give you a new start.

OUR LOAN PROFESSIONALS ARE HERE TO HELP YOU!

Your credit score doesn't matter. The value of your home is not a factor.
This is all about giving you a BRAND NEW START, and stabilizing your financial situation.
The \$300 Billion housing rescue bill was passed by the Congress and President Bush has signed it. Essentially, the government will pay for homeowners to do loan re-modification through their mortgage holder. Conditions and fees subject to change per lender.

Our agreement will be the amount of \$477.15 for May, \$477.15 for June and \$740.00 processing fee. The total amount will be made payable to 21st Century LS for the modification of your mortgage.

The \$1,694.30 fee may be split into monthly payments. You may pay with a personal check, cashier's check or money order made payable to: 21st Century LS. You may pay a post dated check dated 5/01/09 for \$564.77, a post dated check dated 6/01/09 for \$564.77 and a post dated check dated 7/01/09 for \$564.76.

Your proposed loan modification is a 30 year fixed / 4 % interest rate with a monthly payment of \$477.15 (impounds included). Your monthly savings is \$230.33. Total savings over a 30-year period is \$82,918.80. Any delinquent mortgage payments will be brought current.
Your first payment will be negotiated to begin August 2009 - payable to your current lender for the amount of \$477.15.
Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

This process can take anywhere up to 90 to 120 days of working diligently with your lender.

Please enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs and any other letters or notification that the mortgage lender has sent to you.

If you have any questions, please feel free to call me.

Sincerely,
Sandi Ayala
Mortgage Specialist
21st Century Legal Services

9340 Baseline Road, Suite 105
Rancho Cucamonga, CA 91701
Phone 909-987-2321 Fax 909-944-8558



April 28, 2009

CASE ID: 117564.28.2009

Dear [REDACTED];

**IS YOUR LOAN GOING NEGATIVE?
IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?
WE CAN RESTRUCTURE YOUR LOAN!**

We will help get your mortgage note modified to get rates as low as 3%!
Term Expansions, Stop Foreclosure, Principle Reductions Short Sales, Fixed Rates, Deed In Lieu.
We will request for all delinquent payments and any current payments that have not been made to be forgiven or be placed on the back-end of your modification.. Our goal is to put you in a better loan and give you a new start.

OUR LOAN PROFESSIONALS ARE HERE TO HELP YOU!

Your credit score doesn't matter. The value of your home is not a factor.
This is all about giving you a BRAND NEW START, and stabilizing your financial situation.
The \$300 Billion housing rescue bill was passed by the Congress and President Bush has signed it. Essentially, the government will pay for homeowners to do loan re-modification through their mortgage holder. Conditions and fees subject to change per lender.

Our agreement will be the amount of \$691.86 for June, \$691.86 for July and \$695.00 processing fee. The total amount will be made payable to 21st Century LS for the modification of your mortgage.

The \$2,078.72 fee may be split into monthly payments. You may pay with a personal check, cashier's check or money order made payable to: 21st Century LS. You may pay a post dated check dated 6/01/09 for \$692.91, a post dated check dated 7/01/09 for \$692.91 and a post dated check dated 8/01/09 for \$692.90.

Your proposed loan modification is a 30 year fixed / 4 % interest rate with a monthly payment of \$691.86 (impounds included). Your monthly savings is \$147.70. Total savings over a 30-year period is \$53,172. Any delinquent mortgage payments will be brought current.

Your first payment will be negotiated to begin September 2009 - payable to your current lender for the amount of \$691.86.
Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

This process can take anywhere up to 90 to 120 days of working diligently with your lender.

Please enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs and any other letters or notification that the mortgage lender has sent to you.

If you have any questions, please feel free to call me.

Sincerely,
Sandy Ayala
Mortgage Specialist
21st Century Legal Services

9340 Baseline Road, Suite 105
Rancho Cucamonga, CA 91701
Phone 909-987-2321 Fax 909-944-8558



April 27, 2009

CASE ID: 117564.27.2009

Dear [REDACTED]

**IS YOUR LOAN GOING NEGATIVE?
IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?
WE CAN RESTRUCTURE YOUR LOAN!**

We will help get your mortgage note modified to get rates as low as 3%!
Term Expansions, Stop Foreclosure, Principle Reductions, Short Sales, Fixed Rates, Deed In Lieu.
We will request for all delinquent payments and any current payments that have not been made to be forgiven or be placed on the back-end of your modification. Our goal is to put you in a better loan and give you a new start.

OUR LOAN PROFESSIONALS ARE HERE TO HELP YOU!

Your credit score doesn't matter. The value of your home is not a factor.
This is all about giving you a BRAND NEW START, and stabilizing your financial situation.

The \$300 Billion housing rescue bill was passed by the Congress and President Bush has signed it. Essentially, the government will pay for homeowners to do loan re-modification through their mortgage holder. Conditions and fees subject to change per lender.

Our agreement will be the amount of \$1,297.37 for May, \$1,297.37 for June and \$695.00 processing fee. The total amount will be made payable to 21st Century LS for the modification of your mortgage.

The \$3,289.74 fee may be split into monthly payments. You may pay with a personal check, cashier's check or money order made payable to: 21st Century LS. You may pay a post dated check dated 5/01/09 for \$1,096.58, a post dated check dated 6/01/09 for \$1,096.58 and a post dated check dated 7/01/09 for \$1,096.58.

Your proposed loan modification is a 30 year fixed / 4 % interest rate with a monthly payment of \$1,297.37 (impounds included). Your monthly savings is \$415.63.

Total savings over a 30-year period is \$149,626.80.

Any delinquent mortgage payments will be brought current.

Your first payment will be negotiated to begin August 2009 - payable to your current lender for the amount of \$1,297.37.

Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

This process can take anywhere up to 90 to 120 days of working diligently with your lender.

With all our customers we have a 98% ratio of success. If the Modification of your loan is not accepted by your lender, you will receive a full refund, minus the postage and handling.

Please enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs and any other letters or notification that the mortgage lender has sent to you.

If you have any questions, please feel free to call me.

Sincerely,
Michael Herried
Mortgage Specialist
21st Century Legal Services

9340 Baseline Road, Suite 105
Rancho Cucamonga, CA 91701
Phone 909-987-2321 Fax 909-944-8558



July 20, 2009

CASE ID: 117567.20.2009

Dear [REDACTED]

**IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?**

WE CAN RESTRUCTURE YOUR LOAN!

We will help get your mortgage note modified to get rates as low as **3.00 %!**

Term Expansions, Stop Foreclosure, Principle Reductions Short Sales, Fixed Rates, Deed In Lieu.

"Barack Obama, the US president, has announced a \$75bn plan to help millions of US homeowners struggling to pay their mortgages and those at risk of losing their homes. The plan will help as many as five million families restructure or refinance mortgages to avoid foreclosure." We guarantee to get you approved.

IS YOUR LOAN GOING NEGATIVE?

We will request for all delinquent payments and any current payments that have not been made to be forgiven or placed on the back-end of your modification. Our goal is to put you in a better loan and give you a new start.

WE ARE HERE TO HELP YOU!

Your **credit score doesn't matter**. The **value of your home is not a factor**.

This is all about giving you a **BRAND NEW START**, and stabilizing your financial situation.

Your proposed loan modification is a 30 year fixed 3.25% interest rate (Loan amount of \$130,000.00)

Principle & Interest:	\$757.77
Taxes & INS:	Included
Total New Payment:	\$757.77
Break Down of fees:	Our agreement will be a flat fee of \$1,801.00 .
Total Fees:	\$1,801.00 (This fee may be split into monthly payments. You may pay with a personal check, cashier's check, credit card or money order made payable to: 21st Century LS . You may pay a post dated check dated 8/1/09 for \$600.34 , a post dated check dated 9/1/09 for \$600.33 and a post dated check dated 10/1/09 for \$600.33 .)
Savings:	Your monthly savings is \$230.23. Total savings over a 30-year period is \$82,882.80. Any delinquent mortgage payments will be brought current.

Your first payment will be negotiated to begin in November 2009-payable to your current lender for the amount of \$757.77. Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

We guarantee if the Modification of your loan is not accepted by your lender, you will receive a full refund, minus the postage and handling. This process can take anywhere up to 45 to 60 days of working diligently with your lender, if you need more time to collect the money for our services, we can extend your modification for up to 90 days with your consent.

Sincerely,

Richard Almeraz

909-499-5684

Loan Modification Specialist

Borrower: _____

Co-Borrower: _____



July 21, 2009

CASE ID: 117567.21.2009

Dear [REDACTED]

**IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?**

WE CAN RESTRUCTURE YOUR LOAN!

We will help get your mortgage note modified to get rates as low as **3.00 %!**

Term Expansions, Stop Foreclosure, Principle Reductions Short Sales, Fixed Rates, Deed In Lieu.

"Barack Obama, the US president, has announced a \$75bn plan to help millions of US homeowners struggling to pay their mortgages and those at risk of losing their homes. The plan will help as many as five million families restructure or refinance mortgages to avoid foreclosure." We guarantee to get you approved.

IS YOUR LOAN GOING NEGATIVE?

We will request for all delinquent payments and any current payments that have not been made to be forgiven or placed on the back-end of your modification. Our goal is to put you in a better loan and give you a new start.

WE ARE HERE TO HELP YOU!

Your **credit score doesn't matter.** The **value of your home is not a factor.**

This is all about giving you a **BRAND NEW START**, and stabilizing your financial situation.

Your proposed loan modification is a 30 year fixed 4% interest rate (Loan amount of \$56,000)

Principle & Interest:	\$267.35
Taxes & INS:	Not Included
Total New Payment:	\$267.35
Break Down of fees:	Our agreement will be the amount of \$267.35 for the month of July, \$267.35 for the month of August and \$1,501.00 processing fee.
Total Fees:	\$2,035.70 (This fee may be split into monthly payments. You may pay with a personal check, cashier's check, credit card or money order made payable to: 21st Century LS. You may pay a post dated check dated 8/1/09 for \$508.93 , a post dated check dated 9/1/09 for \$508.93 , a post dated check dated 10/1/09 for \$508.92 and a post dated check dated 11/1/09 for \$508.92.)
Savings:	Your monthly savings is \$270.65. Total savings over a 30-year period is \$97,434.00. Any delinquent mortgage payments will be brought current.

Your first payment will be negotiated to begin in December 2009-payable to your current lender for the amount of \$267.35. Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

We guarantee if the Modification of your loan is not accepted by your lender, you will receive a full refund, minus the postage and handling. This process can take anywhere up to 45 to 60 days of working diligently with your lender, if you need more time to collect the money for our services, we can extend your modification for up to 90 days with your consent.

Sincerely,
Mandingo Gibbs
909-631-5531
Loan Modification Specialist

Borrower: _____

Co-Borrower: _____



August 5, 2009

CASE ID: 117568.5.2009



**IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?**

WE CAN RESTRUCTURE YOUR LOAN!

We will help get your mortgage note modified to get rates as low as **3.00 %!**

Term Expansions, Stop Foreclosure, Principle Reductions Short Sales, Fixed Rates, Deed In Lieu.

"Barack Obama, the US president, has announced a \$75bn plan to help millions of US homeowners struggling to pay their mortgages and those at risk of losing their homes. The plan will help as many as five million families restructure or refinance mortgages to avoid foreclosure."

IS YOUR LOAN GOING NEGATIVE?

We will request for all delinquent payments and any current payments that have not been made to be forgiven or placed on the back-end of your modification. Our goal is to put you in a better loan and give you a new start.

WE ARE HERE TO HELP YOU!

Your **credit score doesn't matter**. The **value of your home is not a factor**. This is all about giving you a **BRAND NEW START** and stabilizing your financial situation.

Your proposed loan modification is a 30 year fixed 4% interest rate (Loan amount of \$124,800.00)

Interest Only:	\$416.00
Taxes & INS:	Not Included
Total New Payment:	\$416.00
Break Down of fees:	Our agreement will be the amount of \$416.00 for the month of August, \$416.00 for the month of September and \$950.00 processing fee.
Total Fees:	\$2,198.00 (This fee may be split into monthly payments. You may pay with a personal check, cashier's check, credit card or money order made payable to: 21st Century LS . You may pay a currently dated check dated 8/04/09 for \$732.66 , a post dated check dated 9/04/09 for \$732.66 and a post dated check dated 10/04/09 for \$732.66.)
Savings:	Your monthly savings is \$473.00. Total savings over a 30-year period is \$170,280.00. Any delinquent mortgage payments will be brought current.

Your first payment will be negotiated to begin in November 2009-payable to your current lender for the amount of \$416.00. Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

We guarantee if the Modification of your loan is not accepted by your lender, you will receive a full refund, minus the postage and handling. This process can take anywhere up to 45 to 60 days of working diligently with your lender, if you need more time to collect the money for our services; we can extend your modification for up to 90 days with your consent.

Sincerely,
Crystal Buck
951-826-1360
Loan Modification Specialist

Borrower: _____ **Co-Borrower:** _____

Fidelity National

Legal Services

August 14, 2009

CASE ID: 117568.14.2009

**IS YOUR HOME PAYMENT TOO HIGH?
ARE YOU IN A PAYMENT YOU CAN'T AFFORD?
WE CAN RESTRUCTURE YOUR LOAN!**

We will help get your mortgage note modified to get rates as low as **3.00 %!**

Term Expansions, Stop Foreclosure, Principle Reductions Short Sales, Fixed Rates, Deed In Lieu.

"Barack Obama, the US president, has announced a \$75bn plan to help millions of US homeowners struggling to pay their mortgages and those at risk of losing their homes. The plan will help as many as five million families restructure or refinance mortgages to avoid foreclosure."

IS YOUR LOAN GOING NEGATIVE?

We will request for all delinquent payments and any current payments that have not been made to be forgiven or placed on the back-end of your modification. Our goal is to put you in a better loan and give you a new start.

WE ARE HERE TO HELP YOU!

Your **credit score doesn't matter**. The **value of your home is not a factor**.

This is all about giving you a **BRAND NEW START** and stabilizing your financial situation.

Your proposed loan modification is a 30 year fixed 4.5% interest rate (Loan amount of \$44,000.00)

Principle & Interest:	\$343.94
Taxes & INS:	Not Included
Total New Payment:	\$343.94
Break Down of fees:	Our agreement will be a flat fee of \$1,295.00
Total Fees:	\$1,295.00 (This fee may be split into monthly payments. You may pay with a personal check, cashier's check, credit card or money order made payable to: Fidelity National Legal Services . You may pay a currently dated check dated 8/13/09 for \$323.75 , a post dated check dated 9/13/09 for \$323.75 , a post dated check dated 10/13/09 for \$323.74 and a post dated check dated 11/13/09 for \$323.74 .)
Savings:	Your monthly savings is \$134.06. Total savings over a 30-year period is \$48,261.60. Any delinquent mortgage payments will be brought current.

Your first payment will be negotiated to begin in December 2009-payable to your current lender for the amount of \$343.75. Your new proposed note with payment and terms of your loan will be stated on paperwork to follow from your current lender.

We guarantee if the Modification of your loan is not accepted by your lender, you will receive a full refund, minus the postage and handling. This process can take anywhere up to 45 to 60 days of working diligently with your lender, if you need more time to collect the money for our services, we can extend your modification for up to 90 days with your consent.

Sincerely,
Edgar Ortiz
909-559-9974
Loan Modification Specialist

Borrower: _____

Co-Borrower: _____

IN THE MATTER OF:

21st CENTURY LEGAL SERVICES, INC.,
SANDY AYALA a/k/a SANDI AYALA, AND
MICHAEL HERRIED

ORDER NO. C-09-033-09-CD01

CEASE AND DESIST ORDER

On June 23, 2009, the Staff of the Arkansas Securities Department ("Staff") filed a Request for a Cease and Desist Order, as amended by an Amended Request for Cease and Desist Order filed on June 24, 2009 (collectively, the "Request"), stating that it has information and certain evidence in its possession that indicates 21st Century Legal Services, Inc., Sandy Ayala also known as Sandi Ayala, and Michael Herried have 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

1. The Staff's Request asserts the following representations of fact:
 - a. 21st Century Legal Services, Inc. ("21st Century") is a California corporation, located in Rancho Cucamonga, California. 21st Century has never been licensed by the Arkansas Securities Department ("Department") as a mortgage broker.
 - b. Sandy Ayala, also known as Sandi Ayala ("Ayala"), is a "mortgage specialist" for 21st Century. Ayala is believed to be a resident of California. Ayala has never been licensed by the Department as a mortgage loan officer.

- c. Michael Herried ("Herried") is a "mortgage specialist" for 21st Century. Herried is believed to be a resident of California. Herried has never been licensed by the Department as a mortgage loan officer.
- d. In April 2009, AR1 contacted 21st Century by telephone concerning a renegotiation of the terms of AR1's residential mortgage loan. AR1's residence is located in Searcy, Arkansas. AR1 spoke to a representative of 21st Century by the name of Sandy. AR1 and Sandy discussed the amount of AR1's existing mortgage loan as well as AR1's current monthly mortgage payments. Sandy told AR1 that President Obama's initiative allowed homeowners, like AR1, to claim a hardship in order to get a reduction in the interest rate AR1 was paying for AR1's existing mortgage loan. Sandy also stated that 21st Century was partnered with AR1's existing mortgage holder, so 21st Century could get AR1 a lower interest rate and monthly payment. Sometime after the telephone conversation between AR1 and Sandy, 21st Century contacted a notary public in Arkansas. This Arkansas notary public was sent a packet of forms by 21st Century to present to AR1 for completion and signature. Included in this packet of forms was a set of instructions for the notary public to follow, a letter from Sandi Ayala, a "mortgage specialist" with 21st Century, to AR1, a form titled Loan Modification Application, and a form titled Residential Loan Modification Agreement. The information required from AR1 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR1, by a mortgage broker or lender during the mortgage loan application process. The letter is attached to the Staff's Request as Exhibit 1. The letter

stated that AR1's proposed loan modification would be "a 30 year fixed [at] 4% interest rate with a monthly payment of \$477.15." This letter also stated AR1 would need to pay a fee of \$1,694.30 to 21st Century for this modified mortgage loan. The letter stated further that AR1 could pay for the fee with "a post dated check dated 5/1/09 for \$564.77, a post dated check dated 6/1/09 for \$564.77 and a post dated check dated 7/1/09 for \$564.76." In addition, the letter stated that "your first payment will be negotiated to begin September 2009 – payable to your current lender for the amount of \$477.15." Finally, this letter told AR1 to "enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs." AR1 completed and delivered the paperwork provided by 21st Century along with the three post dated checks to the Arkansas notary public. The Arkansas notary public forwarded AR1's completed paperwork and checks to 21st Century.

- e. In April 2009, AR2 contacted 21st Century by telephone concerning a renegotiation of the terms of AR2's residential mortgage loan. AR2's residence is located in Searcy, Arkansas. AR2 spoke to a representative of 21st Century by the name of Sandy. AR2 and Sandy discussed the amount of AR2's existing mortgage loan as well as AR2's current monthly mortgage payments. Sandy told AR2 that AR2 needed to claim a hardship in order to get a reduction in the interest rate AR2 was currently paying for AR2's existing mortgage loan. Sometime after the telephone conversation between AR2 and Sandy, 21st Century contacted a notary public in Arkansas. This Arkansas notary public was sent a packet of forms by 21st Century to present to AR2 for completion and signature.

Included in this packet of forms was a letter from Sandy Ayala, a "mortgage specialist" with 21st Century, to AR2, a form titled Loan Modification Application, and a form titled Residential Loan Modification Agreement. The information required from AR2 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR2, by a mortgage broker or lender during the mortgage loan application process. The letter is attached to the Staff's Request as Exhibit 2. The letter stated that AR2's proposed loan modification would be "a 30 year fixed [at] 4% interest rate with a monthly payment of \$691.86." This letter also said AR2 would need to pay a fee of \$2,078.72 to 21st Century for this modified mortgage loan. The letter stated further that AR2 could pay for the fee with "a post dated check dated 6/1/09 for \$692.91, a post dated check dated 7/1/09 for \$692.91 and a post dated check dated 8/1/09 for \$692.90." In addition, the letter stated that "your first payment will be negotiated to begin August 2009 – payable to your current lender for the amount of \$691.86." Finally, this letter told AR2 to "enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs." AR2 completed and delivered the paperwork provided by 21st Century along with the three post dated checks to the Arkansas notary public. The Arkansas notary public forwarded AR2's completed paperwork and checks to 21st Century.

- f. In April 2009, AR3 contacted 21st Century by telephone concerning a renegotiation of the terms of AR3's residential mortgage loan. AR3's residence is located in Sherwood, Arkansas. AR3 spoke to a representative of 21st Century by the name of Michael. AR3 and Michael discussed the amount of AR3's existing

mortgage loan as well as AR3's current monthly mortgage payments. Michael told AR3 that AR3 could claim a hardship in order to get a reduction in the interest rate AR3 was paying for AR3's existing mortgage loan. Sometime after the telephone conversation between AR3 and Michael, 21st Century contacted a notary public in Arkansas. This Arkansas notary public was sent a packet of forms by 21st Century to present to AR3 for completion and signature. Included in this packet of forms was a letter from Michael Herried, a "mortgage specialist" with 21st Century, to AR3, a form titled Loan Modification Application, and a form titled Residential Loan Modification Agreement. The information required from AR3 to complete the forms provided by 21st Century is all of the standard personal financial information required from a borrower, like AR3, by a mortgage broker or lender during the mortgage loan application process. The letter is attached to the Staff's Request as Exhibit 3. The letter stated that AR3's proposed loan modification would be "a 30 year fixed [at] 4% interest rate with a monthly payment of \$1,297.37." This letter also stated AR3 would need to pay a fee of \$3,289.74 to 21st Century for this modified mortgage loan. The letter stated further that AR3 could pay for the fee with "a post dated check dated 5/1/09 for \$1,096.58, a post dated check dated 6/1/09 for \$1,096.58 and a post dated check dated 7/1/09 for \$1,096.58." In addition, the letter stated that "your first payment will be negotiated to begin August 2009 – payable to your current lender for the amount of \$1,297.37." Finally, this letter told AR3 to "enclose the mortgage coupon, 3 months most recent bank statement, 1-month most recent pay stubs." AR3 completed and delivered the paperwork provided by 21st Century along with

the three post dated checks to the Arkansas notary public. The Arkansas notary public forwarded AR3's completed paperwork and checks to 21st Century.

- g. 21st Century has never been licensed by the Department as a mortgage broker. Nonetheless, 21st Century solicited and accepted mortgage loan modification applications from AR1, AR2, and AR3 without first being licensed under the FMLA with the Department.
- h. Ayala and Herried have never been licensed by the Department as mortgage loan officers. Nevertheless, Ayala and Herried solicited and accepted mortgage loan modification applications from AR1, AR2, and AR3 without first being licensed under the FMLA with the Department.

CONCLUSIONS OF LAW

2. It is unlawful for any person to act or attempt to act, directly or indirectly, as a mortgage broker or loan officer with any person located in Arkansas without first obtaining a license from the Commissioner under the FMLA. Ark. Code Ann. § 23-39-503(b).

3. 21st Century violated Ark. Code Ann. § 23-39-503(b) when it acted as a mortgage broker with AR1, AR2, and AR3 without first being licensed under the FMLA.

4. Ayala violated Ark. Code Ann. § 23-39-503(b) when she acted a loan officer with AR1 and AR2 without first being licensed under the FMLA.

5. Herried violated Ark. Code Ann. § 23-39-503(b) when he acted as a loan officer with AR3 without first being licensed under the FMLA.

6. It is unlawful for any person to employ, to compensate, or to 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. Ark. Code Ann. § 23-39-503(c).

7. 21st Century violated Ark. Code Ann. § 23-39-503(c) when it allowed its employees Ayala and Herried to act as loan officers with AR1, AR2, and AR3 without first being licensed as loan officers by the Department under the FMLA.

8. 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. Ark. Code Ann. § 23-39-514(d)(1). Considering the seriousness of the violations, the recurrent nature of the violations, the opportunity to commit future violations, the degree of harm to the borrowers resulting from the violations, the remedial function to be serviced by this Cease and Desist Order, and 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.

ORDER

9. 21st Century Legal Services, Inc., Sandy Ayala also known as Sandi Ayala, and Michael Herried shall immediately cease and desist from all mortgage loan activity in Arkansas until such time as each as obtained the proper license under the FMLA.

10. The Staff of the Arkansas Securities Department shall continue its investigation into the activities of 21st Century Legal Services, Inc., Sandy Ayala also known as Sandi Ayala, and Michael Herried to determine if they have engaged in any activities which are prohibited under the FMLA, including but not limited to, any activities which may be misleading, deceptive, or which constitute a fraud upon any person.

11. A hearing on this Cease and Desist Order shall be held if requested by 21st Century Legal Services, Inc., Sandy Ayala also known as Sandi Ayala, and/or Michael Herried 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).



A. Heath Abshire
Arkansas Securities Commissioner

June 24, 2009
Date