

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

**ARCS COMMERCIAL MORTGAGE CO., L. P.
CALABASAS HILLS, CA**

ORDER NO. S-03-021-03-CD01

**CEASE AND DESIST ORDER AND REVOCATION
OF MORTGAGE LOAN COMPANY EXEMPTION FROM REGISTRATION
PURSUANT TO ARK. CODE ANN. § 23-39-306(a)(4)**

Arkansas Securities Commissioner Michael B. Johnson, of the Arkansas Securities Department (“Department”), upon sufficient evidence presented to him, has reason to believe that **ARCS COMMERCIAL MORTGAGE CO., L. P.** (“**ARCS**”) has failed to comply with the provisions of the Arkansas Mortgage Loan Company and Loan Broker Act, Ark. Code Ann. § 23-39-101, *et seq.*, (“Act”) and has thereby lost its exemption from registration pursuant to Ark. Code Ann. § 23-39-306(a)(4).

FINDINGS OF FACT

1. The Department received a request for exemption from registration as a mortgage loan company pursuant to Ark. Code Ann. § 23-39-306(a)(4) from **ARCS** on June 6, 2000. The request was approved and a letter issued August 2, 2000.
2. On March 24, 2003, the Department received Notice of Cancellation from Lumbermans Mutual Casualty Company reflecting that **ARCS’s** Surety Bond Number 995168 would be terminated June 2, 2003.

3. By certified letter dated March 29, 2003, Rhys G. Rogers, a Securities Examiner Supervisor with the Department, (i) advised **ARCS** that the Act required the \$35,000.00 surety bond to remain in force at all times, (ii) enclosed a copy of the Notice of Cancellation received from Lumbermans Mutual Casualty Company, and (iii) requested that **ARCS** file a replacement bond by the June 2, 2003 bond expiration date. The signed return receipt reflects that **ARCS** received the March 29, 2003 certified letter on April 3, 2003.
4. Pursuant to the Notice of Cancellation, **ARCS's** \$35,000.00 surety bond issued by Lumbermans Mutual Casualty Company expired on June 2, 2003, and **ARCS** has not filed a replacement surety bond.

CONCLUSIONS OF LAW

5. The Commissioner is charged with the administration and enforcement of the Act pursuant to Ark. Code Ann. § 23-39-201 (Repl. 1994).
6. Ark. Code Ann. § 23-39-304(a)(1) (Supp. 1999) requires each mortgage loan company to deposit a \$35,000.00 corporate surety bond with the Commissioner.
7. Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999) provides for revocation of an exemption if the company does not conduct its business in accordance with law or has violated any provision of the Act.

OPINION

8. This matter has been properly brought before the Commissioner in accordance with Ark. Code Ann. § 23-39-201 (Repl. 1994). **ARCS's** failure to maintain a \$35,000.00 surety bond in accordance with Ark. Code Ann. § 23-39-304(a)(1) (Repl. 1999) is a violation of the Act which constitutes grounds to revoke **ARCS's** exemption from registration.
9. Pursuant to Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999), the Commissioner can and should revoke **ARCS's** exemption.
10. This order is in the public interest.

ORDER

IT IS THEREFORE ORDERED pursuant to Ark. Code Ann. § 23-39-202(b)(1) that **ARCS COMMERCIAL MORTGAGE CO., L. P.** CEASE AND DESIST from engaging in all mortgage loan and loan brokering activities in Arkansas, including advertising, offering and conducting mortgage loan company and loan brokering business.

IT IS FURTHER ORDERED that the exemption provided **ARCS COMMERCIAL MORTGAGE CO., L. P.** under Ark. Code Ann. § 23-39-306(a)(4) (Supp. 1999) be revoked in accordance with Ark. Code Ann. § 23-39-307(a)(3) (Supp. 1999).

IT IS FURTHER ORDERED that all pending Arkansas mortgage loan applications now held by **ARCS COMMERCIAL MORTGAGE CO., L. P.** shall immediately be transferred to a duly registered or exempted mortgage loan company or loan broker and proof of such filed within ten (10) days of the receipt of this Order.

ARCS COMMERCIAL MORTGAGE CO., L. P. is hereby notified of its right to a hearing regarding this matter. However, if no written application for a hearing is made within twenty (20) days of the entry of this Order, this Order will become final.

WITNESS MY HAND AND SEAL this 9th day of June, 2003.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is stylized with a large, circular initial "M" and a cursive "Johnson".

MICHAEL B. JOHNSON
ARKANSAS SECURITIES COMMISSIONER