

STATE OF ARKANSAS
SECURITIES DEPARTMENT

IN THE MATTER OF

LICENSE NO. 28478

IN THE MATTER OF
CARL GUSTAVUS MATTHEWS,
An employee of National Lending
Corporation

ORDER NO. C-06-017-06-OR01

ORDER DENYING APPLICATION

On this date before the Arkansas Securities Commissioner (hereinafter referred to as the "Commissioner") is the matter of the above referenced individual (hereinafter referred to as "Respondent"), and the issue of Respondent's application in light of a felony conviction for a crime involving fraud under the Arkansas Fair Mortgage Lending Act (hereinafter referred to as the "FMLA"). Securities Department Staff (hereinafter referred to as the "Staff") allege that Respondent has pleaded guilty to an offense involving fraudulent or dishonest dealings within the past ten (10) years. Based upon the information obtained from Respondent, and the representations of Staff, the Commissioner finds:

FINDINGS OF FACT

1. The FMLA became effective on January 1, 2004. A requirement of the FMLA is that any person employed as a loan officer with a registered mortgage loan

company be licensed with the Arkansas Securities Department (hereinafter referred to as "Department") in order to do business in the State of Arkansas.

2. Respondent is an employee of National Lending Corporation, a licensed mortgage broker authorized to do business in the State of Arkansas. National Lending Corporation is located at 3673 Westcenter Drive, Houston, Texas, 77042. Their Arkansas mortgage broker license number is 27146.
3. Respondent submitted his loan officer license application to the Department on or about November 23, 2005.
4. Respondent answered affirmative to question 3 (a) which asked, "Have you ever pled guilty or nolo contendere to, or been convicted of a crime punishable by one or more years imprisonment?"
5. Respondent attached a May 16, 2005 letter from Kathleen S. Lee, United States Probation Officer, United States District Court, Southern District of Texas, Probation Office confirming Respondent's case, 4:00CR27-01 has terminated and he is no longer required to report to the probation office. This was the only information submitted by Respondent with his loan officer application.
6. Staff has reviewed the loan officer license application and advised Respondent that additional information regarding the nature of the crime from question 3 (a) would be needed to process the application. Respondent provided the Staff with a copy of a Judgment in a Criminal Case, United States of America v. Carl Gustavus Matthews, Case Number 4:00CR00027-001, filed November 2, 2000.
7. Respondent pled guilty on May 30, 2000 to one count of HEALTHCARE FRAUD, AIDING AND ABETTING, violations of 18 U.S.C. §§ 1347 and 2.

APPLICABLE CODE PROVISIONS

8. Ark. Code Ann. § 23-39-502 (8) defines a loan officer as an individual, who in exchange for compensation as an employee of a mortgage broker or mortgage banker licensed under the act, solicits, accepts, or offers to accept applications for a mortgage loan.
9. Ark. Code Ann. § 23-39-503 (b) provides that it is unlawful for any person, other than an exempt person, to act or attempt to act, directly or indirectly, as a loan officer with any person located in Arkansas without first obtaining a license from the Commissioner.
10. Ark. Code Ann. § 23-39-505 (a) (1), (3) (D) (ii) (c) provides that to obtain a license, an application must be submitted to the Commissioner and any felony convictions disclosed.
11. Ark. Code Ann. § 23-39-514 (a) (1), and (C) (i), (ii) provides that the Commissioner by Order may deny, suspend, revoke, or refuse to issue or renew a license of a licensee or an applicant if the Commissioner finds that the order is in the public interest, and, that the applicant is a convicted felon or pled guilty to any offense involving breach of trust, moral turpitude, or fraudulent or dishonest dealing within the past ten (10) years.

CONCLUSIONS OF LAW

12. This matter has been properly brought before the Commissioner and is in the public interest. Ark. Code Ann. § 23-39-514 (a) (1).

13. The FMLA requires that individuals who desire to be licensed loan officers in the State of Arkansas must first file an application with the Commissioner. Ark. Code Ann. § 23-39-503 (b) and § 23-39-505 (a) (1).
14. The FMLA requires that applicants make full disclosure of any felony convictions or crimes involving fraudulent activity. Ark. Code Ann. § 23-39-505 (a) (3) (D) (ii) (b)-(c).
15. Respondent pled guilty on May 30, 2000 to one count of HEALTHCARE FRAUD, AIDING AND ABETTING, violations of 18 U.S.C. §§ 1347 and 2.
16. Respondent submitted an application for a mortgage loan officer license to the Department on or about November 23, 2005. Respondent's notarized signature was dated November 7, 2005. Respondent represented that he had been convicted of a crime punishable by one (1) or more years of imprisonment. Respondent provided further documentation regarding the felony conviction for healthcare fraud, aiding and abetting.
17. The Commissioner is authorized to deny an applicants application if they are a convicted felon and/or guilty of any offense involving breach of trust, moral turpitude, or fraudulent or dishonest dealing within the past ten (10) years. Ark. Code Ann. § 23-39-514 (a), (a)(2)(C) (i)-(ii).

ORDER

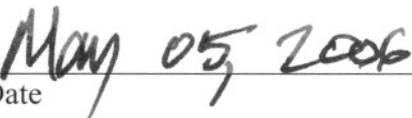
IT IS HEREBY ORDERED that the application submitted by Carl Gustavus Matthews for a mortgage loan officer license is hereby denied.

Respondent may request a hearing before the Commissioner in accordance with Ark. Code Ann. § 23-39-514. Any request for a hearing must be made in writing and delivered to the Commissioner within thirty (30) days from the date on which notice of the order is sent by the Commissioner to the addresses mentioned above by first class mail, postage prepaid. If the respondents do not request a hearing and the Commissioner does not order a hearing, the order will remain in effect until it is modified or vacated by the Commissioner.

IT IS SO ORDERED:



Michael B. Johnson
Arkansas Securities Commissioner



Date