

STATE OF ARKANSAS  
SECURITIES DEPARTMENT

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IN THE MATTER OF

ORDER NO. C-07-024-07-CO01

PRESIDENTIAL MORTGAGE CORPORATION

RESPONDENT

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**CONSENT ORDER**

The Staff of the Arkansas Securities Department (“Department”) hereby institutes formal administrative proceedings against PRESIDENTIAL MORTGAGE CORPORATION (“Respondent”), Arkansas File No. 11955.

**AUTHORITY**

1. This proceeding is instituted pursuant to the Arkansas Fair Mortgage Lending Act (“the Act”), codified at Ark. Code Ann. §§ 23-39-501, *et seq.*, and the Arkansas Administrative Procedure Act, codified at Ark. Code Ann. §§ 25-15-201, *et seq.*

**JURISDICTION**

2. Respondent is a business incorporated in the State of Rhode Island. Respondent is licensed with the Department as a mortgage banker and mortgage broker under license number 11955. Respondent is also registered with the Arkansas Secretary of State as a foreign for profit

corporation. Its last known physical address 6946 Post Road, North Kingstown, Rhode Island, 02852.

### FACTS

3. The Department received a consumer complaint against Respondent and its employee, loan officer David Giorgi.
4. A thorough review of the Department's records, revealed that David Giorgi, at the time of receipt of the consumer complaint, had never been licensed or applied to be licensed as a loan officer in Arkansas for Respondent or any other person.
5. On or about May 24, 2006, the Department contacted Respondent and requested information and documentation on all Arkansas related loans that had been closed involving David Giorgi and Respondent.
6. On or about May 24, 2006, the Department contacted Respondent and requested information on all Arkansas related loans that had closed within the previous twelve (12) months by Respondent.
7. On or about July 6, 2006, Respondent provided a "Loan Officer Summary of Fundings (sic) Between the Dates of 6/1/2005 and 6/30/2006 for the State of AR" indicating David Giorgi had closed eleven (11) loans in the State of Arkansas without a loan officer license. In addition, Respondent advised eleven (11) other employees are identified in this document as closing a total of thirty-three (33) other Arkansas loans: "Troy H, Jeff, Janice, Jason P, Josh, Patricia, Tom, Darren, Bryan, Ken, and Jarod."

Respondent closed a total of forty-four (44) Arkansas loans during this period.

8. Only Kenneth Marsella (“Marsella”) and Jarod DiSanto (“DiSanto”) were licensed as Arkansas loan officers for Presidential Mortgage Corporation during this period. Both of them closed one (1) Arkansas loan each.
9. David Giorgi, as an employee of Respondent, closed eleven (11) Arkansas loans without an Arkansas license. Nine (9) other unlicensed employees of Respondent closed an additional thirty-one (31) Arkansas loans. Marsella and DiSanto each closed one of the forty-four Arkansas loans resulting in a total Arkansas loans closed by unlicensed loan officers employed by Respondent during the period in question is forty-two (42). The total number of unlicensed loan officers employed by Respondent during the period in question that Respondent allowed to conduct mortgage loan activity in the State of Arkansas is ten (10).
10. On or about August 11, 2006, the Department requested additional documentation regarding the closed loans. Respondent failed to respond.
11. On or about January 30, 2007 the Department served Respondent with a Notice of Intent to Seek Revocation of License for its failure to respond with the requested documentation.
12. Respondent submitted documentation on twenty-three Arkansas loans.
13. A total amount for the broker fees on all twenty-three loans is seventy-three thousand one hundred seventy four dollars and thirty-five cents (\$73,174.35). A total amount of the yield spread premium on all twenty-

three loans is three thousand three hundred and four dollars (\$3,304.00). The total amount of the broker fee and the yield spread premium for the twenty-three loans where Respondent submitted documentation is seventy-six thousand four hundred seventy eight dollars and thirty-five cents (\$76,478.35).

14. Information was not provided to the Department regarding the remaining nineteen (19) loans that were closed by unlicensed loan officers.
15. On or about April 19, 2007, an administrative hearing was to be held on this matter. This hearing was postponed until May 17, 2007.
16. On or about May 11, 2007, Respondent requested withdrawal of their mortgage banker and mortgage broker license in lieu of proceeding with the administrative hearing on May 17, 2007 and levies of fines of unlicensed activity.

#### **RELEVANT ARKANSAS STATUTES AND RULES**

17. Ark. Code Ann. § 23-39-503 (b) provides it is unlawful for any person located in Arkansas, other than an exempt person, to act or attempt to act, directly or indirectly, as a mortgage broker, mortgage banker, loan officer, or mortgage servicer without first obtaining a license from the Securities Commissioner under the Act.
18. Ark. Code Ann. § 23-39-503 (c) provides it is unlawful for any person other than an exempt 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 Act.

19. Ark. Code Ann. § 23-39-514 (a) (2) (B) 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 person has violated or failed to comply with any provision of this subchapter, any rule adopted by the commissioner, or any order of the commissioner issued under this subchapter or under Acts 1977, No. 806, as amended.
20. Ark. Code Ann. § 23-39-514 (k) provides that the Act does not prohibit or restrict the informal disposition of a proceeding, or allegations that might give rise to a proceeding by stipulation, settlement, consent, or default in lieu of a formal or informal hearing on the allegations or in lieu of the sanctions authorized by this Section of the Act.

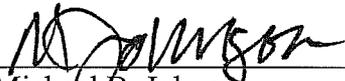
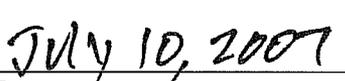
### **CONCLUSIONS OF LAW**

21. Respondent employed ten (10) unlicensed loan officers who conducted mortgage loan activity in the State of Arkansas. At least forty-two loans were closed by loan officers without a license.
22. Respondent allowed unlicensed loan officers to conduct mortgage loan activity in the State of Arkansas.
23. Respondent compensated these ten (10) unlicensed loan officers for their unlicensed activity in the State of Arkansas.

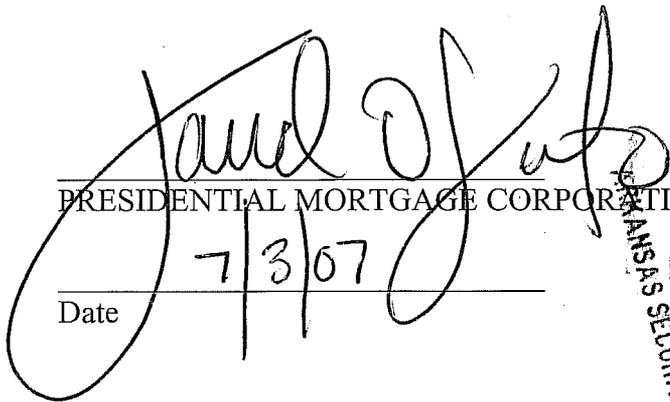
ORDER

IT IS HEREBY ORDERED, pursuant to the agreement of the Staff and PRESIDENTIAL MORTGAGE CORPORATION that the mortgage banker and mortgage broker license of PRESIDENTIAL MORTGAGE CORPORATION, Arkansas license number 11955, is revoked due to unlicensed mortgage loan activity in the State of Arkansas. A fine of seventy-six thousand four hundred seventy-six dollars and thirty-five cents (\$76,478.35) is assessed for licensing violations of the Act. The monetary fine of seventy-six thousand four hundred seventy-eight dollars and thirty-five cents (\$76,478.35) shall be suspended provided that PRESIDENTIAL MORTGAGE CORPORATION does not re-apply for an Arkansas mortgage banker or mortgage broker license. If PRESIDENTIAL MORTGAGE CORPORATION desires to obtain a mortgage license from the State of Arkansas in the future, the monetary fine must be paid prior to submission of the application. If however, PRESIDENTIAL MORTGAGE CORPORATION violates or fails to comply with the terms of the Consent Order or otherwise fails to comply with the laws of the State of Arkansas with respect to its business conducted here, the Commissioner may so advise PRESIDENTIAL MORTGAGE CORPORATION and reinstate the suspended amount and take whatever other action he deems appropriate in the circumstances.

IT IS SO ORDERED:

  
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Michael B. Johnson  
Arkansas Securities Commissioner  
  
  
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Date

I agree to, acknowledge, and shall be bound by the terms of this Consent Order and shall abide thereby.

  
PRESIDENTIAL MORTGAGE CORPORATION  
Date 7/3/07

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ARKANSAS SECURITIES DEPT.