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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-13-0093

ORDER NO. C-13-0093-13-OR01

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ARKANSAS SECURITIES DEPT.

IN THE MATTER OF:
WIDE BLUE SKY, INC.
D/B/A LINCOLN MORTGAGE, INC.

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Fair Mortgage Lending Act ("FMLA"), codified at Ark. Code Ann. §§ 23-39-501 through 23-39-518, the Rules of the Arkansas Fair Mortgage Lending Act ("Rules") and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-101 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department ("Staff") and the Respondent, Wide Blue Sky, Inc. d/b/a Lincoln Mortgage, Inc. ("Lincoln Mortgage"), in full and final settlement of all claims that could be brought against Lincoln Mortgage by the Staff on the basis of the facts set forth herein.

Lincoln Mortgage admits the jurisdiction of the FMLA and the Arkansas Securities Commissioner ("Commissioner"), waives its right to a formal hearing and appeal, without admitting or denying the findings of fact made herein, and in the interest of resolving this matter, agrees to the entry of this Order, and agrees to abide by its terms.

Finds of Fact

From the pleadings, documentary evidence, and all other matters properly before the Commissioner, the Commissioner does make the following findings of fact:

1. Lincoln Mortgage is a corporation organized and operating under the laws of the State of Wyoming. Lincoln Mortgage is licensed under the FMLA as a mortgage broker, NMLS&R number 132737.

2. On June 3, 2010, the Staff sent a Letter of Caution to the president of Lincoln Mortgage, Thomas Gale Smith ("Smith"). In this Letter of Caution the Staff warned Smith about what the Staff considered to be the unlicensed loan officer activity of Judy Hoover-Duggan ("Hoover-Duggan"). Hoover-Duggan was a loan processor at Lincoln Mortgage. This Letter of Caution was signed for by a representative of Lincoln Mortgage, on June 4, 2010.

3. The Staff has determined that between December 2011 and June 2012, Lincoln Mortgage employed Hoover-Duggan as a loan processor. Hoover-Duggan was not and is not licensed as a loan officer under the FMLA. However, Hoover-Duggan engaged in loan officer activity, including negotiating the terms of mortgage loans, during said time period with three Arkansas residents.

4. Lincoln Mortgage has assured the Staff that Hoover-Duggan has not been an employee of or an independent contractor with Lincoln Mortgage since July 2013. In addition, in the future Lincoln Mortgage employ or use an independent contractor, Hoover-Duggan in any capacity.

Legal Authority and Conclusions of Law

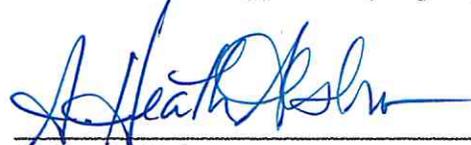
5. Ark. Code Ann. § 23-39-503(c) states that it is unlawful for any person other than an exempt person to employ, to compensate, or appoint as its agent any person to act as a loan officer unless the loan officer is licensed as a loan officer under the Arkansas FMLA. The unlicensed mortgage loan officer activity by Hoover-Duggan as detailed in paragraphs two and three constitutes three violations of Ark. Code Ann. § 23-39-503(c) by Lincoln Mortgage.

6. 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 and the Rules by Lincoln Mortgage, as detailed in paragraphs two and three, warrant the entry of appropriate civil penalty against Lincoln Mortgage.

Order

By agreement and with the consent of the Staff and the duly authorized representative of Lincoln Mortgage, Smith, it is hereby ordered that Lincoln Mortgage shall be responsible for the payment of a civil penalty in the amount of \$1,500.00 to the Arkansas Securities Department within ten days of the entry of this Consent Order. In addition, Lincoln Mortgage shall not now or in the future employ or use as an independent contractor Hoover-Duggan in any capacity.

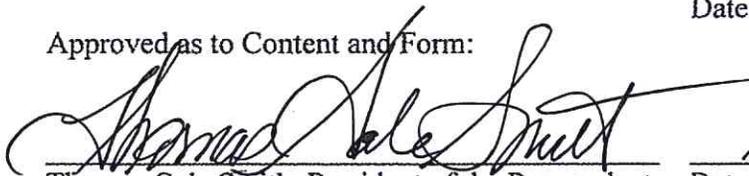


A. Heath Abshure
Arkansas Securities Commissioner

Nov. 18, 2013

Date

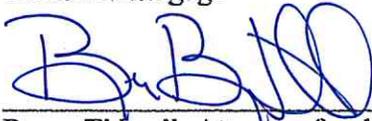
Approved as to Content and Form:



Thomas Gale Smith, President of the Respondent
Lincoln Mortgage

Date

11/15/13



Bruce Tidwell, Attorney for the Respondent
Lincoln Mortgage

Date

Nov. 18, 2013



Scott Freydl, Staff Attorney
Arkansas Securities Department

Date

11/18/13