ENTERED
MAY 18 2015
10:45 a.m.
COMMISSIONERS OFFICE

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2014-AH-00171
ADMINISTRATIVE ACTION NO. 15-PPC-0070

DEPARTMENT OF FINANCIAL INSTITUTIONS COMPLAINANT

vs. **AGREED FINAL ORDER REVOKING LICENSE**

C & C MORTGAGE, LLC (MB76032) RESPONDENT

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1. The Department of Financial Institutions ("DFI") is responsible for regulating and licensing entities engaged in mortgage brokering, origination, and processing in accordance with the provisions set forth in KRS Chapter 286.8.

2. C & C Mortgage, LLC ("Respondent") was licensed to conduct business as a mortgage loan broker in Kentucky under license #MB76032. Respondent has a Nationwide Mortgage Licensing System Registry ("NMLS") number of #56864.

3. Respondent failed to renew its license on January 1, 2014.

4. Respondent did not notify the Department in writing that it was going out of business or where the business records were to be kept.

5. On January 28th and 29th of 2013, DFI conducted an examination of Respondent.

6. During this examination, it was discovered that Respondent failed to keep complete and correct records of its business transactions, to wit:

a. Respondent failed to keep any record of its business transactions at its principal office. Instead, loan files were created, maintained, and kept by individual mortgage loan originators ("MLOs").

b. Files and Records left the Company with the departure of the MLOs;

c. Each MLO used his or her own CAYLX (mortgage origination software); and

d. As a result of practices a-c, there was no complete master list of pending, closed, or denied loans.

e. Some boxes containing loan files were retrieved from a private residence and still more were recovered from a hamburger restaurant. There was no order to the retrieved files.

f. Many of the recovered files were incomplete. They lacked essential components such as signed copies of the HUD-1 Settlement Statement, the note, or even the disbursement checks in violation of the record keeping requirements of KRS 286.8-170(1).

7. During this examination, it was also discovered that Respondent failed to exercise proper supervision and control over its operations, its employees, or its affairs, to wit:

a. Management did not require MLOs to establish company loan files or maintain company records;

b. Each MLO used his or her own personal computers, software, and loan files;

c. All the personal financial data of loan applicants were under the control of individual MLOs.

d. As a result of practices a-c, safeguards to protect the loan applicant's personal information and the proper retention of the loan files were inadequate.

8. Respondent also employed an unregistered MLO by the name of Robert Coppage in violation of KRS 286.8-030(1) (d) to wit:

a. Between February 29, 2012, and June 15, 2012, Mr. Coppage was employed as an MLO by Respondent.

b. During this period of time, Mr. Coppage was not registered as an MLO with DFI.

c. Coppage originated at least four residential mortgage loans with Kentucky borrowers for Respondent during this period.

d. By Agreed Order entered on June 18, 2014, Robert Coppage admitted his unregistered origination activity in Kentucky. (*See* Agreed Order, Agency Case No. 2014-AH-00018/Administrative Action No. 14-PPC-00064).

e. By Settlement Agreement entered on May 5, 2005, Respondent was fined for employing unregistered MLOs. One of the three unregistered MLOs was the same Robert Coppage who is the subject of this violation. (*See* Settlement Agreement, Agency Case No. 2005-AH-00010).

9. Respondent violated the record keeping provisions of KRS 286.8-160, KRS 286.8-170, and 808 KAR 12:023 by failing to properly create or preserve loan records at its principal location.

10. Respondent violated KRS 286.8-170(1) by failing to keep maintain correct and complete records of its business transactions at its principal office.

11. Respondent violated KRS 286.8-036(5) and KRS 286.8-160 by failing to give prior written notice to the commissioner that it was ceasing business and failing to give notice to the commissioner of the physical location where its required records were to be kept.

12. Respondent violated KRS 286.8-030(1) by employing an unregistered mortgage loan originator, Robert Coppage. This is a repeat offense involving the same loan originator.

13. Respondent violated KRS 286.8-295 by having a complete lack of institutional control over the company, to wit: (1) failing to keep required records at its principal office including a master list of all loans approved or denied; (2) failing to properly use mortgage company software and other reasonable measures to track and supervise mortgage loan originators; (3) by employing an unregistered mortgage loan originator after the company had been fined for using the same unregistered mortgage loan originator; and, (4) failing to give required written notice to the commissioner of the business ceasing and the physical location of required loan files.

14. At all relevant times Robert Coppage was Respondent's registered agent and a member of Respondent's LLC.

15. DFI filed an Administrative Complaint against Respondent under Agency Case No. 2014-AH-00171 on December 29, 2014. A copy of the Administrative Complaint was delivered to Respondent via certified mail, return receipt requested. Respondent filed an answer on February 11, 2015. DFI filed a Notice of Administrative Hearing on March 24, 2015 and the matter was assigned Administrative Action No. 2015-PPC-0070. A prehearing conference was conducted on April 17, 2015, which resulted in negotiations to resolve this matter.

16. DFI possesses a range of administrative authority in addressing violations of the Act, including license revocation or denial, suspension or the imposition of civil penalties. *See* KRS 286.8-046 and 286.8-090.

17. In the interest of economically and efficiently resolving the violation(s) described herein, DFI and Respondent agree as follows:

a. The mortgage broker license of C & C Mortgage, LLC shall be revoked for the violations described herein; and,

b. C & C Mortgage, LLC is prohibited from participating in any business activity as a mortgage broker or mortgage company.

18. Respondent waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Order.

19. Respondent consents to and acknowledges the jurisdiction of DFI over this matter and that this Final Order is a matter of public record and may be disseminated as such.

20. In consideration of execution of this Final Agreed Order, Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondent ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

21. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, have had an opportunity to confer with counsel, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

IT IS SO ORDERED on this the 13th day of May, 2015.

CHARLES A. VICE
COMMISSIONER

Consented to:

This 8th day of May, 2015.

Tammy R. Scruggs

Tammy Scruggs, Director
Division of Non-Depository Institutions
Department of Financial Institutions

This 30 day of April, 2015.

As authorized representative of C&C Mortgage only

Authorized Representative
C & C Mortgage, LLC
License # MB76032

ACKNOWLEDGEMENT

STATE OF Kentucky)
COUNTY OF Boone)

On this the 30 day of April, 2015, before me (notary public) JoAnn Redlinger, the undersigned, Robert K Coppage, did personally appear and acknowledge himself/herself to be the authorized representative for C & C Mortgage, LLC, and that he/she, entered into and executed the foregoing instrument for the purposes therein contained.

My Commission Expires: 03-12-18

JoAnn Redlinger

Notary Public

JoAnn Redlinger
Notary Public, ID No. 506528
State at Large, Kentucky
My Commission Expires on March 12, 2018

CERTIFICATE OF SERVICE

I, Christina Hayden, hereby certify that a copy of the foregoing **Final Agreed Order Revoking License** was sent on this the 18 day of May, 2015, by certified mail, return receipt requested, to:

Robert Coppage
C & C Mortgage, LLC
1767 Walton Nicholson Road
Walton, KY 40794

Via hand-delivery to:

Hon. Gary W. Adkins
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

Christina Hayden
Department of Financial Institutions