

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2012-AH-0181**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

**FINAL ORDER SUSPENDING MORTGAGE
ORIGINATOR REGISTRATION**

KATHLEEN GATTO

RESPONDENT

* * * * *

This matter is before the Commissioner of the Department of Financial Institutions (“DFI”), pursuant to KRS 286.8-044. The Commissioner hereby enters this **Final Order** suspending Kathleen Gatto’s (“Respondent”) mortgage loan originator registration, pursuant to KRS Chapter 286.8.

FINDINGS OF FACTS

1. DFI is responsible for regulating and licensing mortgage loan originators in accordance with the provisions of KRS Chapter 286.8. No person shall transact business in Kentucky as a mortgage loan originator, unless that person is registered with DFI and complies with all the applicable requirements of KRS Chapter 286.8. *See* KRS 286.8-255(1); *See Also* KRS 286.8-030(1)(c).

2. Respondent is currently registered as a loan originator in Kentucky, pursuant to KRS Chapter 286.8. Her Nationwide Mortgage Licensing System number is 390066.

3. A mortgage loan originator cannot maintain a certificate of registration unless the loan originator demonstrates that he or she is covered by a surety bond that satisfies the requirements of KRS Chapter 286.8. *See* KRS 286.8-255(9).

4. DFI received notification from the Nationwide Mortgage Licensing System (“NMLS”) that the sponsorship is removed from Respondent’s mortgage loan officer registration. Without a sponsorship, Respondent is no longer covered under her employer’s surety bond.

5. On July 23, 2012 DFI, by counsel, filed an Administrative Complaint to suspend Respondent’s loan originator registration. The Administrative Complaint was sent via certified mail, return receipt requested to Respondent’s last known address, 13447 Aquiline Road, Jacksonville, FL 32224.

6. The Administrative Complaint explained that the Respondent must file an answer to the Complaint, including a request for hearing, within twenty (20) days of service. The Administrative Complaint also explained that if a request for hearing was not received within 20 days, DFI would seek a Final Order from the Commissioner granting the relief requested in the Complaint.

7. The Administrative Complaint was signed for on July 28, 2012 and the return receipt was returned to DFI on August 2, 2012.

8. More than twenty (20) days has passed and the Respondent did not timely request an administrative hearing.

9. After having considered all the relevant facts and circumstances and the available remedies, the Respondent’s registration should be suspended.

STATUTORY AUTHORITY

10. Pursuant to KRS 286.8-255(1), “No natural person shall transact business in Kentucky, either directly or indirectly, as a mortgage loan originator or mortgage loan processor unless such mortgage loan originator or mortgage loan processor is registered with the

department and has been issued a current certificate of registration by the department, complies with all applicable requirements of this subtitle, and maintains a valid unique identifier issued by the Nationwide Mortgage Licensing System and Registry. The department shall maintain a database of all mortgage loan originators and mortgage loan processors originating or processing mortgage loans on residential real property in Kentucky. The department shall issue a certificate of registration to all registered mortgage loan originators and mortgage loan processors.”

11. In order to maintain a certificate of registration, a mortgage loan originator must demonstrate “If required by KRS 286.8-060, the applicant holds or is covered by a surety bond which satisfies the minimum requirements set forth in KRS 286.8-060.” *See* KRS 286.8-255(9)(f).

12. KRS 286.8-060(1) provides, “Except as otherwise provided in this section, each mortgage loan company, mortgage loan broker, and mortgage loan originator shall post or be covered by a surety bond for the entire licensure or registration period in an amount prescribed by the commissioner, but in no event shall the bond be less than two hundred fifty thousand dollars (\$250,000) for mortgage loan companies and fifty thousand dollars (\$50,000) for mortgage loan brokers.”

13. Pursuant to 808 KAR 12:021 §4:

In addition to the requirements set forth in this administrative regulation, an applicant applying for registration, renewal, or reinstatement as a mortgage loan originator shall provide proof that the mortgage loan originator holds or is covered by a bond furnished by a surety company authorized to conduct business in Kentucky. If the mortgage loan originator is procuring his or her own bond, the bond shall be submitted on the Surety Bond for Individual Mortgage Loan Originators Form and in an amount determined by annual loan origination as follows:

(a) If the annual loan volume of the applicant is less than ten million dollars the surety bond shall be in an amount not less than \$15,000;
or

(b) If the annual loan volume of the applicant is \$10 million dollars or more, the surety bond shall be in an amount not less than \$20,000.

14. KRS 286.8-090(1)(j) gives DFI the power to suspend a mortgage loan originator registration if the registrant, “Has refused to permit an examination or investigation by the commissioner of his books and affairs or has refused or failed, within a reasonable time, to furnish any information or make any report that may be required by the commissioner under the provisions of this subtitle”.

15. KRS 286.8-090(1)(a) gives DFI the power to suspend a mortgage loan originator registration if the registrant, “Does not meet, no longer meets, or has failed to comply with the requirements of this subtitle”.

16. Pursuant to KRS 286.8-044(2), DFI can file an administrative complaint against any person if it appears that the person is in violation of KRS 286.8-090.

17. KRS 286.8-044(2) states in pertinent part, “The Commissioner shall serve the administrative complaint by certified mail or personal delivery to the last known address of the person named in the complaint. The person named in the administrative complaint shall be entitled to a hearing, but only upon timely receipt of a written answer and request for a hearing within twenty (20) days of the service or hand delivery of the administrative complaint.”

18. KRS 286.8-044(3) explains that service by certified mail is complete upon the earlier of the following:

- (a) The date on which the person receives the mail;
- (b) The date on which the agency receives the return receipt; or
- (c) The date on which the agency receives notice that the mail has been returned undelivered.

CONCLUSIONS OF LAW

19. Respondent has not demonstrated that she is covered by a surety bond that satisfies the requirements of KRS Chapter 286.9.

20. In addition, the Respondent does not meet the requirements of KRS Chapter 286.8. *See* KRS 286.8-090(1)(a).

21. Finally, Respondent has failed to within a reasonable time to furnish information required under KRS Chapter 286.8.

22. Therefore, her registration as a mortgage loan originator must be suspended.

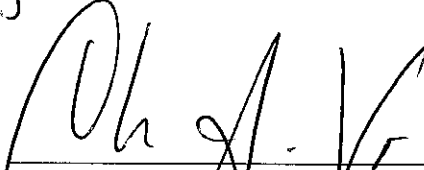
23. The Respondent was properly served the Complaint pursuant to KRS 286.8-044(2) by serving the Respondent via certified mail at the last known address of the Respondent. Service by certified mail is complete pursuant to KRS 286.8-044(3).

24. Respondent failed to timely respond to the Administrative Complaint or request a hearing within twenty (20) days of service. Thus, the Respondent has not perfected her appeal and her right to a hearing is waived in this matter.

ORDER

Based on the Findings of Fact, Statutory Authority, and Conclusions of Law set forth above, the Commissioner **ORDERS** that the mortgage loan originator registration of Respondent Kathleen Gatto is **SUSPENDED**.

Executed on the 28th day of August, 2012.



Charles A. Vice, Commissioner
Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, 40601

This is a **FINAL AND APPEALABLE ORDER**. This Final Order shall become effective upon completion of service as set forth in KRS 286.8-044. This Order shall remain in effect until withdrawn by further Order of the Commissioner or modified by Court Order.

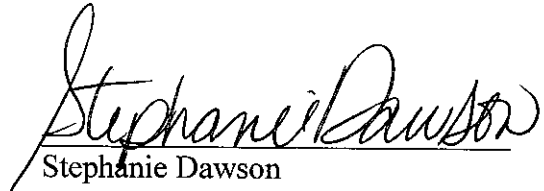
NOTICE OF APPEAL RIGHTS

Pursuant to KRS 286.8-210, you are hereby notified that you have the right to appeal this Final Order of the Commissioner. If you chose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after completion of service of this Final Order. A copy of any Appeal Petition must also be served on the Commissioner.

Certificate of Service

I hereby certify that a copy of the foregoing **Final Order** was sent by certified mail to, return receipt requested, on this the 4th day of September, 2012 to:

Kathleen Gatto
13447 Aquiline Rd.
Jacksonville, FL 32224


Stephanie Dawson
Department of Financial Institutions