



COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2013-AH-0192

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

PMF, INC. a/k/a  
PIONEER MORTGAGE FUNDING, INC. a/k/a  
PIONEER FINANCE MORTGAGE

RESPONDENT

**AGREED ORDER**

1. The Department of Financial Institutions (“DFI”) is responsible for regulating and licensing mortgage loan brokers, mortgage loan companies, mortgage loan originators, and mortgage loan processors in accordance with the provisions set forth in KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act.

2. PMF, Inc. a/k/a Pioneer Mortgage Funding, Inc. a/k/a Pioneer Finance Mortgage (“PMF”) is authorized to do business in Kentucky as a licensed mortgage loan company pursuant to Kentucky Revised Statutes Chapter 286.8, with its principal office located 142 W. Platt Street, Suite 118, Tampa, Florida 33606.

3. On May 25, 2012, DFI received a request for a change of control from the PMF. Upon receipt of the request, DFI requested additional documentation concerning the change of control. The additional documentation was received on August 22, 2012. In investigating the application for change of control, DFI contended Scott Cugno had already purchased PMF from Nicole Cugno. PMF contended and produced evidence it claims shows no change of control occurred as defined by the statute.

4. In addition, it was discovered that the Kentucky Secretary of State revoked PMF's certificate of authority to conduct business in Kentucky for failure to file its 2009 annual report, effective November 3, 2009. PMF had its certificate of authority reinstated effective September 21, 2012. The Department contends this was a violation of 808 KAR 12:021. PMF contends that once it became aware of the issue, PMF immediately saw that it was corrected.

5. Finally, the Department sent repeated communications to PMF that were returned unclaimed. DFI had given PMF previous warnings that failure to respond to DFI inquiries would be a violation of KRS 286.8-090(1)(j). PMF contends the failure respond to the communications was caused by security and mail problems existing in its current principal office building which resulted in the mail not being delivered to the attention of PMF.

6. The Department possesses a range of administrative authority in addressing alleged violations of Chapter 286.6, including license revocation or denial, the imposition of fines in an amount up to \$25,000 per violation, and settlement. *See* KRS §286.8-046; §286.8-090.

7. In this case, the Department assessed a fine against PMF in the amount of four thousand dollars (\$4,000.00) for an alleged unauthorized change of control in violation of KRS §286.8-075, for allegedly failing to respond to DFI inquiries in violation of KRS §286.8-090, and allegedly failing to maintain a certificate of authority in violation of 808 KAR 12:021.

8. In the interest of economically and efficiently resolving the alleged violations described herein, and without PMF admitting any fault, DFI and PMF agree as follows:

- a. PMF agrees to pay the amount of four thousand dollars (\$4,000.00) for the violations described herein;

b. PMF agrees to and shall pay four thousand dollars (\$4,000) of the total fine assessed herein, which shall be in the form of certified checks or money orders made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Katherine W. Ross, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601. The payments will be made as follows: \$500 will be credited to PMF for the refund of a late registration fee, \$1000 will be paid at the signing of this Order, five (5) monthly payments of \$500 will be made by the 15<sup>th</sup> of each month, commencing with March 15, 2014, until the remaining balance is paid in full;

c. PMF has resolved all outstanding registration issues with DFI as of the date of this Agreed Order and DFI dismisses, with prejudice, the pending Administrative Action, 2013-AH-0192.

d. This Agreed Order does not affect PMF's continuing obligation to comply with KRS Chapter 286.8 and 808 KAR Chapter 12 going forward.

e. Except for proceedings to enforce the terms of this Order, this Agreed Order does not affect either party's right to assert any defenses in future proceedings, nor shall anything contained herein be considered or used as an admission against interest in any future proceedings.

f. DFI hereby agrees and approves of the change of control pursuant to KRS 286.8-075 for PMF to Scott Cugno.

9. PMF 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.

10. PMF consents to and acknowledges the jurisdiction of the Department of Financial Institutions over this matter and that this Agreed Order is a matter of public record and

may be disseminated as such.

11. In consideration of execution of this Agreed Order, PMF for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, Department of Financial Institutions, 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 PMF 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.

12. By signing below, the parties acknowledge that they are authorized to execute this Order and legally bind their respective parties.

13. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 5 day of March, 2014.

  
CHARLES A. VICE  
COMMISSIONER



Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 5 day of March, 2014, by certified mail, return receipt requested, to the following:

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