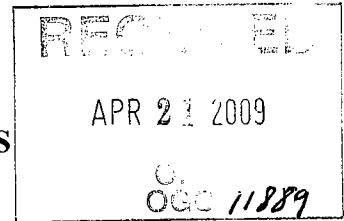


COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2008-AH-269  
ADMINISTRATIVE ACTION NO. 09-PPC-0011



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

VS.

SCOTT ALEXANDER

RESPONDENT

**AGREED ORDER OF SUSPENSION**

**Background**

On November 6, 2008, the Department of Financial Institutions (“DFI”) issued an Administrative Complaint against the Respondent, Scott Alexander, seeking to revoke his registration as a mortgage loan originator and to assess a fine against him in the amount of five thousand dollars (\$5000). Mr. Alexander was subsequently charged with a felony in Kenton District Court on charges directly related to the allegations in the Administrative Complaint. Due to concerns regarding Mr. Alexander’s constitutional rights, the parties have agreed to hold this matter in abeyance pending resolution of the felony case in Kenton County. As part of the agreement for continuation of this matter Mr. Alexander consents to the entry of this Agreed Order of Suspension of his Registration as a Mortgage Loan Originator. This Agreed Order is entered pursuant to KRS 286.8-090(1) and is based on the following factual findings, which Mr. Alexander, without admitting or denying, agrees constitute the basis for the Administrative Complaint and for this Agreed Order:

## **Departmental Findings**

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

2. Scott Alexander was approved by and is registered with DFI as a loan originator since May 13, 2008.

3. Pursuant to a complaint filed with DFI on May 10, 2008, an investigation was conducted to determine whether Mr. Alexander engaged in fraudulent and deceptive practices. As a result of the investigation, an Administrative Complaint was brought against Mr. Alexander seeking to revoke his registration and to assess a fine against him in the amount of five thousand dollars (\$5000).

4. Mr. Alexander worked as a loan originator for Sierra Home Loans, LLC from February 2007 to February 2008, without being properly registered with DFI.

5. In August 2007 Mr. Alexander engaged in deceptive practices by willfully misstating the terms of a sales agreement on a sales contract between Thomas Landscaping Construction, Inc. and borrowers, Richard and Glenda Neiheisel.

6. Mr. Alexander engaged in deceptive practices by using the misstated sales agreement to procure a credit approval letter on September 14, 2007 for Richard and Glenda Neihiesel that was later withdrawn due to misstatements in the sales agreement.

7. In attempting to procure a loan for the Neihesels, Mr. Alexander acted incompetently by failing to disclose to the Neiheisals that they were unlikely to obtain a

conforming loan with monthly payments in their stated price range of \$1,000 to \$1,200 and in failing to provide or refer the Neiheisels to credit counseling in a timely manner.

8. Mr. Alexander acted incompetently by arranging a loan contract with terms unfavorable to and not desired by the borrower, Dorothy Heisler.

9. On September 4, 2007, Mr. Alexander engaged in fraudulent and deceptive practices by fraudulently inducing Ms. Heisler to give him \$3,200 of the proceeds she received from her August 2007 refinance, even though the taxes had been paid at closing. Mr. Alexander falsely told Ms. Heisler that the taxes were not paid at closing and that he could pay the taxes at a discount if Ms. Heisler gave Mr. Alexander \$3,220. Based on Mr. Alexander's false statements, Ms. Heisler gave Mr. Alexander the money.

10. Mr. Alexander engaged in fraudulent and deceptive practices in September 2007, by fraudulently inducing Ms. Heisler to give him an additional \$5,000 of the proceeds from the refinance. Mr. Alexander falsely told Ms. Heisler that the \$5,000 was an "investment" into the construction of a new home, and that Ms. Heisler would be able to "double" her money upon completion of the project when, in fact, no such project or construction of a new home ever existed.

11. When questioned by Ms. Heisler about her \$5,000 investment, Mr. Alexander engaged in fraudulent and deceptive practices by forging a sales agreement between Thomas Landscaping and Construction, Inc., and himself and provided the forged document to Ms. Heisler as proof that the project was in progress, when in fact no such project existed.

### **Statutory Authority**

12. Pursuant to KRS 286.8-255(7) all mortgage loan originators and mortgage loan processors shall be subject to all applicable provisions of KRS Chapter 286.8.

13. Pursuant to KRS 286.8-030(1)(c), it is unlawful for any mortgage loan originator, unless otherwise exempted, to originate mortgage loans or otherwise participate in the mortgage lending process in Kentucky if the mortgage loan originator is not registered in accordance with KRS 286.8-255.

14. Pursuant to KRS 286.8-220, it is unlawful for any person, in connection with a transaction involving the mortgage lending process, or in connection with the operation of a mortgage loan business, directly or indirectly, to employ a devise, scheme, or artifice to defraud, or to engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person.

15. Pursuant to KRS 286.8-090(1), the commissioner may suspend or revoke any registration if the commissioner finds that the registrant: (1) does not meet, no longer meets, or has failed to comply with the requirements of KRS Chapter 286.8; (2) does not conduct business in accordance with the law or the method of business includes or would include activities which are illegal where performed; (3) is guilty of fraud in connection with any transaction governed by KRS Chapter 286.8; (4) has made any misrepresentations or false statements to, or concealed any essential or material fact from, any person in the mortgage lending process, or has engaged in a course of business that has worked or tended to work a fraud upon any person; (5) has demonstrated incompetence or untrustworthiness to act as a registrant; or (6) has violated any provision of KRS Chapter 286.8.

16. Pursuant to KRS 286.8-046, the commissioner may levy a civil penalty against any person who violates any provision of KRS Chapter 286.8 in an amount not less than \$1,000 nor more than \$25,000 per violation.

**AGREEMENT AND ORDER**

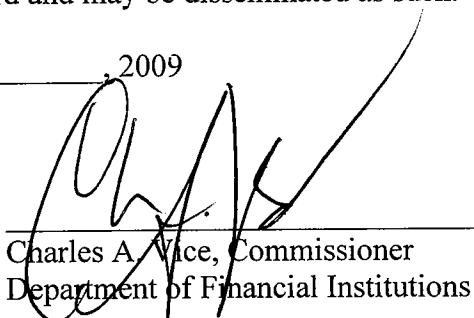
In order for this matter to be continued pending resolution of the criminal charges against Mr. Alexander, and without admitting to any of the allegations in the Administrative Complaint, Mr. Alexander and DFI agree to the following:

1. Effective on the date signed by the Commissioner of DFI, the Mortgage Loan Originator Registration No. MC22534 of Scott Alexander is suspended indefinitely.

2. Scott Alexander agrees to cease from engaging in all mortgage activities in Kentucky, including but not limited to transacting business as a mortgage loan broker, mortgage loan company, mortgage loan originator, or mortgage loan processor, pending further order and notice.

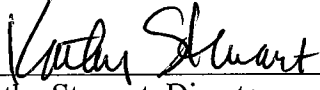
3. Scott Alexander waives all rights to seek judicial review or otherwise to challenge the validity of this Order. Further, he consents to and acknowledges the jurisdiction of the Department of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.

This 1<sup>st</sup> day of May, 2009

  
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Charles A. Vice, Commissioner  
Department of Financial Institutions

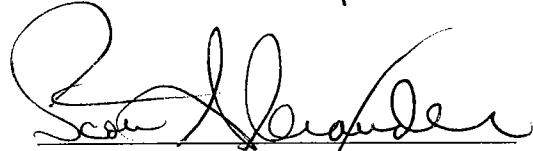
Agreed to:

This 25<sup>th</sup> day of March, 2009.

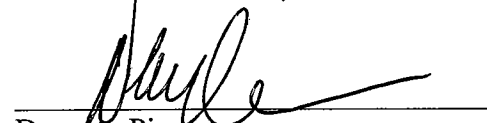


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Kathy Stewart, Director  
Division of Financial Institutions  
Department of Financial Institutions

This 13<sup>th</sup> day of April, 2009.

  
\_\_\_\_\_  
Scott Alexander  
Respondent

This 14 day of April, 2009.

  
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Dean A. Pisacano  
Attorney for Respondent