

COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2017-AH-00012  
AGENCY CASE NO. 2017-AH-00070



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

WILLIAM JOSEPH KEYES

RESPONDENT

**FINAL ORDER**

\* \* \* \* \*

The Department of Financial Institutions (“DFI” or “Department”) is responsible for administering the provisions of Kentucky Revised Statutes (“KRS”) Chapter 286.8, as well as any applicable rules, regulations and Orders entered pursuant to KRS 286.8. After careful consideration of the record in this matter, including the Hearing Officer’s Recommended Order and any duly filed exceptions, for the reasons set forth herein, the Department’s Commissioner hereby enters this Findings of Fact, Conclusions of Law, and Final Order adopting, in part, and modifying, in part, the Hearing Officer’s Recommended Order. Specifically, pursuant to KRS 286.8-044(1), the Commissioner of DFI enters this Final Order revoking William Joseph Keyes’ (“Keyes” or “Respondent”) registration as a mortgage loan originator.

**FINDINGS OF FACT**

1. At the time of the incidents in question, William Joseph Keyes was registered as a mortgage loan originator (“MLO”) in the Commonwealth of Kentucky under NMLS # 63013.

2. Respondent was employed by Stockton Mortgage Corporation from May 19, 2015, until July 23, 2015.

3. On July 30, 2015, Stockton Mortgage Company reported to DFI that Respondent had been terminated after an allegation that he had used a customer's debit card information without authorization.

4. Respondent was employed by First Liberty Financial Mortgage from July 23, 2015 until October 27, 2015.

5. On November 2, 2015, First Liberty Financial Mortgage reported to DFI that Respondent had been terminated after an allegation that he had taken client funds for personal use.

6. On November 28, 2015, Respondent voluntarily surrendered his mortgage loan originator registration to DFI.

7. On February 20, 2017, the Department sent, via certified mail, an Administrative Complaint addressing the foregoing allegations. The Complaint was returned undeliverable.

8. On June 5, 2017, Respondent again applied with the Department for registration as a mortgage loan originator.

9. After several unsuccessful attempts to serve Respondent with the Administrative Complaint via certified mail, the Department served Respondent personally with the Administrative Complaint on June 14, 2017.

10. On July 3, 2017, the Department received Respondent's written request for a hearing on the Administrative Complaint.

11. On July 13, 2017, the Department filed a Notice of Hearing on the Administrative Complaint, and sent Respondent a Notice of Intent to Deny his June 5, 2017 MLO registration application.

12. On July 14, 2017, Jim Howard, Hearing Officer with the Public Protection Cabinet, Office of Administrative Hearings, was assigned to conduct the hearing on the Administrative Complaint.

13. On August 29, 2017, at the request of DFI, Mr. Howard consolidated (a) the case involving the Administrative Complaint and (b) DFI's Notice of Intent to Deny into one hearing to be held on October 13, 2017.

14. After several rescheduled hearing dates, the parties ultimately reached a global settlement on March 14, 2018, which included the revocation of Respondent's MLO registration.

15. By email dated March 28, 2018, Respondent confirmed with the Department and Mr. Howard that Respondent had accepted the Department's offer of settlement and would be mailing a signed Agreed Order to the Department.

16. On several additional occasions between March and May 2018, Respondent continued to confirm that he had accepted DFI's offer and agreed to a revocation of his MLO registration, but still failed to return the signed Agreed Order memorializing the settlement.

17. On April 9, 2018, Respondent again confirmed by telephone to Mr. Howard that he had agreed to the settlement and would mail the Agreed Order to the Department.

18. On May 21, 2018, the Department notified Mr. Howard that the Department had still not received the signed Agreed Order from Respondent, and requested a Status Hearing.

19. Mr. Howard set a telephonic Status Hearing for June 1, 2018. Notice of the Status Hearing was sent to DFI and the Respondent by email and first class mail. On June 1, 2018, Respondent did not answer the call for the Status Hearing. Instead, Mr. Howard received a message stating that “[t]he person you are attempting to reach is not accepting calls at this time. Please try your call again later.” Mr. Howard followed up with an email to Respondent, but received no response from Keyes.

20. On June 4, 2018, Mr. Howard entered a Recommended Order, recommending that the Department enter the Agreed Order without Respondent’s signature, based on the fact that Respondent had confirmed on multiple occasions that he agreed to all of its terms.

#### **CONCLUSIONS OF LAW**

21. Pursuant to KRS 13B.080(6), if a party fails to participate in a prehearing conference, hearing, or other stage of the administrative hearing process, or fails to comply with the orders of a hearing officer, the Hearing Officer may adjourn the proceedings and issue a default order granting or denying relief as appropriate. A default order under KRS 13B.080(6) shall be considered a recommended order and shall be processed as provided in KRS 13B.110.

22. While the Hearing Officer did not specifically designate his Recommended Order a “Default Order,” the Commissioner finds that the Recommended Order constitutes a Default Order for the purposes of this action. Keyes’ failure to appear at

the June 1, 2018 Status Conference, and his failure to follow through with his stated intention to submit the signed Agreed Order to DFI, constitute grounds for entry of a Default Order under KRS 13B.080(6).

23. The June 4, 2018 Recommended Order issued by Howard recommended that the Agreed Order be entered as if signed by Keyes, and advised Respondent of his right to file Exceptions to the Recommended Order. Keyes failed to file any Exceptions to the Recommended Order.

24. The Commissioner finds that, based on the communications attached to the Recommended Order, including email messages from Keyes, Respondent has agreed to a revocation of his mortgage loan originator registration.

25. Accordingly, for the Department's Final Order, the Commissioner hereby adopts the Hearing Officer's Recommended Order as modified herein.

### **FINAL ORDER**

**THEREFORE**, based on the foregoing Findings of Fact and Conclusions of Law, and pursuant to KRS 286.8-044(1) and KRS 13B.120, the Commissioner **ORDERS** that Keyes' mortgage loan originator registration is **REVOKED**.

This is a **FINAL AND APPEALABLE ORDER**. The **EFFECTIVE DATE** of this Order shall be the date reflected on the certificate of service attached to this Order.

**NOTICE OF APPEAL RIGHTS**

Pursuant to KRS 286.8-210, you are hereby notified that any person aggrieved by this Final Order of the Commissioner may obtain a review of the Order by the Franklin Circuit Court. If you choose to appeal, you must file a written petition asking that the order be modified or set aside in whole or in part in the Franklin Circuit Court within sixty (60) days after the date reflected on the certificate of service attached to this Final Order. A copy of the petition must be served upon the Commissioner.

IT IS SO ORDERED on this the 28<sup>th</sup> day of August 2018.

  
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CHARLES A. VICE  
COMMISSIONER

**Certificate of Service**

I hereby certify that a copy of the foregoing **Final Order** was sent by certified mail return receipt requested on this the 29 day of August, 2018, to the following:

William Joseph Keyes  
1361 Crume Road  
Vine Grove, Kentucky 40175-4043

And hand delivered to:

Gary A. Stephens  
Staff Attorney  
Department of Financial Institutions  
1025 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

  
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Allison Evans  
Department of Financial Institutions