

EXHIBIT 4

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9
10 **IN THE UNITED STATE BANKRUPTCY COURT**
11 **FOR THE DISTRICT OF ARIZONA**

12 In re:

13 MORTGAGES LTD.,

14 Debtor.

Chapter 11

Case No. 2:08-bk-07465-RJH

**NOTICE OF FILING OF
ADMINISTRATIVE ACTION
BY THE ARIZONA DEPARTMENT
OF FINANCIAL INSTITUTIONS**

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16
17 NOTICE IS HEREBY GIVEN that the Arizona Department of Financial Institutions
18 issued a Notice of Hearing to Revoke on February 27, 2009, *In the Matter of the Mortgage*
19 *Banker License of Mortgages, Ltd.*, No. 09F-BD-058-BNK, a copy of which is attached
20 hereto as Exhibit A.

21 DATED this 2nd day of March, 2009.

22 TERRY GODDARD
Attorney General

23
24 By: /s/Craig A. Raby
25 Craig A. Raby, Assistant Attorney General
Consumer Protection & Advocacy Section
26 Attorneys for the Arizona Department of
Financial Institutions

1 COPY of the foregoing electronically transmitted
2 on March 2, 2009, to the Clerk's Office using the
3 CM/ECF System for filing and transmittal of a Notice
4 of Electronic Filing to CM/ECF registrants and via e-mail
5 and/or mail to parties not registered as participants of the
6 CM/ECF System to parties on the attached Service List.

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/s/Susan L. Hill
231381; PHX-AGN-2008-0432

MORTGAGES LTD. SERVICE LIST
2:08-bk-07465

<p>John R. Clemency, Esq. Todd A. Burgess, Esq. Greenberg Traurig, LLP 2375 E. Camelback Road, #700 Phoenix, AZ 85015 clemencyj@gtlaw.com burgesst@gtlaw.com Atty for: Mortgages Ltd.</p>	<p>Jonathan E. Hess Larry Watson Office of the U.S. Trustee 230 N. 1st Avenue, Suite 204 Phoenix, Arizona 85003-1706 jon.e.hess@usdoj.gov Larry.watson@usdoj.gov Atty for: US Trustee</p>	<p>Donald L. Gaffney Donald Fredrick Ennis Snell & Wilmer LLP One Arizona Center Phoenix, Arizona 85004-2202 dgaffney@swlaw.com dfennis@swlaw.com Atty for: Central & Monroe; KGM Builders; Osborn III Partners</p>
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<p>Sean O'Brien Gust Rosenfeld, PLC 201 E. Washington St., #800 Phoenix, AZ 85004-2327 spobrien@gustlaw.com Atty for: Larry Lattig, Litigation Trustee</p>	<p>Richard R. Thomas T. Whitney Thomas Schern Richardson 1640 South Stapley Dr., #205 Mesa, Arizona 85204 rthomas@thomas-schern.com twhitney@thomas-schern.com Atty for: Eva Sperber-Porter, Litchfield Road Associates Limited Partnership, and Baseline & Val Vista Associates Limited Partnership</p>	<p>Danfel P. Collins Collins, May Potenza, Baran & Gillespie 201 North Central Ave., #2210 Phoenix, Arizona 85004-0022 dcollins@cmptglaw.com Atty for: William Hall</p>
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<p>Steven M. Goldstein Sacks Tierney P.A. 4250 N. Drinkwater Blvd., 4th Fl. Scottsdale, AZ 85251-3693 Atty for: Louis and Lucille Shapiro and BRLS Acorn</p>	<p>Thomas J. Salerno Jordan A. Kroop Squire Sanders & Dempsey LLP 40 N. Central, #2700 Phoenix, AZ 85004 tsalerno@ssd.com jkroop@ssd.com Atty for: G. Grant Lyon, Trustee of Radical Bunny</p>	<p>Jay R. Graif Jeffrey C. Matura Erin E. Byrnes Harper Christian Dichter & Graif 2700 N. Central Ave., #1200 Phoenix, AZ 85004 jgraif@hcdglaw.com jmatura@hcdglaw.com ebyrnes@hcdglaw.com Attys for: Jeffrey C. Stone dba Summit Builders</p>
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<p>Andrew A. Harnisch Snell & Wilmer L.L.P. One Arizona Center Phoenix, AZ 85004-2202 aharnisch@swlaw.com Atty for: SOJAC I, LLC</p>	<p>Jeffrey S. Kaufman 13525 N. 92nd Place Scottsdale, AZ 85260 Jeff@kaufmanesq.com Atty for: Custodian FBO Jeffrey S. Kaufman Beneficiary for Samuel Kaufman IRA</p>	<p>Christopher R. Kapp Tiffany & Bosco, PA 2525 E. Camelback, 3rd Floor Phoenix, AZ 85016-4237 crk@tblaw.com Atty for: Mountain Funding, LLC</p>
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<p>Mark W. Roth Shugart Tomson & Kilroy PC 3636 North Central Phoenix, AZ 85012 mroth@stklaw.com Atty for: Cottonwood Parking, Inc.</p>	<p>Michel F. Beethe Bonnet, Fairbourn, Friedman & Balint, P.C. 2901 N. Central Avenue, Suite 100 Phoenix, AZ 85012 mbeethe@bffb.com Atty for: Douglas A. Drago and Elizabeth Drago</p>	<p>Douglas F. Behm Douglas F. Behm, PLLC 14362 N. Central Ave., Suite 1000 Scottsdale, AZ 85260 dbehm@behmlawfirm.com Atty for: Behm</p>
<p>J. Mathew Derstine Roshka Dewulf & Patten PLC 400 E. Van Buren, Suite 800 Phoenix, AZ 85004 mderstine@rdp-law.com Atty for: Mortgages Ltd.</p>		

407508; PHX-AGN-2008-0432

EXHIBIT A

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Mortgage Banker License
3 of:

No. 09F-BD058-BNK

4 **MORTGAGES LTD.**
4455 E. Camelback Road
5 Phoenix, AZ 85018

NOTICE OF HEARING TO REVOKE

6 Respondent.

RECEIVED

FEB 27 2009

O.A.H

7 PLEASE TAKE NOTICE that, pursuant to Arizona Revised Statutes ("A.R.S.") §§ 6-138,
8 and 41-1092.02, the above-captioned matter will be heard through the Office of Administrative
9 Hearings, an independent agency, and is scheduled for April 16 and 17, 2009, at 9:00 a.m., at the
10 Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix, Arizona, (602)
11 542-9826 (the "Hearing").

12 The purpose of the Hearing is: (1) to determine whether grounds exist to suspend or revoke
13 Respondent's mortgage banker license; (2) to order any other remedy necessary or proper for the
14 enforcement of statutes and rules regulating mortgage bankers in Arizona pursuant to A.R.S.
15 §§ 6-123 and 6-131; and (3) to impose a civil money penalty pursuant to A.R.S. § 6-132.

16 Pursuant to A.R.S. § 6-138, the Superintendent of Financial Institutions for the State of
17 Arizona (the "Superintendent") delegates the authority vested in the Superintendent, whether implied
18 or expressed, to the Director of the Office of Administrative Hearings or the director's designee to
19 preside over the Hearing as the Administrative Law Judge, to make written recommendations to the
20 Superintendent consisting of proposed Findings of Fact, Conclusions of Law, and Order. The Office
21 of Administrative Hearings has designated Brian Tully, at the address and phone number listed
22 above, as the Administrative Law Judge for these proceedings. Pursuant to Arizona Administrative
23 Code ("A.A.C.") Rule 2-19-104 and A.R.S. §§ 41-1092.01(H)(1) and 41-1092.08, the
24 Superintendent retains authority to enter orders granting a stay, orders on motions for rehearing, final
25 decisions pursuant to A.R.S. § 41-1092.08 or other order or process which the Administrative Law
26 Judge is specifically prohibited from entering.

1 Motions to continue this matter shall be made in writing to the Administrative Law Judge not
2 less than fifteen (15) days prior to the date set for the Hearing. A copy of any motion to continue
3 shall be mailed or hand-delivered to the opposing party on the same date of filing with the Office of
4 Administrative Hearings.

5 A.R.S. § 41-1092.07 entitles any person affected by this Hearing to appear in person and by
6 counsel, or to proceed without counsel when submitting evidence, to have a reasonable opportunity
7 to inspect all documentary evidence, to cross-examine witnesses, to present evidence and witnesses
8 in support of his/her interests, and to have subpoenas issued by the Administrative Law Judge to
9 compel attendance of witnesses and production of evidence. Pursuant to A.R.S. § 41-1092.07(B),
10 any person may appear on his or her own behalf or by counsel.

11 Pursuant to A.R.S. § 41-1092.07(E), a clear and accurate record of the proceedings will be
12 made by a court reporter or by electronic means. Any party that requests a transcript of the
13 proceedings shall pay the cost of the transcript for the court reporter or other transcriber.

14 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant
15 Attorney General Craig A. Raby, (602) 542-8889, 1275 West Washington, Phoenix, Arizona 85007.

16 NOTICE OF APPLICABLE RULES

17 The hearing will be conducted pursuant to A.A.C. R20-4-1201 through R20-4-1220 and the
18 rules governing procedures before the Office of Administrative Hearings, A.A.C. R2-19-101 through
19 R2-19-122. A copy of these rules is enclosed.

20 Pursuant to A.A.C. R20-4-1209, Respondent shall file a written answer within twenty (20)
21 days after issuance of this Notice of Hearing. The answer shall briefly state the Respondent's
22 position or defense and shall specifically admit or deny each of the assertions contained in this
23 Notice of Hearing. If the answering Respondent is without or is unable to reasonably obtain
24 knowledge or information sufficient to form a belief as to the truth of an assertion, Respondent shall
25 so state, which shall have the effect of a denial. Any assertion not denied is deemed admitted.
26 When Respondent intends to deny only a part or a qualification of an assertion, or to qualify an

1 assertion, Respondent shall expressly admit so much of it as is true and shall deny the remainder.

2 Any defense not raised in the answer is deemed waived.

3 **If a timely answer is not filed, pursuant to A.A.C. R20-4-1209(D), Respondent will be**
4 **deemed in default** and the Superintendent may deem the findings in this Notice of Hearing as true
5 and admitted and the Superintendent may take whatever action is appropriate, including (1)
6 suspension or revocation of Respondent's license; (2) any other remedy necessary or proper for the
7 enforcement of statutes and rules regulating mortgage bankers in Arizona pursuant to A.R.S.
8 §§ 6-123 and 6-131; and (3) imposing a civil money penalty pursuant to A.R.S. § 6-132.

9 Respondent's answer shall be mailed or delivered to the Arizona Department of Financial
10 Institutions, 2910 North 44th Street, Suite 310, Phoenix, Arizona 85018, with a copy mailed or
11 delivered to the Office of Administrative Hearings, 1400 West Washington, Suite 101, Phoenix,
12 Arizona 85007 and to Assistant Attorney General Craig A. Raby, Consumer Protection & Advocacy
13 Section, Attorney General's Office, 1275 West Washington, Phoenix, Arizona 85007.

14 **Persons with disabilities may request reasonable accommodations such as interpreters,**
15 **alternative formats, or assistance with physical accessibility.** Requests for special
16 accommodations must be made as early as possible to allow time to arrange the accommodations. If
17 accommodations are required, call the Office of Administrative Hearings at (602) 542-9826.

18 COMPLAINT

19 1. Respondent Mortgages Ltd. is an Arizona corporation authorized to transact business in
20 Arizona as a mortgage banker, license number BK-0007577, within the meaning of A.R.S. §§ 6-941,
21 *et seq.* The nature of Mortgages Ltd.'s business is that of making, negotiating, or offering to make
22 or negotiate loans secured by Arizona real property, within the meaning of A.R.S. § 6-941(5).

23 2. Richard M. Feldheim is the President and CEO of Mortgages Ltd.

24 3. Respondent failed to maintain a surety bond, as required by A.R.S. § 6-943(H), while
25 conducting business as a mortgage banker, which is grounds for denial, suspension or revocation
26 pursuant to A.R.S. § 6-945(A)(7); specifically:

- 1 a. On or about December 15, 2008, the Department received a Notice of Cancellation or
2 Nonrenewal from Great American Insurance Company advising the Department that
3 Mortgages Ltd.'s Bond, Number 3373981, was cancelled effective January 9, 2009;
- 4 b. On December 17, 2008, the Department sent a letter via certified mail to Respondent
5 informing it of the bond cancellation and of its statutory obligation as a mortgage
6 banker licensee to replace the cancelled bond. The letter was received and signed for
7 on December 18, 2008;
- 8 c. On January 15, 2009, the Department received a letter from Respondent, stating that
9 the bond had been canceled in error, it was working on getting its bond reinstated, and
10 asked for a one week extension; and
- 11 d. The Department still has not received an original bond.
- 12 4. Beginning on June 4, 2008, through January 30, 2009, the Department conducted an
13 examination of the mortgage banker business of Mortgages Ltd. and found that Respondent:
- 14 a. Failed to prominently display its mortgage banker license in the office of the mortgage
15 banker as required; specifically:
- 16 i. The examiners were informed that the mortgage banker license was in one of the
17 second floor offices, and had never been on display in the main lobby of
18 Respondent's building;
- 19 b. Failed to notify the Superintendent before changing the address of the principal place
20 of business; specifically:
- 21 i. Respondent changed the address of its principal place of business in March,
22 2008. The Department was not notified of the address change until April 17,
23 2008. In addition, the incorrect original license was received with the
24 application for the address change;
- 25 ii. On December 15, 1999, Respondent informed the Department that it lost its
26 original license during its move from 2833 North Third Street, Phoenix, AZ

- 1 85004 to 55 East Thomas Road, Phoenix, AZ 85012; and
- 2 iii. On April 17, 2008, the Department received the original license from the Third
- 3 Street address that was reported "lost" in 1999 for Respondent's move to 4455
- 4 East Camelback Road, Phoenix, AZ 85018, instead of the correct 55 E. Thomas
- 5 Road original license;
- 6 c. Failed to obtain the Superintendent's prior written consent before control of the
- 7 mortgage banker license was acquired through a stock purchase or other device;
- 8 specifically:
- 9 i. The sole owner of Respondent is the SMC Revocable Trust U/T/A dated
- 10 December 22, 1994, as amended ("SMC Trust"). Scott M. Coles ("Coles") was
- 11 the sole trustee of the SMC Trust. Coles passed away on June 2, 2008 and,
- 12 according to the terms of the SMC Trust, Tom Hirsch ("Hirsch") automatically
- 13 became the successor trustee; and
- 14 ii. Respondent's attorney filed articles of organization for NMLC, LLC, a limited
- 15 liability company organized under the laws of Arizona, on June 9, 2008. On the
- 16 same day, Hirsch executed a proxy granting NMLC, LLC the power to vote all
- 17 shares of the capital stock of NMLC, LLC. This action was a 100% (one
- 18 hundred percent) change of control of the voting shares of Respondent;
- 19 d. Failed to use its license number within regulated advertising in at least four (4)
- 20 advertisements and/or solicitations;
- 21 e. Failed to conduct the minimum elements of reasonable employee investigations prior
- 22 to hiring at least fifteen (15) employees; specifically:
- 23 i. The Employment Eligibility Verification (Form I-9) was incomplete for at least
- 24 one (1) employee;
- 25 ii. Obtained an Employment Eligibility Verification (Form I-9) after the hire date
- 26 of at least six (6) employees;

- 1 iii. A completed and signed employment application was incomplete for at least one
2 (1) employee;
- 3 iv. The signed statement attesting to all of an applicant's felony convictions,
4 including detailed information regarding each conviction, was incomplete for at
5 least one (1) employee;
- 6 v. Conducted an incorrect felony inquiry (ten year limit on convictions) for at least
7 one (1) employee;
- 8 vi. Failed to consult with the applicant's most recent or next most recent employer
9 or failed to date said inquiry for nine (9) employees;
- 10 vii. Failed to inquire regarding an applicant's qualifications and competence for the
11 position or failed to date said inquiry for nine (9) employees;
- 12 viii. Failed to obtain a current credit report from a crediting reporting agency prior to
13 hiring at least six (6) employees;
- 14 ix. Failed to investigate further after at least three employees' credit report
15 contained derogatory information; and
- 16 x. Failed to correct this violation from their previous examination;
- 17 f. Failed to keep and maintain at all times correct and complete records clearly reflecting
18 the financial condition of Mortgages Ltd.; specifically:
- 19 i. Since Respondent did not record a reserve for loan impairment, owned real
20 estate, a doubtful loan receivable and a demand for payment under a guarantee
21 of another's debt, its financial statements do not accurately reflect the financial
22 condition of the business. Had Respondent recorded such a reserve and/or
23 liability, its equity would have been negatively affected and would have been
24 stated at negative <\$47.7 million> in its unaudited financial statements dated
25 May 31, 2008;
- 26 g. Failed to update and reconcile, on a monthly basis, records having more than ten (10)

1 transactions in a calendar quarter; specifically:

2 i. Since Respondent's bank accounts incur more than ten transactions during a
3 calendar quarter, Respondent must reconcile its accounts monthly.

4 Respondent's Tax Impound Account and Collection Trust Account have not
5 been reconciled, per Respondent's own admission;

6 h. Failed to maintain a complete corporate organizational file; specifically:

7 i. The stock ledger and stock certificates maintained by Respondent have not been
8 updated as required;

9 ii. The last issuance date for a new stock certificate for the non voting shares is
10 November 1, 1995. The last issuance date for a new stock certificate for the
11 common voting shares is November 1, 1995 as well. These stock certificates
12 were issued in the name of the SMC-FLC Revocable Trust dated 12/22/94; and

13 iii. Before his death, the sole trustee amended/restated the trust documents at least
14 three times. At least one amendment/restatement was a name change to the
15 Trust, yet the stock transfer ledger does not indicate that a new stock certificate
16 was issued;

17 i. Made a false promise or misrepresentation or concealed an essential or material fact in
18 the course of the mortgage banking business; specifically:

19 i. Misrepresented loan funding ability:

20 1. Respondent approved mortgage loans for construction projects on a "delayed
21 funding" basis, meaning that a large portion of the approved funds would be
22 provided to borrowers in increments, at a date later than the initial close
23 date;

24 2. Respondent approved mortgage loans with the full knowledge that the funds
25 required to complete the contractually committed funding were not available
26 to the company and would have to be satisfied through other means; and

- 1 3. In at least two instances, Respondent was unable to fund approved
2 construction draw requests totaling \$32 million, resulting in borrowers'
3 inability to complete construction projects that were already in progress;
- 4 ii. Misrepresented true financial position:
- 5 1. The May 31, 2008 financial statements misrepresented the true financial
6 condition of Respondent because Respondent failed to accrue and record
7 various items. Respondent did not record reserves for loan impairment or
8 the decline in value of its owned real estate portfolio;
- 9 2. Respondent did not accrue a reserve for a \$6 million loan to the SMC
10 Revocable Trust, whose collectibility is uncertain and did not disclose that it
11 had guaranteed a \$12 million loan taken out by SM Coles LLC; and
- 12 3. The recordation of all relevant adjustments would have had a negative
13 impact of \$57.5 million on Respondent's balance sheet. Respondent's
14 equity at May 31, 2008 would have gone from \$9.8 million dollars to a
15 negative equity of <\$47.7 million>;
- 16 j. Failed to meet at all times its statutorily required minimum net worth of not less than
17 two hundred fifty thousand dollars (\$250,000.00); specifically:
- 18 i. Respondent's net worth, after all required adjustments as described in the
19 "Generally Accepted Accounting Principles" violation set forth below would
20 have been stated at negative <\$47.7 million> as of May 31, 2008;
- 21 k. Respondent is insolvent as defined in A.R.S. § 47-1201(23), which is grounds for
22 denial, suspension or revocation pursuant to A.R.S. § 6-945(A)(1); specifically:
- 23 i. On June 23, 2008, Respondent filed a motion in the United States Bankruptcy
24 Court to convert an involuntary petition for a Chapter 7 bankruptcy to a case
25 under Chapter 11. The Chapter 7 proceeding was brought by certain borrowers
26 of Respondent;

1 ii. On June 24, 2008, the Bankruptcy Court approved Respondent's motion and
2 Respondent became the debtor-in-possession with respect to the Chapter 11
3 proceeding, *In Re Mortgages Ltd.*, U.S. Bankruptcy Court, District of Arizona,
4 No. 2:08-bk-07465-RJH; and

5 iii. Respondent is insolvent; specifically:

- 6 1. Respondent was unable to pay interest in the amount of \$1.165 million on
7 \$197 million of Notes Payable due to its primary lender in June, 2008;
- 8 2. Respondent was unable to fund \$32 million of approved draws under
9 outstanding loan agreements;
- 10 3. Unrecorded reductions in assets or increases in liabilities, amounting to
11 \$57.5 million, would have caused Respondent's May 31, 2008 unaudited
12 financial statements to disclose a negative equity of <\$47.7 million>; and
- 13 4. Respondent's future commitment to fund the 46 loans reviewed was \$203
14 million as of June 30, 2008. Respondent's unaudited financial statements as
15 of May 31, 2008 indicated that Respondent had less than \$1 million in cash
16 on hand and no ability to borrow the needed funds;

17 i. Failed to furnish information to the Superintendent within a reasonable time, which is
18 grounds for denial, suspension or revocation pursuant to A.R.S. § 6-945(A)(3);
19 specifically:

- 20 i. During the course of the examination, Respondent was asked to provide
21 financial statement information on the SMC Revocable Trust and SM Coles
22 LLC. Respondent made a loan to the SMC Revocable Trust in the amount of
23 \$6 million, and the collectibility of the note was in question. Numerous
24 transactions occurred between Respondent and SM Coles LLC. An
25 understanding of these transactions was sought to determine what effect they
26 might have on the company; and

- 1 ii. Respondent's CFO was asked to provide the aforementioned information, but
2 the information was never provided;
- 3 m. Failed to maintain a statutorily correct trust subsidiary ledger and failed to verify each
4 trust balance to each trust subsidiary ledger at reconciliation; specifically:
- 5 i. Failed to include in Respondent's trust subsidiary ledger for the tax impound
6 account provisions for:
- 7 1. Amount received;
- 8 2. Date received;
- 9 3. Date deposited into the trust account;
- 10 4. Amount disbursed;
- 11 5. Date disbursed; and
- 12 6. Disbursement's payee and purpose;
- 13 ii. Failed to reconcile each trust balance to each trust subsidiary ledger at each
14 reconciliation; and
- 15 iii. Failed to correct this violation from its previous examination;
- 16 n. Failed to observe Generally Accepted Accounting Principles ("GAAP") in preparation
17 of its financial statements; specifically:
- 18 i. In its May 31, 2008 unaudited financial statements, Respondent:
- 19 1. Failed to record mortgages held for investment and sale at the lower of cost
20 or fair market value;
- 21 2. Failed to recognize that the cost of their mortgages held as security for
22 RevOp investors exceeded their fair market value;
- 23 3. Failed to recognize the decline in fair market value of its real estate
24 investments held for sale;
- 25 4. Failed to assess the collectibility of a \$6 million note receivable from a
26 related party, and failed to record an allowance against such note; and

- 1 h. A.A.C. R20-4-1806(C) by failing to update and reconcile, on a monthly basis, records
2 having more than ten (10) transactions in a calendar quarter;
- 3 i. A.A.C. R20-4-1806(B)(9) by failing to maintain a complete corporate organizational
4 file;
- 5 j. A.R.S. § 6-947(L) by making a false promise or misrepresentation or concealing an
6 essential or material fact in the course of the mortgage banking business;
- 7 k. A.R.S. § 6-943(C)(3)(b) by failing to meet at all times its statutorily required
8 minimum net worth of not less than two hundred fifty thousand dollars (\$250,000.00);
- 9 l. A.R.S. § 6-945(A)(1) by its insolvency as defined in A.R.S. § 47-1201(23);
- 10 m. A.R.S. § 6-945(A)(3) by failing to furnish information to the Superintendent within a
11 reasonable time, which is grounds for denial, suspension or revocation;
- 12 n. A.A.C. R20-4-1806(B)(5), by failing to maintain a trust subsidiary ledger and failing
13 to verify each trust balance to each trust subsidiary ledger at reconciliation; and
- 14 o. A.R.S. § 6-946(B) and A.A.C. R20-4-102 by failing to observe generally accepted
15 accounting principles in preparation of its financial statements.

16 3. Respondent is insolvent within the meaning of A.R.S. § 47-1201(23), which is grounds
17 for the suspension or revocation of Respondent's mortgage banker license, pursuant to A.R.S.
18 § 6-945(A)(1)

19 4. Respondent failed, within the reasonable time, to furnish any information or make any
20 report as required by the Superintendent, which is grounds for the suspension or revocation of
21 Respondent's mortgage banker license, pursuant to A.R.S. § 6-945(A)(3).

22 5. Respondent failed to maintain the required surety bond, a violation of A.R.S. § 6-943(H),
23 thereby failing to conduct business in accordance with the law and violating A.R.S. Title 6, Chapter
24 9 and the rules related to Chapter 9, which is grounds for the suspension or revocation of
25 Respondent's mortgage banker license, pursuant to A.R.S. § 6-945(A)(7).

26 6. The violations, set forth above, constitute grounds for the pursuit of any other remedy

1 necessary or proper for the enforcement of statutes and rules regulating mortgage bankers in Arizona
2 pursuant to A.R.S. §§ 6-123 and 6-131.

3 7. Pursuant to A.R.S. § 6-132, Respondent's violations of the aforementioned statutes are
4 grounds for a civil penalty of not more than five thousand dollars (\$5,000.00) for each violation for
5 each day.

6 WHEREFORE, if after a hearing, the Superintendent makes a finding of one or more of the
7 above described violations or other grounds for disciplinary action, the Superintendent may: (1)
8 suspend or revoke Respondent's mortgage banker license pursuant to A.R.S. § 6-945; (2) order any
9 other remedy necessary or proper for the enforcement of statutes and rules regulating mortgage
10 bankers in Arizona under A.R.S. §§ 6-123 and 6-131; and (3) impose a civil money penalty pursuant
11 to A.R.S. § 6-132.

12 DATED this 27 day of February, 2009.

13 Felecia A. Rotellini
14 Superintendent of Financial Institutions

15 By Robert D. Charlton
16 Robert D. Charlton
Assistant Superintendent of Financial Institutions

17 ORIGINAL of the foregoing filed this 27th
18 day of February, 2009, in the office of:

19 Felecia Rotellini
20 Superintendent of Financial Institutions
21 Arizona Department of Financial Institutions
22 ATTN: Susan Longo
23 2910 N. 44th Street, Suite 310
24 Phoenix, AZ 85018

25 COPY mailed/delivered same date to:

26 Brian Tully, Administrative Law Judge
Office of the Administrative Hearings
1400 West Washington, Suite 101
Phoenix, AZ 85007

1 Craig A. Raby, Assistant Attorney General
Attorney General's Office
2 1275 West Washington
Phoenix, AZ 85007

3 Robert D. Charlton, Assistant Superintendent
4 Richard Fergus, Licensing Division Manager
Joan Doran, Senior Examiner
5 Arizona Department of Financial Institutions
2910 N. 44th Street, Suite 310
6 Phoenix, AZ 85018

7 AND COPY MAILED SAME DATE, by
Certified Mail, Return Receipt Requested to:

8 Mortgages Ltd.
9 c/o Richard M. Feldheim, President and CEO
4455 E. Camelback Road
10 Phoenix, AZ 85018

11 Mortgages Ltd.
c/o Christopher J. Olson, Chief Financial Officer
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