COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2009-AH-103

DEPARTMENT OF FINANCIAL INSTITUTIONS COMPLAINANT

vs.

FINAL ORDER

RT MORTGAGE CORPORATION RESPONDENT

STATEMENT OF FACTS

1. DFI is responsible for regulating and licensing mortgage loan companies and mortgage loan brokers doing business in Kentucky in accordance with the provisions of KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act (the "Act").

2. On August 11, 2008, DFI issued a mortgage loan broker license (MB23218) to Respondent, RT Mortgage Corporation ("RT") for the purpose of engaging in the mortgage loan broker business in the Commonwealth of Kentucky with its principal place of business located at 4464 Dixie Highway, Franklin, Ohio 45005. On December 29, 2008, DFI issued a second mortgage loan broker license (MB23646) to RT for the purpose of engaging in the mortgage loan broker business at an office located at 71 Cavalier Boulevard, Suite 309, Florence, KY.

3. Pursuant to the Act, DFI conducted an examination of RT on March 19, 2009, to determine whether the activities of RT were in compliance with applicable laws and regulations; whether the practices and policies of RT had a potentially adverse impact on prospective borrowers; and whether the business was being operated efficiently, fairly, and in the public interest.

4. During the examination, DFI discovered several violations of the Act which occurred during the 2008 calendar year, including the use of unregistered loan processors and the use of several unregistered loan originators in loan origination. RT also used deceptive practices during the March 19, 2009 examination. A copy of the examination report was provided to RT on May 5, 2009.

5. On December 15, 2009, DFI filed an Administrative Complaint against RT seeking the imposition of $24,500.00 in fines for the following violations of the Act:

Violation Date	Statute Violated	Description
2/28/2008 3/11/2008 12/17/2008	Unregistered loan originator KRS 286.8-030	Three unregistered loan originators – Terry Neace, John Cooper, & Mark Merkhofer
	Unregistered loan processor KRS 286.8-030	Two unregistered loan processors – Tereasa Keesee & Susie James
3/19/09	KRS 286.8-220	RT provided DFI's examiner altered loan documents.

6. Respondent was served with a copy of the Administrative Complaint, via certified mail return receipt requested on December 18, 2009. Respondent failed to respond to the Administrative Complaint and therefore no hearing was requested in this matter.

STATUTORY AUTHORITY

1. Pursuant to KRS 286.8-030(1)(c), it is unlawful for any natural person to transact business in Kentucky as a mortgage loan originator or a mortgage loan processor, unless otherwise exempted, to originate mortgage loans in Kentucky if the mortgage loan originator or mortgage loan processor is not registered in accordance with KRS 286.8-255.

2. Pursuant to KRS 286.030(1)(d), it is unlawful for any mortgage loan company or mortgage loan broker to employ or use a mortgage loan originator or a mortgage loan processor if the mortgage loan originator or mortgage loan processor is not registered in accordance with KRS 286.8-255 or otherwise exempted.

3. Pursuant to KRS 286.8-030(1)(e), it is "unlawful for any mortgage loan company to employ or use, with or without compensation, a mortgage loan broker if the mortgage loan broker is not licensed in accordance with the requirements of this subtitle" unless otherwise exempted.

4. Pursuant to KRS 286.030(4), "each solicited, attempted, or closed loan shall constitute a separate violation of this section."

5. Pursuant to KRS 286.8-220(2), 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 or the management or servicing of mortgage loans directly or indirectly to employ a device, 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.

6. Pursuant to KRS 286.8-046(1), the Executive Director may assess a fine of not less than one thousand dollars ($1,000) nor more than twenty-five thousand dollars ($25,000) per violation, "plus the state's costs and expenses for the examination, investigation, and prosecution of the matter, including reasonable attorney's fees and court costs" against any mortgage loan company or mortgage loan broker that violates any provision of the Act or accompanying regulations.

CONCLUSIONS

Based on the foregoing, the Commissioner determines:

1. Respondent violated KRS 286.8-030 by employing or utilizing three unregistered loan originators and two unregistered loan processors.

2. Respondent violated KRS 286.8-220 by providing DFI's examiner with altered loan documents.

3. Despite being properly served pursuant to KRS 13B-050(2) with an Administrative Complaint at its last known address on December 18, 2009, Respondent failed to respond to the Administrative Complaint or request a hearing within twenty (20) days of service of the Complaint as required by KRS 286.8-044. Thus, no hearing was held or deemed necessary in this matter.

ORDER

THEREFORE, based upon the foregoing statement of facts, statutory authority, and conclusions, the Commissioner **HEREBY ORDERS:**

1. Respondent, RT Mortgage Corporation's Kentucky mortgage brokers licenses are revoked;

2. Respondent, RT Mortgage Corporation shall pay a fine in the amount of twenty-four thousand five hundred dollars ($24,500.00) for violations of the Act detailed herein. RT Mortgage shall pay the fine in the form of a certified check or money order made payable to "Kentucky State Treasurer" and delivered to the Department of Financial Institutions, Attn: Simon Berry, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601 within ten (10) days of the effective date of this Order and

3. This is a **FINAL ORDER**.

This **ORDER** shall become effective upon completion of service as set forth in KRS 13B-050(2).

NOTICE OF APPEAL RIGHTS

Pursuant to KRS 13B.140, you are hereby notified that you have the right to appeal this Final Order of the Commissioner. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within thirty (30) days after entry of this Order.

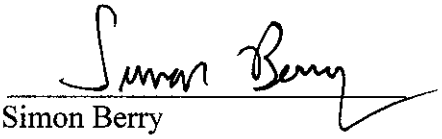
IT IS SO ORDERED on this the 19th day of January 2010.

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

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 28th day of January, 2010, to the following:

David Krause
President
RT Mortgage Corporation
4464 Dixie Highway
Franklin, OH 45005



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