COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2006-AH-026
ADMINISTRATIVE ACTION NO. 06-PPC-0260

OFFICE OF FINANCIAL INSTITUTIONS **COMPLAINANT**

FINAL ORDER

INNOVATIVE MORTAGE SOLUTIONS, LTD **RESPONDENT**

** ** ** ** **

This matter is before the executive director upon the Settlement Agreement reached between the parties on November 27, 2007, wherein the Respondent, Innovative Mortgage Solutions, Ltd ("Innovative"), by and through its President, Joseph H. Flaherty ("Flaherty"), agreed to a fine of $1,000.00 for each violation of KRS 286.8-255, for the employment of two unregistered loan officers working for his company, for a total fine of $2,000.00. The parties agreed to suspend the fine until such time as Flaherty seeks any financial service license or registration from the Complainant, Office of Financial Institutions ("OFI"). The suspension of the fine is due to the fact that Flaherty self reported the violations.

Flaherty further agreed to be responsible for the payment of the examination fee of $682.50 for an examination that was conducted of his company by the OFI on June 20, 2005. However, to date the examination fee has not been paid despite the agreement to the contrary.

THEREFORE, the executive director being sufficiently advised, the Settlement Agreement reached by the parties in this matter is herein incorporated by reference into this Final Order. It is hereby **ORDERED** that a civil penalty of $2,000.00 be levied

against Innovative for the employment of two unregistered loan officers, in violation of KRS 286.8-255. However, the payment of the civil penalty is suspended until such time as Flaherty applies for a license or registration with any financial service that the OFI regulates.

It is further **ORDERED** that Flaherty pay the examination fee of $682.50 within thirty-one (31) days of the date of this Final Order. In the event the examination fee is not paid, the OFI shall forward the unpaid examination fee to the Kentucky Department of Revenue, which is authorized by KRS 45.239(4) and KRS 45.241 et seq., to collect delinquent debt owed to the Commonwealth. The Department of Revenue may utilize the following administrative collection actions in order to collect the debt due:

1. Seizure on all property or rights to property, both real and personal including, but not limited to the attachment of any funds held by a bank on your behalf, the garnishment of any wages paid to you by your employer, and the seizure and sale of any real estate you may own.

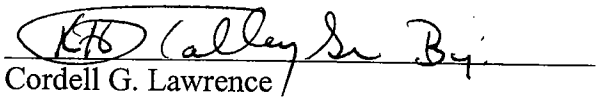
2. A Notice of State Lien may be filed with your county clerk. This lien will encumber all real and personal property you now own or may acquire in the future. It should be understood that the filing of a lien may be reflected in credit records maintained by various credit bureaus.

3. Any tax refund or other monies that may become due to you from the Commonwealth may be offset to your outstanding debt.

4. Twenty-five per-cent (25%) collection fee may be added to the total debt amount due to defray the cost of collection.

Innovative is entitled to file a written appeal of this Final Order within thirty (30) days of its effective date to the Franklin Circuit Court.

IT IS SO ORDERED this the 20th day of March, 2008.



Cordell G. Lawrence
Executive Director

cc: Agency Record
Hon. Thomas Hellman
Hon. Greg Jennings
Hon. Patrick Flaherty

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2007-AH-026
ADMINISTRATIVE ACTION NO. 06-PPC-0260

OFFICE OF FINANCIAL INSTITUTIONS — COMPLAINANT

vs. **SETTLEMENT AGREEMENT**

INNOVATIVE MORTGAGE SOLUTIONS — RESPONDENT

** ** ** ** **

FINDINGS OF FACT

1. Innovative Mortgage Solutions, LTD ("Innovative") previously was licensed by the Office of Financial Institutions ("OFI") to conduct business as a mortgage broker. During its period of licensing, Innovative was subject to KRS 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act. Innovative was engaged in the mortgage broker business in an office located at 920 Frederica Street, Owensboro, Kentucky 42301.

2. Pursuant to KRS 286.8-170, an examination was conducted on June 20, 2005 of Innovative. The examination report noted several violations, most prominently the employment of two unregistered loan officers, in violation of KRS 286.8-030(1)(c) and KRS 286.8-255.

3. Joseph Flaherty, President of Innovative, indicated that he self-reported the unlicensed loan officers to Shelby Merritt, an employee of OFI, in March 2005.

4. Flaherty has failed to pay on behalf of Innovative the 2005 examination fee of $682.50 as required by KRS 286.8-170(5).

5. Innovative is no longer in the mortgage business having had its license expire.

6. An administrative complaint and notice of administrative hearing was filed by the OFI on August 10, 2006 against Innovative.

CONCLUSIONS OF LAW

1. Innovative is in violation of KRS 286.8-030(1)(c) and KRS 286.8-255 by employing two (2) unregistered loan officers to conduct mortgage business in this Commonwealth without first being registered with the OFI.

2. Innovative is in violation of KRS 286.8-170(5) by failing to pay for the 2005 examination.

3. KRS 286.8-090 states that the executive director may impose various sanctions including the ability to levy a civil penalty between $1,000.00 and $5,000.00 for each violation of KRS 286.8.

AGREEMENT

1. Flaherty agrees on behalf of Innovative to pay the OFI a fine in the amount of one thousand dollars ($1,000) for each violation of KRS 286.8-255. However, in light of the fact that Flaherty self-reported the violation and that he is no longer in the mortgage business, the OFI agrees to suspend payment of the two thousand dollars ($2,000) until such time as Flaherty seeks any financial services license or registration from the OFI. The imposition of this civil penalty shall not preclude the OFI from imposing additional civil penalty for any subsequent violation(s) of KRS 286.8.

2. Flaherty agrees to forthwith pay the examination fee of $682.50 upon execution of this agreement

3. In regard to this matter, Innovative agrees to waive its right to a demand a hearing, where it would be entitled to legal representation, to confront and cross-examine

witnesses for the OFI, and to present evidence on its own behalf. Further, Innovative agrees to and acknowledges the jurisdiction of the OFI over this matter and understands that this agreement is a matter of public record and may be disseminated as such.

IT IS SO ORDERED on this the 27th day of November 2007

Cordell G. Lawrence
Executive Director

Consents to:

This the 19th day of Nov, 2007

Joseph H. Flaherty, President
Innovative Mortgage Solutions, LTD

This the ____ day of _____, 2007

Patrick Flaherty, esq.
Counsel for Respondent

This the 27th day of November, 2007

Greg A. Jennings, General Counsel
Counsel for the Complainant