COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2007-AH-488

OFFICE OF FINANCIAL INSTITUTIONS PETITIONER

vs. **ORDER TO CEASE AND DESIST**

UNKNOWN COMPANY d/b/a
KENTUCKY TITLE LOANS, INC.

and

UNKNOWN PERSON OR PERSONS d/b/a
KENTUCKY TITLE LOANS, INC. RESPONDENTS

INTRODUCTION

The Office of Financial Institutions ("OFI") initiated this administrative action after receiving several complaints from consumers alleging that the Internet website registered in the name of "Kentucky Title Loans, Inc." was providing "loans" to consumers without being proper licensed or registered in this Commonwealth.

STATEMENT OF FACTS

1. The OFI is responsible for regulating and licensing consumer loan companies in accordance with the provisions of KRS Chapter 286.4.

2. The OFI is responsible for regulating and licensing mortgage loan companies and mortgage loan brokers in accordance with the provisions of KRS Chapter 286.8

3. OFI received several complaints from consumers that have utilized the Internet website url http://www.ktlinc.net which home page is named "Kentucky Title

Loan, Inc." The complaints allege that the website requires the consumers to complete an application prior to being approved for a "loan". The applicants are then required to provide monies via internet payment prior to completing the "loan" transaction. The consumers never receive any "loan" proceeds. The website states that Kentucky Title Loans, Inc. is the voice of experience when it comes to loans..." and it is "offering great loans and mortgages has left us with the ability to help those..." Finally, the website claims that Kentucky Title Loans, Inc is a "Licensed Mortgage Loan Company and Mortgage Loan Broker."

4. An investigation by OFI based on the complaints revealed that the website domain name is held by person or persons or company improperly utilizing the name of the "Kentucky Title Loan, Inc". Kentucky Title Loan, Inc. filed Articles of Dissolution with the Kentucky Secretary of States Office on December 27, 2002 and no longer is in business.

CONCLUSIONS OF LAW

1. Pursuant to KRS 286.4-420 states that no person shall, without first obtaining a license from the executive director, engage in the business of making loans in the amount or of the value of fifteen thousand dollars ($15,000) or less at a greater rate of interest, or consideration therefore than otherwise permitted by law.

2. KRS 367.381 makes it a violation of the Consumer Protection Act for a loan broker to assess or collect an advance fee from a borrower to provide services as a loan broker.

3. KRS 286.4-991 states that any person who shall engage in the business regulated by this subtitle without first securing a license therefore shall be guilty of a

misdemeanor and upon conviction thereof shall be punished by a fine of not less than five hundred dollars ($500) nor more than five thousand dollars ($5,000). Any loan contract made in violation of this subtitle shall be void and the lender shall have no right to collect any principal, charges or recompense whatsoever.

4. Pursuant to KRS 286.8-030(1)(a), it is unlawful for any person to transact business in this state, either directly or indirectly, as a mortgage loan company or mortgage loan broker if he is not licensed under Chapter 286.8 and registered in accordance with KRS 286.8-255, unless that person is exempt under KRS 286.8-020 and, if required by KRS 286.8-020(3) to file a claim of exemption, has filed a claim of exemption and the filed claim of exemption has been allowed by the executive director..

5. Pursuant to KRS 286.8-030(3), any person who willfully transacts business in this state in violation of subsection (1) of this section shall have no right to collect, receive, or retain any interest or charges whatsoever on a loan contract, but the unpaid principal of the loan shall be paid in full.

6. Pursuant to KRS 286.190(2)(a) if it appears to the executive director that any mortgage loan company or mortgage loan broker has engaged in or is about to engage in any practice in violation of the law, the executive director may order a mortgage loan company or mortgage loan broker to cease and desist from the acts or practices by a formal written order.

7. Because it appears to the executive director that an unknown person or persons or business are fraudulently utilizing the name of Kentucky Title Loan Inc. by pretending to be a consumer or mortgage loan company and are in violation of the above-referenced statutes, and these unknown person(s) or company is utilizing the website Kentucky Title

Loan, Inc. for the purpose of improperly receiving personal and financial information and receiving money through "phishing" on the Internet, it is necessary to order the unknown person or persons or business to cease and desist from the acts or practices by a formal written order. The executive director has determined that it is necessary to order unknown person or persons or business from using the name Kentucky Title Loan, Inc. and to immediately cease and desist from soliciting and originating any type of loans until such time as it is properly licensed with the Office of Financial Institutions.

ORDER

Based upon the foregoing statement of facts/allegations, statutory authority and conclusions, the executive director hereby **ORDERS** as follows:

1. That the unknown person or persons or company improperly utilizing the name of the Kentucky Title Loan, Inc immediately **CEASE AND DESIST** from using that name until it has properly registered the name with the Kentucky Secretary of State.

2. That the unknown person or persons or company improperly utilizing the name of Kentucky Title Loan, Inc. immediately **CEASE AND DESIST** from soliciting loans in this Commonwealth without a license in violation of KRS 286.4-420.

3. That the unknown person or persons or company illegally requiring consumer to assess or collect an advance fee from consumers in violation of KRS 367.381.

4. That the unknown person or persons or company utilizing the name of Kentucky Title Loan, Inc. immediately **CEASE AND DESIST** from originating mortgage loans at any office not registered, licensed or exempted, in accordance with KRS 294.255.

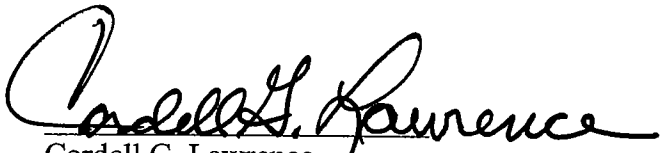
5. That the unknown person or persons or company utilizing the name of Kentucky Title Loan, Inc. evidence to the Office of Financial Institutions that it has complied with the requirements of this Cease and Desist Order and the requirements of the Kentucky Financial Services Code and the Kentucky Consumer Protection Act.

6. That the unknown person or persons or company utilizing the name of Kentucky Title Loan, Inc. immediately **CEASE AND DESIST** from using the domain name http://www.ktlinc.net.

NOTICE OF APPEAL

Pursuant to KRS 286.4-630, you are hereby notified that you have the right to a hearing to appeal this Order of the Executive Director. If you choose to appeal, you must notify the Office of Financial Institutions in writing within thirty (30) days after the entry of this Order and, on receipt, OFI will schedule the matter for a hearing in accordance with KRS Chapter 13B.

IT IS SO ORDERED on this the 11 day of July, 2007.



Cordell G. Lawrence
Executive Director
Office of Financial Institutions
1025 Capital Center Drive, Ste. 200
Frankfort, Kentucky 40601

CERTIFICATE OF SERIVCE

I, Greg A. Jennings, hereby certify that a copy of the foregoing Order to Cease and Desist was sent on this the 12th day of July, 2007, by certified mail, return receipt requested, to Unknown Person or Persons or Business, d/b/a Kentucky Title Loan, Inc., 1801 Monmouth Street, Newport, Kentucky 41071; and by sending an electronic copy to the website listed email address of ktlincinfo@yahoo.com.

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