COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2008-AH-015

OFFICE OF FINANCIAL INSTITUTIONS COMPLAINANT

vs.

FINAL ORDER
IMPOSING FINE

STEPHEN TODD DAVIS RESPONDENT

Statement of Facts

1. The Office of Financial Institutions ("OFI") is responsible for regulating and licensing mortgage loan companies, mortgage loan brokers, and mortgage loan originators in accordance with the provisions of KRS Chapter 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act.

2. Mr. Davis was registered with OFI as a loan officer pursuant to KRS 286.8-255. Said registration expired on June 30, 2007 and has not been renewed.

3. Mr. Davis was employed as a loan officer with Capital Lending Source in Lexington, Kentucky. In January 2008, while working as a loan officer on a borrower's file, Mr. Davis fraudulently created a document and forged the signature on that document for the purpose of expediting a loan approval from the lender.

4. On March 5, 2008, OFI filed an Administrative Complaint against Respondent. Respondent failed to respond to the 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 loan officer, unless otherwise exempt, to originate mortgage loans in Kentucky if the loan officer is not registered in accordance with KRS 286.8-255.

2. Pursuant to KRS 286.8-255(6), all loan officers originating loans in Kentucky shall be subject to KRS 286.8-220(2) and KRS 286.8-990.

3. Pursuant to KRS 286.8-220(2)(a) and (b), it is unlawful for any regulated person, in connection with the operation of a mortgage loan business or the management or servicing of mortgage contracts, directly or indirectly, to employ a device, scheme, or artifice to defraud, or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

4. Pursuant to KRS 286.8-990(5), the executive director may assess a fine of not less than one thousand dollars ($1,000) nor more than five thousand dollars ($5,000) against any regulated person that violates any provision of KRS Chapter 286.8.

Conclusions

Based upon the foregoing, the executive director has determined as follows:

1. Respondent violated KRS 286.8-030(1)(c) by originating mortgage loans in Kentucky without being registered in accordance with KRS 286.8-255.

2. In January 2008, while working as a loan officer on a borrower's file, Respondent fraudulently created a document and forged the signature on that document for the purpose of expediting a loan approval from the lender. Such conduct violated KRS 286.8-220(2) by engaging in an act, practice, or course of business which operated as a fraud or deceit upon the lender.

3. In light of these violations of KRS 286.8, Respondent is subject to a fine of not less than one thousand dollars ($1,000) nor more than five thousand dollars ($5,000) for each violation.

4. Despite being properly served pursuant to KRS 13B.050(2) with an Administrative Complaint, Respondent failed to respond to the Complaint or request a hearing within twenty (20) days of service of the complaint as required by 808 KAR 12:030.

Order

THEREFORE, based upon the foregoing statement of facts, statutory authority, and conclusions, the executive director **HEREBY ORDERS** as follows:

1. That **Stephen Todd Davis** is fined **five thousand dollars ($5,000)** for violating KRS 286.8-030(1)(c) and KRS 286.8-220(2);

2. That **Stephen Todd Davis** is prohibited from originating or processing mortgage loans in Kentucky without being properly registered in accordance with KRS 286.8-255; and

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

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

Notice of Appeal Rights

Pursuant to KRS 286.8-210, you are hereby notified that you have the right to appeal this Final Order of the Executive Director. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within sixty (60) days after entry of this Order.

IT IS SO ORDERED on this the 5th day of May, 2008.

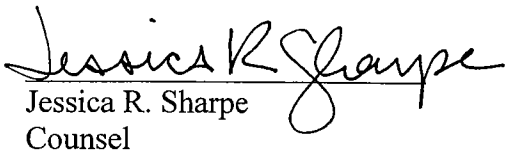
By:

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

Certificate of Service

I, Jessica R. Sharpe, hereby certify that a copy of the foregoing **Final Order Imposing Fine** was sent on this the 5th day of May, 2008, by certified mail, return receipt requested, to the following:

Mr. Stephen Todd Davis
716 Hycliffe Drive
Richmond, KY 40475



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