

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF MORTGAGE LENDING

Before the Commissioner of the Division of Mortgage Lending

In the Matter of:

JFK FINANCIAL, INC.  
Mortgage Broker License No. 2074,  
Respondent.

Order No. 2012-11

CONSENT ORDER  
TO CEASE AND DESIST VIOLATING NRS 645B  
AND  
TO PAY ADMINISTRATIVE FINE AND COSTS

Issued and Entered,  
This 5th day of June, 2012,  
By James Westrin,  
Commissioner

The Commissioner of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Commissioner") having been statutorily charged with the responsibility and authority to administer and enforce Chapter 645B and Chapter 645E of the Nevada Revised Statutes, NRS 645B.010 *et seq.* and NRS 645E.010 *et seq.*, and Chapter 645B and Chapter 645E of the Nevada Administrative Code, NAC 645B.001 *et seq.* and NAC 645E.001 *et seq.*, governing the licensing and conduct of mortgage agents, mortgage brokers, and mortgage bankers in the State of Nevada; and,

The Commissioner having been granted general supervisory power and control over all mortgage agents, mortgage brokers, and mortgage bankers doing business in the State of Nevada pursuant to NRS 645B and NRS 645E; and,

JFK Financial, Inc. (the "Respondent") having made application for and been granted a license by the Commissioner as a mortgage broker, License No. 2074, pursuant to NRS 645B, on November 11, 2005; and,

1 Respondent having been licensed with the Division of Mortgage Lending (the "Division") as a  
2 mortgage broker pursuant to NRS 645B at all times relevant to this matter and, therefore, subject to the  
3 jurisdiction of the Commissioner; and,

4 The Division having conducted an examination of Respondent's books, records, accounts and  
5 business practices, pursuant to NRS 645B.060, beginning on March 4, 2011 and concluding on  
6 May 2, 2011; and,

7 The Division's examination having revealed that Respondent had engaged in or was engaging in  
8 conduct that violated provisions of NRS 645B.010 *et seq.* Specifically, the Division's examination  
9 alleged that the Respondent:

10 1. Failed to ensure that all of its mortgage agents were properly licensed to conduct  
11 origination activity, in violation of NRS 645B.450(2) and NRS 645B.670(2)(c);

12 2. Failed to license a branch location, in violation of NRS 645B.020(2) and NRS  
13 645B.670(2)(c);

14 3. Failed to confirm that submitted monthly activity reports that correctly identified the  
15 name of the mortgage originator, in violation of NRS 645B.670(2)(c); and

16 4. Inserted dates on documents in relation to residential mortgage loans, in violation of  
17 NRS 645B.670(2)(o); and,

18 On May 2, 2011, the Division conducted an exit interview with the Respondent to discuss the  
19 findings of the examination. Respondent asserts that the alleged violations were not knowing and  
20 willful, and, on October 7, 2011, during an informal meeting with the Division to discuss the  
21 Respondent's written response to the examination, Respondent's outlined a comprehensive plan  
22 detailing corrective actions to be implemented in response to the Division's allegations; and

23 The Division having conducted a follow-up examination of Respondent and Respondent's  
24 books, records, accounts and business practices, pursuant to NRS 645B.060, beginning on  
25 January 9, 2012 and concluding on January 23, 2012; and,

26 The findings of the Division's examination revealed that Respondent had implemented measures  
27 to correct the findings of the 2011 examination and the findings resulted in a satisfactory rating; and

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1 The Division and Respondent having conferred concerning this matter and determined to resolve  
2 this matter pursuant to the following terms:

3 1. Respondent agrees to CEASE AND DESIST from any violation of NRS 645B as set  
4 forth above;

5 2. Respondent agrees to:

6 a. Maintain procedures to ensure that: (i) all mortgage loans originated in the State  
7 of Nevada are originated by mortgage agents who are properly licensed with the Division; (ii) all  
8 mortgage applications are taken and signed by the licensed mortgage agent conducting the application  
9 interview; and (iii) all 1003s and mortgage disclosure documents are signed and dated by the applicant  
10 on the date in which the application was taken or the disclosure was received by the borrower.

11 b. Ensure that all policies, procedures and controls permit only licensed mortgage  
12 agents to engage in mortgage origination activities and that it employs safeguards to ensure that the  
13 Calyx system utilized for mortgage loan origination recognizes the licensing date of a mortgage agent  
14 and prevents the name from being entered on any loan document reflecting a date prior to the mortgage  
15 agent being properly licensed;

16 c. Ensure that its monthly activity reports are timely and accurately filed with the  
17 Division; and

18 d. Develop, implement and maintain a comprehensive quality control process for  
19 pre- and post-closing review of originated mortgage loans. The quality control review will be  
20 conducted by a person who did not participate in the origination or processing of the mortgage loan.

21 3. Respondent agrees to pay to the Division an ADMINISTRATIVE FINE in the amount of  
22 Forty-Nine Thousand One Hundred Twenty-Five Dollars and No Cents (\$49,125.00). The  
23 ADMINISTRATIVE FINE shall be paid in two installments according to the following terms:

24 a. Upon the entry of this order, Respondent agrees to make an initial payment in the  
25 amount of \$24,125.00;

26 b. A second and final payment in the amount of \$25,000.00 shall be tendered on or  
27 before October 31, 2012.

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1 In consideration of the Division's agreement to the above payment terms, Respondent agrees  
2 that if Respondent fails to timely comply with the payment terms, and does not demonstrate compliance  
3 at an informal opportunity to show compliance conference offered to Respondent in accordance with  
4 NRS 233B.127, Respondent voluntarily agrees to consent to the revocation of its license and knowingly  
5 and voluntarily agrees to waive and relinquish any right it may now or hereafter have to: 1) an  
6 administrative hearing to contest the revocation of Respondent's license for failure to comply with the  
7 terms of this order; 2) to judicial review of this order or a subsequent order revoking Respondent's  
8 license for failure to comply with the terms of this order; and 3) to otherwise challenge or contest in any  
9 manner or matter the basis, issuance, validity, effectiveness, or enforceability of this order or a  
10 subsequent order revoking Respondent's license for failure to comply with the terms of this order.

11 4. Respondent agrees to pay to the Division, in accordance with NRS 622.400 and upon the  
12 entry of this order, the Division's ADMINISTRATIVE COSTS in the amount of Six Hundred Dollars  
13 and No Cents (\$600.00); and,

14 Respondent's president, qualified-employee, and sole-shareholder, Jonathan Kinney, having  
15 knowingly and voluntarily affixed his signature to the attached VOLUNTARY CONSENT TO ENTRY  
16 OF CONSENT ORDER, incorporated herein by this reference, has consented to the issuance of this  
17 CONSENT ORDER TO CEASE AND DESIST FROM VIOLATING NRS 645B and ORDER TO  
18 PAY ADMINISTRATIVE FINE AND COSTS (the "Order") with the intent to be legally bound hereby,  
19 and has waived and relinquished any and all rights that Respondent may now or hereafter have to an  
20 administrative hearing in this matter or to judicial review of, or otherwise challenge or contest, the entry  
21 of this Order; and,

22 Respondent having had opportunity to consult with legal counsel of its choosing concerning this  
23 matter; and,

24 The Commissioner having determined that the terms of this ORDER are a reasonable resolution  
25 of this matter and in the public interest.

26 NOW, THEREFORE, IT IS HEREBY ORDERED that:

27 1. Respondent shall CEASE AND DESIST from violating NRS 645B.670(2)(c) and NRS  
28 645B.670(2)(o).

1           2.     Respondent shall:

2           a.     Maintain procedures to ensure that: (i) all mortgage loans originated in the State of  
3 Nevada are originated by mortgage agents who are properly licensed with the Division; (ii) all mortgage  
4 applications are taken and signed by the licensed mortgage agent conducting the application interview;  
5 and (iii) all 1003s and mortgage disclosure documents are signed and dated by the applicant on the date  
6 in which the application was taken or the disclosure was received by the borrower.

7           b.     Ensure that all policies, procedures and controls permit only licensed mortgage  
8 agents to engage in mortgage origination activities and that it employs safeguards to ensure that the  
9 Calyx system utilized for mortgage loan origination recognizes the licensing date of a mortgage agent  
10 and prevents the name from being entered on any loan document reflecting a date prior to the mortgage  
11 agent being properly licensed;

12           c.     Ensure that its monthly activity reports are timely and accurately filed with the  
13 Division; and

14           d.     Develop, implement and maintain a comprehensive quality control process for pre-  
15 and post-closing review of originated mortgage loans. The quality control review will be conducted by  
16 a person who did not participate in the origination or processing of the mortgage loan.

17           3.     Respondent shall pay to the Division an ADMINISTRATIVE FINE in the amount of  
18 Forty Nine Thousand One Hundred Twenty-Five Dollars and No Cents (\$49,125.00) pursuant to the  
19 following terms and subject to the agreed upon conditions set forth above:

20           a.     Upon the entry of this order, Respondent shall make an initial payment in the amount  
21 of \$24,125.00; and

22           b.     A second and final payment in the amount of \$25,000.00 shall be tendered on or  
23 before October 31, 2012.

24           4.     Respondent shall pay to the Division, in accordance with NRS 622.400 and upon the  
25 entry of this order, the Division's ADMINISTRATIVE COSTS in the amount of Six Hundred Dollars  
26 and No Cents (\$600.00).

27           5.     This Order shall be and is effective and enforceable on the date that it is issued, as  
28 shown in the caption hereof.

