

**STATE OF TENNESSEE  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
OFFICE OF THE COMMISSIONER**

**IN THE MATTER OF:** )  
 )  
**BRUCE HALTOM JR., individually and** ) **TDFI No.: 12-002-C**  
**d/b/a ST. LOUIS FINANCIAL,** )  
 )  
**RESPONDENT.** )

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**EMERGENCY CEASE AND DESIST ORDER**

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The Commissioner of the Tennessee Department of Financial Institutions (hereinafter "Commissioner"), having determined that Bruce Haltom Jr., individually and d/b/a St. Louis Financial (hereinafter "Respondent") violated and is violating the Industrial Loan and Thrift Companies Act (hereinafter "TILT Act"), Tennessee Code Annotated Sections (hereinafter "TENN. CODE ANN. §§") 45-5-101, *et seq.*, and the Tennessee Residential Lending, Brokerage and Servicing Act (hereinafter "Mortgage Act"), TENN. CODE ANN. §§ 45-13-101, *et seq.*, and that extraordinary circumstances require immediate action in this matter, hereby issues the following EMERGENCY CEASE AND DESIST ORDER pursuant to TENN. CODE ANN. § 45-1-107(a)(4) and (c), TENN. CODE ANN. § 45-5-504(1), TENN. CODE ANN. § 45-5-509(c), TENN. CODE ANN. § 45-13-405(a), and TENN. CODE ANN. § 45-13-406(c).

**JURISDICTION AND IDENTIFICATION OF THE PARTIES**

1. Pursuant to TENN. CODE ANN. § 45-1-104, the Tennessee Department of Financial Institutions (hereinafter "Department") is charged with the execution of all laws relative to persons doing or engaged in a banking or other business as provided in Title 45 (Banks and Financial Institutions) of the Tennessee Code.

2. TENN. CODE ANN. § 45-1-107(a)(4) provides that, in addition to other powers conferred by Title 45 of the Tennessee Code, the Commissioner has the power to order any person to cease violating a provision of Title 45 of the Tennessee Code or lawful regulation issued thereunder. Pursuant to TENN. CODE ANN. § 45-1-107(c), notice and opportunity for a hearing shall be provided in advance of the Commissioner issuing such an order, except that in cases involving extraordinary circumstances requiring immediate action, the Commissioner may take such action but shall promptly afford a subsequent hearing upon the application to rescind the action taken.

3. The Commissioner is responsible for the administration, enforcement, and interpretation of the TILT Act and any regulations promulgated pursuant to the TILT Act. TENN. CODE ANN. §§ 45-5-101, *et seq.*

4. TENN. CODE ANN. § 45-5-504(1) provides that, if after notice and opportunity for a hearing, the Commissioner finds that a person has violated the TILT Act or any administrative regulation issued pursuant to the TILT Act, the Commissioner may take any or all of certain actions, one of which is to order the person to cease and desist violating the TILT Act or any administrative rule issued pursuant to the TILT Act. However, in cases involving extraordinary circumstances requiring immediate action, the Commissioner may take such action without providing the opportunity for a prior hearing pursuant to TENN. CODE ANN. § 45-5-509(c) of the TILT Act. In such circumstances, the Commissioner shall promptly afford a subsequent hearing upon an application to rescind the action taken that is filed with the Commissioner within twenty (20) days after receipt of the notice of the Commissioner's emergency action. TENN. CODE ANN. § 45-5-509(c).

5. The Commissioner is responsible for the administration, enforcement, and interpretation of the Mortgage Act and any regulations promulgated pursuant to the Mortgage Act. TENN. CODE ANN. §§ 45-13-101, *et seq.*

6. TENN. CODE ANN. § 45-13-405(a) provides that, if after notice and opportunity for a hearing, the Commissioner finds that a person has violated the Mortgage Act or any administrative rule issued pursuant to the Mortgage Act, the Commissioner may take any or all of certain actions, one of which is to order the person to cease and desist violating the Mortgage Act or any administrative rule issued pursuant to the Mortgage Act. However, in cases involving extraordinary circumstances requiring immediate action, the Commissioner may issue a temporary emergency order without providing the opportunity for a prior hearing pursuant to TENN. CODE ANN. § 45-13-406(c). In such circumstances, the Commissioner shall promptly afford a subsequent hearing upon an application to rescind the emergency order that is filed with the Commissioner within twenty (20) days after receipt of the notice of the Commissioner's emergency action. TENN. CODE ANN. § 45-13-406(c).

7. The Respondent owns and operates, or at all times pertinent herein, owned and operated a sole proprietorship doing business in the state of Tennessee as St. Louis Financial, 246 W. Main Street, Jackson, Tennessee 38301-6129.

8. The Commissioner issued the Respondent a certificate of registration to lawfully engage in the business of an industrial loan and thrift company in the state of Tennessee on October 19, 2006 (certificate of registration number 1961). The Respondent's certificate of registration (certificate of registration number 1961) expired

by operation of law on July 1, 2011, due to the Respondent's failure to renew its certificate of registration as required by TENN. CODE ANN. § 45-5-203 of the TILT Act.

9. The Commissioner has never issued the Respondent a license to lawfully engage in the business of a mortgage loan servicer in the state of Tennessee.

### **FACTUAL ALLEGATIONS**

10. At all times pertinent herein, the Respondent did not possess a certificate of registration from the Commissioner to lawfully engage in the business of an industrial loan and thrift company in the state of Tennessee. The Department received an application from the Respondent for a certificate of registration to lawfully engage in the business of an industrial loan and thrift company in the state of Tennessee on February 6, 2012. As of the date of entry of this Order, said application is pending before the Commissioner.

11. At all times pertinent herein, the Respondent did not possess a license from the Commissioner to lawfully engage in the business of a mortgage loan servicer in the state of Tennessee.

12. On January 24, 2012, the Department conducted an onsite examination of the Respondent at 246 W. Main Street, Jackson, Tennessee 38301-6129, pursuant to the TILT Act.

13. During the course of the onsite examination referenced in paragraph twelve (12), the Department uncovered evidence that the Respondent had engaged in the business of an industrial loan and thrift company in the state of Tennessee without having first obtained a certificate of registration from the Commissioner.

14. Specifically, pursuant to the onsite examination referenced in paragraph twelve (12), the Department documented approximately thirty-five (35) loan transactions that the Respondent had entered into as the lender-of-record following the expiration of the Respondent's certificate of registration (certificate of registration number 1961) on July 1, 2011.

15. Pursuant to the onsite examination referenced in paragraph twelve (12), the Department provided the Respondent with an examination report dated January 25, 2012. Said examination report included a "Violations from Examination" section. According to said examination report, under the "Violations from Examination" section, the Department specifically noted, in pertinent part, that the "[e]ntity is not registered as an Industrial Thrift Company. TCA 45-5-103 provides that no person shall engage in business as an industrial loan or thrift company without obtaining from the Commissioner a certificate of registration. TCA45-5-504 provides that the Commissioner may take an administrative action against any person found in violation of the Industrial Loan [&] Thrift Companies Act."

16. The aforementioned pattern of engaging in the business of an industrial loan and thrift company, without having first obtained a certificate of registration from the Commissioner, is a sufficient indicator that the Respondent will continue to unlawfully engage in said business in the state of Tennessee in the future.

17. On January 24, 2012, the Department conducted an onsite examination of the Respondent at 246 W. Main Street, Jackson, Tennessee 38301-6129, pursuant to the Mortgage Act.

18. During the course of the examination referenced in paragraph seventeen (17), the Department uncovered evidence that the Respondent had engaged in the business of a mortgage loan servicer in the state of Tennessee without having first obtained a license from the Commissioner.

19. Specifically, pursuant to the onsite examination referenced in paragraph seventeen (17), the Department documented approximately two hundred (200) residential mortgage loan transactions for which the Respondent had assumed responsibility for servicing and accepting payments.

20. Pursuant to the onsite examination referenced in paragraph seventeen (17), the Department provided Respondent with an examination report dated January 25, 2012. Said examination report included a "Violations from Examination" section. According to said examination report, under the "Violations from Examination" section, the Department specifically noted, in pertinent part, that "[t]he entity is currently servicing 275 loans without a license to conduct business in the state of Tennessee." TENN. CODE ANN. §45-13-201(a) provides that no person shall act as a mortgage lender, mortgage loan broker or mortgage loan servicer without first obtaining a license. TENN. CODE ANN. §45-13-405 provides that the Commissioner may take an administrative action against any person found in violation of the Mortgage Act.

21. The aforementioned pattern of engaging in the business of a mortgage loan servicer, without having first obtained a license from the Commissioner, is a sufficient indicator that the Respondent will continue to unlawfully engage in said business in the state of Tennessee in the future.

## CAUSES OF ACTION

22. The factual allegations as set forth in paragraphs ten (10) through twenty-one (21) of this EMERGENCY CEASE AND DESIST ORDER, incorporated by reference as though specifically set forth herein, are sufficient to establish by a preponderance of the evidence that the Respondent violated and is violating TENN. CODE ANN. § 45-5-103(a) of the TILT Act in that the Respondent has engaged in the business of an industrial loan and thrift company in the state of Tennessee without having first obtained a certificate of registration from the Commissioner.

23. The factual allegations as set forth in paragraphs ten (10) through twenty-one (21) of this EMERGENCY CEASE AND DESIST ORDER, incorporated by reference as though specifically set forth herein, are sufficient to establish by a preponderance of the evidence that extraordinary circumstances require immediate action pursuant to TENN. CODE ANN. § 45-1-107(c) and TENN. CODE ANN. § 45-5-509(c) of the TILT Act.

24. The factual allegations as set forth in paragraphs ten (10) through twenty-one (21) of this EMERGENCY CEASE AND DESIST ORDER, incorporated by reference as though specifically set forth herein, are sufficient to establish by a preponderance of the evidence that the Respondent violated and is violating TENN. CODE ANN. §45-13-201(a) of the Mortgage Act in that the Respondent has engaged in the business of a mortgage loan servicer in the state of Tennessee without having first obtained a license from the Commissioner.

25. The factual allegations as set forth in paragraphs ten (10) through twenty-one (21) of this EMERGENCY CEASE AND DESIST ORDER, incorporated by

reference as though specifically set forth herein, are sufficient to establish by a preponderance of the evidence that extraordinary circumstances require immediate action pursuant to TENN. CODE ANN. § 45-1-107(c) and TENN. CODE ANN. § 45-13-406(c).

### **POLICY STATEMENT**

26. TENN. CODE ANN. § 45-5-103(a) of the TILT Act states “[e]xcept as otherwise provided by this chapter, no person shall engage in business as an industrial loan and thrift company or industrial bank or industrial investment company without obtaining from the commissioner a certificate of registration as herein provided.”

27. TENN. CODE ANN. § 45-5-201(a) of the TILT Act states that in order to qualify for registration as an industrial loan and thrift company, a person must:

(1) Demonstrate experience, character and general fitness to command the confidence of the public and warrant the belief that the business to be operated will be operated lawfully and fairly;

(2) If a natural person or a partnership, have a net worth of at least twenty-five thousand dollars (\$25,000) for each office or place of business to be registered;

(3) If a corporation, be either:

(A) Organized under the Tennessee Business Corporation Act, compiled in title 48, chapters 11-27, to transact business as an industrial loan and thrift company; or

(B) Organized and existing under the laws of some other jurisdiction, holding a certificate of authority to transact business in this state from the secretary of state under the Tennessee Business Corporation Act and authorized to transact business as an industrial loan and thrift company or to engage in a similar business in the jurisdiction of its incorporation; and

(4) Whether foreign or domestic, have a total stated capital and surplus of at least twenty-five thousand dollars (\$25,000) for each certificate of registration.

28. TENN. CODE ANN. § 45-5-202(c) of the TILT Act states, in pertinent part, that “[a]t the time of the filing of an application for a certificate of registration, each applicant that makes or proposes to make residential mortgage loans shall file with the commissioner a surety bond payable to the state, in a form to be approved by the commissioner, for the benefit of any person injured by the wrongful act, default, fraud or misrepresentation of the registrant. The surety bond shall provide coverage for each mortgage loan originator in an amount that reflects the dollar amount of residential mortgage loans originated by the registrant, as determined by the commissioner;...”

29. TENN. CODE ANN. § 45-5-203(a) of the TILT Act states “[a] certificate of registration shall expire on July 1. Each certificate of registration may be renewed upon application by the registrant showing continued compliance with the requirements of § 45-5-201, and payment of an annual registration fee of three hundred twenty-five dollars (\$325). The completed renewal application and payment of the annual registration fee shall be sent to the department on or before June 1 of each year.”

30. TENN. CODE ANN. § 45-5-203(b) of the TILT Act states “[a]s a condition of renewal of a certificate of registration for a registrant that makes or proposes to make residential mortgage loans, the registrant shall file with its renewal application evidence that its surety bond is adjusted in accordance with § 45-5-202(c).”

31. TENN. CODE ANN. § 45-13-201(a) of the Mortgage Act states, in pertinent part, that “[n]o person shall act as a mortgage lender, mortgage loan broker or mortgage loan servicer in this state without first obtaining a license under this chapter.”

32. TENN. CODE ANN. § 45-13-203(a)(1) of the Mortgage Act states that “[u]pon the filing of a complete application for licensure as a mortgage lender, mortgage loan broker and/or mortgage loan servicer and the payment of all applicable fees, the commissioner shall investigate each application to the extent deemed necessary. The commissioner shall deliver a license to the applicant if the commissioner finds that the applicant, including its principals:

(A) Has the financial responsibility, experience and character to warrant the belief that the business of the applicant will be operated lawfully and within the purposes of this chapter;

(B) That the applicant has a tangible net worth (tangible assets less liabilities) of not less than twenty-five thousand dollars (\$25,000) and an additional tangible net worth of twenty-five thousand dollars (\$25,000) for each additional branch office within this state; and

(C) Has paid a nonrefundable license fee of five hundred dollars (\$500).“

33. TENN. CODE ANN. § 45-13-204(a) of the Mortgage Act states “[a]t the time of filing an application for a license under § 45-13-201(a), the applicant shall also file with the commissioner a surety bond payable to the state, in a form to be approved by the commissioner, for the benefit of any person injured by the wrongful act, default, fraud or misrepresentation of the licensee. The bond must be issued by a bonding company qualified to do business in this state.”

34. TENN. CODE ANN. § 45-13-204(b) of the Mortgage Act states “[f]or mortgage loan servicers, the surety bond shall be maintained in the amount of two hundred thousand dollars (\$200,000).”

35. The factual allegations as stated in paragraphs ten (10) through twenty-one (21) of this EMERGENCY CEASE AND DESIST ORDER, incorporated by reference as though specifically set forth herein, are sufficient to establish by a preponderance of the evidence that Respondent has violated TENN. CODE ANN. § 45-5-103(a) of the TILT Act and TENN. CODE ANN. § 45-13-201(a) of the Mortgage Act by engaging in the businesses of an industrial loan and thrift company and a mortgage loan servicer without having first obtained a certificate of registration/license from the Commissioner. Said violation has deprived the Commissioner of the opportunity to determine whether the Respondent has the requisite experience, character and general fitness to reasonably warrant the belief that the Respondent’s business will be operated lawfully and fairly, as well as the opportunity to determine whether the Respondent has satisfied the statutorily mandated minimum net worth requirement and the surety bond requirement. Consequently, the Commissioner has been deprived of the opportunity to make an informed determination of whether to grant Respondent a certificate of registration under the TILT Act or a

license under the Mortgage Act prior to the Respondent lending money to Tennessee consumers and servicing residential mortgage loans in the state of Tennessee.

### **EMERGENCY RELIEF**

36. Having considered the factual allegations contained herein, the Commissioner has determined that the Respondent violated and is violating the TILT Act and the Mortgage Act and that extraordinary circumstances warrant immediate action in this matter.

#### **IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:**

a. That the Respondent shall cease and desist immediately from engaging in the business of an industrial loan and thrift company in the state of Tennessee without a certificate of registration pursuant to TENN. CODE ANN. § 45-1-107(a)(4), TENN. CODE ANN. § 45-1-107(c), TENN. CODE ANN. § 45-5-103(a), TENN. CODE ANN. § 45-5-504(1), and TENN. CODE ANN. § 45-5-509(c);

b. That the Respondent shall cease and desist immediately from assuming responsibility for servicing and accepting payments concerning any NEW residential mortgage loans subject to the Mortgage Act pursuant to TENN. CODE ANN. § 45-1-107(a)(4), TENN. CODE ANN. § 45-1-107(c), TENN. CODE ANN. § 45-13-201(a), TENN. CODE ANN. § 45-13-405(a), and TENN. CODE ANN. § 45-13-406(c);

c. NOTHING in this Emergency Cease and Desist Order shall prohibit the Respondent from continuing to assume the responsibility for servicing and accepting payments on any residential mortgage loans in its EXISTING residential mortgage loan servicing portfolio; and

d. The provisions of this EMERGENCY CEASE AND DESIST ORDER shall remain in full force and effect unless and until such time as any provision is modified, terminated, suspended or set aside by the Commissioner, an administrative judge, or any court having jurisdiction over the matters addressed herein.

#### **RIGHTS OF THE RESPONDENT**

37. The Respondent has the right to a prompt hearing for the purpose of contesting and obtaining rescission of this EMERGENCY CEASE AND DESIST ORDER. If a prompt hearing is timely requested by the Respondent, the hearing shall be conducted in accordance with the Uniform Administrative Procedures Act, TENN. CODE ANN. §§ 4-5-101, *et seq.*, and pursuant to the Official Compilation Rules & Regulations of the State of Tennessee 1360-04-01. The Respondent has the right to be represented by counsel of the Respondent's own choice and at the Respondent's own expense.

38. The sole issue to be considered at the prompt hearing is whether extraordinary circumstances required immediate action in this matter. This EMERGENCY CEASE AND DESIST ORDER does not constitute a final adjudication upon the merits, but merely constitutes a temporary, emergency order until such time that a contested case may be promptly instituted by the filing of a Notice of Charges and Opportunity for Hearing.

39. In order to request a prompt hearing, the Respondent must file a written request with the Commissioner within twenty (20) days from receipt of this EMERGENCY CEASE AND DESIST ORDER. Any written request for a hearing must be filed with the Commissioner, Tennessee Department of Financial Institutions, 414 Union Street, Suite 1000, Nashville, Tennessee 37219. If no such written request is timely filed with the Commissioner, this EMERGENCY CEASE AND DESIST ORDER shall be deemed a Final Order without further legal process.

40. The Respondent may file a Petition for Appeal with the Commissioner within fifteen (15) days of entry of this EMERGENCY CEASE AND DESIST ORDER pursuant to TENN. CODE ANN. § 4-5-315(b).

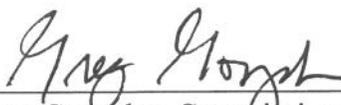
41. The Respondent may submit to the Commissioner a petition for stay of effectiveness of this EMERGENCY CEASE AND DESIST ORDER or the Final Order within seven (7) days of entry pursuant to TENN. CODE ANN. § 4-5-316.

42. The Respondent may file a Petition for Reconsideration with the Commissioner, stating the specific grounds upon which the relief is requested, within fifteen (15) days of entry of this EMERGENCY CEASE AND DESIST ORDER or the Final Order pursuant to TENN. CODE ANN. § 4-5-317.

43. The Respondent may seek judicial review of this EMERGENCY CEASE AND DESIST ORDER by filing a Petition for Judicial Review in the chancery court of Davidson County, Tennessee, within sixty (60) days of the date this Order becomes a Final Order pursuant to TENN. CODE ANN. § 4-5-322. A Petition for Reconsideration does not act to extend the sixty (60) day period; however, if the Petition is granted, then

the sixty (60) day period is tolled and a new sixty (60) day period commences from the effective date of the Final Order disposing of the Petition.

**ENTERED AND EFFECTIVE** this 22<sup>nd</sup> day of February, 2012.

  
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Greg Gonzales, Commissioner  
Tennessee Department of Financial Institutions

**CERTIFICATE OF SERVICE**

I hereby certify that true and correct copies of the foregoing Order have been forwarded via United States First Class Mail, Postage Prepaid, via United States Certified Mail, Certified Mail Numbers 7011 0110 0001 9850 2660, Return Receipts Requested and via Federal Express Next Day Air, Tracking Numbers 8754 1636 6918, to the following:

Bruce Bartley Haltom, Jr. d/b/a St. Louis Financial  
246 West Main Street  
Jackson, TN 38301

This 22<sup>nd</sup> day of February, 2012.

A handwritten signature in black ink, appearing to read "Denise E. Cole", written over a horizontal line.

Denise E. Cole, Attorney  
Tennessee Department of Financial Institutions