

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Mortgage Banker License
3 of:

No. 09F-BD0014-BNK

4 **SECURITY NATIONAL MORTGAGE**
5 **COMPANY, AND**
6 **JACK BECKSTEAD JR., PRESIDENT**
7 410 North 44th Street, Suite 190
8 Phoenix, AZ 85008

CONSENT ORDER RECEIVED

OCT 15 2008

DEPT. OF FINANCIAL
INSTITUTIONS

Petitioners.

9 On July 22, 2008, the Arizona Department of Financial Institutions ("Department") issued an
10 Order to Cease and Desist; Notice of Opportunity For Hearing; Consent To Entry of Order, alleging
11 that Petitioners had violated Arizona law. Wishing to resolve this matter in lieu of an Administrative
12 Hearing, and without admitting liability, Petitioners consent to the following Findings of Fact and
13 Conclusions of Law, and consent to the entry of the following Order.

14 **FINDINGS OF FACT**

15 1. Security National Mortgage Company (hereinafter "Security") is a Utah corporation
16 authorized to transact business in Arizona as a mortgage banker, license number BK 0904315,
17 within the meaning of A.R.S. §§ 6-941, *et seq.* The nature of Security's business is that of making,
18 negotiating, or offering to make or negotiate a mortgage banking loan or a mortgage loan secured by
19 Arizona real property within the meaning of A.R.S. § 6-941(5).

20 2. Petitioner Jack Beckstead, Jr. ("Mr. Beckstead") is the President of Security National
21 Mortgage Company and is authorized to transact business in Arizona as a mortgage banker within
22 the meaning of A.R.S. § 6-941(5), as outlined within A.R.S. § 6-943(F).

23 3. Security National Mortgage Company and Mr. Beckstead are not exempt from
24 licensure as mortgage bankers within the meaning of A.R.S. §§ 6-942 and 6-941(5).

25 4. A March 17, 2008, examination of Security conducted by the Department, revealed
26 that Security and Mr. Beckstead:

- a. Failed to obtain a branch office license when conducting business at more than one location; specifically:

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- i. A review of closed loans disclosed the Petitioners originated brokered loans from several unlicensed branches; and
- ii. This violation has been corrected;
- b. Failed to keep complete documents when conducting employee investigations;
- c. Failed to provide a complete loan application listing, and this violation has been corrected;
- d. Failed to comply with the disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C. §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§ 2601 through 2617), and the regulations promulgated under these acts; specifically:
 - i. Failed to complete the initial truth-in-lending form, on one (1) borrower; and
 - e. Failed to ensure that the responsible individual maintained a position of active management and failed to ensure that the responsible individual was knowledgeable about Arizona activities, specifically, Petitioners' responsible individual:
 - i. Steven Mathena was issued a 1099 in 2006 and 2007, instead of being a W-2 employee as required; and
 - ii. Steven Mathena has not supervised compliance to Arizona statutes and rules;

CONCLUSIONS OF LAW

1. Pursuant to A.R.S. §§ 6-941, *et seq.*, the Superintendent has the authority and duty to regulate all persons engaged in the mortgage banker business and with the enforcement of statutes, rules, and regulations relating to mortgage bankers.

2. By the conduct set forth in the Findings of Facts, Security National Mortgage Company, and Mr. Beckstead have violated the mortgage banker statutes and rules as follows:

- 1 a. A.R.S. § 6-944(D) by failing to obtain a branch office license when conducting
2 business at more than one location;
- 3 b. A.R.S. § 6-943(O) and A.A.C. R20-4-102 by failing to keep complete documents
4 when conducting employee investigations;
- 5 c. A.A.C. R20-4-1806(B)(1) by failing to maintain a list of all executed loan
6 applications or executed fee agreements;
- 7 d. A.R.S. § 6-946(E) and A.A.C. R20-4-1806(B)(6)(e) by failing to comply with the
8 disclosure requirements of Title I of the Consumer Credit Protection Act (15 U.S.C.
9 §§ 1601 through 1666j), the Real Estate Settlement Procedures Act (12 U.S.C. §§
10 2601 through 2617), and the regulations promulgated under these acts; and
- 11 e. A.R.S. § 6-943(F) and A.A.C. R20-4-102 by failing to ensure that the responsible
12 individual maintains a position of active management and failing to ensure that the
13 responsible individual is knowledgeable about Arizona activities.

14 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order
15 pursuant to A.R.S. § 6-137 directing Petitioners to cease and desist from the violative conduct and to
16 take the appropriate affirmative actions, within a reasonable period of time prescribed by the
17 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
18 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
19 suspension or revocation of Petitioners' license pursuant to A.R.S. § 6-945; and (4) an order or any
20 other remedy necessary or proper for the enforcement of statutes and rules regulating mortgage
21 bankers pursuant to A.R.S. §§ 6-123 and 6-131.

22 **ORDER**

23 1. Security and Mr. Beckstead shall immediately stop the violations set forth in the Findings
24 of Fact and Conclusions of Law. Security and Mr. Beckstead:

- 25 a. Shall not act as a mortgage banker if they are not licensed and not engage in
26 unlicensed activity at a branch location;

1 2. Petitioners admit the jurisdiction of the Superintendent and consent to the entry of the
2 foregoing Findings of Fact, Conclusions of Law, and Order.

3 3. Petitioners state that no promise of any kind or nature has been made to induce them to
4 consent to the entry of this Order, and that they have done so voluntarily.

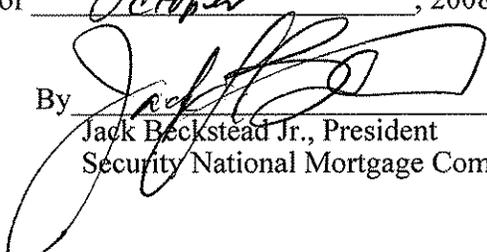
5 4. Petitioners agree to cease from engaging in the violative conduct set forth above in the
6 Findings of Fact and Conclusions of Law.

7 5. Petitioners acknowledge that the acceptance of this Agreement by the Superintendent is
8 solely to settle this matter and does not preclude this Department, any other agency or officer of this
9 state or subdivision thereof from instituting other proceedings as may be appropriate now or in the
10 future.

11 6. Jack Beckstead on behalf of Security National Mortgage Company, and himself,
12 represents that he is the President and CEO, and that, as such, has been authorized by Security
13 National Mortgage Company, to consent to the entry of this Order on its behalf.

14 7. Petitioners waive all rights to seek judicial review or otherwise to challenge or contest the
15 validity of this Consent Order.

16
17 DATED this 14 day of October, 2008.

18
19 By  _____
20 Jack Beckstead Jr., President
21 Security National Mortgage Company

22 ORIGINAL of the foregoing filed this 16th
23 day of October, 2008, in the office of:

24 Felecia A. Rotellini
25 Superintendent of Financial Institutions
26 Arizona Department of Financial Institutions
 ATTN: Susan L. Longo
 2910 N. 44th Street, Suite 310
 Phoenix, AZ 85018

1 COPY mailed same date to:

2 Craig A. Raby,
3 Assistant Attorney General
4 Office of the Attorney General
5 1275 West Washington
6 Phoenix, AZ 85007

7 Robert D. Charlton, Assistant Superintendent
8 Chris Dunshee, Senior Examiner
9 Arizona Department of Financial Institutions
10 2910 N. 44th Street, Suite 310
11 Phoenix, AZ 85018

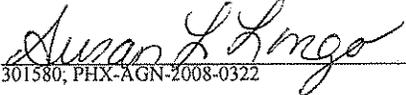
12 AND COPY MAILED SAME DATE by
13 Certified Mail, Return Receipt Requested, to:

14 Matthew G. Bagley
15 Attorney for:
16 Security National Mortgage Company
17 5300 South 360 West Suite 250
18 Salt Lake City, Utah 84123

19 Jack Beckstead Jr., President
20 Security National Mortgage Company
21 410 North 44th Street, Suite 190
22 Phoenix, AZ 85008

23 Jack Beckstead Jr., President
24 Security National Mortgage Company
25 5300 South 360 West, Suite 150
26 Salt Lake City, UT 84213

Petitioners

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28 _____
29 301580; PHX-AGN-2008-0322