

STATE OF OHIO
DEPARTMENT OF COMMERCE
DIVISION OF FINANCIAL INSTITUTIONS
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120

In the matter of:)	
)	Case No.
BLUEGRASS MORTGAGE)	
SERVICES, INC.)	
7000 Houston Road, Suite 31)	Notice of Intent to Assess Fine and Suspend
Florence, KY 41042)	Mortgage Broker Certificate of
)	Registration & Notice of Opportunity for a
)	Hearing
)	

JURISDICTION

The Ohio Department of Commerce, by and through the Superintendent of the Division of Financial Institutions ("Division"), is charged with the responsibility of enforcing the Ohio Mortgage Broker Act, codified in Ohio Revised Code ("R.C.") Chapter 1322, and the rules adopted thereunder.

RESPONDENT

Respondent Bluegrass Mortgage Services, Inc. dba National Mortgage Funding ("Respondent") is registered as a foreign corporation in Ohio and holds an active mortgage broker certificate of registration issued by the Division pursuant to R.C. 1322. The business address of record for Respondent's main office is 7000 Houston Road, Suite 31, Florence, KY 41042 which operates under certificate of registration MB#1390. Respondent has branch offices at 2770 Mack Road, Fairfield, OH 45014 which operates under certificate of registration number MB#2007, 2912 Springboro West- Suite 200, Dayton, OH 45439 which operates under certificate of registration MB#4322, and 7225 Colerain Avenue, Suite 6, Cincinnati, OH 45239 which operates under certificate of registration MB#4387.

ALLEGATIONS

Pursuant to R.C. 1322.10(B), the Division conducted an investigation into the affairs of Respondent, and as a result thereof, alleges the following:

1. A direct mailing by a mortgage broker to solicit business is considered an advertisement pursuant to rules of the Division governing mortgage brokers. (See O.A.C. § 1301:8-7-07(B)).
2. In 2004, Respondent sent out a direct mailing to potential customers seeking to solicit business. A copy of this direct mailing is attached hereto as Attachment

A. The mailing consisted of a letter titled "REGISTERED LETTER Confirmation # oh/ky6452". The letter states as a subtitle: "Virinda Doddy: You are Pre-Selected!!!!* To lower your DBA Novelle Financial Services Interest Rate!" The body of the letter is an advertisement for services by Bluegrass Mortgage Services. The letter came in a manila envelope with a return address of "Administrative Offices, 2912 Springboro W. STE 200, Dayton, OH 45439-1674". Above the Addressee's information appears: "Important Information Regarding Tax Parcel # 71M-3412." The envelope looks like an official envelope, as if it came from the government. A copy of this advertisement is attached hereto as Attachment A.

3. R.C. 1322.07(C) prohibits registrants from engaging in conduct that constitutes improper, fraudulent, or dishonest dealings. The above-described advertisement resembles an official correspondence from a government agency. The return address states: "Administrative Offices" and above the addressee's information the envelope states: "Important Information Regarding Tax Parcel # 71M-3412." The tax parcel number of the property described in the advertisement differs from the tax parcel number on the envelope. It is believed that the words "tax parcel #" were included on the envelope in order to make the receiver believe that this is official correspondence from the government. This solicitation is an improper and dishonest business practice in violation of R.C. 1322.07(C).
4. A mortgage broker registrant must state its street address in all advertisements and may not solely provide a phone number under R.C. 1322.09 and O.A.C. 1301:8-7-07(A)(2). O.A.C. 1301:8-7-07(A)(2) requires that advertisements shall state the address for the Registrant on the certificate of registration. This advertisement fails to state an address for the Registrant on the face of the letter. In addition, the letter includes the certificate of registration MB# 1390. The address on this Certificate of Registration is 7000 Houston Road, Suite 31, Florence, KY 41042. The return address states: 2912 Springboro W. STE 200, Dayton, OH 45439-1674, which is not the address on the Certificate of Registration for MB# 1390.

FINDINGS

Based upon the allegations above, the Division determines the following:

1. Respondent, Bluegrass Mortgage Services, Inc. has caused advertisements to be mailed to consumers which appear to be official correspondence from the government. By mailing the above-mentioned solicitations, Bluegrass Mortgage Services, Inc. has engaged in conduct that constitutes improper, fraudulent, or dishonest dealings in violation of R.C. 1322.07(C).
2. Respondent Bluegrass Mortgage Services, Inc. has violated R.C. 1322.09 and O.A.C. 1301:8-7-07 in causing advertisements to be mailed to potential customers without

clearly stating its identity, address, and/or mortgage broker certificate of registration number on the advertisement.

PROPOSED ACTION

Based upon the allegations and findings above, the Division intends to SUSPEND the Mortgage Broker Certificates of Registration MB 1390, MB 2007, MB 4322, and MB 4387 for Bluegrass Mortgage Services, Inc. dba National Mortgage Funding. for a period of six months and LEVY a FINE of \$10,000 for violation of R.C. 1322.07(C), R.C. 1322.09, and O.A.C. 1301:8-7-07.

NOTICE OF OPPORTUNITY FOR A HEARING ON PROPOSED ACTION

Therefore, pursuant to R.C. Chapters 1322 and 119, Respondents are hereby notified that thirty-one (31) days from the date of the mailing of this Notice, the Superintendent intends to issue an ORDER SUSPENDING the mortgage broker certificates of registration MB 1390, MB 2007, MB 4322, and MB 4387 for Bluegrass Mortgage Services, Inc. for a period of six months effective upon the issuance of this order, and to impose a FINE of \$10,000 for violation of R.C. 1322.07(C), R.C. 1322.09, and O.A.C. 1301-8-7-07.

Respondent is further notified, pursuant to R.C. Chapter 119, that Respondent is entitled to a hearing on this matter. If Respondent desires to request a hearing, the request must be made in writing, and must be received in the offices of the Ohio Division of Financial Institutions within thirty (30) days of the time of the mailing of this Notice. Hearing requests should be addressed to:

**State of Ohio
Department of Commerce
Division of Financial Institutions
Attn: Attorney Timothy C. Winslow
77 South High Street, 21st Floor
Columbus, Ohio 43215-6120**

At the hearing, Respondent may appear in person, by Respondent's attorney, or by such other representative as is permitted to practice before the Agency, or Respondent may present its position, arguments, or contentions in writing, and, at the hearing, may present evidence and examine witnesses appearing for and against Respondent.

If the Ohio Division of Financial Institutions does not receive a written request for a hearing in its offices within thirty (30) days of the time of the mailing of this Notice, the Superintendent will issue an ORDER SUSPENDING the mortgage broker certificate of registration MB 1390, MB 2007, MB 4322, and MB 4387 for Bluegrass Mortgage Services, Inc.. for a period of six months and assessing a FINE of \$10,000 for violation of R.C.1322.07(C), R.C. 1322.09, and O.A.C. 1301-8-7-07.

Signed and Sealed this _____ day of _____, 2004.

Robert M. Grieser
Deputy Superintendent of Financial Institutions

Cc: Timothy C. Winslow, In House Counsel—Division of Financial Institutions
Paula Paoletti, Asst. Attorney General, Business & Government Regulation

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