

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF:)	
)	FINDINGS OF FACT
Allegro Funding Corp.,)	CONCLUSIONS OF LAW
7700 Square Lake Boulevard,)	AND
Jacksonville, Florida)	CONSENT ORDER

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Mortgage Bankers Registration and Licensing Act, Neb. Rev. Stat. §§ 45-701 to 45-723 (Reissue 2004; Cum. Supp. 2006; Supp. 2007; LB 851, 2008) (“the Act”). Pursuant to Neb. Rev. Stat. § 45-710 (Supp. 2007), the DEPARTMENT has investigated the actions of Allegro Funding Corp., 7700 Square Lake Boulevard, Jacksonville, Florida (“ALLEGRO”) (NMLS #1736). As a result of such investigation, and being duly advised and informed in the matter, the Director and ALLEGRO enter into the following Findings of Fact, Conclusions of Law, and Consent Order.

FINDINGS OF FACT

1. On September 5, 2006, the DEPARTMENT issued Mortgage Banker License #1798 to LMU Financial, Inc., 65 Enterprise, Aliso Viejo, California (“LMU”) pursuant to the Act. LMU subsequently moved to 28202 Cabot Road, Suite 435, Laguna Nigel, California. LMU renewed its license on March 1, 2007, pursuant to Neb. Rev. Stat. § 45-706 (Supp. 2007). According to the information provided by LMU in association with its Mortgage Banker License Application and Mortgage Banker License Renewal Application, Loren M. Uber (“Uber”) was the sole officer of LMU.

2. On January 1, 2008, the DEPARTMENT joined the Nationwide Mortgage Licensing System (“NMLS”). The NMLS is an online system for processing mortgage banker license applications. The DEPARTMENT requires that all applications be submitted through the NMLS. Therefore, all Mortgage Banker License Renewal Applications for 2008 were processed through the NMLS. Existing licensees were required to enter their license number as part of the transition and renewal process.

3. The NMLS utilizes several different forms. The Form MU1—Uniform Mortgage Lender/Mortgage Broker Form (“Form MU1”) requires applicants to submit basic information about the applicant. The Form MU2—Uniform Mortgage Biographical Statement & Consent Form (“Form MU2”) requires information about directors, executive officers, owners, and other control individuals. The Form MU3—Uniform Mortgage Branch Office Form (“Form MU3”) requires certain information about branch offices of the applicant.

4. On January 24, 2008, ALLEGRO submitted a Form MU1 through the NMLS to the DEPARTMENT to renew its license and listed its main office address as 7035 Phillips Highway, Suite 5-136, Jacksonville, Florida. The DEPARTMENT had no record of a license issued to ALLEGRO or to any licensee at that location. Upon further research, the DEPARTMENT determined that ALLEGRO had entered LMU’s license number to transition onto the system and request renewal of its license.

5. ALLEGRO’s Form MU1 listed Eric David Christopherson (“Christopherson”) as President; Zuzana Paduano (“Paduano”) as Manager; and Uber as Vice President. According to the Form MU1, Paduano and Uber each owned 50% of the shares of the company.

6. According to the records of the Nebraska Secretary of State, ALLEGRO filed an Application for Amended Certificate of Authority on November 21, 2007, changing the name of LMU to ALLEGRO.

7. Upon review of the Form MU1, the DEPARTMENT attached a deficiency to the filing on the NMLS, requesting additional information concerning the changes in name, address, and ownership of the licensee.

8. On January 28, 2008, the DEPARTMENT received a letter from ALLEGRO addressing these issues as follows:

Please accept this as an explanation regarding the material changes of Allegro Funding corp. (sic), formally, (sic) LMU Financial Inc. In November, (sic) 2007 Mrs. Paduano purchased 50% of LMU Financial Inc.'s shares. In regards to this purchase Mr. Uber and Mrs (sic) Paduano agreed to have the location changed to the Florida address due to the administrative staff available at this location. The owners also agreed to have Eric Christopherson serve as President, Mr. Uber as Vice President, and Mrs. Paduano as Secretary and Treasurer. The reason for the delay in this information was the time spent in changing Allegro Funding Corp.'s information in the Secretary of State offices. The filling (sic) at the Secretary of State office was delayed due to the time spent in changing the name on the surety bonds.

9. Neb. Rev. Stat. § 45-711(9)(f) (Supp. 2007) requires that a licensee notify the director in writing within thirty days after the occurrence of any material development, including, but not limited to a change of name, trade name, doing business as designation, or main office address.

10. At no time prior to filing the Form MU1 had ALLEGRO notified the DEPARTMENT of the change of its name or the change of its main office address. ALLEGRO's failure to provide such notification constituted two (2) violations of Neb. Rev. Stat. § 45-711(9)(f) (Supp. 2007).

11. Neb. Rev. Stat. § 45-702(4) (Supp. 2007) defines “control” as the power, directly or indirectly, to direct the management or policies of a mortgage banking business, whether through ownership of securities, by contract, or otherwise. Any person who (a) is a director, a general partner, or an executive officer, including the president, chief executive officer, chief financial officer, chief operating officer, chief legal officer, chief compliance officer, and any individual with similar status and function, (b) directly or indirectly has the right to vote ten percent or more of a class of voting security or has the power to sell or direct the sale of ten percent or more of a class of voting securities, (c) in the case of a limited liability company, is a managing member, or (d) in the case of a partnership, has the right to receive, upon dissolution, or has contributed, ten percent or more of the capital, is presumed to control that mortgage banking business.

12. Prior to March 18, 2008, Neb. Rev. Stat. § 45-722(1) (Supp. 2007) provided that no person acting personally or as an agent shall acquire control of any mortgage banking business required to be licensed under the Act without first giving sixty days’ notice to the DEPARTMENT on forms prescribed by the DEPARTMENT of such proposed acquisition and paying a filing fee of two hundred dollars. After March 18, 2008, the section was amended to shorten the time frame for advance notice to thirty days. This law further gives the DEPARTMENT the authority to deny the proposed change of control transaction.

13. The sale of 50% of the company from Uber to Paduano and the addition of Christopherson as President constituted a change of control transaction requiring the notice as provided in Neb. Rev. Stat. § 45-722(1) (Supp. 2007). ALLEGRO’s failure to provide pre-notification to the DEPARTMENT of the change of control constituted a violation of Neb. Rev. Stat. § 45-722(1) (Supp. 2007).

14. On February 1, 2008, ALLEGRO submitted an amended Form MU1. The amended Form MU1 changed the ownership of ALLEGRO. According to the amended Form MU1, Paduano owns 70% and Christopherson owns 30% of ALLEGRO. Uber was deleted as an owner of ALLEGRO.

15. In a letter to the DEPARTMENT dated February 8, 2008, Christopherson, on behalf of ALLEGRO, addressed the February 1, 2008 amendment as follows:

This is the official change in ownership. This was the intended result but could not be executed until all negotiations were complete. The 50-50 situation was implemented as a temporary situation only. We did not have the forms reflecting the current situation, 30% ownership for myself and 70% ownership for Mrs. Paduano, signed by the former owner and officer until January 31, 2008.

16. The sale of 30% of ALLEGRO to Christopherson constituted a change of control transaction requiring the notice as provided in Neb. Rev. Stat. § 45-722(1) (Supp. 2007). ALLEGRO's failure to provide pre-notification to the DEPARTMENT of the second change of control constituted a violation of Neb. Rev. Stat. § 45-722(1) (Supp. 2007).

17. Neb. Rev. Stat. § 45-707(1)(d) (Cum. Supp. 2006) provides that if the Director, following an administrative hearing, finds that a licensee has made or caused to be made, in any document filed with the Director or in any proceeding under the Act, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading in any material respect or suppressed or withheld from the Director any information which, if submitted by the licensee, would have resulted in denial of the license application, the Director may suspend or revoke the license, or issue an administrative fine not exceeding five thousand dollars for each violation of the Act.

18. The letter from ALLEGRO set forth in Finding of Fact #8, above, contained no mention of the impending change of control that was filed just three days later.

ALLEGRO's letter should have completely described the nature of the change of control transaction and its failure to do so constituted submission of false and misleading information to the DEPARTMENT. ALLEGRO therefore violated Neb. Rev. Stat. § 45-707(1)(d) (Cum. Supp. 2006) by failing to include that information in its January 28, 2008 letter.

19. The DEPARTMENT issued an Order of Provisional Renewal to ALLEGRO effective March 1, 2008, pending resolution of this matter.

20. On April 3, 2008, ALLEGRO submitted an amended Form MU1 updating its address to 7700 Square Lake Boulevard, Jacksonville, Florida.

21. The DEPARTMENT incurred a minimum of one thousand dollars in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-705 (Supp. 2007) provides, in part, that no person shall act as a mortgage banker or use the title mortgage banker in this state unless he, she, or it is licensed or registered with the DEPARTMENT.

2. Neb. Rev. Stat. § 45-706(3) (Supp. 2007) provides that mortgage banker licenses may be renewed annually by filing an application for renewal containing such information as the Director may require to indicate any material change in the original application or succeeding renewal applications.

3. Neb. Rev. Stat. § 45-711(9)(f) (Supp. 2007) requires that a licensee notify the Director in writing within thirty days after the occurrence of any material development, including, but not limited to, a change of name, trade name, doing business as designation, or main office address.

4. Neb. Rev. Stat. § 45-702(4) (Supp. 2007) defines “control” as the power, directly or indirectly, to direct the management or policies of a mortgage banking business, whether through ownership of securities, by contract, or otherwise. Any person who (a) is a director, a general partner, or an executive officer, including the president, chief executive officer, chief financial officer, chief operating officer, chief legal officer, chief compliance officer, and any individual with similar status and function, (b) directly or indirectly has the right to vote ten percent or more of a class of voting security or has the power to sell or direct the sale of ten percent or more of a class of voting securities, (c) in the case of a limited liability company, is a managing member, or (d) in the case of a partnership, has the right to receive, upon dissolution, or has contributed, ten percent or more of the capital, is presumed to control that mortgage banking business.

5. Neb. Rev. Stat. § 45-722(1) (Supp. 2007) provides that no person acting personally or as an agent shall acquire control of any mortgage banking business required to be licensed under the Act without first giving sixty days’ notice to the DEPARTMENT on forms prescribed by the DEPARTMENT of such proposed acquisition and paying a filing fee of two hundred dollars.

6. Neb. Rev. Stat. § 45-707(1)(d) (Cum. Supp. 2006) provides that if the Director, following an administrative hearing, finds that a licensee has made or caused to be made, in any document filed with the Director or in any proceeding under the Act, any statement which was, at the time and in light of the circumstances under which it was made, false or misleading in any material respect or suppressed or withheld from the Director any information which, if submitted by the licensee, would have resulted in denial of the license application, the Director may suspend or revoke the license, or issue an administrative fine not exceeding five thousand dollars for each violation of the Act.

7. Neb. Rev. Stat. § 45-717.01(2) (Cum. Supp. 2006) provides that if the Director finds, after notice and hearing in accordance with the Administrative Procedure Act, that any person has knowingly committed any act prohibited by Section 45-707 or has otherwise violated the Mortgage Bankers Registration and Licensing Act, the Director may order such person to pay an administrative fine not exceeding five thousand dollars for each separate violation plus the costs of investigation.

8. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to have determined that ALLEGRO has violated the Act and that proceedings could be commenced to revoke or suspend ALLEGRO's license and/or to impose an administrative fine in an amount of not more than five thousand dollars for each of the violations plus costs of investigation in accordance with Neb. Rev. Stat. § 45-717.01(2) (Cum. Supp. 2006).

9. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

10. It is in the best interest of ALLEGRO and in the best interest of the public for ALLEGRO and the DEPARTMENT to resolve the issues included herein.

CONSENT ORDER

The DEPARTMENT and ALLEGRO agree as follows:

Stipulations: In connection with this Consent Order, ALLEGRO and the DEPARTMENT stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.
2. This Consent Order shall resolve all matters between the DEPARTMENT and ALLEGRO in connection with the Findings of Fact listed above. Should future

circumstances warrant, the facts from this matter may be considered in a future administrative action by the DEPARTMENT.

3. This Consent Order shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Order.

ALLEGRO further represents as follows:

1. ALLEGRO is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.

2. ALLEGRO is acting free from any duress or coercion of any kind or nature.

3. This Consent Order is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Order and for no other purpose.

IT IS THEREFORE AGREED as follows:

1. ALLEGRO shall pay a fine of five hundred dollars (\$500.00) for each of its two (2) violations of Neb. Rev. Stat. § 45-711(9)(f) (Supp. 2007) where it failed to notify the DEPARTMENT of the change of its corporate name and the moving of its main office address within thirty (30) days.

2. ALLEGRO shall pay a fine of one thousand dollars (\$1,000.00) for its two violations of Neb. Rev. Stat. § 45-722(1) (Supp. 2007) where it failed to provide pre-notification to the DEPARTMENT of the change of control transactions and failed to pay the required filing fees.

3. ALLEGRO shall pay a fine of one thousand dollars (\$1,000.00) for its violation of Neb. Rev. Stat. § 45-707(1)(d) (Cum. Supp. 2006) where it provided false and misleading information to the DEPARTMENT.

4. ALLEGRO shall pay the investigation costs of the DEPARTMENT in the amount of one thousand dollars (\$1,000.00).

5. ALLEGRO shall pay the sum of four hundred dollars (\$400.00) for the filing fees for the two change of control transactions as required by Neb. Rev. Stat. § 45-722(1) (Supp. 2007).

6. The total amount of the fine, investigation costs, and filing fees, five thousand four hundred dollars (\$5,400.00) shall be payable as follows:

A. One thousand two hundred dollars (\$1,200.00) shall be due on the effective date of this Consent Order.

B. Six hundred dollars (\$600.00) shall be due on or before June 30, 2008.

C. Three thousand six hundred dollars (\$3,600.00) shall be due on or before December 1, 2008.

7. Within thirty (30) days after the effective date of this Consent Order, ALLEGRO shall amend its Form MU1 to update the "Disclosure Section" of the form to account for this Consent Order. ALLEGRO shall submit the amended Form MU1 to the DEPARTMENT through the NMLS.

8. Within five (5) business days of receiving the payment due on or before June 30, 2008, the DEPARTMENT shall issue a provisional license to ALLEGRO effective until December 31, 2008.

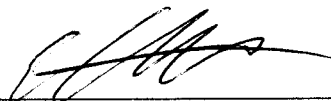
9. Should ALLEGRO fail to make any payment as provided in this Consent Order, all remaining unpaid sums shall immediately become due and payable. Should ALLEGRO fail to pay as agreed, the DEPARTMENT may issue an Order summarily revoking ALLEGRO's provisional license.

10. In the event ALLEGRO fails to comply with any of the provisions of this Consent Order, the DEPARTMENT may commence such action regarding ALLEGRO as it deems necessary and appropriate in the public interest.

11. The effective date of this Consent Order shall be the date of the Director's signature.

DATED this _____ day of _____, 2008.


Allegro Funding Corp.

By: 
Eric Christopherson

7700 Square Lake Boulevard
Jacksonville, Florida 32256
(904) 940-5173

DATED this 19th day of June, 2008.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

By: 
John Munn, Director

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