

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. C-24-0037
ORDER NO. C-24-0037-24-OR01**

**IN THE MATTER OF:
Leon Moody & Sons Inc.**

RESPONDENT

CEASE AND DESIST ORDER

On July 30, 2024, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for a Cease and Desist Order (“Request”) stating that it has received certain information and has in its possession certain evidence indicating that Leon Moody & Sons Inc. (“Moody”) has violated provisions of the Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon the representations made therein, finds as follows:

FINDINGS OF FACT

The Request contains the following representations of fact:

1. On June 24, 2024, Moody was brought to the Staff’s attention when the American Association of Residential Mortgage Regulators (“AAMR”) circulated information to state regulators relating to false, misleading, and fraudulent activity that Moody was partaking in.
2. Moody claims to be a licensed mortgage banker capable of providing residential loans to homebuyers. It claims to have a place of business at 83 Oxford Ct., Algonquin, Illinois 60102. A review of Illinois’ Secretary of State’s website revealed there are no businesses operating under the Moody name.
3. Moody operates through its public website, <https://www.leonmoodyllp.co.uk/index.html> (“Moody Website”). The Moody Website advertises different residential loan products, describes the loan process, and provides potential homebuyers with resources relating to mortgages and

lending. The Moody Website allows for potential homebuyers to start the pre-qualification process and get connected with a mortgage loan officer.

4. Under its Resources tab, Moody lists licenses it holds in order to be compliant with mortgage lending laws and regulations. Moody claims it is licensed in Arkansas as a Mortgage Banker-Broker-Servicer with the Arkansas Securities Department (“Department”), License No. 119318.
5. A review of Department records revealed that the license number Moody listed belongs to VRM Lending LLC (“VRML”). Further review by the Staff revealed that Moody is not licensed or registered with the Department to conduct mortgage lending activity in Arkansas. In addition to reviewing Department records, the Staff reviewed the Nationwide Multistate Licensing System (“NMLS”) and noted that Moody was not licensed in any state.
6. Moody should not be confused with VRML, NMLS No. 1941734. VRML has been properly licensed with the Department since July 13, 2020, as a Mortgage Banker-Broker-Servicer-Licensee. At the time of this Order, VRML is in good standing with the Department and has taken all necessary and reasonable steps to inform Arkansas and other state regulators of Moody’s activity through AAMR.
7. VRML informed AAMR and state regulators that the Moody Website, without VRML’s consent or knowledge, was mirroring VRML’s own website.
8. VRML noted that Moody was claiming that VRML’s license and NMLS number was its own. Moody also was using blog posts that VRML was writing. Moody went as far as to copy and paste information straight from VRML’s website on its page without making any changes. Examples include, but are not limited to, the following:

- a. On the landing page it states: “Welcome to Leon Moody & Sons Inc; The VRM Lending customer-first approach...”

- b. In the email policy terms and conditions it states: “Leon Moody & Sons Inc (“VRML”) offers...”
 - c. On its Company Overview page Moody states that homebuyers are to call 833.483.6333 for a consultation. This is the number to VRML and is not the contact number provided by Moody elsewhere on the site.
 - d. There are numerous instances in the policies provided on the Moody Website where “VRML” remains in the text.
9. As stated above, Moody is not directly associated with VRML or VRML’s affiliates.

APPLICABLE LAW

10. Ark. Code Ann. § 23-39-502(15) defines, in part, “mortgage broker” as a person who for compensation or other gain or in the expectation of compensation or other gain and, regardless of whether the acts are done directly or indirectly, through contact by telephone, by electronic means, by mail, or in person with borrowers or potential borrowers as someone who solicits or offers to solicit an application for a mortgage loan.
11. Ark. Code Ann. § 23-39-503(b) states that it is unlawful for any person other than an exempt person to act or attempt to act, directly or indirectly, as a mortgage broker with any person located in Arkansas without first obtaining a license from the Arkansas Securities Commissioner (“Commissioner”).
12. Ark. Code Ann. § 23-39-503(f) states that no person other than an exempt person shall hold himself or herself out as a mortgage broker unless the person is licensed in accordance with the FMLA.

13. Ark. Code Ann. § 23-39-513(1) states, in part, that it is unlawful to misrepresent or conceal any material fact or make any false promise likely to influence, persuade, or induce an application for a mortgage loan or a borrower to take a mortgage loan.
14. Ark. Code Ann. § 23-39-513(7) states, in part, that it is unlawful, in connection with the advertisement, solicitation, brokering, making, servicing, purchase, or sale of any mortgage loan, to engage in any transaction, practice, or course of business that is misleading or deceptive or constitutes fraud upon any person.
15. Ark. Code Ann. § 23-39-513(12) states, in part, that it is unlawful to engage in practices that are dishonest or unethical in the mortgage industry.
16. Ark. Code Ann. § 23-39-514(e)(1) states that upon finding that any action of a person is in violation of the FMLA, the Commissioner may summarily order the person to cease and desist from the prohibited action(s).

CONCLUSIONS OF LAW

17. Moody acted as mortgage broker, as defined by Ark. Code Ann. § 23-39-502(15), by soliciting applicants for a mortgage loan through its website, by allowing homebuyers to apply for a prequalification letter and to get connected with a mortgage loan officer.
18. Moody violated Ark. Code Ann. §§ 23-39-503(b) and 23-39-503(f) by operating and holding itself out to the public as a mortgage broker through its public website, which is accessible by Arkansans, without properly being licensed with the Department.
19. Moody misrepresented, deceived, and defrauded potential homebuyers by causing individuals to believe that it was a licensed mortgage broker when it mirrored VRML's website and used VRML's license and NMLS number as its own. Additionally, Moody misrepresented, deceived, and defrauded individuals by claiming to be incorporated and have a place of business in Illinois.

Through these above-mentioned activities, Moody violated Ark. Code Ann. §§ 23-39-513(1), (7), and (12).

20. The acts and conduct set forth in paragraphs 2 through 9 are in violation of the FMLA.

Therefore, a cease and desist order is appropriate pursuant to Ark. Code Ann. § 23-39-514(e)(1).

ORDER

IT IS THEREFORE ORDERED that the Respondent, Leon Moody & Sons Inc, immediately CEASE AND DESIST from the following activity and from all other activity in violation of FMLA:

1. Respondent shall immediately cease and desist from further violations of Ark. Code Ann. §§ 23-39-502(15) and 23-39-503(f) and refrain from holding itself out as a licensed mortgage broker in Arkansas until properly licensed pursuant to the FMLA.
2. Respondents shall immediately cease and desist from further violations of Ark. Code Ann. §§ 23-39-513(1), (7), and (12) and refrain from misrepresenting, deceiving, and defrauding potential homebuyers by claiming to be a licensed mortgage broker under VRML's Arkansas Mortgage-Banker-Broker-Servicer license number and its NMLS number as stated on the mimicked Moody Website.

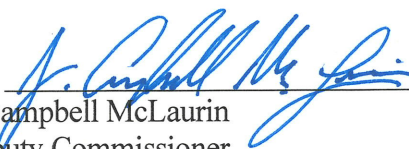
A hearing on this order shall be held if requested by the Respondent in writing within thirty (30) days of the entry of this order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
1 Commerce Way
Suite 402
Little Rock, Arkansas 72202

If no hearing is requested and none is ordered by the Commissioner, this order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-39-514(e)(2)(D).

WITNESS MY HAND this the 31st day of July, 2024.

SUSANNAH T. MARSHALL
ARKANSAS SECURITIES COMMISSIONER

By: 

J. Campbell McLaurin
Deputy Commissioner
Arkansas Securities Department
1 Commerce Way, Suite 402
Little Rock, Arkansas 72202