

STATE OF ARIZONA
DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of the Mortgage Broker License
of:

Phoenix Rising Financial, LLC
(License No. 1002731)

Respondent.

No. 23A-009-FIN

ORDER TO CEASE AND DESIST

The Arizona Department of Insurance and Financial Institutions (the "Department") has received evidence that **Phoenix Rising Financial, LLC ("Respondent")** has violated provisions of Arizona Revised Statutes ("A.R.S.") Title 6. Accordingly, the Director makes the following Findings of Fact and Conclusions of Law and enters the Following Order pursuant to A.R.S § 6-137.

This Order is effective at the time of service and remains effective and enforceable unless it is stayed, modified, terminated, or set aside. A.R.S. § 6-137(C).

Under A.R.S. Titles 6 and 41 and Arizona Administrative Code ("A.A.C.") Title 20, Chapter 4, Respondent is notified that it is entitled to a hearing to contest the allegations set forth in this Order. See A.R.S. § 6-137(D). A notice of appeal or request for a hearing shall be filed with the Department within thirty (30) days after receiving this Order and shall identify with specificity the reason(s) why an administrative hearing is being sought in accordance with A.R.S. § 41-1092.03(B).

If Respondent requests a hearing, the purpose of the hearing shall be to determine if grounds exist for: (1) the issuance of this Order under A.R.S. § 6-137, directing Respondent to cease and desist from any unlawful conduct and to take the appropriate affirmative actions, within the time prescribed by the Director, to correct the conditions resulting from the unlawful acts, practices, and transactions; (2) the imposition of a civil monetary penalty under A.R.S. § 6-132; and (3) any orders or remedies

1 necessary or proper for the enforcement of statutes and rules regulating mortgage brokers under A.R.S.
2 §§ 6-123 and 6-131. The administrative hearing will be held at the Office of Administrative Hearings
3 in accordance with A.R.S. §§ 41-1092 through 41-1092.12.

4 Respondent also has the right to request an Informal Settlement Conference (“ISC”) pursuant to
5 A.R.S. § 41-1092.06. If an ISC is requested, a person with the authority to act on behalf of the
6 Department will be present. By participating in the ISC, Respondent waives its right to object to the
7 participation of this Department representative in the final administrative decision of this matter.
8 Further, any statements, written or oral, made by Respondent or its representatives at an ISC, including
9 a written document created or expressed solely for the purpose of settlement negotiations, are
10 inadmissible in any subsequent administrative hearing.

11 **FINDINGS OF FACT**

12 1. Respondent is an Arizona limited liability company and holds a mortgage broker
13 license, number 1002731, issued by the Department on August 8, 2019.

14 2. On January 31, 2023, Respondent completed a late renewal process via NMLS, which
15 requires the filing of Respondent’s bond certificate. Respondent’s bond certificate was not signed by
16 Respondent and was therefore deemed deficient. On January 31, 2023, and again on February 8 and
17 10, the Department’s licensing specialist sent Respondent communications requesting that Respondent
18 cure the deficiency in its renewal application. On February 16, 2023, the Department’s Regulatory
19 Legal Affairs Officer sent Respondent an email requesting an updated bond certificate. Respondent has
20 failed to respond to the Department’s multiple requests.

21 3. On October 21, 2022, the Department sent Respondent a notification regarding a
22 scheduled examination of Respondent’s business practices in Arizona. Respondent failed to respond to
23

1 the Department's notification. Over the next thirty days, the Department reached out to Respondent
2 five additional times. Respondent failed to respond to the Department.

3 4. On November 23, 2022, a Department examiner personally visited Respondent's
4 physical location according to the address of record on file with the Department. The examiner found
5 that Respondent does not maintain a business office at that address and is not listed in the business
6 directory of the office building.

7 5. The Department's examiner sent Respondent several more communications (February 1,
8 9, 15, and 17, 2023) regarding the pending examination and requested immediate follow up.
9 Respondent failed to respond to any of the examiner's communications.

10 6. On or about February 24, 2023, the Department's Regulatory Legal Affairs Officer sent
11 Respondent a final email requesting immediate response, informing Respondent that failure to respond
12 could lead to an official enforcement action, including but not limited to license suspension or
13 revocation. Respondent failed to contact the Department and provide the requested information.

14 7. On March 8, 2023, the Department received confirmation from the surety company that
15 holds Respondent's deficient bond (CNA Surety) that "the bond would be rejected with no signature
16 from the principal." The surety company confirmed that it will be reaching out to Respondent to
17 discuss the status of the bond.

18 **CONCLUSIONS OF LAW**

19 8. Respondent's conduct, as alleged above, constitutes a violation of the requirement to
20 subject its operations to the examination and supervision of the department. A.R.S. § 6-121.

21 9. Respondent's conduct, as alleged above, constitutes a violation of the requirement to
22 deposit with the Deputy Director, before doing business as a mortgage broker, a bond executed by the
23

1 licensee as principal and a surety company authorized to do business in this state as surety. A.R.S. § 6-
2 903(J)

3 10. Respondent's conduct, as alleged above, constitutes the refusal to allow an examination
4 by the Deputy Director of the licensee's books and affairs. A.R.S. § 6-905(A)(3).

5 11. Grounds exist for the Director to issue this Order directing Respondent to cease and
6 desist from the prohibited acts, practices, or transactions and to take appropriate affirmative actions to
7 correct the conditions resulting from those prohibited acts, practices, or transactions, within the time
8 prescribed by the Director. A.R.S. § 6-137.

9 **ORDER**

10 12. **Respondent shall immediately cease and desist from engaging in the activities of a**
11 **mortgage broker in Arizona.**

12 13. The provisions of this Cease and Desist Order shall be binding upon Respondent, its
13 employees, agents, representatives, and all other persons participating in the business affairs of
14 Respondent, as to mortgage broker activities in Arizona.

15 14. **This Cease and Desist Order shall become effective upon service**, and shall remain
16 effective and enforceable until such time as, and except to the extent that, it shall be stayed, modified,
17 terminated, or set aside by a court of competent jurisdiction or by the Director.

18 DATED AND EFFECTIVE this 13th day of March, 2023.

19
20 Barbara D. Richardson, Director
Arizona Department of Insurance and
Financial Institutions

21
22 By:



23 Shane Foster, Deputy Director of Financial Institutions

1 **COPY** of the foregoing mailed by U.S. First Class and
2 Certified Mail, Electronic Receipt Requested,
3 this 13th day of March, 2023, to:

3 Phoenix Rising Financial, LLC
4 Attn: Kevin E. Reed
5 2200 E. Comeback Road, Suite 221
6 Phoenix, AZ 85016

7 Respondent 9489 0090 0027 6486 6714 33

8 Phoenix Rising Financial, LLC
9 Attn: Kevin E. Reed
10 6239 N. 14th Street
11 Phoenix, AZ 85014

12 Respondent 9489 0090 0027 6486 6717 09

13 **COPY** of the foregoing emailed/delivered
14 this 13th day of March, 2023, to:

15 Gio Espinosa, Regulatory Legal Affairs Officer
16 Deian Ousounov, Assistant Director
17 Steve Fromholtz, Licensing Manager
18 Michelle Castaneda, Licensing Supervisor
19 Tammy Seto, Assistant Director
20 Arizona Department of Insurance and Financial Institutions
21 100 North 15th Avenue, Suite 261
22 Phoenix, AZ 85007

23 **COPY** of the foregoing delivered electronically
same date to:

Phoenix Rising Financial, LLC
Attn: Kevin E. Reed
Kreed@prfloans.com
Respondent

Ana Starcevic