ORDER

BEFORE THE ADMINISTRATOR
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF BANKING

TO: Lake Superior Mortgage, Inc.
1501 E. Superior St.
Duluth, MN 55812-1635
Respondent

PURPOSE

1. This is an order issued by the Administrator, State of Wisconsin, Department of Financial Institutions, Division of Banking and directed to respondent.

JURISDICTION and AUTHORITY

2. The State of Wisconsin, Department of Financial Institutions, Division of Banking ("division") shall enforce and carry out all laws relating to mortgage bankers, mortgage brokers and loan originators in the State of Wisconsin, and shall enforce and cause to be enforced every law relating to the supervision and control thereof. Ch. 224, subch. III, Stats.

3. Respondent holds a license as a mortgage broker under ch. 224, subch. III, Stats., with the division, license #28445. The license is currently suspended. Respondent's address of record is indicated above.

4. The division may assess against any person who violates ch. 224, subch. III, Stats., a forfeiture of not more than $25,000 for each violation and may further order restitution to any person suffering loss as a result of the violation. Sec. 224.77(1m), Stats.

5. If the division finds that a mortgage banker, mortgage loan originator, or mortgage broker has violated any provision of ch. 224, subch. III, Stats., or any rule promulgated under this subchapter, the division may deny any application for initial issuance or renewal of a license; revoke, suspend, limit or condition any license; and issue a reprimand. Sec. 224.77(2m), Stats.

6. The division may issue general and special orders, including temporary orders that become immediately effective, to prevent or correct actions by a mortgage banker, mortgage loan originator or mortgage broker that constitutes a violation of any provision of ch. 224, subch. III, Stats., or any rule promulgated under that subchapter. Sec. 224.77(3), Stats.

FINDINGS

The division finds as follows:

7. Section 224.72(4m), 2007 Stats., sets forth financial responsibility requirements by which respondent must comply. At respondent's option, respondent may comply with s. 224.72(4)(a), Stats., in lieu of complying with s. 224.72(4m), 2007 Stats.

8. On or about September 13, 2010, the division received a notice from CNA Surety indicating that respondent's surety bond (#48-16318) would be cancelled. The effective date of the cancellation was November 1. 2010. **Ex. 1.**

9. The division has not received a rescission of the cancellation notice, a new surety bond, or evidence that respondent is otherwise in compliance with the financial responsibility requirements set forth in s. 224.72(4m), 2007 Stats., or s. 224.72(4)(a), Stats.

10. Pursuant to s. 224.77(2m), Stats., if the division finds that a mortgage banker, mortgage loan originator, or mortgage broker has violated any provision of ch. 224, subch. III, Stats., or any rule promulgated under this subchapter, the division may revoke any license.

11. Pursuant to s. 224.77(1)(i), Stats., it is a prohibited act or practice to demonstrate a lack of competency to act as a mortgage broker in a way which safeguards the interest of the public. Pursuant to s. DFI-Bkg 43.02(15), Admin. Code, failing to maintain in force the required surety bond demonstrates a lack of competency to act as a mortgage broker in a way which safeguards the interest of the public.

12. By not maintaining a surety bond, or otherwise meeting the financial responsibility requirements for a mortgage broker, respondent has demonstrated a lack of competency to act as a mortgage broker in a way which safeguards the interests of the public.

ORDER

13. Based on the foregoing, IT IS HEREBY ORDERED that respondent's certificate of registration as a mortgage broker is revoked.

14. The provisions of this order shall be binding upon respondent and respondent's directors, officers, employees, agents, successors, assigns, and other persons participating in the conduct of its affairs. The provisions of the order shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this order shall have been modified, terminated, suspended, or set aside by the division.

15. The effective date of this Order shall be the date it is served, and service is complete upon mailing. Secs. 227.48(1), Stats., and DFI—Bkg 11.09, Admin. Code.

Dated and mailed at Madison, Wisconsin this 1st day of November, 2010.

By: [redacted]
Michael J. Mach, Administrator
Wisconsin Department of Financial Institutions
Division of Banking
P.O. Box 7876
345 W. Washington Avenue, 4th Floor
Madison, WI 53707-7876
tel. (608) 266-0451
fax (608) 267-6889

APPEAL

Pursuant to Wisconsin Statutes section 224.77(3m), a person whose license has been denied, revoked, suspended, limited, or conditioned may request a hearing under s. 227.44 within 30 days after the date of denial, revocation, suspension, limitation, or conditioning of the license.

The procedures to appeal this order are set forth in s. 227.42, Stats. Pursuant to s. 227.42(1), Stats., any person filing a written request with an agency for hearing shall have the right to a hearing which shall be treated as a contested case if:

(a) A substantial interest of the person is injured in fact or threatened with injury by agency action or inaction;

(b) There is no evidence of legislative intent that the interest is not to be protected;

(c) The injury to the person requesting a hearing is different in kind or degree from injury to the general public caused by the agency action or inaction; and

(d) There is a dispute of material fact.

All four criteria set forth in s. 227.42(1), Stats., must be met for a person to have the right to a hearing. In particular, the attention of an individual or entity requesting a hearing is directed to the requirement to demonstrate that there is a dispute of material fact regarding the basis or bases for the action being taken by the division.

The request shall be sent to:

Michael J. Mach, Administrator
Wisconsin Department of Financial Institutions
Division of Banking
P.O. Box 7876
345 W. Washington Avenue, 4th Floor
Madison, WI 53707-7876
tel. (608) 266-0451