

1 STATE OF ALASKA
2 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
3 DIVISION OF BANKING AND SECURITIES

4 In the matter of:)
5 TYLER WILLIAM RANDOLPH)
6 NMLS #846748,)
7 TYLER WILLIAM RANDOLPH)
8 OTHER TRADE NAME: TYLER)
9 RANDOLPH STATE FARM)
10 INSURANCE)
11 NMLS #850272 and)
12 TYLER RANDOLPH INSURANCE)
13 AGENCY INC.)
14 NMLS # 1288854)
15 Respondents.)

ORDER NO: 14-2262-C
ORDER TO PAY LATE FILING FEES,
IMPOSING CIVIL PENALTIES
AND
CONSENT TO ORDER

11 The Department of Commerce, Community, and Economic Development, Division of
12 Banking and Securities ("Department") has conducted an examination of the business
13 operations of Tyler William Randolph (an individual), Tyler William Randolph Other Trade
14 Name: Tyler Randolph State Farm Insurance, and Tyler Randolph Insurance Agency Inc.
15 (collectively, the "Respondents") and has determined that Respondents violated certain
16 provisions of AS 06.60 et seq. ("the Alaska Secure and Fair Enforcement for Mortgage
17 Licensing Act of 2010 – the Alaska SAFE Act").

18 Respondents agree that the Department has jurisdiction over Respondents and this
19 matter pursuant to the Alaska SAFE Act.

20 Respondents wish to resolve and settle this matter with the Department. As
21 evidenced by the authorized signature on this Order, Respondents consent to the entry of this
22 Order to pay late fees and imposing civil penalties based on the Conclusions of Law and
23 Order. Respondents waive their right to hearing under AS 44.62 et seq. (the Alaska
24 Administrative Procedure Act) and the Alaska SAFE Act.

I. FACTS

1
2 1. Tyler William Randolph is a resident of Kodiak, Alaska.

3 2. On May 21, 2012, Mr. Randolph obtained a business license for Tyler Randolph State
4 Farm Insurance Agency (no. 974317) from the State of Alaska. It had a principal place of
5 business located at 1515 A. Mill Bay Road, Kodiak, Alaska, 99615. The business license
6 expired on December 31, 2013.

7 3. On August 7, 2012, the Department issued an Alaska Mortgage Broker/Lender license
8 (no. 850272) to Tyler William Randolph doing business under Other Trade Name: Tyler
9 Randolph State Farm Insurance, a sole proprietorship (hereinafter referred to as "Tyler
10 Randolph State Farm Insurance"). On that same day, the Department licensed Mr. Randolph
11 as a Mortgage Loan Originator (MLO) (no. 846748).

12 4. On October 4, 2013, Mr. Randolph incorporated Tyler Randolph Insurance Agency,
13 Inc. (no. 10015715) in the State of Alaska. Mr. Randolph is the 100% owner. Subsequently,
14 on December 27, 2013, Mr. Randolph obtained a business license for Tyler Randolph
15 Insurance Agency Inc. (no. 998595) from the State of Alaska. It has a principal place of
16 business located at 1515 A. Mill Bay Road, Kodiak, Alaska, 99615.

17 5. On January 28, 2015, Mr. Randolph obtained a business license (no. 1015944) for
18 Tyler Randolph State Farm Insurance from the State of Alaska. It has a principal place of
19 business located at 1515 A. Mill Bay Road, Kodiak, Alaska, 99615.

20 6. Mr. Randolph is the only individual currently working for Tyler Randolph State Farm
21 Insurance holding a valid mortgage loan originator's license in Alaska and is listed as its only
22 control person on the Nationwide Multistate Licensing System & Registry ("NMLS").

23 7. On August 19, 2014, the Division of Banking and Securities conducted an
24 examination on Tyler Randolph State Farm Insurance. The examination covered the period

1 January 1, 2013 to May 31, 2014 (the exam period).

2 8. Mortgage licensees must submit reports of condition of the licensee to the Department
 3 in the form proscribed by the NMLS. The NMLS requires licensees to submit quarterly
 4 reports of condition, known as Mortgage Call Reports (MCRs). NMLS mandates that MCRs
 5 be filed after each calendar quarter by May 15, August 14, November 14, and February 14.

6 Respondents failed to file the MCR filings on time for the following quarters:

7	<u>Quarterly MCR</u>	<u>Due Date</u>	<u>Filed Date</u>	<u># of Days Late</u>
8	Q2 2014	8/14/2014	10/24/2014	70
	Q1 2014	5/15/2014	5/21/2014	6
9	Q4 2013	2/14/2014	3/5/2014	21
	Q3 2013	11/14/2013	1/2/2014	48
10	Q2 2013	8/14/2013	1/2/2014	138
	Q1 2013	5/15/2013	7/23/2013	68
11	Q4 2012	2/14/2013	3/11/2013	27

12 Respondents had seven late MCR quarterly report filings totaling 378 days late.

13 9. Mortgage licensees must file annual reports with the Department by March 15, and
 14 the Department is authorized to assess a late fee of \$25 per day for annual reports that are not
 15 filed on time. Respondents' 2012 annual report was filed on July 26, 2013, 130 days after
 16 March 15. Respondents' 2014 annual report was filed on March 24, 2015, 8 days after
 17 March 16.

18	<u>Annual Report</u>	<u>Due Date</u>	<u>Filed Date</u>	<u># of Days Late</u>
19	2014	3/16/2015	3/24/2015	8
20	2012	3/15/2013	7/26/2013	130

21 Respondents previously paid a civil penalty of \$3,325 for the 2012 late annual report filing.

22 10. Mortgage licensees must file annual financial condition and financial statements
 23 within 90 days of the company's fiscal year end, and the Department is authorized to assess a
 24 late fee of \$25 per day for reports that are not filed on time. The fiscal year end was

1 December 31. Respondents' 2013 annual financial statement was filed on August 7, 2014,
2 127 days after the March 31 due date.

3 11. At the beginning of the examination period, Tyler Randolph State Farm Insurance
4 was reflected as a sole proprietorship in NMLS, but it subsequently became incorporated and
5 its name was changed to Tyler Randolph Insurance Agency, Inc. Respondents did not notify
6 the Department of the change in business structure or name change. Respondents were
7 notified at the time of the examination that they had not applied for a company license as a
8 Mortgage Broker/Lender in the current legal name of the business and they failed to operate
9 under the license name that was applied for.

10 12. Alaska law requires licensees to comply with Bank Secrecy Act (BSA)/Anti-
11 Money Laundering (AML) requirements that include establishing an ongoing employee
12 training program and an independent audit function to test programs. These AML training
13 requirements went into effect on August 13, 2012, for non-bank residential mortgage lenders
14 and originators. The independent audit function was to be fulfilled within 18 months of the
15 effective date. Respondents have four employees plus the MLO, who all must have annual
16 training. Respondents did not conduct an independent audit to test the AML program and did
17 not conduct and document annual AML training for all employees by the deadline.

18 II. CONCLUSIONS OF LAW

19 1. Mr. Randolph is a "control person" of Tyler Randolph State Farm Insurance as that
20 term is defined in AS 06.60.990(4).

21 2. AS 06.60.100(c) requires mortgage licensees to submit MCR reports to the
22 Department in the form proscribed by the NMLS and by established deadlines. Respondents
23 violated AS 06.60.100(c) by filing seven quarterly MCRs a total of 378 days late. Under 3
24 AAC 14.414, the Department may assess a fee of \$25 per day for reports filed late.

1 3. AS 06.60.100(a) and 3 AAC 14.410 require mortgage licensees to file annual reports
2 with the Department not later than March 15 of each year. Respondents violated AS
3 06.60.100(a) and 3 AAC 14.410 by filing an untimely annual report for 2012 and 2014.

4 Under 3 AAC 14.414, the Department may assess a fee of \$25 per day for reports filed late.

5 4. AS 06.60.100(c), 3 AAC 14.054 and 3 AAC 14.411 requires mortgage licensees to
6 submit annual financial statements within 90 days of the company's fiscal year end.
7 Respondents violated AS 06.60.100(c), 3 AAC 14.054 and 3 AAC 14.411 by filing its annual
8 financial statement 127 days late. Under 3 AAC 14.414, the Department may assess a fee of
9 \$25 per day for reports filed late.

10 5. Respondents failed to notify the Department that a material change in Tyler Randolph
11 State Farm Insurance's operations had occurred. Respondents violated AS 06.60.130 by
12 failing to apply for a license in the current legal name of the business and failing to operate
13 under the license name for which they applied.

14 6. Respondents are required to comply with BSA/AML requirements as required by 31
15 CFR Parts 1010 and 1029, Anti-Money Laundering Program and Suspicious Activity Report
16 Filing Requirements for Residential Mortgage Lenders and Originators. Respondents
17 violated 31 C.F.R. Parts 1010 and 1029 by failing to conduct an independent audit to test the
18 AML program and failing to conduct and document annual AML training for the office
19 employees annually. AS 06.60.330 requires all licensees to conduct mortgage loan activities
20 in compliance with federal statutes and regulations, including 31 CFR Parts 1010 and 1029.
21 By violating 31 C.F.R. Parts 1010 and 1029, Respondents also violated AS 06.60.330.

22 7. 3 AAC 14.415 requires mortgage licensees to supervise operations and personnel,
23 including mortgage loan originators, to ensure compliance with the Alaska SAFE Act. Based
24 on the number and type of violations noted by examiners, Mr. Randolph, as control person,

1 failed to supervise business operations and have policies and procedures in place to ensure
2 compliance with the Alaska SAFE Act and therefore is in violation of 3 AAC 14.415.

3 8. Based on the violations cited during the examination period, Respondents are subject
4 to a civil penalty under AS 06.60.420.

5 III. ORDER

6 Pursuant to the Alaska SAFE Act and on the basis of the Findings of Fact,
7 Conclusions of Law and Respondents' consent to the entry of this Order, the Department
8 ORDERS the following:

9 Late Fees

10 1. Respondents are ordered to pay late fees of \$25 per day for each day late under AS
11 06.60.100 and 3 AAC 14.414 for a total of nine thousand four hundred fifty dollars (\$9,450)
12 for filing seven late MCR reports, three thousand one hundred seventy-five dollars (\$3,175)
13 for filing one late annual financial statement, and two hundred dollars (\$200) for filing one
14 late annual report, for a total of twelve thousand eight hundred twenty-five dollars (\$12,825).
15 These late fees are suspended for a period of three (3) years.

16 Civil Penalty

17 2. Respondents are ordered to pay a civil penalty under AS 06.60.420 in the amount of
18 six thousand two hundred fifty dollars (\$6,250). This penalty is calculated with five hundred
19 dollars (\$500) for ten (10) late report filings, one thousand dollars (\$1,000) for a violation for
20 failure to notify the Department of a change in business control or business operations, and
21 two hundred fifty dollars (\$250) for a violation for failure to meet AML program
22 requirements. Payment of the civil penalty is due in full at the time of the execution of this
23 Order.

24 3. Respondents are ordered to comply with all provisions of the Alaska SAFE Act,

1 including associated regulations. If any Respondent fails to comply with any term or
2 condition of this Order, including failure to comply with any future filing or reporting
3 deadlines, the suspended portion of the late fees will be immediately due. If Respondents
4 comply with the terms and conditions of this order for three (3) years from the date of the
5 execution of this order, the suspended portion of the late fees will be set aside.

6 4. The scope of this Order is limited to the violations of the Alaska SAFE Act described
7 herein. The entry of this Order in no way waives, in any manner, the Department's
8 investigative or enforcement authority with regard to any of the Respondents' activities
9 regulated by the Department or any other state or federal agency.

10 5. This Order is a publicly disclosable document and is reportable to the NMLS.

11 6. Respondents are jointly and severally liable for complying with the terms of this
12 order including payment of the assessed late fees, and civil penalty.

13 **IT IS SO ORDERED.**

14 CHRIS HLADICK, Commissioner
15 Department of Commerce, Community
and Economic Development

17 May 19, 2015
18 Date

17 /s/ Kevin Anselm
18 Kevin Anselm, Director
Division of Banking and Securities

19
20 **Consent to Entry of Order**

21 Tyler William Randolph, an individual
22 Tyler William Randolph Other Trade Name: Tyler Randolph State Farm Insurance Agency
Tyler Randolph Insurance Agency Inc.

23 I, Tyler William Randolph , as owner of Tyler William Randolph Other Trade Name:
24 Tyler Randolph State Farm Insurance Agency and Tyler Randolph Insurance Agency Inc.

1 hereby acknowledge that I have read the foregoing Consent Order, I am aware of the right to
2 a hearing and appeal in this matter, and have waived the same.

3 I admit the jurisdiction of the Department of Commerce, Community and Economic
4 Development, Division of Banking and Securities (Department) and further consents to entry
5 of this Consent Order by the Department as settlement of the issues contained in this Consent
6 Order. I admit violation of the Alaska SAFE Act.

7 I understand that the Department reserves the right to take further actions to enforce
8 this Order or to take appropriate action upon discovery of other violations of the Alaska
9 SAFE Act, and that I will fully comply with the terms and conditions of this Order, the
10 Alaska SAFE Act and associated regulations.

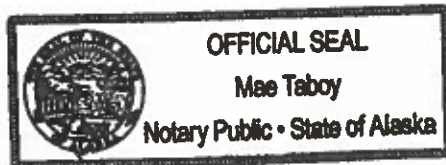
11 I enter into this Consent Order voluntarily and understand that this Consent Order is a
12 public document and is reportable to the NMLS.

14 5/15/15
Date

/s/ Tyler Randolph
Tyler William Randolph

16 SUBSCRIBED AND SWORN TO before me this 15 day of May, 2015 at
Kodiak, AK

17 /s/ Mae Taboy
18 Notary Public in and for Alaska



19 Mae Taboy
20 Notary Printed Name
My commission expires: 1-26-16

22 Contact Person:
23 Tracy Reno, Financial Institution Examiner III
24 (907) 269-8112