

STATE OF ALABAMA
STATE BANKING DEPARTMENT
BUREAU OF LOANS

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STATE OF ALABAMA)
STATE BANKING DEPARTMENT)
)
Complainant,)
)
v.) License No. DP-10330
)
SOUTHERN HOME COMFORT, INC.)
and JAMES ALLEN,)
)
Respondents.)

FINAL ORDER

Having reviewed the entire record of the above-named proceeding, and the documents filed with the Alabama Banking Department regarding this matter (including the Recommended Order), the Supervisor, Bureau of Loans, makes the following rulings, findings, conclusions, determinations, and dispositions:

PROCEDURAL BACKGROUND

On or about March 8, 2016, the Alabama Banking Department (“the Department”) conducted a routine examination of Southern Home Comfort, Inc. and discovered 121 deferred presentment loans not into in the statewide deferred presentment database. The Department sent a Notice of Intent to Revoke License to Southern Home Comfort, Inc. and its President, James Allen (“Allen”) on March 31, 2016.

On May 17, 2016, Administrative Law Judge Randy C. Sallé held an administrative hearing on behalf of the Department on its intent to revoke the license of The Southern Home Comfort, Inc. The Department was represented by Anne W. Gunter, Esq., Associate Counsel for the Department. State Professional Trainee Jessica Richards testified on

behalf of the Department. Caitlin Brand appeared *pro se* and testified on behalf of Southern Home Comfort, Inc.

The ALJ entered a Recommended Order on Findings of Fact and Conclusions of Law on May 25, 2016. The Order held that the Respondents failed to adhere to the Deferred Presentment Services Act and recommended the revocation of the Southern Home Comfort, Inc.'s Deferred Presentment Services license.

FINDINGS OF FACT

The Findings of Fact as set forth in ALJ Sallé's May 25, 2016 Recommended Order are approved, adopted, and incorporated herein by reference.

CONCLUSIONS OF LAW

The Conclusions of Law as set forth in ALJ Sallé's May 25, 2016 Recommended Order are approved, adopted, and incorporated herein by reference.

DISPOSITION

Accordingly, the Supervisor, Bureau of Loans accepts the recommendation of ALJ Sallé and hereby revokes the license of Southern Home Comfort, Inc. (License No. DP-10330)

THEREFORE, the Department having determined that this Order is necessary and appropriate, The Supervisor of the Bureau of Loans, hereby REVOKES Southern Home Comfort, Inc.'s Deferred Presentment Services license.

Upon the effective date of this Order, Southern Home Comfort, Inc.'s status in the Veritec Statewide Database shall be changed to Restricted Status for 90 days. After 90 days, Southern Home Comfort, Inc.'s access to the Veritec Statewide Database will be terminated. Any remaining open loans will be administratively closed by the Department at the end of the 90 days.

The provisions of this Order shall be binding upon Southern Home Comfort, Inc., any affiliated parties, and any successors and assigns thereof, effective immediately.

DONE and ORDERED by the Supervisor of the Bureau of Loans on the 1st day of June, 2016.

/s/Scott Corscadden
Scott Corscadden
Supervisor, Bureau of Loans

BEFORE THE
STATE OF ALABAMA
STATE BANKING DEPARTMENT
BUREAU OF LOANS

STATE OF ALABAMA)	
STATE BANKING DEPARTMENT,)	
)	
Complainant,)	
)	
v.)	License No. DP-10330
)	
SOUTHERN HOME COMFORT, INC.)	
and JAMES ALLEN,)	
)	
Respondents.)	

**RECOMMENDED ORDER ON FINDINGS OF FACT
AND CONCLUSIONS OF LAW**

Procedural History

On or about March 8, 2016, Alabama State Banking Department (“Department”) Professional Trainee Jessica Richards (“Richards”) conducted a routine examination of Southern Home Comfort, Inc., in Roanoke, Alabama. During her examination, Richards found 121 deferred presentment loans not entered into Veritec.¹

On March 31, 2016, the Department sent a Notice of Intent to Revoke License to Southern Home Comfort, Inc. and James Allen.²

¹ Department Exhibit 2.

² Department Exhibit 12.

On May 17, 2016, the undersigned hearing officer, on behalf of the Department, held an administrative hearing for the purpose of hearing the Department's evidence and allowing a representative from Southern Home Comfort, Inc. to present such evidence and any response they had concerning the Department's intent to revoke their license.

The Department was represented by Anne W. Gunter, Esq., Associate Counsel for the Department. Caitlin Brand ("Brand") appeared on behalf of Southern Home Comfort, Inc. and proceeded *pro se*. Richards testified on behalf of the Department. Brand testified on behalf of Respondents.

The Department offered thirteen exhibits which were admitted into the record.

Findings of Fact

Having reviewed the documentary evidence, having heard the witnesses' testimony, having observed the witnesses' demeanor and assessed their credibility, the undersigned finds the greater weight of the evidence supports the following findings of fact:

1. The Department has jurisdiction under the Alabama Deferred Presentment Services Act, ALA. CODE § 5-18A-1, *et seq.* The Department acted within that jurisdiction and its authority in the examination and issuance of the Notice of Intent to Revoke License.

2. Southern Home Comfort, Inc. is a licensee of the State Banking Department, Bureau of Loans, Deferred Presentment #10330.

3. On March 8, 2016, Richards conducted a routine examination of Southern Home Comfort, Inc. in Roanoke, Alabama. During her examination, Richards found 121 deferred presentment loans that were not placed in the statewide database, Veritec.³ Richards asked the Supervisor on duty, Ronnie Bonner (“Bonner”), why the 121 loans were not entered into the Veritech database. Bonner’s response to Richards was, “I don’t know.”⁴

4. Brand testified on behalf of Southern Home Comfort, Inc. Brand testified she was the Office Manager and worked under the supervision of Bonner. Brand was on maternity leave during the implementation of the Veritec database. Brand returned to work sometime in October 2015. Brand testified she did not understand the information was not posted into the system correctly. Bonner was responsible for making sure things in the office were done properly while she was out of the office. According to Brand, Bonner completed the online training for Veritec.

6. Brand testified she does not know why some loans were placed into Veritec and others were not. When Brand is in the office, she puts the loan information in Veritec. However, infractions occurred from August 2015 through March 2016 (*i.e.*, infractions continued to occur after Brand’s return from maternity leave in October 2015).

³ Testimony of Richards, see also Department Exhibits 1-3.

⁴ Testimony of Richards.

Conclusions of Law

The State Banking Department Bureau of Loans, Regulation 155-2-4-.09

states, in pertinent part:

(1) In order to comply with the intent of the Act regarding the maximum loan amount for a single customer, the State Banking Department shall implement a common approved database with real-time access through an internet connection. Each licensee shall use the same approved third-party database service provider as determined by the State Banking Department.

...

(4) Licensees must submit accurate and timely information to the database service provider. Failure to do so may result in the assessment of civil money penalties and/or license revocation.

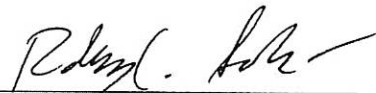
Southern Home Comfort, Inc. made 121 loans from August 10, 2015 through March 2016 without entering those loan details into Veritec. This constitutes 121 separate violations of Regulation 155-2-4-.09. Some loans the company made during that time period were placed in Veritec, however, many were not. The Deferred Presentment Services Act permits a fine of no more than \$1,000.00 for each transaction in violation under the chapter, and revocation of license if the Supervisor of the Bureau of Loans finds a licensee has violated a provision of the Act, an administrative regulation issued pursuant to the Act, or violates any other law in the course of its business.⁵

⁵ ALA. CODE § 5-18A-16.

Recommendation

The undersigned has carefully considered all the evidence in this case. Southern Home Comfort, Inc. committed 121 separate violations of the Deferred Presentment Services Act, ALA. CODE § 5-18A-13(h). Based upon Respondents' failure to adhere to the laws and rules of the Department, and its complete disregard for using the Veritec database, revocation of its Deferred Presentment License is appropriate and sustained by the evidence. The laws and rules of the Department are designed to protect the welfare of the public. A company's complete disregard for the Department's rules jeopardizes the welfare of the public.⁶ Pursuant to the Deferred Presentment Services Act, the administrative staff's decision to **REVOKE** Respondents' license is appropriate and should be upheld.

Done this 25th day of May, 2016.



Randy C. Sallé
Administrative Law Judge
State Personnel Department
64 North Union Street
Montgomery, Alabama 36130
Phone: (334) 242-8353
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⁶ It should be noted that some loans made during the time period were properly entered into Veritec which demonstrates that the company knew what to do, they merely failed to do it with every loan. This complete disregard of the Department's rules cannot be condoned.