

286.12-110 Order to condition, deny, suspend, or revoke license.

- (1) Subject to subsection (2) of this section, the commissioner may issue a written order to condition, deny, suspend, or revoke a license issued under this subtitle if the commissioner finds that one (1) or more of the following has occurred:
 - (a) The licensee:
 1. No longer meets the requirements to hold a license under this subtitle;
 2. Materially violated any provision of this subtitle, any administrative regulation or order issued pursuant to this subtitle, or any other state law or regulation related to the business of student education loan servicing;
 3. Is conducting its business in an unsafe or unsound manner;
 4. Engaged in an unfair or deceptive act or practice;
 5. Is insolvent;
 6. Has suspended payment of its obligations or has made an assignment for the benefit of its creditors;
 7. Has applied for an adjudication of bankruptcy, reorganization, arrangement, or other relief under the United States Bankruptcy Code, 11 U.S.C. secs. 101 to 110;
 8. Has failed to cooperate in an examination, investigation, or subpoena issued by the commissioner;
 9. Has failed to make any report required by this subtitle; or
 10. Has been convicted of:
 - a. To the extent permitted under KRS 335B.020, a felony; or
 - b. A misdemeanor:
 - i. Related to the business of student education loan servicing; or
 - ii. Involving theft, fraud, or breach of trust;
 - (b) Any fact or condition exists that would have been grounds for denying the application if it had existed at the time the licensee applied for its license; or
 - (c) The licensee's net worth, as determined in accordance with generally accepted accounting principles, falls below the required net worth as prescribed in KRS 286.12-030(2)(b), and the licensee, after ten (10) days written notice from the commissioner, fails to take any action the commissioner deems necessary to remedy the deficiency.
- (2)
 - (a) The commissioner shall provide written notice to the licensee prior to denying, suspending, or revoking a license under subsection (1) of this section.
 - (b) A licensee that receives a notice of the commissioner's intent to deny, revoke, or suspend a license may file a written application for an administrative hearing in accordance with KRS Chapter 13B within twenty (20) days of the date of the notice.
 - (c) If a licensee fails to timely request a hearing pursuant to paragraph (b) of this

subsection, the commissioner may enter a default order of denial, revocation, or suspension against the licensee.

- (3) (a) Any person who has had a license revoked by the commissioner under this section shall not be eligible for a license under KRS 286.12-030 until three (3) years after the date of revocation.
- (b) Any person who has a license revoked twice by the commissioner under this section shall be permanently ineligible for a license under this subtitle.
- (4) In determining whether a licensee is engaging in an unsafe or unsound practice under subsection (1)(a)3. of this section, the commissioner may consider:
 - (a) The size and condition of the licensee;
 - (b) The magnitude of the loss;
 - (c) The gravity of the violation of this subtitle or an administrative regulation or order issued pursuant to this subtitle;
 - (d) Any action taken against the licensee by another state or federal government; and
 - (e) The previous conduct of the licensee.

Effective: July 14, 2022

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