

TALLAHASSEE, Fla. AUGUST 18, 2008

Florida's top mortgage industry regulator resigned Tuesday amid allegations his agency let thousands of convicted criminals, including bank robbers and racketeers, work in the home loan business.

Gov. Charlie Crist and the state's three Cabinet members, who together oversee the Office of Financial Regulation, also approved emergency rules to stop the licensing of ex-convicts as mortgage brokers.

The panel two weeks ago ordered their respective inspectors general to audit the office in response to a Miami Herald investigation.

The newspaper found more than 10,000 people with criminal records were allowed to work in Florida's mortgage industry from 2000 through 2007 and that convicted felons had bilked at least \$85 million from lenders and consumers.

Financial Regulation Commissioner Don Saxon's resignation is effective Sept. 30.

"I recognize that things could have been done better," Saxon told the panel. "It was always my hope that once that audit was completed it would demonstrate that our office is not acting as recklessly, if you will, as the Miami Herald might suggest."

Crist's inspector general, Melinda Miguel, said the audit would be completed in 30 days.

Chief Financial Officer Alex Sink sought Saxon's firing and Crist seconded her motion, but before a vote could be taken Saxon said he would resign.

"I expressed at the last meeting that my confidence had been shaken," Crist said. "Nothing has occurred in the interim to change that."

Sink said the office needs more pro-active management and that Saxon should have proposed the new rules long ago.

"This agency has known for years that complaints have been coming in about the actions of mortgage brokers," she said.

Sink also cited a statewide grand jury report earlier this year that criticized Saxon's office for failing to be aggressive enough in rooting out fraud and money laundering in the check cashing business.

"The grand jury said there are billions of dollars being filtered -- illegal money, dirty tainted money," Sink said.

Saxon later said he had been thinking about retiring even before the news reports because he will have 33 years in as a state employee on Sept. 1.

Besides passing the emergency rules, which will expire after 90 days, the panel started the more lengthy process of approving identical permanent regulations. They are based on a new federal law all states eventually will be required to adopt.

Even if they get their civil rights restored, felons convicted of crimes that have a financial nature -- including fraud, robbery, embezzlement, burglary, identify theft, tax evasion and money laundering -- would be permanently banned from the mortgage industry under the new rules.

Those convicted of serious nonfinancial felony crimes, including murder, rape and aggravated assault, would be barred for 15 years after their convictions. All other felons would be excluded for seven years. Criminals convicted of finance-related misdemeanors would be banned for five years.

In no case could criminals be licensed in less than five years after completing their sentences.

Attorney General Bill McCollum and Agriculture Commissioner Charles Bronson voted for the emergency rules although both questioned whether felons could be excluded for nonfinancial crimes without changing existing state law. Sink said her lawyers believe the rules are on sound legal ground.