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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING
the Loan Originator License Application under the
Mortgage Broker Practices Act of Washington by:

NOEL BARTLETT KNAPPETT,

Respondent.

NO. C-07-191-07-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO DENY LICENSE APPLICATION
AND PROHIBIT FROM INDUSTRY

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INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to RCW 19.146.310, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

1.1 Respondent Noel Bartlett Knappett (Respondent Knappett) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Western State Mortgage Corp, dba Residential Capital Corp, a mortgage broker licensed under the Act. The on-line application was received by the Department on or about December 28, 2006.

1.2 Prior Criminal Acts.

A. On or about August 26, 2003, Respondent Knappett pled guilty in King County Superior Court, Cause No. 03-1-07443-4 SEA, to the charge of Theft in the Third Degree, a misdemeanor pursuant to RCW 9A.52.050.

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¹ RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 **1.3 Responses to Application Questions.** The "Criminal Disclosure" section of the loan originator license
2 application consists of eight questions, and includes the following instruction:

3 "If the answer to any of the following is "YES", provide complete details of all events or proceedings"

4 Respondent Knappett answered "no" to the following question on the "Criminal Disclosure" section of his loan
5 originator license application:

- 6 • 5-Have you ever been convicted of or plead guilty or nolo contendere ("no contest") in a
7 domestic, foreign, or military court to [a] misdemeanor involving: financial services or a
8 financial services-related business or any fraud, false statements or omissions, theft or any
9 wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a
10 conspiracy to commit any of these offenses?

11 Respondent Knappett was obligated by statute to answer questions on the loan originator license application
12 truthfully and to provide the Department with complete details of all events or proceedings.

13 **II. GROUNDS FOR ENTRY OF ORDER**

14 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent
15 Knappett is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for negligently making
16 any false statement or willfully making any omission of material fact in connection with any application or any
17 information filed by a licensee in connection with any application, examination or investigation conducted by
18 the Department.

19 **2.2 Requirement to Provide Information on License Application.** Based on the Factual Allegations set
20 forth in Section I above, Respondent Knappett fails to meet the requirements of RCW 19.146.300(1) and (2)
21 and RCW 19.146.310(1)(b) by failing to provide an accurate and complete license application in the form
22 prescribed by the Director.

23 **2.3 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
24 forth in Section I above, Respondent Knappett fails to meet the requirements of RCW 19.146.310(1)(g) and
25 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the

1 confidence of the community and to warrant a belief that the business will be operated honestly and fairly
2 within the purposes of the Act.

3 III. AUTHORITY TO IMPOSE SANCTIONS

4 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the
5 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the
6 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by
7 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application
8 of the denial.

9 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
10 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
11 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
12 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through December
13 28, 2013.

14 IV. NOTICE OF INTENTION TO ENTER ORDER

15 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
16 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
17 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.310.
18 Therefore, it is the Director's intention to ORDER that:

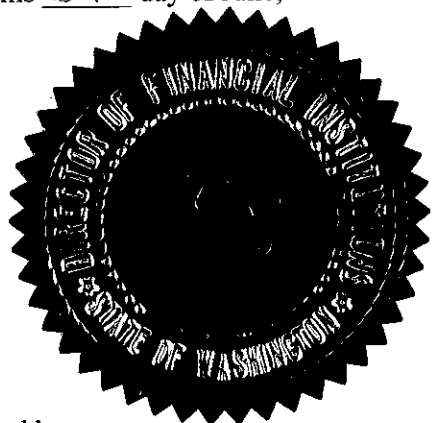
19 **4.1** Respondent Noel Bartlett Knappett's application for a loan originator license be denied.

20 **4.2** Respondent Noel Bartlett Knappett be prohibited from participation in the conduct of the affairs of any
21 mortgage broker subject to licensure by the Director, in any manner, through December 28, 2013.
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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Deny License Application and
3 Prohibit from Industry (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220,
4 RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05
5 RCW (The Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in
6 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
7 Statement of Charges.

8 Dated this 12th day of June, 2007



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A handwritten signature in black ink, appearing to read "Deborah Bortner".

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DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

21 Presented by:

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A handwritten signature in black ink, appearing to read "Charles E. Woode".

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CHARLES E. WOODE
Financial Legal Examiner

Approved by:

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A handwritten signature in black ink, appearing to read "Fatima Batie".

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FATIMA BATIE
Financial Legal Examiner Supervisor

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
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IN THE MATTER OF INVESTIGATING
the Loan Originator License Application under the
Mortgage Broker Practices Act of Washington by:

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Respondent.

C-07-191-07-SC01

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

THE STATE OF WASHINGTON TO:

NOEL BARTLETT KNAPPETT

YOU ARE HEREBY NOTIFIED that a STATEMENT OF CHARGES has been filed by the Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the Washington State Department of Financial Institutions on the Statement of Charges. Service of this notice is deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to cross-examine those witnesses presented in support of the Statement of Charges. You may require the attendance of witnesses by subpoena. If you are limited English-speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.

