



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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

JEFFERY SCOTT REED,

Respondent.

NO. C-07-279-09-FO02

ORDER VACATING FINAL ORDER

I. RELEVANT FACTS

On December 20, 2007, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry and Collect Investigation Fee (Statement of Charges) against Respondent Reed. The Statement of Charges was accompanied by a cover letter dated December 21, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Jeffery Scott Reed. The Department served the Statement of Charges, cover letter dated December 21, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Jeffery Scott Reed on Respondent Reed on December 21, 2007, by First-Class mail to 4020 Lake Washington Blvd. NE, Ste 208, Kirkland, WA 98033, and by Federal Express overnight delivery C/O Fresh Start Equity, Inc., 4020 Lake Washington Blvd. NE, Ste 208, Kirkland, WA 98033, which was Respondent Reed's current employment address listed on his Loan Originator license application. On December 27, 2007, the documents sent via Federal Express overnight delivery were delivered and signed for by G. Legwith.

1 On January 30, 2008, the documents sent via First-Class mail to Respondent had not been
2 returned to the Department by the United States Post Office, and Respondent Reed had not requested
3 an adjudicative hearing within twenty calendar days after the Department served him with the Notice
4 of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).
5 Consequently, a Final Order was entered by the Director's Designee on January 30, 2008. The Final
6 Order was mailed by First-Class mail and Federal Express overnight delivery to Respondent Reed at
7 4020 Lake Washington Blvd. NE, Ste 208, Kirkland, WA 98033. The copy sent by Federal Express
8 overnight delivery was signed for on February 1, 2008, and the copy sent by First-Class mail was not
9 returned to the Department.
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11 On February 7, 2008, the Statement of Charges and Final Order the Department had mailed to
12 Respondent's mortgage broker at 4020 Lake Washington Blvd. NE, Ste 208, Kirkland, WA 98033, were
13 returned to the Department by the United States Postal Service. Additionally, on February 12, 2008, the
14 copy of the Final Order the Department sent by Federal Express overnight delivery to that address was
15 returned to the Department. On February 14, 2008, Respondent Reed contacted the Department stating
16 that he had never received the Statement of Charges or Final Order.

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II. ORDER

Based upon the foregoing, the Final Order entered January 30, 2008, is hereby
VACATED.

DATED this 31st day of August, 2009.

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS



DEBORAH BORTNER
DIRECTOR
DIVISION OF CONSUMER SERVICES



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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:

JEFFERY SCOTT REED,
Respondent.

NO. C-07-279-08-FO01

FINAL ORDER

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I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On December 20, 2007, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Deny License Application and Prohibit from Industry (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated December 21, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing. The Department served the Statement of Charges, cover letter dated December 21, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing on Respondent on December 21, 2007 by first class mail and Federal Express overnight delivery. On December 26, 2007, the documents sent via Federal Express overnight delivery were delivered. The documents sent via first class mail were not returned to the Department by the United States Postal Service.

1 Respondent did not request an adjudicative hearing within twenty calendar days after the
2 Department served him with the Notice of Opportunity to Defend and Opportunity for Hearing, as
3 provided for in WAC 208-08-050(2).

4 B. Record Presented. The record presented to the Director's designee for her review and
5 for entry of a final decision included the Statement of Charges, cover letter dated December 21, 2007,
6 Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative
7 Hearing, with documentation of service.

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9 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the
10 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

11 II. FINAL ORDER

12 Based upon the foregoing, and the Director's designee having considered the record and
13 being otherwise fully advised, NOW, THEREFORE:

14 A. IT IS HEREBY ORDERED, That:

- 15
16 1. Respondent Jeffery Scott Reed's application for a loan originator license is denied;
and
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18 2. Respondent Jeffery Scott Reed is banned from participation in the conduct of the
affairs of any mortgage broker subject to licensure by the Director, in any manner,
19 through July 18, 2014.

20 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
21 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
22 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
23 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
24 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
2 Reconsideration a prerequisite for seeking judicial review in this matter.

3 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date
4 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written
5 notice specifying the date by which it will act on a petition.

6 C. Stay of Order. The Director's designee has determined not to consider a Petition
7 to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
8 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

9 D. Judicial Review. Respondent has the right to petition the superior court for judicial
10 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
11 a Petition for Judicial Review, see RCW 34.05.510 and sections following.

12 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for
13 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
14 attached hereto.
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16 DATED this 30th day of January, 2008.

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18 STATE OF WASHINGTON
19 DEPARTMENT OF FINANCIAL INSTITUTIONS



20 Deborah Bortner
21 DEBORAH BORTNER
22 DIRECTOR
23 DIVISION OF CONSUMER SERVICES
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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:

JEFFERY SCOTT REED,

Respondent.

NO. C-07-279-07-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:

I. FACTUAL ALLEGATIONS

1.1 Respondent Jeffery Scott Reed (Respondent Reed) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Fresh Start Equity, Inc., a mortgage broker licensed under the Act. The on-line application was received by the Department on or about July 18, 2007.

1.2 Prior Criminal Acts. On August 30, 2001, Respondent Reed was convicted of Theft of Property by Check, a Class B Misdemeanor pursuant to §31.03(e)(2)(A)(ii) of the Texas Penal Code, in Tarrant County, Texas case number 0811973000. A Texas Class B Misdemeanor is equivalent to a Washington Gross Misdemeanor in that a Class B Misdemeanor is punishable by a fine not to exceed \$2,000, confinement in jail

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

1 for a term not to exceed 180 days, or both such fine and confinement pursuant to §12.22 of the Texas Penal
2 Code.

3 **1.3 Responses to Application Questions.** The “Criminal Disclosure” section of the loan originator license
4 application consists of eight questions, and includes the following instruction:

5 “If the answer to any of the following is “YES”, provide complete details of all events or proceedings”

6 Respondent Reed answered “no” to the following questions on the “Criminal Disclosure” section of his loan
7 originator license application:

- 8 • 5-Have you ever been convicted of or plead guilty or nolo contendere (“no contest”) in a
9 domestic, foreign, or military court to misdemeanor involving: financial services or a financial
10 services-related business or any fraud, false statements or omissions, theft or any wrongful
11 taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to
12 commit any of these offenses?
- 13 • 6-Have you ever been charged with a misdemeanor specified in 5?

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

16 **1.4 On Going Investigation.** The Department’s investigation into the alleged violations of the Act by
17 Respondent continues to date.

18 II. GROUNDS FOR ENTRY OF ORDER

19 **2.1 Requirement of No Prior Convictions.** Based on the Factual Allegations set forth in Section I above,
20 Respondent Reed fails to meet the requirements of RCW 19.146.310(1)(d) and WAC 208-660-350(2)(c) by
21 having been convicted of a gross misdemeanor involving dishonesty or financial misconduct or a felony within
22 seven years of the filing of the present application.

23 **2.2 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent Reed
24 is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for negligently making any false
25 statement or willfully making any omission of material fact in connection with any application or any

1 information filed by a licensee in connection with any application, examination or investigation conducted by
2 the Department.

3 **2.3 Requirement to Provide Information on License Application.** Based on the Factual Allegations set
4 forth in Section I above, Respondent Reed fails to meet the requirements of RCW 19.146.300(1) and (2) and
5 RCW 19.146.310(1)(b) by failing to provide an accurate and complete license application in the form
6 prescribed by the Director.

7 **2.4 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
8 forth in Section I above, Respondent Reed fails to meet the requirements of RCW 19.146.310(1)(g) and WAC
9 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the confidence of
10 the community and to warrant a belief that the business will be operated honestly and fairly within the purposes
11 of the Act.

12 III. AUTHORITY TO IMPOSE SANCTIONS

13 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the
14 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the
15 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by
16 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application
17 of the denial.

18 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
19 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
20 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
21 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

22 IV. NOTICE OF INTENTION TO ENTER ORDER

23 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
24 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
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1 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.310.

2 Therefore, it is the Director's intention to ORDER that:

3 **4.1** Respondent Jeffery Scott Reed's application for a loan originator license be denied.

4 **4.2** Respondent Jeffery Scott Reed be prohibited from participation in the conduct of the affairs of any
5 mortgage broker subject to licensure by the Director, in any manner, through July 18, 2014.

6 **V. AUTHORITY AND PROCEDURE**

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

13 Dated this 20th day of December, 2007.

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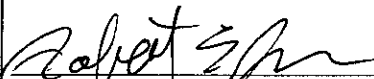
16 DEBORAH BORTNER

17 Director

18 Division of Consumer Services

19 Department of Financial Institutions

20 Presented by:

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22 ROBERT E. JONES

23 Financial Legal Examiner

24 Approved by:

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FATIMA BATIE

Financial Legal Examiner Supervisor

