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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:

KENNETH ARDEN GEBAROWSKI,

Respondent.

NO. C-08-080-08-SC01

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

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 Kenneth Arden Gebarowski (Respondent Gebarowski) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Summit Mortgage Corporation, a mortgage broker licensed under the Act. The on-line application was received by the Department on or about August 10, 2007.

1.2 Prior Administrative Action. On September 16, 2005, a Final Order to Cease and Desist, Denying Exemptions, and Assessing Civil Penalties was entered against Respondent Gebarowski by the State of Oregon Department of Consumer and Business Services, Division of Finance and Corporate Securities, Securities Section that concluded:

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

- 1 A. Respondent offered unregistered securities for sale in the State of Oregon, in violation of
2 Oregon Securities Law (ORS) 59.055.
- 3 B. Respondent offered securities for sale in the State of Oregon without being licensed to do so,
4 in violation of ORS 59.165.
- 5 C. Respondent represented information to investors, which was an untrue statement of material
6 fact and/or an omission to state a material fact necessary in order to make the statements
7 made, in light of the circumstances under which they were made, not misleading, in violation
8 of ORS 59.135(2).

9 Respondent was ordered to cease and desist from offering or selling securities to persons in the State of
10 Oregon in violation of ORS Chapter 59, Oregon Administrative Rules Chapter 441, and the Oregon securities
11 law. Respondent was prohibited from applying for an Oregon securities license for a period of ten years.

12 **1.3 Responses to Application Questions.** The “Regulatory Action Disclosure” section of the loan
13 originator license application consists of nine questions, and includes the following instruction:

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

15 Respondent Gebarowski answered “no” to the following questions on the “Regulatory Disclosure” section of
16 his loan originator license application:

- 17 • Has any state or federal regulatory agency or foreign financial regulatory authority ever found
18 you to have made a false statement of omission or been dishonest, unfair or unethical?
- 19 • Has any state or federal regulatory agency or foreign financial regulatory authority ever found
20 you to have been involved in a violation of a financial services-related regulation(s) or
21 statute(s)?
- 22 • Has any state or federal regulatory agency or foreign financial regulatory authority ever
23 entered an order against you in connection with a financial services-related activity?
- 24 • Has any state or federal regulatory agency or foreign financial regulatory authority
25 ever...disciplined you, or otherwise by order, prevented you from associating with a financial
 services-related business or restricted your activities?

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

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

2 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent
3 Gebarowski is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for negligently
4 making any false statement or willfully making any omission of material fact in connection with any application
5 or any information filed by a licensee in connection with any application, examination or investigation
6 conducted by the Department.

7 **2.2 Requirement to Provide Information on License Application.** Based on the Factual Allegations set
8 forth in Section I above, Respondent Gebarowski fails to meet the requirements of RCW 19.146.300(1) and (2)
9 and RCW 19.146.310(1)(b) by failing to provide an accurate and complete license application in the form
10 prescribed by the Director.

11 **2.3 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
12 forth in Section I above, Respondent Gebarowski fails to meet the requirements of RCW 19.146.310(1)(g) and
13 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the
14 confidence of the community and to warrant a belief that the business will be operated honestly and fairly
15 within the purposes of the Act.

16 **III. AUTHORITY TO IMPOSE SANCTIONS**

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

22 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
23 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
24 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
25 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

1 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

6 **4.1** Respondent Kenneth Arden Gebarowski's application for a loan originator license be denied.

7 **4.2** Respondent Kenneth Arden Gebarowski be prohibited from participation in the conduct of the affairs of
8 any mortgage broker subject to licensure by the Director, in any manner, through August 10, 2014.

9 **V. AUTHORITY AND PROCEDURE**

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

16 Dated this 27th day of May, 2008.

17 

18 DEBORAH BORTNER
19 Director
20 Division of Consumer Services
21 Department of Financial Institutions

22 Presented by:

23 

24 DEBORAH PINSONNEAULT
25 Financial Legal Examiner

Approved by:



FATIMA BATIE
Financial Legal Examiner Supervisor

