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ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-08-298-09-CO01

JEFFREY SCOTT JUDY,
Respondent.

CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Jeffrey Scott Judy (hereinafter Respondent), by and through his attorney John A. Long, and finding that the issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-08-298-08-SC01 (Statement of Charges), entered September 4, 2008, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

Based upon the foregoing:

A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of the activities discussed herein.

CONSENT ORDER
C-08-298-09-CO01
Jeffrey Scott Judy

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 **B. Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing
2 before an administrative law judge, and hereby waives his right to a hearing and any and all administrative and
3 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondent,
4 by his signature below, withdraws his appeal to the Office of Administrative Hearings.

5 **C. Admissions of Facts.** It is AGREED that Respondent admits to all of the Factual Allegations
6 contained in the following paragraphs of the Statement of Charges:

7 1. Paragraph 1.2 of the Statement of Charges. Without contradicting this admission, Respondent
8 contends that his representations of the owners' occupancy to the lenders in Transaction 1 and Transaction 3 were
9 made negligently, rather than intentionally or deliberately, since Respondent contends he believed the terms of
10 those residential mortgage loans permitted such representations of occupancy.

11 2. Paragraph 1.3 of the Statement of Charges.

12 **D. Conclusions of Law.** It is AGREED that Respondent neither admits nor denies any violation of the
13 Mortgage Broker Practices Act. It is further AGREED that Respondent acknowledges the evidence, including but
14 not limited to the Admissions contained in paragraph C of this Consent Order, is sufficient such that an
15 Administrative Law Judge could find that Respondent violated RCW 19.146.0201(1), (2), (3), (6), (7), and (11)
16 and RCW 19.146.030.

17 **E. Indemnification of Lenders.** It is AGREED that the Department has entered into this Consent Order
18 based in part on Respondent's representation that he has delivered letters of indemnification to two lenders
19 offering to indemnify those lenders in the event the borrowers default on the residential mortgage loans discussed
20 in Transaction 1 (paragraph 1.2A) and Transaction 3 (paragraph 1.2C) of the Statement of Charges.

21 **F. Fine.** It is AGREED that Respondent shall pay to the Department a fine of \$15,000, in the form of a
22 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

23 **G. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee
24 of \$1,008, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this

1 Consent Order. The Fine and Investigation Fee may be paid together in one \$16,008 cashier's check made
2 payable to the "Washington State Treasurer."

3 **H. Complete Cooperation with the Department (Statements).** It is AGREED that Respondent shall
4 provide the Department truthful and complete sworn statements outlining his activities with respect to TMBG, Inc.
5 (TMBG) and any and all persons involved or in any way associated with TMBG, including but not limited to
6 owners, employees, independent contractors, agents, businesses and persons with whom TMBG dealt,
7 communicated, or otherwise related. The "sworn statements" may take the form of affidavits, declarations, or
8 deposition testimony, at the Department's discretion. A failure to cooperate fully, truthfully and completely is a
9 breach of this Consent Order.

10 **I. Complete Cooperation with the Department.** In addition to providing sworn statements as
11 described in paragraph H, it is AGREED that Respondent shall cooperate fully, truthfully and completely with the
12 Department and provide any and all information known to him relating in any manner to TMBG and any and all
13 persons involved or in any way associated with TMBG, including but not limited to owners, employees,
14 independent contractors, agents, businesses and persons with whom TMBG dealt, communicated, or otherwise
15 related. It is further AGREED that Respondent shall provide any and all documents, writings or materials, or
16 objects or things of any kind in his possession or under his care, custody, or control that he is authorized to
17 possess, obtain, or distribute relating directly or indirectly to all areas of inquiry and investigation. It is further
18 AGREED that Respondent shall testify fully, truthfully and completely at any and all proceedings related to any
19 Department investigation or enforcement action or both related to TMBG and any Respondents named therein. A
20 failure to cooperate fully, truthfully and completely is a breach of this Consent Order.

21 **J. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to abide
22 by the terms and conditions of this Consent Order may result in further legal action by the Director. In the
23 event of such legal action, Respondent may be responsible to reimburse the Director for the cost incurred in
24 pursuing such action, including but not limited to, attorney fees.

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K. **Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily entered into this Consent Order, which is effective when signed by the Director's designee.

L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read this Consent Order in its entirety and fully understands and agrees to all of the same.

RESPONDENT:

Jeffrey Scott Judy
Jeffrey Scott Judy

7/9/09
Date

John A. Long
John A. Long, WSBA No. 15119
Attorney at Law
Attorney for Respondent

7/10/09
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 20th DAY OF August, 2009.

Deborah Bortner
DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by: Mark T. Olson
MARK T. OLSON
Financial Examiner



Approved by: James R. Brusselback
JAMES R. BRUSSELBACK
Enforcement Chief