

Terms Completed

ORDER SUMMARY – Case Number: C-09-005

Name(s): Mikel Erich Erdman

Order Number: C-09-005-10-CO01

Effective Date: December 14, 2010

License Number: DFI: 23192 [NMLS: 107776]
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: n/a

Not Apply Until: n/a

Not Eligible Until: n/a

Prohibition/Ban Until: n/a

Investigation Costs	\$240	Due 0	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$1,000	Due 0	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: _____

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

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

NO. C-09-005-10-CO01

MIKEL ERICH ERDMAN, Unlicensed Loan
Originator,

CONSENT ORDER

Respondent.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Mikel Erich Erdman (Respondent Erdman), and finding that the issues raised in the above-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 Erdman have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-09-005-10-SC01 (Statement of Charges), entered April 5, 2010, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent Erdman 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 and agree that Respondent Erdman does not admit any wrongdoing by its entry. Respondent Erdman is agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

Based upon the foregoing:

CONSENT ORDER
C-09-005-10-CO01
Mikel Erich Erdman

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

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

8 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the Statement of
9 Charges and agree that Respondent Erdman does not admit to any wrongdoing by its entry.

10 D. **Fine.** It is AGREED that Respondent Erdman shall pay to the Department a fine of \$1,000, in the
11 form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

12 E. **Investigation Fee.** It is AGREED that Respondent Erdman shall pay to the Department an
13 investigation fee of \$240, in the form of a cashier's check made payable to the "Washington State Treasurer,"
14 upon entry of this Consent Order. The Fine and Investigation Fee may be paid together in one cashier's check
15 made payable to the "Washington State Treasurer."

16 F. **Agreement to Comply with Licensing Requirements.** Respondent Erdman AGREES that before
17 he operates as a mortgage broker or loan originator in the state of Washington, he will apply for a license as
18 required under chapter 19.146 RCW or chapter 31.04 RCW.

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

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

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

3 **RESPONDENT:**

4 **Mikel Erich Erdman**

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6 Respondent

12/7/10
Date

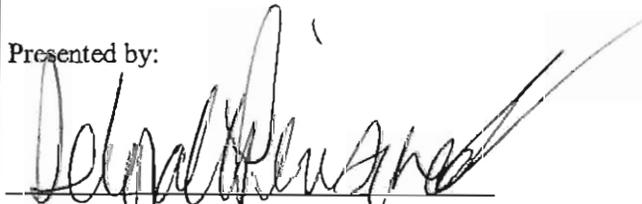
8 DO NOT WRITE BELOW THIS LINE

9 THIS ORDER ENTERED THIS 14th DAY OF December 2010.

10 

11 DEBORAH BORTNER
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

14 Presented by:

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16 DEBORAH PINSONNEAULT
17 Financial Legal Examiner



18 Approved by:

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20 JAMES R. BRUSSELBACK
21 Enforcement Chief

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

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

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MIKEL ERICH ERDMAN, Unlicensed Loan
Originator,

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Respondent.

NO. C-09-005-10-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO ENTER AN ORDER TO
PROHIBIT FROM INDUSTRY, IMPOSE FINE,
ORDER RESTITUTION, AND COLLECT
INVESTIGATION FEE

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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 19.146.235 and .310, and based upon the facts available as 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 Mikel Erich Erdman (Respondent Erdman) obtained a mortgage broker license for Metro Home Mortgage Co. on or about February 22, 2002. On December 28, 2007, the Department received a Form MU1 surrender form to be effective December 31, 2007, from Erdman on behalf of Metro Home Mortgage Co. On December 28, 2007, the Department received a Form MU4 from Erdman requesting a transfer of his loan originator license to Crown Point Enterprises, Inc. to be effective January 1, 2008. This transfer was not approved because the Department did not receive the required fee. On January 4, 2008, Respondent Erdman's license was placed on inactive status, and Respondent Erdman never obtained a loan originator license with the Department to work as a loan originator for Crown Point Enterprises, Inc.

1.2 Loan Originator License. In order to conduct business as a loan originator for Crown Point Enterprises, Inc. in 2008, Respondent Erdman was required to obtain and maintain a loan originator license with

¹ RCW 19.146 (2006).

1 sponsorship with Crown Point Enterprises, Inc. Respondent Erdman did not obtain a loan originator license
2 with Crown Point Enterprises, Inc. and as a result could not conduct the business of a loan originator for Crown
3 Point Enterprises, Inc.

4 **1.3 Unlicensed Loan Originator Activity.** Respondent Erdman conducted the business of a loan
5 originator for Crown Point Enterprises, Inc. from 4001 Main Street, Vancouver, Washington, when he
6 originated at least two residential mortgage loans between at least January 4, 2008, and February 21, 2008, for
7 borrowers with property located in the state of Washington.

8 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
9 Respondent continues to date.

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

11 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010 (12) and WAC 208-660-006,
12 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
13 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
14 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
15 person in obtaining or applying to obtain a residential mortgage loan.

16 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010 (10), "Loan Originator" means a natural
17 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates
18 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect
19 compensation or gain.

20 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010 (3) and WAC 208-660-006, a "Borrower" is
21 defined as any person who consults with or retains a mortgage broker or loan originator in an effort to obtain or
22 seek advice or information on obtaining or applying to obtain a residential mortgage loan for himself, herself, or
23 persons including himself or herself, regardless of whether the person actually obtains such a loan.

24 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent Erdman is
25 in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device

1 or artifice to defraud or mislead borrowers or lenders or any person, for engaging in an unfair or deceptive
2 practice toward any person, and for obtaining property by fraud or misrepresentation.

3 **2.5 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section
4 I above, Respondent Erdman is in apparent violation of RCW 19.146.200 for engaging in the business of a loan
5 originator without first obtaining and maintaining a license under the Act.

6 III. AUTHORITY TO IMPOSE SANCTIONS

7 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
8 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
9 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
10 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) and
11 RCW 19.146.200.

12 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), and (3)(a), the Director may impose
13 fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any
14 violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW
15 19.146.200, RCW 19.146.205(4), or RCW 19.146.265, or any violation of the Act.

16 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220 (2)(e), the Director may issue orders
17 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution for any
18 violation of the Act.

19 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228 (2), WAC 208-660-520, and
20 WAC 208-660-550(5), upon completion of any investigation of the books and records of a licensee or other person
21 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
22 the cost of the investigation. The investigation charge will be calculated at the rate of \$48 per hour that each staff
23 person devoted to the investigation.

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 and RCW 19.146.223. Therefore, it is the
5 Director's intention to ORDER that:

- 6 **4.1** Respondent Mikel Erich Erdman be prohibited from participation in the conduct of the affairs of any
7 mortgage broker subject to licensure by the Director, in any manner, for a period of five years;
- 8 **4.2** Respondent Mikel Erich Erdman pay a fine, which as of the date of these charges is \$2,175;
- 9 **4.3** Respondent Mikel Erich Erdman pay restitution in an amount to be determined at hearing; and
- 10 **4.4** Respondent Mikel Erich Erdman pay an investigation fee, which as of the date of these charges is \$240
calculated at \$48 per hour for 5 staff hours devoted to the investigation.

11 **V. AUTHORITY AND PROCEDURE**

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

18 Dated this 5th day of April, 2010.



19 *Deborah Bortner*

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

23 Presented by:

24 *Deborah Pinsonneault*

25 DEBORAH PINSONNEAULT
Financial Legal Examiner

1 Approved by:

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JAMES R. BRUSSELBACK
Enforcement Chief