STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

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RESPONDENT
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ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING Whether there has been a violation of the Mortgage Broker Practices Act of Washington by: MIKE HEGGS, Unlicensed Loan Originator, Respondent.	NO. C-09-337-10-CO01 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 Mike Heggs, (hereinafter Respondent Heggs), 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 have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-09-337-09-SC01 (Statement of Charges), entered October 19, 2009, (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 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.

B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing before an administrative law judge, and that he hereby waives his right to a hearing and any and all administrative

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and judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, by signing below, the Respondent withdraws his appeal in the above-captioned matter.

C. **Prohibition from Industry.** It is AGREED that Respondent is prohibited from participating in the conduct of the affairs of any mortgage broker licensed by the Department or any person subject to licensure or regulation by the Department or any mortgage broker exempt from Washington law under RCW 19.146.020(1)(e) or (g) for 10 years from the date this Consent Order is entered, in any capacity, including but not limited to: (1) any financial capacity whether active or passive or (2) as an officer, director, principal, designated broker, employee, or loan originator or (3) any management, control, oversight or maintenance of any trust account(s) in any way related to any residential mortgage transaction or (4) receiving, disbursing, managing or controlling in any way, consumer trust funds in any way related to any residential mortgage transaction.

D. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee of $240, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

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

F. **Cooperation with Department.** It is AGREED that Respondent shall cooperate and freely, voluntarily and truthfully provide information or testimony, if called upon, regarding his relationship with, and the business practices of American Lending Group.

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

H. **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.

I. **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:

Mike Heggs

By: _____ 2/9/10

Mike Heggs
Individual

Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 12th DAY OF February, 2010.

DEBORAH BORTNER
Director, Division of Consumer Services
Department of Financial Institutions

Presented by:

WILLIAM HALSTEAD
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief

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IN THE MATTER OF DETERMINING Whether there has been a violation of the Mortgage Broker Practices Act of Washington by: MIKE HEGGS, Unlicensed Loan Originator, Respondent.	NO. C-09-337-09-SC01 STATEMENT OF CHARGES and NOTICE OF INTENTION TO ENTER AN ORDER TO PROHIBIT FROM INDUSTRY, IMPOSE FINE, COLLECT INVESTIGATION FEE, AND ORDER RESTITUTION

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 Mike Heggs (Respondent Heggs) worked for American Lending Group, Inc.[2] as a loan originator at all times relevant to this Statement of Charges. Respondent Heggs has never applied for a loan originator license with the Department.

1.2 Loan Originator License. In order to conduct business as a loan originator in 2008, Respondent Heggs was required to obtain and maintain a loan originator license before January 1, 2008. Respondent Heggs did not obtain a loan originator license and as a result could not conduct the business of a loan originator.

1.3 Unlicensed Loan Originator Activity. Respondent Heggs conducted the business of a loan originator from 22 Richmond Center Ct. St. Peters, Missouri, when he originated at least 3 residential mortgage loans[3]

[1] RCW 19.146 (2006).
[2] The Department has issued a Statement of Charges (C-09-162-09-SC01) against American Lending Group Inc. that includes an allegation of allowing Respondent Heggs to originate loans while not licensed.
[3] Loan numbers CA21835, CA21646, and 7741013.

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between January 14, 2008, and June 19, 2008, for borrowers with property located in the state of Washington.

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

II. GROUNDS FOR ENTRY OF ORDER

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

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

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

2.4 Prohibited Acts. Based on the Factual Allegations set forth in Section I above, Respondent Heggs is in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device or artifice to defraud or mislead borrowers or lenders or any person, for engaging in an unfair or deceptive practice toward any person, and for obtaining property by fraud or misrepresentation.

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

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III. AUTHORITY TO IMPOSE SANCTIONS

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

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

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

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

IV. NOTICE OF INTENTION TO ENTER ORDER

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

4.1 Respondent Mike Heggs be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of five years;

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4.2 Respondent Mike Heggs pay a fine of $1,500;

4.3 Respondent Mike Heggs 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; and

4.4 Respondent Mike Heggs pay restitution in an amount to be determined at hearing.

V. AUTHORITY AND PROCEDURE

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

Dated this 15th day of October, 2009.

DEBORAH BORTNER
Director Division of Consumer Services
Department of Financial Institutions

Presented by:

WILLIAM HALSTEAD
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief

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