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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

NO. C-09-518-10-FO01

AMERICAN MORTGAGE SPECIALISTS, INC.,

FINAL ORDER

Respondent.

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 (Director's designee), pursuant to RCW 34.05.440(1). On October 21, 2010, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, File Annual Report, Collect Annual Assessment and Late Penalty, Collect Cost of Investigation, and Maintain Records (Statement of Charges) against American Mortgage Specialists, Inc. (Respondent). 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 October 21, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, the "accompanying documents").

On October 21, 2010, the Department served Respondent with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery to 16100 North Greenway Hayden Loop, Suite 108, Scottsdale, Arizona (Scottsdale Address), Respondent's licensed location. On October 22, 2010, a representative of Federal Express notified the Department

1 that the package sent via Federal Express overnight delivery could not be delivered as this was not a
2 valid address for this recipient. The package sent via First-Class mail was not returned to the
3 Department by the United States Postal Service.

4 On October 12, 2010, the Department received information from the United States Postal
5 Service that mail addressed to Respondent at the Scottsdale Address was being forwarded to 2999
6 North 44th Street, Suite 600, Phoenix, Arizona (Phoenix Address). On October 21, 2010, the
7 Department served Respondent with the Statement of Charges and accompanying documents, sent by
8 First-Class mail and Federal Express overnight delivery to the Phoenix Address. On October 22,
9 2010, the package sent via Federal Express overnight delivery was delivered. The package sent via
10 First-Class mail was not returned to the Department by the United States Postal Service. On
11 November 16, 2010, the Department received a 13-page fax from the Reaves Law Group, including a
12 fax cover sheet with letterhead indicating the Reaves Law Group is located at the Phoenix Address, a
13 copy of the Department's cover letter dated October 21, 2010, and a copy of Stipulated Order
14 Appointing Receiver No. CV2010-017899 filed June 14, 2010 in the Superior Court of the State of
15 Arizona in and for the County of Maricopa (Court Order). Paragraph (A) of the Court Order appoints
16 David M. Reaves of The Law Offices of David M. Reaves, P.C. as the receiver of Respondent
17 effective upon the date of filing the Court Order. Paragraph (C)(28) of the Court Order grants the
18 receiver the power and duty:
19

20
21 "To apply, obtain and pay any reasonable fee for any lawful license, permit or other
22 governmental approval related to [Respondent's] assets; confirm the existence of
23 and, to the extent permitted by law, exercise the privileges of any existing license or
24 permit or the operation thereof; and do all things necessary to protect and maintain
25 such licenses, permits and approvals."

26 On October 21, 2010, the Department served Respondent with the Statement of Charges and
27 accompanying documents, sent by First-Class mail and Federal Express overnight delivery to 468 E.

1 Bridle Way, Gilbert, Arizona, the residence of record for Tina Louise Powers (Respondent's corporate
2 Secretary and 100% owner) and Scott Nicholas Powers (Respondent's President and Chief Executive
3 Officer). On November 1, 2010, the package sent via Federal Express overnight delivery was returned
4 to the Department as undeliverable, as no resident had been available to sign for the package on three
5 delivery attempts. The package sent via First-Class mail was not returned to the Department by the
6 United States Postal Service.

7
8 On October 21, 2010, the Department served Registered Agent Solutions, Inc. (RASI),
9 Respondent's registered agent of record with the Department, with the Statement of Charges and
10 accompanying documents, sent by First-Class mail and Federal Express overnight delivery to 3400
11 Capitol Boulevard South, Suite 101, Tumwater, Washington. On October 22, 2010, the package sent
12 via Federal Express overnight delivery was delivered. The package sent via First-Class mail was not
13 returned to the Department by the United States Postal Service. On October 28, 2010, the Department
14 received a letter from a representative of RASI dated October 25, 2010, and advising the Department
15 that RASI was no longer the registered agent for Respondent.

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

19
20 B. Record Presented. The record presented to the Director's designee for her review and
21 for entry of a final decision included the following:

- 22 1. Statement of Charges, cover letter dated October 21, 2010, Notice of Opportunity to
23 Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing
24 for Respondent, with documentation of service.
- 25 2. Post Office Address Verification Request form completed by the United States Postal
Service received by the Department on October 12, 2010.

- 1 3. Fax from Reaves Law Group dated November 16, 2010.
- 2 4. "Direct Owners and Executive Officers" portion of Respondent's most recent MU1
- 3 form filed with the Nationwide Mortgage Licensing System and Registry (NMLSR)
- 4 on March 11, 2010.
- 5 5. "Residential History" portion of Respondent's most recent MU2 form for Tina Louise
- 6 Powers filed with the NMLSR on January 25, 2010.
- 7 6. "Residential History" portion of Respondent's most recent MU2 form for Scott
- 8 Nicholas Powers filed with the NMLSR on January 25, 2010.
- 9 7. "Resident/Registered Agent" section of Respondent's most recent form MU1 filed
- 10 with the NMLSR on March 11, 2010.
- 11 8. Letter from Registered Agent Solutions, Inc. dated October 25, 2010.

12 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the

13 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

14 II. FINAL ORDER

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

17 A. IT IS HEREBY ORDERED, That:

- 18 1. Respondent American Mortgage Specialists, Inc.'s license to conduct business as a
- 19 consumer loan company is revoked.
- 20 2. Respondent American Mortgage Specialists, Inc. pay a fine of \$5,000.
- 21 3. Respondent American Mortgage Specialists, Inc. provide the Department with a
- 22 completed Consolidated Annual Report and a completed Annual Assessment Report,
- 23 including all required supporting documentation, for 2010, the calendar year in which
- 24 Respondent American Mortgage Specialists, Inc. closed.
- 25 4. Respondent American Mortgage Specialists, Inc. pay a \$5,000 penalty for failing to
- file a Consolidated Annual Report and an Annual Assessment Report for 2010, the
- calendar year in which Respondent American Mortgage Specialists, Inc. closed,
- within thirty days of closure.

- 1 5. Respondent American Mortgage Specialists, Inc. pay an annual assessment for 2010,
2 the calendar year in which Respondent American Mortgage Specialists, Inc. closed, as
3 calculated in accordance with the instructions for the Annual Assessment Report.
- 4 6. Respondent American Mortgage Specialists, Inc. pay an investigation fee of
5 \$1,725.25.
- 6 7. Respondent American Mortgage Specialists, Inc., its officers, employees, and agents
7 maintain records in compliance with chapter 31.04 RCW, the Consumer Loan Act
8 (Act) and provide the Director with the location of the books, records and other
9 information relating to Respondent American Mortgage Specialists, Inc.'s consumer
10 loan company business, and the name, address and telephone number of the individual
11 responsible for maintenance of such records in compliance with the Act.

12 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
13 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
14 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
15 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
16 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
17 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
18 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

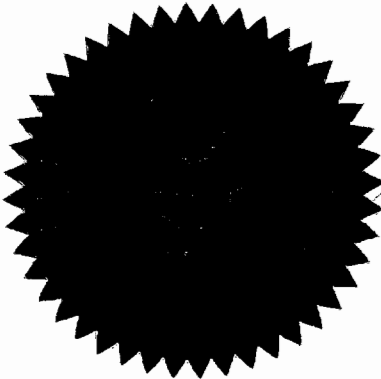
25 D. Judicial Review. Respondent has the right to petition the superior court for judicial
review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
a Petition for Judicial Review, see RCW 34.05.510 and sections following.

1 E. Non-compliance with Order. If you do not comply with the terms of this order, the
2 Department may seek its enforcement by the Office of Attorney General to include the collection of the
3 fine, annual assessment, late penalty, and investigation fee imposed herein.

4 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
5 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
6 attached hereto.

7
8 DATED this 15th day of December, 2010.

9 STATE OF WASHINGTON
10 DEPARTMENT OF FINANCIAL INSTITUTIONS



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13 DEBORAH BORTNER
14 DIRECTOR
15 DIVISION OF CONSUMER SERVICES

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

NO. C-09-518-10-SC01

AMERICAN MORTGAGE SPECIALISTS, INC.,

Respondent.

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO REVOKE LICENSE,
IMPOSE FINE, FILE ANNUAL REPORT,
COLLECT ANNUAL ASSESSMENT AND
LATE PENALTY, COLLECT COST OF
INVESTIGATION, AND MAINTAIN RECORDS

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the Director, by and through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent American Mortgage Specialists, Inc. (Respondent) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Loan Company on or about March 23, 2009, and continues to be licensed to date. Respondent is licensed to conduct business as a consumer loan company at the following location: 16100 North Greenway Hayden Loop, Suite 108, Scottsdale, Arizona (licensed location).

1.2 Closure. On or about June 17, 2010, based on information that Respondent had ceased operations, the Department sent letters to the officers and the principal of Respondent and to Respondent's registered agent, directing Respondent to comply with the Act's requirements for licensees that cease operations. As of the date of this Statement of Charges, Respondent has not complied with the closure requirements under the Act.

1 **1.3 Failure to Maintain Bond.** On or about August 2, 2010, the Department received a notice from
2 Liberty Mutual Insurance Company that Respondent's surety bond would be cancelled, effective September 18,
3 2010. From September 18, 2010, through the date of this Statement of Charges, Respondent has not maintained
4 the required surety bond or permitted substitute.

5 **1.4 Failure to File Reports.** A Consolidated Annual Report and an Annual Assessment Report,
6 concerning the business and operations of each licensed place of business conducted during the preceding
7 calendar year, are due to the Department within 30 days of closure. A licensee is subject to a penalty of \$50 per
8 report for each day's delay in filing required reports. As of the date of this Statement of Charges, Respondent
9 has not filed a Consolidated Annual Report and an Annual Assessment Report within 30 days of closure.

10 **1.5 Failure to Pay Annual Assessment.** Payment of an annual assessment, as calculated on the Annual
11 Assessment Report, is due to the Department within 30 days of closure. As of the date of this Statement of
12 Charges, Respondent has not paid an annual assessment within 30 days of closure.

13 **1.6 Failure to Obtain Approval to Maintain Records at an Out-Of-State Location.** Respondent is no
14 longer located at its licensed location. As of the date of this Statement of Charges, Respondent has not
15 requested approval in writing to maintain its records at any out-of-state location other than its licensed location.

16 **1.7 Failure to Notify Department of Significant Developments.** As of the date of this Statement of
17 Charges, Respondent has not updated its Nationwide Mortgage Licensing System and Registry (NMLSR)
18 record to notify the Department of the following significant developments.

- 19 • Respondent has closed.
- 20 • Respondent has moved from its licensed location and has changed its principal place of business,
21 mailing address, telephone number, and email address.
- 22 • Respondent's surety bond was cancelled effective September 18, 2010.
- 23 • Respondent's Washington State corporate license expired on or about August 31, 2010.
- 24 • At least three states (Arizona, California, and Connecticut) have taken administrative action to
25 revoke Respondent's licenses in those states between in or around May 2010 and in or around
September 2010.

1 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
2 Respondent continues to date.

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

4 **2.1 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in Section I
5 above, Respondent is in apparent violation of RCW 31.04.045(6) for failing to maintain in effect a surety bond
6 or permitted substitute.

7 **2.2 Requirement to File Annual Reports.** Based on the Factual Allegations set forth in Section I above,
8 Respondent is in apparent violation of RCW 31.04.155, WAC 208-620-430(1), WAC 208-620-460(1), and
9 WAC 208-620-499(2) for failing to file a Consolidated Annual Report and an Annual Assessment Report with
10 the Director within thirty days of closure, giving such relevant information as the Director may reasonably
11 require concerning the business and operations of each licensed place of business conducted during the
12 preceding calendar year.

13 **2.3 Requirement to Pay Annual Assessment.** Based on the Factual Allegations set forth in Section I
14 above, Respondent is in apparent violation of RCW 31.04.085, WAC 208-620-430(1), WAC 208-620-460(1),
15 and WAC 208-620-499(2) for failing to pay an annual assessment, as calculated on the Annual Assessment
16 Report, to the Director within thirty days of closure.

17 **2.4 Requirement to Report Significant Developments.** Based on the Factual Allegations set forth in
18 Section I above, Respondent is in apparent violation of:

- 19 • RCW 31.04.075 and WAC 208-620-490(1)(a) for failing to amend its NMLSR record at least ten
20 days prior to a change in Respondent's principal place of business.
- 21 • WAC 208-620-490(1)(f) for failing to amend its NMLSR record at least ten days prior to closure.
- 22 • WAC 208-620-490(2) for failing to amend its NMLSR record within ten days after: a change in
23 Respondent's mailing address, telephone number, fax number, or e-mail address; cancellation or
24 expiration of Respondent's Washington state master business license; a change in Respondent's

1 standing with the state of Washington secretary of state; and receipt of a notification of cancellation
2 of Respondent's surety bond.

- 3 • WAC 208-620-490(3) for failing to amend its NMLSR record within twenty days after receipt of
4 notification of license revocation procedures against Respondent's license in any state.

5 **2.5 Requirement to Maintain Records.** Pursuant to RCW 31.04.155 and WAC 208-620-520, a licensee
6 shall preserve the books, accounts, records papers, documents, files, and other information relevant to a loan for
7 at least twenty-five months after making the final entry on any loan. Pursuant to WAC 208-620-380, an out-of-
8 state licensee must request approval from the Department in writing to maintain a licensee's records at an out-
9 of-state location and must agree to provide the Department access to the records.

10 III. AUTHORITY TO IMPOSE SANCTIONS

11 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3) and WAC 208-620-570, the Director
12 may revoke a license if a licensee: has failed to pay any fee due the state of Washington; has failed to maintain
13 in effect the bond or permitted substitute; or, either knowingly or without the exercise of due care, has violated
14 any provision of the Act or any rule adopted under the Act.

15 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to one
16 hundred dollars per day upon the licensee for any violation of the Act.

17 **3.3 Authority to Issue Order to Take Affirmative Action.** Pursuant to RCW 31.04.093(5), the Director
18 may issue an order directing the licensee, its employee or loan originator, or other person subject to the Act, to
19 take such affirmative action as is necessary to comply with the Act.

20 **3.4 Authority to Assess Report Late Penalties.** Pursuant to RCW 31.04.155 and WAC 208-620-430(2), a
21 licensee that fails to file a report that is required to be filed by the Act, within the time frame required under the Act,
22 is subject to a penalty of fifty dollars per report for each day of delay. The maximum late penalty that will be
23 assessed is five thousand dollars per year.

1 **3.5 Authority to Collect Cost of Investigation.** Pursuant to RCW 31.04.145(3) and WAC 208-620-590,
2 every licensee investigated by the Director or the Director's designee shall pay to the Director the cost of the
3 investigation, calculated at the rate of \$69.01 per staff hour spent on the investigation.

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

5 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set forth in
6 the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
7 for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205. Therefore, it is the
8 Director's intention to ORDER that:

9 **4.1** Respondent American Mortgage Specialists, Inc.'s license to conduct business as a consumer loan
company be revoked.

10 **4.2** Respondent American Mortgage Specialists, Inc. pay a fine. As of the date of this Statement of Charges,
11 the fine totals \$5,000.

12 **4.3** Respondent American Mortgage Specialists, Inc. provide the Department with a completed Consolidated
Annual Report and a completed Annual Assessment Report, including all required supporting documentation, for
13 2010, the calendar year in which Respondent American Mortgage Specialists, Inc. closed.

14 **4.4** Respondent American Mortgage Specialists, Inc. pay a \$5,000 penalty for failing to file a Consolidated
Annual Report and an Annual Assessment Report for 2010, the calendar year in which Respondent American
Mortgage Specialists, Inc. closed, within thirty days of closure.

15 **4.5** Respondent American Mortgage Specialists, Inc. pay an annual assessment for 2010, the calendar year in
16 which Respondent American Mortgage Specialists, Inc. closed, as calculated in accordance with the instructions for
the Annual Assessment Report.

17 **4.6** Respondent American Mortgage Specialists, Inc. pay the cost of the Department's investigation. As of the
18 date of this Statement of Charges, the cost of the investigation totals \$1,725.25.

19 **4.7** Respondent American Mortgage Specialists, Inc., its officers, employees, and agents maintain records in
20 compliance with the Act and provide the Director with the location of the books, records and other information
relating to Respondent American Mortgage Specialists, Inc.'s consumer loan company business, and the name,
address and telephone number of the individual responsible for maintenance of such records in compliance with the
Act.

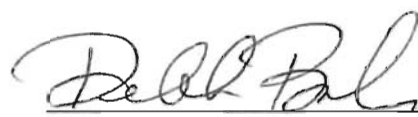
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1 **V. AUTHORITY AND PROCEDURE**

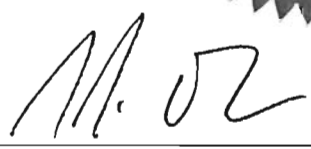
2 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine,
3 File Annual Report, Assess Late Penalty, Collect Annual Assessment, Collect Cost of Investigation, and
4 Maintain Records is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202,
5 and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure
6 Act). Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY
7 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

8 Dated this 21st day of October, 2010.




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

15 Presented by:

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17 _____

18 MARK T. OLSON
19 Financial Legal Examiner

20 Approved by:

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22 _____
23 JAMES R. BRUSSELBACK
24 Enforcement Chief