

FINAL ORDER SUMMARY – Case Number: C-10-362

Name(s): Law Offices of Craig M. Laverty and Craig Michael Laverty

Order Number: C-10-362-13-FO01

Effective Date: June 5, 2013

License Number: N/A – UL LM

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: June 5, 2018

Not Eligible Until: June 5, 2018

Prohibition/Ban Until: Prohibited for 5 years from June 5, 2013

Investigation Costs:	\$ 1,236	Due: 30 days	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine:	\$ 12,000	Due: 30 days	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s): N/A	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution:	\$ 6,600	Due: 30 days	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Judgment: N/A	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed? N/A	<input type="checkbox"/> Y <input type="checkbox"/> N			
No. of Victims:	4			

Comments: _____

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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
Mortgage Broker Practices Act of Washington by:

No.: C-10-362-13-FO01

FINAL ORDER

LAW OFFICES OF CRAIG M. LAVERTY, d/b/a
SOLUTION PROCESSING, LLC and d/b/a
LAVERTY LAW FIRM, and CRAIG MICHAEL
LAVERTY, Owner,

Respondents.

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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 September 27, 2012, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intent to Enter an Order to Produce Records, Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose Fine, and Collect Investigation Fee (Statement of Charges) against the Law Offices of Craig M. Laverty and Craig Michael Laverty (Respondents). A copy of the Statement of Charges is attached and incorporated into this order by this reference.

B. On March 22, 2013, after failed service attempts on Respondents, the Department of Financial Institutions (Department) served Respondents by First-Class mail with the Statement of Charges accompanied by cover letters dated March 11, 2013, Notices of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Respondents. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

1 C. Respondents did not request an adjudicative hearing within twenty calendar days after
2 service as provided for in WAC 208-08-050(2).

3 D. Record Presented. The record presented to the Director's designee for her review and for
4 entry of a final decision included the Statement of Charges, cover letters dated March 11, 2013,
5 Notices of Opportunity to Defend and Opportunity for Hearing, and blank Applications for
6 Adjudicative Hearing for Respondents, with documentation for service.

7 E. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the Director's
8 designee hereby adopts the Statement of Charges.

9 **II. FINAL ORDER**

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

12 A. IT IS HEREBY ORDERED, That:

- 13 1. Respondent Law Offices of Craig M. Lavery immediately cease and desist engaging in
14 the business of a mortgage broker.
- 15 2. Respondent Craig Michael Lavery immediately cease and desist engaging in the
16 business of a loan originator.
- 17 3. Respondents are prohibited from participation in the conduct of the affairs of any
18 mortgage broker subject to licensure by the Director, in any manner, for a period of five
19 years.
- 20 4. Respondents shall pay, jointly and severally, restitution of \$6,600 to the two consumers
21 identified by the Department in the Restitution List appended to the Statement of
22 Charges.
- 23 5. Respondents shall pay, jointly and severally, a fine of \$12,000.
- 24 6. Respondents shall pay, jointly and severally, an investigation fee of \$1,236.00. The
combined fine and investigation fee may be paid together in the form of a cashier's check
in the amount of \$13,236.00 made payable to the "Washington State Treasurer."
7. Respondent Law Offices of Craig M. Lavery and its officers, employees, and agents
maintain records in compliance with chapter 19.146 RCW, the Mortgage Broker
Practices Act (Act), and provide the Director with the location of the books, records and

1 other information relating to Respondents' provision of residential mortgage loan
2 modification services in Washington, and the name, address and telephone number of the
individual responsible for maintenance of such records in compliance with the Act.

3 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a Petition
4 for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be
5 filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel
6 Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington
7 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The Petition for
8 Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a
9 prerequisite for seeking judicial review in this matter.

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

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

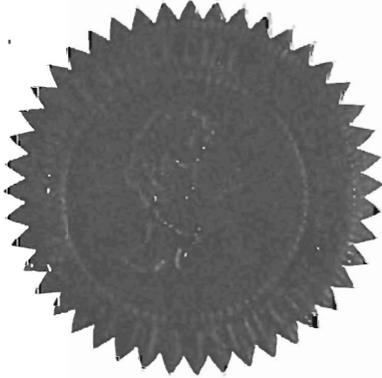
16 D. Judicial Review. Respondents have the right to petition the superior court for judicial review
17 of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a
18 Petition for Judicial Review, see RCW 34.05.510 and sections following.

19 E. Non-compliance with Order. If Respondents do not comply with the terms of this Final
20 Order, including payment of any amounts owed within 30 days of receipt of this Final Order, the
21 Department may seek its enforcement by the Office of the Attorney General to include the collection
22 of the restitution, fines, and investigation fees imposed herein. The Department also may assign the
23 amounts owed to a collection agency for collection.

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1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
2 Review, service is effective upon deposit of this Final Order in the U.S. mail by the Department,
3 declaration of service attached hereto.

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5 DATED this 5th day of June, 2013.



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS


DEBORAH BORTNER
Director, Division of Consumer Services

1 Washington consumers on property located in Washington State. Respondents entered into a
2 contractual relationship with at least one Washington consumer to provide those services and
3 collected an advance fee for the provision of those services. The Department has received at least
4 one complaint from a Washington consumer alleging Respondents provided or offered to provide
5 residential mortgage loan modification services while not licensed by the Department to provide
6 those services. A list of Washington consumers with whom Respondents conducted business as a
7 mortgage broker or loan originator, and the amount paid by each is appended hereto and
8 incorporated herein by reference.

9 **1.4 Misrepresentations and Omissions.** Respondents represented that they were licensed to
10 provide the residential mortgage loan modification services or omitted disclosing that they were not
11 licensed to provide those services. During the relevant time period, Respondent Craig Laverty
12 represented that he was licensed to practice law in Washington or omitted disclosing that he was not
13 licensed to practice law in the State of Washington.

14 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
15 Act by Respondents continues to date.

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

17 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
18 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of
19 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage
20 loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
21 person in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-
22 006, a person "assists a person in obtaining or applying to obtain a residential mortgage loan" by,
23 among other things, counseling on loan terms (rates, fees, other costs), [and] preparing loan
24 packages...."

1 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), “loan originator” means a
2 natural person who for direct or indirect compensation or gain, or in the expectation of direct or
3 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
4 offers or negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform
5 any of these activities.

6 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
7 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive
8 practice toward any person and obtaining property by fraud or misrepresentation.

9 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
10 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
11 for engaging in the business of a mortgage broker for Washington residents or property without first
12 obtaining a license to do so.

13 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
14 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
15 for engaging in the business of a loan originator without first obtaining and maintaining a license.

16 **2.6 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
17 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
18 location that is on file with and readily available to the Department until at least twenty-five months
19 have elapsed following the effective period to which the books and records relate.

20 **III. AUTHORITY TO ORDER PRODUCTION OF RECORDS**

21 **3.1 Authority to Order Production of Records.** Pursuant to RCW 19.146.223, RCW 19.146.
22 235(2), and WAC 208-660-520, the Director may issue orders directing any person to produce
23 books, accounts, records, files, and any other documents the director or designated person deems
24 relevant to an investigation.

1 **IV. AUTHORITY TO IMPOSE SANCTIONS**

2 **4.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
3 Director may issue orders directing any person subject to the Act to cease and desist from
4 conducting business.

5 **4.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
6 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker
7 any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9)
8 or (13), or RCW 19.146.200.

9 **4.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
10 restitution against any person subject to the Act for any violation of the Act.

11 **4.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
12 against any person subject to the Act for any violation of the Act.

13 **4.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
14 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner’s time
15 devoted to an investigation of any person subject to the Act.

16 **V. NOTICE OF INTENT TO ENTER ORDER**

17 Respondents’ violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
18 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,
19 and RCW 19.146.223. Therefore, it is the Director’s intent to ORDER that:

20 **5.1** Respondents cease and desist engaging in the business of a mortgage broker or loan
21 originator.

22 **5.2** Respondents provide the Department with a list detailing all residential mortgage loan
23 modification services transactions with Washington consumers, including the name, address,
and phone numbers of the consumers, the transaction date, and fees collected by Respondents
for the provision of those services.

24 **5.3** Respondents 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.

1 **5.4** Respondents jointly and severally pay restitution to the 2 consumers identified by the
2 Department in paragraph 1.3 as having paid \$6,600 to Respondents, and that Respondents
3 jointly and severally pay restitution to each Washington consumer with whom they entered
4 into a contract for residential mortgage loan modification services related to real property or
5 consumers located in the state of Washington equal to the amount collected from that
6 Washington consumer for those services in an amount to be determined at hearing.

7 **5.5** Respondents jointly and severally pay a fine of \$3,000 for each residential loan modification
8 transaction entered into with Washington consumers. As of the date of this Statement of
9 Charges, the fine totals \$12,000.

10 **5.6** Respondents jointly and severally pay an investigation fee at the rate of \$48.00 per hour. As
11 of the date of this Statement of Charges, the investigation fee totals \$1,236.

12 **5.7** Respondents maintain records in compliance with the Act and provide the Department with
13 the location of the books, records and other information relating to Respondents' provision of
14 residential mortgage loan modification services in Washington, and the name, address and
15 telephone number of the individual responsible for maintenance of such records in
16 compliance with the Act.

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1 **VI. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

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8 Dated this 27th day of September, 2012.



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10 [Redacted Signature]
11 DEBORAH BORTNER
12 Director, Division of Consumer Services
13 Department of Financial Institutions

14 Presented by:

15 [Redacted Signature]
16 ANTHONY W. CARTER
17 Financial Legal Examiner

18 Approved by:

19 [Redacted Signature]
20 CHARLES E. CLARK
21 Enforcement Chief

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RESTITUTION

Borrower

Amount



\$3,600

\$3,000

TOTAL \$6,600