

ORDER SUMMARY – Case Number: C-14-1565

Name: Dale Joseph Gallant

Order Number: C-14-1565-15-CO02

Effective Date: October 20, 2015

License Number: DFI: 71647 NMLS ID: 229376
Or NMLS Identifier [U/L]

License Effect: Revocation Stayed

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

| | | | | |
|--|----|---|---|------|
| Investigation Costs | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| | | | | |
| Fine | \$ | Due | Paid <input 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:

Cease and desist from conduct described in the Statement of Charges

**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:

MLD MORTGAGE, INC., NMLS #1019,
d/b/a The Money Store and Mortgage Lending Direct,
DALE JOSEPH GALLANT, NMLS #229376,
JEFF MOORE,
BRIAN ARTHUR WOLTMAN, NMLS #587190,
ANDRE DWAYNE JONES, NMLS #153257,
RICHARD WILLIAM KADAR, NMLS #227721, and
JACK LAWRENCE HANSMANN, NMLS #150133,

Respondents.

No. C-14-1565-15-CO02

CONSENT ORDER AS TO
DALE JOSEPH GALLANT

COME NOW the Director of the Department of Financial Institutions (Director), through his designee Charles E. Clark, Division Director, Division of Consumer Services, and Dale Joseph Gallant (Respondent Gallant), by and through his attorney, Neil A. Dial, and finding that the issues raised in the above-captioned matter may be economically and efficiently settled solely as they relate to Respondent Gallant, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 31.04 of the 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 Gallant have agreed upon a basis for resolution of the matters alleged in the attached Amended Statement of Charges No. C-14-1565-15-SC02 (Statement of Charges), entered September 1, 2015, solely for settlement purposes and only as they relate to Respondent Gallant. Pursuant to chapter 31.04, the Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent Gallant hereby agrees to the Department's entry of this Consent Order.

1 **Based upon the foregoing:**

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

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

9 **C. Admissions.** It is AGREED that Respondent Gallant admits that he failed to properly
10 supervise Respondents Andre Dwayne Jones and Richard William Kadar.

11 It is further AGREED that with the above exception, Respondent Gallant neither admits nor
12 denies the Factual Allegations contained in the Statement of Charges; that Respondent Gallant will
13 not take any action or make or permit to be made any public statement creating the impression that
14 this Consent Order is without factual basis; and that nothing in Paragraph C affects Respondent
15 Gallant's testimonial obligations or right to take legal or factual positions in defense of litigation.

16 **D. Cease and Desist and Compliance with the Act.** It is AGREED that Respondent Gallant
17 has ceased and desisted from the conduct described in the Statement of Charges, and it is further
18 AGREED and ORDERED that Respondent Gallant shall henceforth comply with the Act.

19 **E. Stay of License Revocation.** It is AGREED and ORDERED that the revocation of
20 Respondent Gallant's MLO license under the Act is hereby STAYED contingent upon Respondent
21 Gallant's complete cooperation with the Department pursuant to Paragraph G, below.

22 **F. Lifting of Stay.** It is AGREED and ORDERED that:

- 23 1. If the Department determines Respondent Gallant has not complied with this Consent
24 Order and seeks to lift the stay and revoke Respondent Gallant's MLO license, the
 Department will first serve Respondent Gallant with a written notice of noncompliance.

- 1 2. The notice of noncompliance will include:
- 2 a) A description of the alleged noncompliance;
- 3 b) A statement that the Department seeks to lift the stay and revoke Respondent
- 4 Gallant's MLO license;
- 5 c) Notice that Respondent Gallant can contest the allegations of noncompliance
- 6 by either requesting an adjudicative hearing in writing or by submitting a
- 7 written response to the allegations of noncompliance; and
- 8 d) Notice that the process for lifting the stay applies only to this Consent Order.
- 9 3. Respondent Gallant will be afforded ten (10) business days from the date of service of
- 10 the notice of noncompliance to submit to the Department either a written request for an
- 11 adjudicative hearing or a written response to the allegations of noncompliance.
- 12 4. If requested, the adjudicative hearing will be expedited and held within 15 business
- 13 days of the Department's receipt of a timely request for an adjudicative hearing, or as
- 14 soon thereafter as can be scheduled by the Office of Administrative Hearings. The
- 15 parties will accommodate the prompt scheduling and holding of the hearing.
- 16 5. The scope and issues of the adjudicative hearing are limited solely to whether or not
- 17 Respondent Gallant failed to comply with the terms of this Consent Order.
- 18 6. At the conclusion of the adjudicative hearing the Administrative Law Judge will issue
- 19 an initial decision. Either party may subsequently file a Petition for Review with the
- 20 Director of the Department.
- 21 7. In lieu of requesting an adjudicative hearing, within ten (10) business days from the
- 22 date of service of the notice of noncompliance, Respondent Gallant may submit to the
- 23 Department's a written response to the allegations of noncompliance for consideration
- 24 by the Department. The response must include a waiver of the right to an adjudicative
- hearing, may address the allegations of noncompliance, and may seek an alternative
- resolution to lifting the stay and revoking Respondent Gallant's MLO license.
8. **Default.** If Respondent Gallant does not timely request an adjudicative hearing or
- submit a written response to the notice of noncompliance, the Department may lift the
- stay and revoke Respondent Gallant's MLO license without further notice.
9. Respondent Gallant's obligation under Paragraph I of this Consent Order to provide
- "complete" cooperation with the Department will be judged on a standard of what is
- objectively reasonable under the circumstances. Accordingly, while innocent or
- immaterial misstatements may not necessarily be considered noncompliance, other
- forms of noncompliance, including knowing or willful omissions or misstatements, will
- be considered noncompliance.

1 **G. Complete Cooperation with the Department.** It is AGREED and ORDERED that:

- 2 1. **Statements.** Upon written request by the Department, Respondent Gallant shall
3 provide the Department with truthful and complete statements relating to this matter. At
4 the Department's discretion, the "statements" may take the form of sworn statements,
5 declarations, affidavits, or deposition testimony.
6
7 2. **Documents.** Upon written request by the Department, Respondent Gallant shall
8 provide the Department with any and all documents in his possession, custody, or
9 control relating to this matter that he is authorized to possess.
10
11 3. **Testimony.** Upon written request by the Department, Respondent Gallant shall testify
12 fully, truthfully, and completely at any and all proceedings relating to the Department's
13 continuing investigation and administrative prosecution of this matter.

14 **H. Future Applications for Licensure.** It is AGREED and ORDERED that should Respondent
15 Gallant apply to the Department for a license to conduct business as a MLO, neither the conduct
16 described in the Statement of Charges, nor any admissions, statements, documents, or testimony
17 provided by Respondent Gallant in this matter will be considered by the Department in assessing
18 Respondent Gallant's application or qualifications for licensure as a MLO.

19 **I. Change of Address.** It is AGREED and ORDERED that for a period of two (2) years from
20 the date of entry of this Consent Order, unless otherwise agreed to in writing by the Department,
21 Respondent Gallant shall provide the Department with the mailing address, e-mail address, and
22 telephone number at which he can be contacted.

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

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

L. Non-Compliance with Order. It is AGREED that Respondent Gallant understands that
failure to comply with the terms and conditions of this Consent Order may result in the revocation of
his MLO license in Washington as well as further legal action by the Director. In that event

Respondent Gallant may be responsible to reimburse the Department for the costs, including attorney's fees, incurred in pursuing such further legal action.

RESPONDENT:

Dale Joseph Gallant

Dale Joseph Gallant, NMLS No. 229376

Date

10/16/15

Approved for Entry:

Neil A. Dial, Esq., WSBA No. 29599
Eisenhower Carlson, PLLC
Attorneys for Respondent

Date

10/18/15

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 20th DAY OF OCTOBER, 2015.



CHARLES E. CLARK
Director, Division of Consumer Services
Department of Financial Institutions

Presented by:

Approved by:

ANTHONY W. CARTER
Senior Legal Examiner

STEVEN C. SHERMAN
Enforcement Chief

**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:

MLD MORTGAGE, INC., NMLS #1019,
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RICHARD WILLIAM KADAR, NMLS #227721, and
JACK LAWRENCE HANSMANN, NMLS #150133,

Respondents.

No. C-14-1565-15-SC02

AMENDED STATEMENT OF CHARGES
and NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST, TAKE
AFFIRMATIVE ACTION, DENY BRANCH
LICENSE APPLICATION, REVOKE
LICENSES, REMOVE FROM OFFICE,
PROHIBIT FROM INDUSTRY, REFUND
FEES, IMPOSE FINE, COLLECT
INVESTIGATION FEE, AND RECOVER
COSTS AND EXPENSES

THE STATE OF WASHINGTON TO: MLD Mortgage, Inc.
Lawrence A. Dear
President and CEO
30 B Vreeland Road
Florham Park, NJ 07932

AND TO:

Dale J. Gallant
Director of Operations
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Jeff Moore, Managing Director,
National Retail Lending Group
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Brian A. Woltman
Retail Sales Manager
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Andre D. Jones, Regional Director
of Sales and Business Development
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Richard W. Kadar
Tacoma Branch Manager
MLD Mortgage, Inc.
4412 6th Avenue, Ste 1-4
Tacoma, WA 98406

Jack L. Hansmann¹

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 the Consumer

¹ On April 30, 2015, the Department entered into a Consent Order with respondent Jack L. Hansmann, who is no longer a party to this matter.

1 Loan Act ("the Act"), Chapter 31.04 RCW. The Washington State Legislature has declared that the Act is
2 necessary to encourage responsible lending, to protect borrowers, and to preserve access to credit in the
3 residential real estate lending market. After having conducted an investigation pursuant to the Act, and based
4 upon the facts available as of the date of this Statement of Charges, the Director, through his designee,
5 Division of Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:

6 7 I. FACTUAL ALLEGATIONS

8 1.1 Respondents.

9 A. **MLD Mortgage, Inc.** ("Respondent MLD") is an active New Jersey for-profit corporation
10 organized in August 2000, and registered in Washington as a foreign for-profit corporation in March, 2005.
11 Doing business in Washington as The Money Store and Mortgage Lending Direct, Respondent MLD was first
12 licensed by the Washington State Department of Financial Institutions ("Department") to conduct business
13 under the Act as a consumer loan company on or about April 5, 2005, and has been continuously licensed in
14 Washington to date. Since 2005, Respondent MLD primarily conducted business in Washington from its main
15 office located in Florham Park, New Jersey. However, in January 2014, Respondent MLD applied for and
16 was approved to operate a branch in Seattle, Washington. In July 2014, Respondent MLD applied to the
17 Department for a license to operate a branch in Tacoma, Washington (the "Tacoma Branch"), which license has
18 not been approved. In October 2014, Respondent MLD applied for and was approved to operate a branch in
19 Castle Rock, Washington.

20 B. **Dale Joseph Gallant** ("Respondent Gallant") was, at all times relevant to this matter, a Senior
21 Managing Director of Respondent MLD working as the Director of Operations. Respondent Gallant was first
22 licensed by the Department as a mortgage loan originator ("MLO") on or about March 22, 2012, and has been
23 continuously licensed in Washington to date. Respondent Gallant was responsible for managing the on-
24 boarding of Respondent Andre D. Jones and his team.

25 //

1 **C. Jeff Moore** ("Respondent Moore") was, at all times relevant to this matter, a Director of
2 Respondent MLD working as the Managing Director of the National Retail Lending Group. Respondent
3 Moore has never been licensed by the Department in any capacity. Along with Respondent Gallant,
4 Respondent Moore was responsible for managing the on-boarding of Respondent Andre D. Jones and his
5 team, and directly supervised Respondent Andre D. Jones and his team on matters relating to Tacoma Branch
6 staffing and operations.

7 **D. Brian Arthur Woltman** ("Respondent Woltman") was, at all times relevant to this matter, a Retail
8 Sales Manager for Respondent MLD working as a MLO. Respondent Woltman was first licensed by the
9 Department as a MLO on or about April 5, 2013, and has been continuously licensed in Washington to date.
10 Respondent Woltman was responsible for the on-boarding and training of Respondent Andre D. Jones and his
11 team, and directly supervised Respondent Andre D. Jones and his team on matters relating to residential
12 mortgage loan origination and submission.

13 **E. Andre Dwayne Jones** ("Respondent Jones") was, at all times relevant to this matter, a non-
14 producing Area Manager for Respondent MLD responsible for the supervision of the Tacoma Branch,
15 including the hiring, supervision, and training of branch-licensed MLOs. Respondent Jones was first licensed
16 by the Department as a MLO on or about January 25, 2007, and except for brief periods of time remained
17 continually licensed in Washington until December, 2013. Pursuant to a Consent Order entered with the
18 Department on May 20, 2014, Respondent Jones voluntarily withdrew his 2014 MLO license renewal
19 application, and at all times relevant to this matter has not been licensed by the Department. Respondent
20 Jones reported to Respondent Moore on matters relating to Tacoma Branch staffing and operations, and to
21 Respondent Woltman on matters relating to mortgage loan origination and submission. Respondent Jones was
22 directly responsible for the operation and supervision of the Tacoma Branch, and directly supervised
23 Respondents Richard W. Kadar and Jack L. Hansmann.

24 **F. Richard William Kadar** ("Respondent Kadar") was, at all times relevant to this matter, acting as
25 the producing Branch Manager of the Tacoma Branch for Respondent MLD, responsible for the supervision

1 and operation of the Tacoma Branch including originating, securing, negotiating, processing, and
2 administering residential mortgage loans. Respondent Kadar was first licensed by the Department as a MLO
3 on or about May 10, 2007, and except for brief periods of time remained actively licensed in Washington until
4 July 22, 2014, when his MLO license became inactive. On or about July 25, 2014, Respondent MLD applied
5 to the Department to sponsor Respondent Kadar's MLO license as the Tacoma Branch Manager. The
6 Department has not approved the sponsorship of Respondent Kadar, whose MLO license at all times relevant
7 to this matter has remained inactive. Respondent Kadar reported to Respondent Jones on matters relating to
8 residential mortgage loan origination and submission, and directly supervised Respondent Jack L. Hansmann.

9 **1.2 Background: Regulatory Actions Against Respondent MLD**

10 **A. Washington Department of Financial Institutions**

11 On December 2, 2014, the Department entered a Temporary Order to Cease and Desist
12 ("TCD") against Respondent MLD alleging in part that beginning as early as May,
13 2014, Respondent MLD was conducting business with Washington consumers from the
14 unlicensed Tacoma Branch; had substituted the names of Washington-licensed MLOs
15 on loans originated for Washington borrowers by Respondents Jones, Kadar, and
16 Hansmann while unlicensed; and had falsely reported to the Department that
17 Respondents Gallant and Woltman had originated residential mortgage loans for
18 Washington consumers that were actually originated by Respondents Jones, Kadar, and
19 Hansmann. The TCD enjoined Respondent MLD from conducting any business with
20 Washington consumers from the unlicensed Tacoma Branch; accepting residential
21 mortgage loan submissions for Washington consumers from any person not licensed by
22 the Department to originate residential mortgage loans in Washington; and aiding and
23 abetting unlicensed activity. Respondent MLD has requested an adjudicative hearing
24 on the TCD, and has waived its right to have that hearing commence on an expedited
25 basis.

19 **B. U.S. Department of Housing and Urban Development ("HUD")**

20 On or about September 13, 2014, Respondent MLD entered into a Settlement
21 Agreement with HUD's Mortgagee Review Board to resolve allegations Respondent
22 MLD failed to properly document and verify funds used as gifts; exceeded FHA's
23 maximum mortgage amount; failed to properly analyze liabilities; charged borrowers a
24 commitment fee without a written lock-in agreement; and failed to comply with
25 settlement requirements. In resolution of the matter, Respondent MLD, without
admitting fault or liability, agreed to payment of a civil money penalty in the amount of
\$60,000; remission of \$2,315.19 to HUD/FHA to buy down an over-insured mortgage;
payment of \$357,250 to satisfy the past due indebtedness on two FHA loans MLD had
previously indemnified; and indemnification of HUD for any loss (past, present or
future) on six FHA loans.

1 **C. Pennsylvania Department of Banking and Securities**

2 **1.** On or about March 17, 2011, Respondent MLD entered into a Consent Agreement
3 and Order with the Pennsylvania Department of Banking and Securities to settle
4 allegations that Respondent MLD had, through contract MLOs unlicensed in
5 Pennsylvania, originated 220 residential mortgage loans in Pennsylvania. In settlement
6 of the matter, without admitting or denying the allegations, Respondent MLD paid a
7 \$27,500 fine and agreed in part to cease and desist conducting mortgage loan business
8 through unlicensed MLOs.

9 **2.** On or about July 7, 2010, Respondent MLD entered into a Consent Agreement and
10 Order with the Pennsylvania Department of Banking and Securities to settle allegations
11 Respondent MLD had accepted mortgage loans from unlicensed MLOs and by not
12 maintaining supervision and control over its employees. In settlement of the matter,
13 without admitting or denying the allegations, Respondent MLD paid a \$5,000 fine and
14 agreed in part to cease and desist accepting mortgage loan applications from unlicensed
15 MLOs.

16 **3.** On or about May 22, 2009, Respondent MLD entered into a Consent Agreement
17 and Order with the Pennsylvania Department of Banking and Securities to settle
18 allegations that Respondent MLD had, through its employees, originated thirteen
19 residential mortgage loans in Pennsylvania prior to licensure in that state. In settlement
20 of the matter, stipulating as true and correct the allegations made, Respondent MLD
21 paid a \$5,000 fine.

22 **D. New York Banking Department**

23 On or about April 22, 2010, Respondent MLD entered into a Settlement Agreement
24 with the State of New York Banking Department to settle allegations that Respondent
25 MLD had mailed misleading advertisements to New York homeowners that failed to
26 make clear and conspicuous disclosures under the Truth in Lending Act and Regulation
27 Z. In settlement of the matter Respondent MLD agreed to take all necessary steps to
28 ensure compliance with all federal and state laws, regulations, and supervisory
29 requirements relating to its mortgage business, including compliance with Regulation
30 Z. In addition, Respondent MLD agreed in part to develop appropriate written policies
31 and procedures designed to ensure compliance with all applicable federal and state
32 laws, regulations, and supervisory requirements relating to advertising and to pay a
33 \$7,000 fine.

34 **1.3 Failure to Disclose Regulatory Actions.** Each consumer loan company licensed under the Act must
35 maintain a current *Uniform Lender/Broker Form* ("Form MU1") on the Nationwide Multi-State Licensing
36 System ("NMLS"), disclosing certain regulatory actions taken against the company. Licensees are required to
37 keep their information on Form MU1 current, to timely file accurate supplementary information, and to
38 comply with the applicable state law relating to the license being sought.

1 A. The Disclosure Questions on Form MU1 require disclosure of adverse final actions that are a
2 matter of public record. Though they have updated their Form MU1 on NMLS more than a dozen times since
3 entering into the Settlement Agreement with HUD, as of the date of the initial and this Amended Statement of
4 Charges Respondent MLD has failed to disclose that regulatory action on NMLS Form MU1.

5 B. The Disclosure Questions on Form MU1 require disclosure of temporary cease and desist orders.
6 Though they have updated their Form MU1 on NMLS more than a dozen times since the Department entered
7 the Temporary Cease and Desist Order, as of the date of the initial Statement of Charges Respondent MLD
8 had failed to disclose that regulatory action on NMLS Form MU1.

9 **1.4 Failure to Comply with Director's Investigative Authority**

10 A. **Respondent Jones' Personnel and Compensation Files.** On or about August 11, 2014, the
11 Department received a complaint from a Washington consumer concerning Respondent Jones and the
12 unlicensed Tacoma Branch. On or about August 14, 2014, the Department issued a Subpoena *Duces Tecum*
13 ("Complaint Subpoena") to Respondent MLD requesting production of:

- 14 1. All documents relating to the employment of Respondent Jones, including his
15 entire personnel and compensation files; and
16 2. All e-mails sent to or from Respondent Jones on his MLD Mortgage, Inc., e-mail
17 account since May 1, 2014, to the date of the Complaint Subpoena.

18 On or about September 22, 2014, Respondent MLD produced what it described as Respondent Jones'
19 complete employment package. As of the date of this Amended Statement of Charges, Respondent MLD has
20 still not produced to the Department Respondent Jones' entire personnel file, compensation file, and e-mails.

21 B. **List of Respondent Jones' Loans.** On or about September 18, 2014, the Department opened an
22 investigation into Respondent MLD. On or about September 26, 2014, the Department issued a Subpoena
23 *Duces Tecum* ("Investigative Subpoena") to Respondent MLD requesting production of documents relating to
24 the creation, staffing, licensure, and operation of the Tacoma Branch. Numerous e-mails produced in response
25 to the Investigative Subpoena reference an Excel spreadsheet of Respondent Jones' loans.

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1 As of the date of this Amended Statement of Charges, Respondent MLD has still not produced to the
2 Department the Excel spreadsheet of Respondent Jones' loans.

3 **C. Respondent Jones' "MLO Folder."** Numerous e-mails produced in response to the Complaint
4 and Investigative Subpoenas reference loan documents maintained by Respondent MLD in "Andre Jones'
5 MLO folder," "in Andre Jones' LO folder," and in "Andre Jones' folder." The e-mails, sent by processors,
6 underwriters, MLOs, and other employees of Respondent MLD, note that though someone other than
7 Respondent Jones is the MLO on the loan, all documents relating to the loan were maintained in Respondent
8 Jones' MLO folder.

9 As of the date of this Amended Statement of Charges, Respondent MLD has still not produced
10 Respondent Jones' MLO folder to the Department in response to the Complaint and Investigative Subpoenas,
11 nor were any documents produced identified as having come from Respondent Jones' MLO folder.

12 **D. Customer Relationship Management Entries.** The Investigative Subpoena defined "Customer
13 Relationship Management" or "CRM" as "a system for managing a company's relationships and interactions
14 with prospective and current customers." The Investigative Subpoena requested production of the entire loan
15 file for all Washington loans originated by Respondents Jones and Woltman, including all CRM entries.
16 Numerous e-mails produced in response to the Investigative Subpoena reference putting notes relating to
17 residential mortgage loans in a program called WebLender. Described as a web-based program that helps
18 MLOs manage their customers and sales opportunities, WebLender is in part a CRM system.

19 Since issuing the initial Statement of Charges the Department obtained examples of Respondent
20 MLD's WebLender CRM system. WebLender apparently provides for MLD employees to make entries
21 related to Washington customers under tabs identified as Loan Detail, Conditions, Suspense/Denial, Locks,
22 Notes, and Images. The examples obtained by the Department contain detailed notes related to Washington
23 residential mortgages originated from the unlicensed Tacoma Branch, and include e-mails, pipeline reports,
24 detailed information related to the actual loan originator, and entries made by Respondents Jones and

25 //

Woltman. As of the date of the Amended Statement of Charges, Respondent MLD has still not produced any CRM entries to the Department.

1.5 Failure to Properly Supervise.

A. Respondents MLD, Gallant, Moore, and Woltman. On or about November 7, 2013, the State of Georgia entered a Final Order against Respondent Jones finding, in part, that Respondent Jones had purposely withheld information and made a false statement or material misrepresentation on his MLO license application. Concluding that Respondent Jones did not meet the character and fitness requirements for licensure as a MLO, Georgia denied his application for a MLO license.

On or about November 12, 2013, Georgia reported the regulatory action against Respondent Jones and uploaded a copy of the Final Order to NMLS. On or about April 1, 2014, Respondent Jones updated his NMLS record with a detailed Disclosure Explanation of Georgia's regulatory actions against him.

On or about May 8, 2014, Respondent MLD entered into an Area Manager Agreement ("Agreement") with Respondent Jones, whereby Respondent Jones was responsible for the operation of the proposed new Tacoma Branch, including the hiring, supervision, and training of branch-licensed MLOs. As a non-producing manager, Respondent Jones was subject to significant restrictions on his activities in Washington and other states where he was not licensed as a MLO. The Agreement provides in part, at Section III(d):

Area Manager is prohibited from acting as a Loan Originator as outlined by the Bureau of Consumer Financial Protection, specifically Section 102.36, in States that he is not licensed. This prohibition includes activities of referring, offering, arranging, or assisting a consumer in obtaining or applying to obtain a mortgage loan.

On or about May 20, 2014, the Department entered into a Consent Order with Respondent Jones finding that Respondent Jones had falsely attested that information and statements related to his MLO renewal application were current, true, and correct, and concluding that Respondent Jones did not meet the character and fitness requirements for licensure as a MLO in Washington. In an apparent response to the Consent Order, on or about May 21, 2014, Respondent MLD entered into an addendum to the Agreement with Respondent Jones. The addendum further limited Respondent Jones' duties in Washington, providing, in part:

1 [I]t is understood that Area Manager is prohibited from participating in any conduct which
2 would require licensure under the State of Washington Department of Financial Institutions
3 Act, including originating, processing or underwriting any loan subject to the Department's
regulatory authority. Area Manager is also prohibited from directly supervising any person
in connection with loan origination activities for Washington residents.

4 Area Manager's duties in the state of Washington will be limited to recruiting loan
5 originators, branch offices and business development. The Managing Director of the Retail
Lending group will have direct supervision of said new hires.

6 On or about June 2, 2014, the Department reported the regulatory action against Respondent Jones and
7 uploaded a copy of the Consent Order to NMLS. On or about June 4, 2014, Respondent Jones updated his
8 NMLS record with a detailed Disclosure Explanation of the Department's regulatory actions against him.

9 On or about July 22, 2014, Respondent MLD designated Respondent Jones as the direct supervisor of
10 Respondent Kadar, a licensed (though inactive) MLO and the proposed Tacoma Branch Manager.

11 In an e-mail sent to Respondent Moore on or about August 10, 2014, Respondent Jones included an
12 Excel spreadsheet captioned "Money Store Branch 10044 Master Pipeline." The spreadsheet identified 13
13 Washington residential mortgage loan applications submitted to Respondent MLD by Respondent Jones
14 between about June 3 and August 8, 2014. The spreadsheet also identified 33 Washington consumers who, for
15 direct or indirect compensation or gain, or in the expectation of direct or indirect compensation or gain,
16 Respondent Jones had contacted between about May 29 and August 9, 2014, to take residential mortgage loan
17 applications or to offer or negotiate terms of residential mortgage loans.

18 In a similar e-mail sent to Respondents Gallant, Moore, and Woltman on or about August 17, 2014,
19 Respondent Jones included an updated copy of his "Master Pipeline" spreadsheet, identifying both additional
20 Washington residential mortgage loan applications submitted to Respondent MLD, as well as additional
21 Washington consumers who, for direct or indirect compensation or gain, or in the expectation of direct or
22 indirect compensation or gain, Respondent Jones had contacted to take residential mortgage loan applications
23 or to offer or negotiate terms of residential mortgage loans.

24 In an e-mail sent to Respondents Woltman, Moore, and Kadar or about September 21, 2014,
25 Respondent Jones again included an updated copy his "Master Pipeline" spreadsheet. The spreadsheet

1 identified 28 Washington residential mortgage loan applications submitted to Respondent MLD by
2 Respondent Jones between about June 3 and September 17, 2014, of which 18 had been approved by
3 Respondent MLD. The spreadsheet also identified 37 other Washington consumers who, for direct or indirect
4 compensation or gain, or in the expectation of direct or indirect compensation or gain, Respondent Jones had
5 contacted between about May 29 and September 21, 2014, to take residential mortgage loan applications or to
6 offer or negotiate terms of residential mortgage loans.

7 Had Respondents MLD, Gallant, Moore, and Woltman properly supervised Respondent Jones, they
8 would have known that he was acting as a MLO in a state where he was not licensed, including by taking
9 residential mortgage loan applications from Washington consumers; by offering residential mortgage loans to
10 Washington consumers; by negotiating terms of residential mortgage loans for Washington consumers; by
11 participating in conduct which would require licensure by the Department, including by originating,
12 processing or underwriting any loan subject to the Department's regulatory authority; and by directly
13 supervising Respondent Kadar in connection with loan origination activities for Washington consumers, all
14 from the unlicensed Tacoma Branch.

15 **B. Respondent Jones.** On or about July 22, 2014, Respondent MLD hired Respondent Kadar as the
16 Tacoma Branch Manager. Between about July 24 and September 30, 2014, Respondent Kadar, for direct or
17 indirect compensation or gain, or in the expectation of direct or indirect compensation or gain, took residential
18 mortgage loan applications or offered or negotiated terms of residential mortgage loans for at least four
19 Washington consumers on behalf of Respondent MLD while his MLO license was inactive. On or about July
20 22, 2014, Respondent MLD hired Respondent Hansmann as an outside MLO. Between about July 17 and July
21 29, 2014, before he was sponsored by Respondent MLD as a MLO, Respondent Hansmann, for direct or
22 indirect compensation or gain, or in the expectation of direct or indirect compensation or gain, took residential
23 mortgage loan applications or offered or negotiated terms of residential mortgage loans for at least two
24 Washington consumers on behalf of Respondent MLD.

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1 Had Respondent Jones properly supervised Respondents Kadar and Hansmann, he would have known
2 that they were acting as MLOs in a state where they were not licensed, including by, for direct or indirect
3 compensation or gain, or in the expectation of direct or indirect compensation or gain, taking residential
4 mortgage loan application or offering or negotiating terms of residential mortgage loans for Washington
5 consumers from the unlicensed Tacoma Branch.

6 **1.6 Unlicensed Activity.**

7 **A. Respondent MLD.** On or about July 25, 2014, Respondent MLD applied to the Department for a
8 Branch Office license under the Act for a branch to be located at 4412 6th Avenue, Suites 1-4, Tacoma,
9 Washington. The Department updated the NMLS License/Registration Status History for the proposed Tacoma
10 Branch, NMLS #1195866, to reflect that the status was Pending-Incomplete. On or about August 4, 2014, the
11 Department updated the Status History to Pending-Deficient, noting the main landing page of Respondent
12 MLD's website did not list their true corporate name as required. On or about August 18, 2014, as the
13 deficiency had been cleared, the Department updated the Status History to Pending-Review. Pursuant to the Act,
14 the Department has 90 days from receipt of a completed application to approve or deny the application. Based
15 on a completed application date of August 18, 2014, the Department had until November 16, 2014, to approve
16 or deny the application. All of the conduct alleged in the initial and this Amended Statement of Charges
17 occurred before that date.

18 Between about May 14 and September 29, 2014, employees, officers, and agents of Respondent MLD
19 working from the unlicensed Tacoma Branch, for direct or indirect compensation or gain, or in the expectation
20 of direct or indirect compensation or gain, took residential mortgage loan applications or offered or negotiated
21 terms of residential mortgage loans for at least 50 Washington consumers on behalf of Respondent MLD.

22 **B. Respondent Jones.** Though not licensed in Washington as a MLO under the Act, between about
23 May 14 and September 29, 2014, Respondent Jones, for direct or indirect compensation or gain, or in the
24 expectation of direct or indirect compensation or gain, took residential mortgage loan applications or offered

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1 or negotiated terms of residential mortgage loans for at least 50 Washington consumers on behalf of
2 Respondent MLD.

3 **C. Respondent Kadar.** Though his Washington MLO license was inactive under the Act, between
4 about July 24 and September 29, 2014, Respondent Kadar, for direct or indirect compensation or gain, or in the
5 expectation of direct or indirect compensation or gain, took residential mortgage loan applications or offered
6 or negotiated terms of residential mortgage loans for at least five Washington consumers on behalf of
7 Respondent MLD.

8 **D. Respondent Hansmann.** Though his Washington MLO license was not sponsored by Respondent
9 MLD, between about July 17 and July 30, 2014, Respondent Hansmann, for direct or indirect compensation or
10 gain, or in the expectation of direct or indirect compensation or gain, took residential mortgage loan
11 applications or offered or negotiated terms of residential mortgage loans for at least two Washington
12 consumers on behalf of Respondent MLD.

13 **1.7 Substitution of MLOs.** Between about May 14 and January 31, 2014, Respondents MLD, Gallant,
14 Moore, Woltman, Jones, Kadar, and Hansmann substituted the names and NMLS numbers of Washington-
15 licensed MLOs on loan documents required to disclose the names and NMLS numbers of Respondents Jones,
16 Kadar, and Hansmann.

17 **1.8 Deceptive Advertising.** Between about May 23 and August 13, 2014, Respondent Jones sent e-mails to
18 more than 45 different Washington consumers on behalf of Respondent MLD offering more than 60 different
19 residential mortgage loans. The e-mails included the loan type, loan term, simple interest rate, and for both
20 purchases and refinances, proposed loan amounts and monthly payment. The e-mails routinely included loan
21 terms triggering additional disclosures under the Truth in Lending Act and Regulation Z, yet failed to include
22 the required disclosures. In addition, while the e-mails disclosed a simple rate of interest, they failed to
23 include a clear and conspicuous disclosure of the Annual Percentage Rate.

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1 **1.9 False Statements and Omissions of Material Facts.**

2 **A. Mortgage Call Reports.**

3 1. On or about November 12, 2014, Respondent MLD filed their 3rd Quarter
4 Mortgage Call Report with the Department. Respondent MLD reported that in the
5 3rd quarter of 2014, Respondents Gallant and Woltman originated nine residential
6 mortgage loans for Washington residents. One loan purportedly originated by
7 Respondent Gallant was apparently originated by Respondent Kadar; one loan
8 purportedly originated by Respondent Woltman was apparently originated by
9 Respondent Hansmann; and seven loans purportedly originated by Respondent
10 Woltman were apparently originated by Respondent Jones.

11 2. On or about February 13, 2015, Respondent MLD filed their 4th Quarter Mortgage
12 Call Report with the Department. Respondent MLD reported that in the 4th quarter
13 of 2014, Respondents Gallant, Woltman, and Hansmann originated 19 residential
14 mortgage loans for Washington residents. One loan purportedly originated by
15 Respondent Gallant was apparently originated by Respondent Jones; two loans
16 purportedly originated by Respondent Woltman were apparently originated by
17 Respondent Jones; five loans purportedly originated by Respondent Hansmann
18 were apparently originated by Respondent Jones; and three loans purportedly
19 originated by Respondent Hansmann were apparently originated by Respondent
20 Kadar. (The remaining eight loans purportedly originated by Respondent
21 Hansmann were apparently originated by him after the Department approved his
22 sponsorship.)

23 **B. Complaint and Investigative Subpoenas.**

24 1. After issuing the initial Statement of Charges the Department received information
25 from a former Compliance and Licensing Administrator for Respondent MLD who
alleged that while preparing the e-mails responsive to the Department's Complaint
Subpoena, the compliance department was asked to sort those e-mails and only
produce e-mails to the Department that were "appropriate" i.e., did not show any
"inappropriate" activity. The Compliance and Licensing Administrator further
alleged that files responsive to the Department's Investigative Subpoena were
"scrubbed" to remove any reference to Respondent Jones before being produced to
the Department.

26 **1.10 Aiding and Abetting Unlicensed Practice.** Between around May 14 and September 29, 2014,
27 Respondents MLD, Gallant, Moore, Woltman, Jones, Kadar, and Hansmann aided and abetted Respondents
28 Jones, Kadar, and Hansmann to practice in violation of the Act.

29 **1.11 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
30 Respondents continues to date.

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II. GROUNDS FOR ENTRY OF ORDER

2.1 Definitions.

A. Application. Pursuant to WAC 208-620-010, "application" means in part the submission of a borrower's financial information in anticipation of a credit decision relating to a residential mortgage loan. If the submission does not identify a specific property, the submission is a purchase prequalification and not an application. The subsequent addition of an identified property to the submission converts the purchase prequalification to an application.

B. Residential Mortgage Loan. Pursuant to RCW 31.04.015(25) and WAC 208-620-010, a "residential mortgage loan" means in part any loan primarily for personal, family, or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling.

C. Making a Loan. Pursuant to RCW 31.04.015(13) and WAC 208-620-010, "making a loan" means in part advancing, offering to advance, or making a commitment to advance funds to a borrower.

D. Mortgage Loan Originator. Pursuant to RCW 31.04.015(15)(a) and WAC 208-620-010, "mortgage loan originator" means in part an individual who for compensation or gain (i) takes a residential mortgage loan application, or (ii) offers or negotiates terms of a residential mortgage loan.

2.2 Responsibility for Familiarity with Act. Pursuant to WAC 208-620-378, Respondent MLD is responsible for ensuring its employees and MLOs are familiar with the Act.

2.3 Liability for Actions of Employees. Pursuant to WAC 208-620-372, Respondent MLD is responsible for any conduct violating the Act by its employees.

2.4 Violations of Act and Rules.

A. Respondent MLD. Based on the Factual Allegations set forth above, Respondent MLD is in apparent violation of:

- i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice in violation of the Act and by substituting the names

and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;

- ii. RCW 31.04.027(2) for, directly or indirectly, engaging in unfair or deceptive practice toward any person, including by failing to properly supervise Respondents Gallant, Moore, Woltman, Jones, Kadar, and Hansmann; by making secured residential mortgage loans for Washington consumers without first obtaining and maintaining the required branch, branch manager, and MLO licenses; by aiding and abetting unlicensed persons to practice in violation of the Act; and by engaging in false advertising;
- iii. RCW 31.04.027(3) for, directly or indirectly, obtaining property by misrepresentation, including by closing residential mortgage loans for Washington consumers that were originated from the unlicensed Tacoma Branch;
- iv. RCW 31.04.027(8), for negligently making any false statement or knowingly and willfully making any omission of material fact in connection with any reports filed with the Department or in connection with any investigation conducted by the Department, including by falsifying information on NMLS mortgage call reports filed with the Department and by knowingly and willfully making omissions of material fact in responding to the Complaint and Investigative Subpoenas;
- v. RCW 31.04.035 and WAC 208-620-230, -250, -300, and -700, by making secured residential mortgage loans for Washington consumers from the Tacoma Branch without first obtaining and maintaining the required branch license;
- vi. RCW 31.04.093(4)(b), for failing to comply with the Director's investigative authority;
- vii. RCW 31.04.027(12) and WAC 208-620-630(2), for advertising any rate of interest without conspicuously disclosing the annual percentage rate implied by that rate of interest;
- viii. RCW 31.04.027(13) and WAC 208-620-640, for violating any applicable federal advertising law or regulation relating to the activities governed by the Act, including the Truth in Lending Act and Regulation Z;
- ix. RCW 31.04.135, by advertising, publishing, or distributing, or permitting to be advertised, printed, published, or distributed, in any manner whatsoever, any statement or representation with regard to the rates, terms, or conditions for the lending of money that is false, misleading, or deceptive.
- x. WAC 208-620-301, for employing unlicensed MLOs as managers and branch managers taking residential mortgage loan applications, negotiating the terms or conditions of residential mortgage loans, holding themselves out as being able to conduct these activities, and supervising licensed MLOs;

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- xi. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to indicate on all residential mortgage loan applications, initial and revised, the MLO's unique identifier and the date the application was taken or revised; and
- xii. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the Act.

B. Respondent Gallant. Based on the Factual Allegations set forth above, Respondent Gallant is in apparent violation of:

- i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to mislead any borrower, lender, or person, by aiding and abetting unlicensed persons to practice in violation of the Act and by substituting the names and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice toward any person by failing to properly supervise Respondents Moore, Woltman, Jones, Kadar, and Hansmann and by aiding and abetting unlicensed persons to practice in violation of the Act;
- iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to indicate on all residential mortgage loan applications, initial and revised, the loan originator's unique identifier and the date the application was taken or revised; and
- iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the Act.

C. Respondent Moore. Based on the Factual Allegations set forth above, Respondent Moore is in apparent violation of:

- i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice in violation of the Act and by substituting the names and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice toward any person by failing to properly supervise Respondents Woltman, Jones, Kadar, and Hansmann and by aiding and abetting unlicensed persons to practice in violation of the Act;
- iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to indicate on all residential mortgage loan applications, initial and revised, the loan originator's unique identifier and the date the application was taken or revised; and
- iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the Act.

1 **D. Respondent Woltman.** Based on the Factual Allegations set forth above, Respondent Woltman
2 is in apparent violation of:

- 3 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
4 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
5 in violation of the Act and by substituting the names and NMLS numbers of Washington-
6 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
7 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 8 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
9 toward any person by failing to properly supervise Respondents Jones, Kadar, and Hansmann
10 and by aiding and abetting unlicensed persons to practice in violation of the Act;
- 11 iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
12 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
13 unique identifier and the date the application was taken or revised; and
- 14 iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
15 Act.

16 **E. Respondent Jones.** Based on the Factual Allegations set forth above, Respondent Jones is in
17 apparent violation of:

- 18 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
19 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
20 in violation of the Act and by substituting the names and NMLS numbers of Washington-
21 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
22 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 23 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
24 toward any person, including by failing to properly supervise Respondents Kadar and
25 Hansmann; by offering, arranging or assisting Washington consumers apply for residential
 mortgage loans without first obtaining and maintaining the required branch, branch manager,
 and MLO licenses; by aiding and abetting unlicensed persons to practice in violation of the
 Act; and by engaging in false advertising;
- iii. RCW 31.04.221, by engaging in the business of a MLO without first obtaining and
 maintaining the required MLO license;
- iv. RCW 31.04.027(12) and WAC 208-620-630(2), for advertising any rate of interest without
 conspicuously disclosing the annual percentage rate implied by that rate of interest;
- v. RCW 31.04.027(13) and WAC 208-620-640, for violating any applicable federal advertising
 law or regulation relating to the activities governed by the Act, including the Truth in
 Lending Act and Regulation Z;

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- 1 vi. RCW 31.04.135, by advertising, publishing, or distributing, in any manner whatsoever, any
2 statement or representation with regard to the rates, terms, or conditions for the lending of
3 money that is false, misleading, or deceptive;
4
5 vii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
6 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
7 unique identifier and the date the application was taken or revised; and
8
9 viii. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
10 Act.

11 **F. Respondent Kadar.** Based on the Factual Allegations set forth above, Respondent Kadar is in
12 apparent violation of:

- 13 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
14 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
15 in violation of the Act and by substituting the names and NMLS numbers of Washington-
16 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
17 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
18
19 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
20 toward any person by offering, arranging or assisting Washington consumers apply for
21 residential mortgage loans without first obtaining and maintaining the required branch,
22 branch manager, and MLO licenses; and by aiding and abetting unlicensed persons to
23 practice in violation of the Act;
24
25 iii. RCW 31.04.221, by engaging in the business of a MLO without first obtaining and
maintaining the required MLO license;
iv. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
indicate on all residential mortgage loan applications, initial and revised, the loan originator's
unique identifier and the date the application was taken or revised; and
v. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
Act.

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III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Authority to Enter an Order to Cease and Desist. Pursuant to RCW 31.04.093(5)(a), the Director may issue an order directing licensees, its employees, MLOs, or other persons subject to the Act to cease and desist from conducting business in a manner that is injurious to the public or violates any provision of the Act.

3.2 Authority to Enter an Order to Take Affirmative Action. Pursuant to RCW 31.04.093(5)(b), the Director may issue an order directing licensees, its employees, MLOs, or other persons subject to the Act to take such affirmative action as is necessary to comply with the Act.

3.3 Authority to Deny Branch License Application. Pursuant to RCW 31.04.055(2), if the Director does not find that an applicant's financial responsibility, experience, character, and general fitness are such as to command the confidence of the community and to warrant a belief that the business will be operated honestly, fairly, and efficiently within the purposes of the Act, the Director shall not issue the license and shall deny the application.

3.4 Authority to Revoke Licenses. Pursuant to RCW 31.04.093(3), if the Director finds that a licensee has (a) failed to comply with any specific order or demand of the Director lawfully made and directed to the licensee in accordance with the Act, or (b) that a licensee, either knowingly or without the exercise of due care, has violated any provision of the Act or Rules adopted thereunder, or (c) that a fact or condition exists that, if it had existed at the time of the original application for the license, clearly would have allowed the Director to deny the application for the original license, then the Director may revoke a license issued under the Act. Additional authority for the revocation of Respondent MLD's license include WAC 208-620-570(8), where the licensee has aided or abetted unlicensed persons to practice in violation of the Act; WAC 208-620-570(11), where the licensee has failed to comply with subpoenas; WAC 208-620-570(13)(b), where the licensee has failed to cooperate with the Director by not furnishing records requested by the Director for the purpose of conducting a lawful investigation into a complaint against the licensee filed with the Department; and WAC 208-620-570(14), where the licensee has interfered with a lawful investigation by willful misrepresentation of facts before the Department.

1 **3.5 Authority to Remove from Office and Prohibit From Industry.** Pursuant to RCW 31.04.093(6),
2 the Director may issue an order removing from office and prohibiting from the industry any officer, principal,
3 employee, MLO, or other persons subject to the Act for failure to comply with any subpoena issued under the
4 Act; any violation of RCW 31.04.027 or RCW 31.04.221; or failure to obtain a license for activity that
5 requires a license.

6 **3.6 Authority to Order Refunds of Fees.** Pursuant to RCW 31.04.035(2) and WAC 208-620-230, the
7 Director may issue an order directing a licensee to refund to consumers all nonthird-party fees charged in
8 connection with the origination of a residential mortgage loan in violation of RCW 31.04.035(1), which
9 prohibits the making of secured residential mortgage loans without first obtaining and maintaining a license in
10 accordance with the Act.

11 **3.7 Authority to Impose Fines.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to
12 one hundred dollars per day, per violation, upon licensees, employees, MLOs, or other persons subject to the
13 Act for any violation of the Act.

14 **3.8 Authority to Collect Investigation Fee and Recover Costs and Expenses.** Pursuant to RCW
15 31.04.145(3) and WAC 208-620-590, every licensee investigated by the Director or the Director's designee
16 shall pay for the cost of the investigation, calculated at the rate of \$69.01 per staff hour devoted to the
17 investigation. Effective July 24, 2015, pursuant to Chapter 229, Laws of 2015, 64th Legislature, 2015 Regular
18 Session, Section 30(2), the Director may recover the state's costs and expenses for prosecuting violations of
19 the Act, including for staff time spent preparing for and attending administrative hearings, and reasonable
20 attorneys' fees.

21 **IV. NOTICE OF INTENT TO ENTER ORDER**

22 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set
23 forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions,
24 constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205.

25 Therefore, it is the Director's intent to ORDER that:

- 1 **4.1** Respondent MLD Mortgage, Inc. cease and desist failing to properly disclose required
2 regulatory actions on NMLS; failing to comply with the Director's investigative authority;
3 engaging in unlicensed activity; failing to properly supervise employees; directly or indirectly
4 employing any scheme, device, or artifice to mislead any borrower, lender, or person; directly
5 or indirectly engaging in any unfair or deceptive practice; directly or indirectly obtaining
6 property by fraud or misrepresentation; aiding and abetting unlicensed persons to practice in
7 violation of the Act; making secured residential mortgage loans for Washington consumers
8 originated from unlicensed locations; substituting the names and NMLS numbers of
9 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
10 actual MLOs who originated the loans; and filing false NMLS mortgage call reports with the
11 Department.
- 12 **4.2** Respondent MLD Mortgage, Inc. take affirmative action necessary to comply with the Act by
13 filing amended NMLS mortgage call reports for the 3rd and 4th quarters of 2014, disclosing
14 the names and NMLS numbers of the actual MLOs who originated the loans disclosed on the
15 reports.
- 16 **4.3** Respondent MLD Mortgage Inc.'s Washington license to conduct the business of a consumer
17 loan company under the Act be revoked.
- 18 **4.4** Respondent MLD Mortgage, Inc. refund all nonthird-party fees charged in connection with
19 the making of secured residential mortgage loans for Washington consumers from the
20 unlicensed Tacoma Branch in an amount to be determined at hearing. As of the date of the
21 initial Statement of Charges, the amount totaled \$113,780.20.
- 22 **4.5** Respondent MLD Mortgage, Inc. pay a fine to the State of Washington in an amount of up to
23 \$100 per day, per violation, for each violation of the Act. As of the date of the initial
24 Statement of Charges, the fine totaled \$250,000.
- 25 **4.6** Respondent MLD Mortgage, Inc. pay the costs of this investigation to the State of
 Washington in an amount of \$69.01 per staff hour devoted to the investigation. As of the date
 of the initial Statement of Charges, the investigative costs totaled \$26,913.90. Pursuant to
 Chapter 229, Laws of 2015, 64th Legislature, 2015 Regular Session, Section 30(2), in
 addition to those investigative costs, MLD Mortgage, Inc. shall pay the state's costs and
 expenses incurred since the date this Amended Statement of Charges was issued for
 prosecuting this action in an amount to be proven at hearing.
- 4.7** Respondent MLD Mortgage, Inc.'s license application for the Tacoma Branch under the Act
 be denied.
- 4.8** Respondent Dale Joseph Gallant cease and desist failing to properly supervise employees;
 directly or indirectly employing any scheme, device, or artifice to mislead any borrower,
 lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding
 and abetting unlicensed persons to practice in violation of the Act; and substituting the names
 and NMLS numbers of Washington-licensed MLOs on loan documents for the names and
 NMLS numbers of the actual MLOs who originated the loans.
- 4.9** Respondent Dale Joseph Gallant's Washington license to conduct the business of a MLO
 under the Act be revoked.

- 1 **4.10** Respondent Dale Joseph Gallant be prohibited from participation in the affairs of any
2 consumer loan company licensed by, subject to licensure by, or exempt from licensure by the
3 Department for a period of five (5) years.
- 4 **4.11** Respondent Jeff Moore cease and desist failing to properly supervise employees; directly or
5 indirectly employing any scheme, device, or artifice to mislead any borrower, lender, or
6 person; engaging directly or indirectly in any unfair or deceptive practice; aiding and abetting
7 unlicensed persons to practice in violation of the Act; and substituting the names and NMLS
8 numbers of Washington-licensed MLOs on loan documents for the names and NMLS
9 numbers of the actual MLOs who originated the loans.
- 10 **4.12** Respondent Jeff Moore be removed from his position as Managing Director of Respondent
11 MLD Mortgage, Inc., and be prohibited from participation in the affairs of any consumer loan
12 company licensed by, subject to licensure by, or exempt from licensure by the Department for
13 a period of five (5) years.
- 14 **4.13** Respondent Brian Arthur Woltman cease and desist failing to properly supervise employees;
15 directly or indirectly employing any scheme, device, or artifice to mislead any borrower,
16 lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding
17 and abetting unlicensed persons to practice in violation of the Act; and substituting the names
18 and NMLS numbers of Washington-licensed MLOs on loan documents for the names and
19 NMLS numbers of the actual MLOs who originated the loans.
- 20 **4.14** Respondent Brian Arthur Woltman's Washington license to conduct the business of a MLO
21 under the Act be revoked.
- 22 **4.15** Respondent Brian Arthur Woltman be prohibited from participation in the affairs of any
23 consumer loan company licensed by, subject to licensure by, or exempt from licensure by the
24 Department for a period of five (5) years.
- 25 **4.16** Respondent Andre Dwayne Jones cease and desist supervising any MLOs under his direct
 supervision; directly or indirectly employing any scheme, device, or artifice to mislead any
 borrower, lender, or person; directly or indirectly engaging in any unfair or deceptive
 practice; aiding and abetting unlicensed persons to practice in violation of the Act; and
 substituting the names and NMLS numbers of Washington-licensed MLOs on loan
 documents for the names and NMLS numbers of the actual MLOs who originated the loans.
- 4.17** Respondent Andre Dwayne Jones be removed from his position as Regional Director of Sales
 and Business Development for Respondent MLD Mortgage, Inc., and be prohibited from
 participation in the affairs of any consumer loan company licensed by, subject to licensure
 by, or exempt from licensure by the Department for a period of five (5) years.

4.18 Respondent Richard William Kadar cease and desist directly or indirectly employing any scheme, device, or artifice to mislead any borrower, lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding and abetting unlicensed persons to practice in violation of the Act; and substituting the names and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the actual MLOs who originated the loans.

4.19 Respondent Richard William Kadar's inactive Washington license to conduct the business of a MLO under the Act be revoked.

4.20 Respondent Richard William Kadar be removed from his position as Tacoma Branch Manager for Respondent MLD Mortgage, Inc., and be prohibited from participation in the affairs of any consumer loan company licensed by, subject to licensure by, or exempt from licensure by the Department for a period of five (5) years.

V. AUTHORITY AND PROCEDURE

This Amended Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Take Affirmative Action, Deny Branch License Application, Revoke Licenses, Remove from Office, Prohibit from Industry, Refund Fees, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is subject to the provisions of Chapter 34.05 RCW (The Administrative Procedure Act).

Dated this 1st day of September, 2015.



CHARLES E. CLARK
Director, Division of Consumer Services
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