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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-06-116-07-CO02

FREESTAND FINANCIAL HOLDING CORP.,
and JESSE A. GEE, President and Designated
Broker, and DONALD PARKER, Employee and
Branch Manager.

CONSENT ORDER

Donald Parker

Respondents.

9 COMES NOW the Director of the Department of Financial Institutions (Director), through his designee
10 Deborah Bortner, Division Director, Division of Consumer Services, and DONALD PARKER (hereinafter
11 Respondent Parker), and finding that the issues raised in the captioned matter may be economically and efficiently
12 settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of the
13 Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the
14 following:

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AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent
Parker have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-06-116-06-
SC01 (Statement of Charges), entered August 1, 2006, (copy attached hereto), as they relate to Respondent
Parker. Pursuant to chapter 19.146, the Mortgage Broker Practices Act (Act), and RCW 34.05.060 of the
Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and
further agree that the issues raised in the above captioned matter may be economically and efficiently settled by
entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

Based upon the foregoing:

CONSENT ORDER
No. C-06-116-07-CO02
Donald Parker

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

ORIGINAL

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

3 B. **Waiver of Hearing.** It is AGREED that Respondent Parker has been informed of the right to a
4 hearing before an administrative law judge, and that he has waived his right to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.
6 Accordingly, Respondent Parker agrees to withdraw his appeal and to inform the Office of Administrative
7 Hearings in writing of his withdrawal.

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

16 D. **Unlicensed Activity.** It is AGREED that during the above-referenced ten (10) year period of
17 prohibition, Respondent Parker will not participate in the conduct of the affairs of any unlicensed mortgage
18 broker, including but not limited to: (1) any financial capacity whether active or passive or (2) as an officer,
19 director, principal, designated broker, employee, or loan originator or (3) any management, control, oversight or
20 maintenance of any trust account(s) in any way related to any residential mortgage transaction or (4) receiving,
21 disbursing, managing or controlling in any way, consumer trust funds in any way related to any residential
22 mortgage transaction.

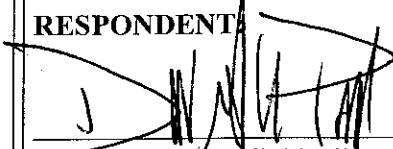
23 E. **Application for Mortgage Broker License.** It is AGREED that Respondent Parker shall not apply
24 to the Department for any license issued pursuant to chapter 19.146 RCW under any name for a period of ten(10)

1 years from the date of entry of this Consent Order. It is further AGREED that, should Respondent Parker apply to
2 the Department for any license issued pursuant to chapter 19.146 RCW at any time after ten (10) years from the
3 date of entry of this Consent Order, Respondent Parker shall be required to meet any and all application
4 requirements in effect at that time.

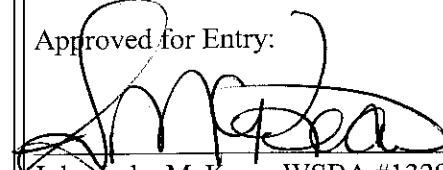
5 **F. Non-Compliance with Order.** It is AGREED that Respondent Parker understands that failure to
6 abide by the terms and conditions of this Consent Order may result in further legal action by the Director. In
7 the event of such legal action, Respondent Parker may be responsible to reimburse the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

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

11 **H. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Parker has read this
12 Consent Order in its entirety and fully understand and agrees to all of the same.

13 **RESPONDENT**
14 
15 Donald Parker, Individually

04/03/2007
Date

16 Approved for Entry:
17 
18 John Luke McKean, WSBA #13294
19 Attorney for Respondent Donald Parker

04/03/07
Date

20 **DO NOT WRITE BELOW THIS LINE**

21 THIS ORDER ENTERED THIS 9th DAY OF April, 2007.



22 
23 DEBORAH BORTNER
24 Division Director
25 Division of Consumer Services
Department of Financial Institutions

CONSENT ORDER 3
No. C-06-116-07-CO02
Donald Parker

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

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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-06-116-06-SC01

FREESTAND FINANCIAL HOLDING
CORP., and JESSE A. GEE, President and
Designated Broker, and DONALD PARKER,
Employee and Branch Manager.

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

Respondents.

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INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of July 26, 2006, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Respondent Freestand Financial Holding Corp. (Freestand) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on July 14, 2004, and has continued to be licensed to date. Respondent Freestand is licensed to conduct the business of a mortgage broker at 3200 N. Central Ave., Phoenix, AZ. Respondent Freestand maintained two (2) branch offices in Washington State at 2310 130th Ave NE, Ste B-100, Bellevue, WA, and 2320 130th Ave. NE ste E-104, Bellevue, WA. Both of these branch offices closed on March 23, 2006.

1 B. Respondent Jesse A. Gee (Gee) is the President and Designated Broker of Respondent
2 Freestand. Respondent Gee was named Designated Broker of Respondent Freestand on July 14, 2004, and has
3 continued as Designated Broker to date.

4 C. Respondent Donald Parker (Parker) is employed as a branch manager for Respondent Freestand.

5 **1.2 Unlicensed Location.** Since at least March 7, 2006, Respondents are known to have conducted the
6 business of a mortgage broker from the following location: 413 Sharon Ave. East, Moses Lake, WA 98837.

7 To date, Respondents have never applied for or received a license from the Department to conduct the business
8 of a mortgage broker from this location. To date, the Department has not issued a license to any person to
9 conduct the business of a mortgage broker from this location.

10 **1.3 Unlicensed Activity.** Between March 7, 2006, and July 7, 2006, Respondents assisted at least seven
11 (7) borrowers in applying to obtain residential mortgage loans on property located in the State of Washington
12 from the unlicensed location discussed in paragraph 1.2. Respondents assisted at least six (6) of these
13 borrowers in obtaining residential mortgage loans. The borrowers involved in these residential mortgage loans
14 paid fees to Respondent Freestand totaling \$ 20,204.77 as follows:

Borrower Botelo	\$ 4,589.00
Borrower Spurrier	\$ 2,416.40
Borrower Torres	\$ 2,722.50
Borrower Lindsey	\$ 2,465.40
Borrower Ringer	\$ 3,364.67
Borrower Schwabauer	\$ 1,730.40
<u>Borrower Orona</u>	<u>\$ 2,916.40</u>
Total	\$ 20,204.77

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20 **1.4 Operating and Advertising Under Unlicensed Name.** Respondent Freestand is licensed to conduct
21 the business of a Mortgage Broker in the State of Washington under the name "Freestand Financial Holding
22 Corp." and the d/b/a "Northstar Lending." To date, Respondents have neither requested nor received the
23 written consent of the Director to operate under any name other than the one under which the license is issued,
24 or the d/b/a "Northstar Lending."
25

1 A. **Operating Under Unlicensed Name.** Since at least March 7, 2006, Respondents have
2 operated under the name "Basin Brokerage." Respondents have done so by representing themselves to
3 prospective borrowers as Basin Brokerage. Respondents' local telephone listing is under the name Basin
4 Brokerage. Respondents are listed with the Moses Lake Chamber of Commerce as Basin Brokerage.

5 B. **Advertising Under Unlicensed Name.** Since at least March 7, 2006, Respondents have
6 advertised under the name Basin Brokerage. Respondents have maintained a web site in the name of Basin
7 Brokerage, and Respondents have placed advertisements in local print media under the name Basin Brokerage.

8 **1.5 Prohibited Acts.** Respondents have engaged in prohibited acts by making a knowingly false statement
9 to the Department, by obtaining property by fraud or misrepresentation, by employing a scheme or artifice to
10 defraud or mislead borrowers or lenders, and by engaging in an unfair or deceptive practice.

11 A. On May 2, 2006, Respondent Parker called the Department and spoke with a staff person. He
12 asserted that he had submitted a branch license application in March. To date, the Department
13 has not received a branch application from the Respondents. The Department's only March
14 2006 contacts with Respondent Parker were via telephone and e-mail. On June 14, 2006,
15 Respondent Parker called a Department staff person. During his conversation with this staff
16 person, Mr. Parker asserted that the name Basin Brokerage had only been used on the web
17 site. Department staff directly asked Mr. Parker to confirm that the term Basin Brokerage had
18 not been used in any other context. Mr. Parker specifically denied that the name had been
19 used in any context aside from the web site. In fact, Mr. Parker had used the name Basin
20 Brokerage in print advertisements and telephone directory listings.

21 B. In a March 7, 2006, e-mail communication, the Department advised Mr. Parker that he could
22 not hold himself out as being able to offer the services of a mortgage broker from the Moses
23 Lake location without first obtaining a license for that location. In a June 14, 2006, telephone
24 call, the Department reiterated this requirement. Respondent continues to date to engage in
25 the business of a mortgage broker.

1 C. Respondents have originated (7) loans that have closed since March 7, 2006, from the
2 unlicensed Moses Lake location. Respondents have utilized their main-office license to
3 originate each of these loans.

4 **1.6 Failure to Respond Timely to Directive.** Respondent Parker failed to respond to an April 20, 2006,
5 directive issued in connection with the investigation of this matter. The directive required a response on or
6 before May 5, 2006 (15 days after issuance of the directive). The Department did not receive a response. As a
7 result, the Department was forced to issue a subpoena on May 12, 2006. Respondent Parker provided the
8 Department with a partial response to the subpoena on May 25, 2006, and completed his response on May 30,
9 2006.

10 **1.7 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
11 Respondents continues to date.

12 13 **II. GROUNDS FOR ENTRY OF ORDER**

14 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-010(29),
15 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
16 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
17 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
18 person in obtaining or applying to obtain a residential mortgage loan.

19 **2.2 Definition of Borrower.** Pursuant to RCW 19.146.010(2), a "Borrower" is defined as any person who
20 consults with or retains a mortgage broker or loan originator in an effort to obtain or seek advice or information
21 on obtaining or applying to obtain a residential mortgage loan for himself, herself, or persons including himself
22 or herself, regardless of whether the person actually obtains such a loan.

23 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
24 apparent violation of RCW 19.146.0201(1), (2), (3), and (8) for directly or indirectly employing any scheme,
25 device, or artifice to defraud or mislead borrowers or lenders, engaging in an unfair or deceptive practice toward

1 any person, obtaining property by fraud or misrepresentation, and negligently making a false statement in
2 connection with an investigation conducted by the Department.

3 **2.4 Requirement to Obtain and Maintain Branch License.** Based on the Factual Allegations set forth in
4 Section I above, Respondents are in apparent violation of RCW 19.146.265 for engaging in the business of a
5 mortgage broker from a fixed physical location without first obtaining and maintaining a branch license for that
6 fixed physical location under the Act.

7 **2.5 Operating and Advertising Under Unlicensed Name.** Based on the Factual Allegations set forth in
8 Section I above, Respondents are in apparent violation of RCW 19.146.250 and WAC 208-660-125(3) for
9 operating and advertising under a name other than the one under which the license is issued without obtaining
10 the written consent of the Director.

11 **2.6 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(iv) and WAC 208-660-160, the
12 Director may revoke a license for any violation of RCW 19.146.0201(1) through (9) or (12), RCW 19.146.265,
13 or failure to comply with any directive or order of the Director.

14 **2.7 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) and (ii) and WAC 208-660-165, the
15 Director may impose fines on a licensee, employee or loan originator of the licensee, or other person subject to
16 the Act for any violation of RCW 19.146.0201(1) through (9) or (12), RCW 19.146.265, or failure to comply
17 with a directive or order of the Director.

18 **2.8 Authority to Order Restitution.** Pursuant to RCW 19.146.220(d)(ii), the Director may issue orders
19 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution to an
20 injured borrower.

21 **2.9 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the Director
22 may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
23 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage
24 broker or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
25 (12), RCW 19.146.265, or failure to comply with a directive or order of the Director.

1 **2.10 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4), and
2 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
3 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to
4 cover the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars
5 and seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

6 **III. NOTICE OF INTENTION TO ENTER ORDER**

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


- 11 **3.1** Respondent Freestand Financial Holding Corp.'s license to conduct the business of a mortgage broker be
12 revoked; and
- 13 **3.2** Respondents Freestand Financial Corp., Jesse Gee, and Donald Parker jointly and severally pay a fine of
14 \$35,400 for:
15 **a.** Violating RCW 19.146.0201 (1), (2), and (8), calculated at \$100 per day for 30 days, per loan; and
16 **b.** Violating RCW 19.146.200 and RCW 19.146.265, calculated at \$100 per day for 134 days; and
17 **c.** Failing to comply with a directive of the director, calculated at \$100 per day for 10 days; and
- 18 **3.3** Respondents Freestand Financial Corp., Jesse Gee, and Donald Parker jointly and severally pay restitution
19 to all borrowers injured by Respondents' illegal mortgage broker practice of originating residential
20 mortgage loans without a license, in an amount to be determined at an adjudicative hearing; and
- 21 **3.4** Respondent Donald Parker be prohibited from participation in the conduct of the affairs of any mortgage
22 broker subject to licensure by the Director, in any manner, for a period of five (5) years; and
- 23 **3.5** Respondents Freestand Financial Corp., Jesse Gee, and Donald Parker jointly and severally pay an
24 investigation fee in the amount of \$1,120.44 calculated at \$47.78 per hour for the 23.45 staff hours devoted
25 to the investigation.

IV. AUTHORITY AND PROCEDURE

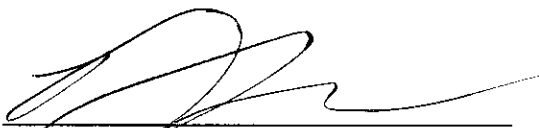
This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Order
Restitution, Prohibit from Industry, and Collect Investigation Fee (Statement of Charges) is entered pursuant to
the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject

1 to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written
2 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
3 FOR HEARING accompanying this Statement of Charges.

4
5 Dated this 15th day of August, 2006.

6
7 
8 **CHUCK CROSS**
9 Director
10 Division of Consumer Services
11 Department of Financial Institutions

12 Presented by:

13 
14 **DAVID SØRENSEN**
15 Financial Legal Examiner



16 Approved by:

17 
18 **JAMES R. BRUSSELBACK**
19 Enforcement Chief