

# TERMS COMPLETED

## ORDER SUMMARY – Case Number: C-07-279

**Name(s):** Jeffrey Scott Reed

**Order Number:** C-07-279-09-CO01

**Effective Date:** March 8, 2010

**License Number:** DFI: 45032

**Or NMLS Identifier [U/L]** (Revoked, suspended, stayed, application denied or withdrawn)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:** Application Denied

**Not Apply Until:** n/a

**Not Eligible Until:** n/a

**Prohibition/Ban Until:** n/a

<b>Investigation Costs</b>	\$0	Due: 0	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
<b>Fine</b>	\$0	Due: 0	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
<b>Assessment(s)</b>	\$	Due:	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date:
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

**Comments:** \_\_\_\_\_

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RECEIVED

MAR 05 2010

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES

ENFORCEMENT UNIT  
DIVISION OF CONSUMER SERVICES  
DEPT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

NO. C-07-279-09-CO01

JEFFERY SCOTT REED,

CONSENT ORDER

Respondent.

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

**AGREEMENT AND ORDER**

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-279-07-SC01 (Statement of Charges), entered December 20, 2007, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges. Respondent agrees not to contest the Statement of Charges in consideration of the terms of this Consent Order.

Based upon the foregoing:

CONSENT ORDER  
C-07-279-09-CO01  
Jeffery Scott Reed

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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

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 has been informed of the right to a hearing  
4 before an administrative law judge, and that he hereby waives his right to a hearing and any and all administrative  
5 and judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly,  
6 Respondent, by his signature below, withdraws his appeal to the Office of Administrative Hearings.

7           C. **License Application Denial.** It is AGREED that Respondent's Application for a Loan Originator  
8 license is hereby denied.

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

16           E. **Future Applications.** It is AGREED that the Department shall not use the facts from this case to  
17 determine whether a loan originator license shall be issued in any future application for a loan originator license  
18 by Respondent. Respondent UNDERSTANDS and AGREES that should Respondent apply for a license in the  
19 future he will be required to meet any and all application requirements for a license in effect at that time and that  
20 this Consent Order specifically does not guarantee that a loan originator license shall be issued.

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

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

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

5 **RESPONDENT:**

6  
7 Jeffery Scott Reed  
8 Jeffery Scott Reed  
Individually

3/3/10  
Date

9 DO NOT WRITE BELOW THIS LINE

10 THIS ORDER ENTERED THIS 3<sup>rd</sup> DAY OF March, 2010.



15  
16  
17 Deborah Bortner

18 DEBORAH BORTNER  
19 Director  
20 Division of Consumer Services  
21 Department of Financial Institutions

22 Presented by:

23  
24 Robert E. Jones  
25 ROBERT E. JONES  
Financial Legal Examiner

Approved by:

James R. Brusselback  
JAMES R. BRUSSELBACK  
Enforcement Chief

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

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IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

JEFFERY SCOTT REED,

Respondent.

NO. C-07-279-07-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO DENY LICENSE APPLICATION  
AND PROHIBIT FROM INDUSTRY

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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)<sup>1</sup>. After having conducted an investigation pursuant to RCW 19.146.310, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondent Jeffery Scott Reed (Respondent Reed)** submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Fresh Start Equity, Inc., a mortgage broker licensed under the Act. The on-line application was received by the Department on or about July 18, 2007.

**1.2 Prior Criminal Acts.** On August 30, 2001, Respondent Reed was convicted of Theft of Property by Check, a Class B Misdemeanor pursuant to §31.03(e)(2)(A)(ii) of the Texas Penal Code, in Tarrant County, Texas case number 0811973000. A Texas Class B Misdemeanor is equivalent to a Washington Gross Misdemeanor in that a Class B Misdemeanor is punishable by a fine not to exceed \$2,000, confinement in jail

<sup>1</sup> RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 for a term not to exceed 180 days, or both such fine and confinement pursuant to §12.22 of the Texas Penal  
2 Code.

3 **1.3 Responses to Application Questions.** The “Criminal Disclosure” section of the loan originator license  
4 application consists of eight questions, and includes the following instruction:

5 “If the answer to any of the following is “YES”, provide complete details of all events or proceedings”

6 Respondent Reed answered “no” to the following questions on the “Criminal Disclosure” section of his loan  
7 originator license application:

- 8 • 5-Have you ever been convicted of or plead guilty or nolo contendere (“no contest”) in a  
9 domestic, foreign, or military court to misdemeanor involving: financial services or a financial  
10 services-related business or any fraud, false statements or omissions, theft or any wrongful  
11 taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to  
12 commit any of these offenses?
- 13 • 6-Have you ever been charged with a misdemeanor specified in 5?

14 Respondent Reed was obligated by statute to answer questions on the loan originator license application  
15 truthfully and to provide the Department with complete details of all events or proceedings.

16 **1.4 On Going Investigation.** The Department’s investigation into the alleged violations of the Act by  
17 Respondent continues to date.

## 18 II. GROUNDS FOR ENTRY OF ORDER

19 **2.1 Requirement of No Prior Convictions.** Based on the Factual Allegations set forth in Section I above,  
20 Respondent Reed fails to meet the requirements of RCW 19.146.310(1)(d) and WAC 208-660-350(2)(c) by  
21 having been convicted of a gross misdemeanor involving dishonesty or financial misconduct or a felony within  
22 seven years of the filing of the present application.

23 **2.2 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent Reed  
24 is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for negligently making any false  
25 statement or willfully making any omission of material fact in connection with any application or any

1 information filed by a licensee in connection with any application, examination or investigation conducted by  
2 the Department.

3 **2.3 Requirement to Provide Information on License Application.** Based on the Factual Allegations set  
4 forth in Section I above, Respondent Reed fails to meet the requirements of RCW 19.146.300(1) and (2) and  
5 RCW 19.146.310(1)(b) by failing to provide an accurate and complete license application in the form  
6 prescribed by the Director.

7 **2.4 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set  
8 forth in Section I above, Respondent Reed fails to meet the requirements of RCW 19.146.310(1)(g) and WAC  
9 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the confidence of  
10 the community and to warrant a belief that the business will be operated honestly and fairly within the purposes  
11 of the Act.

### 12 **III. AUTHORITY TO IMPOSE SANCTIONS**

13 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the  
14 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the  
15 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by  
16 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application  
17 of the denial.

18 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue  
19 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
20 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker  
21 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

### 22 **IV. NOTICE OF INTENTION TO ENTER ORDER**

23 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
24 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis  
25

1 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.310.

2 Therefore, it is the Director's intention to ORDER that:


3 4.1 Respondent Jeffery Scott Reed's application for a loan originator license be denied.

4 4.2 Respondent Jeffery Scott Reed be prohibited from participation in the conduct of the affairs of any  
5 mortgage broker subject to licensure by the Director, in any manner, through July 18, 2014.

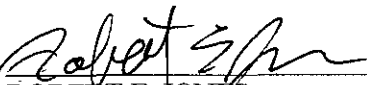
6 **V. AUTHORITY AND PROCEDURE**

7 This Statement of Charges and Notice of Intention to Enter an Order to Deny License Application and  
8 Prohibit from Industry (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220,  
9 RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05  
10 RCW (The Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in  
11 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
12 Statement of Charges.

13 Dated this 20<sup>th</sup> day of December, 2007.


14   
15 DEBORAH BORTNER  
16 Director  
17 Division of Consumer Services  
18 Department of Financial Institutions

19 Presented by:

20   
21 ROBERT E. JONES  
22 Financial Legal Examiner



23 Approved by:

24   
25 FATIMA BATIE  
26 Financial Legal Examiner Supervisor