

TERMS COMPLETE

ORDER SUMMARY – Case Number: C-07-296-09-FO01

Name(s): American Mortgage Xpress LLC
Pravin Roy Davrey

Order Number: C-07-296-09-FO01 (C-07-296-07-FO01)

Effective Date: March 6, 2009

License Number: DFI: 42282 (American Mortgage)
DFI: 42284 (Davrey)

Or NMLS Identifier [U/L]

License Effect: Denied

Not Apply Until: August 31, 2014

Not Eligible Until: August 31, 2014

Prohibition/Ban Until: August 31, 2014

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:



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

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

AMERICAN MORTGAGE XPRESS, LLC,
and PRAVIN ROY DAVREY, individually
and as Managing Partner of American
Mortgage Xpress, LLC,

Respondents.

DOCKET NO. 2007-DFI-0057
DFI NO. C-07-296-07-FO01

FINAL DECISION AND ORDER

THIS MATTER was commenced on September 24, 2007, when the Division of Consumer Services (hereinafter, the "Division") of the Washington State Department of Financial Institutions (hereinafter, "Department") issued under Division Docket No. C-07-296-07 a Statement of Charges and Notice of Intent to Enter an Order to Deny License Applications and Prohibit from Industry (hereinafter, "Statement of Charges") to Respondents AMERICAN MORTGAGE XPRESS, LLC (hereinafter, "American") and PRAVIN ROY DAVREY, individually and as Managing Partner of American (hereinafter, "Davrey"), seeking to deny the Mortgage Broker License Application (dated April 5, 2007) and Loan Originator Application (dated December 12, 2006), respectively, of American and Davrey pursuant to the Mortgage Broker Practices Act, Chapter 19.146 RCW (hereinafter, "MBPA").

American and Davrey timely requested an Administrative Hearing to contest the Statement of Charges, and this matter was assigned to the Office of Administrative Hearings

(hereinafter, "OAH"), which assigned Administrative Law Judge Cindy L. Burdue (hereinafter, "Administrative Law Judge") to hear this matter. A hearing with live testimony and the presentation and admission of exhibits was held on August 21, 2008. Then, on September 5, 2008, the Administrative Law Judge issued Findings of Fact, Conclusions of Law and an Initial Order (hereinafter, collectively, "Initial Order") affirming the Statement of Charges in all respects, denying Davrey's Loan Originator License Application, deny American's Mortgage Broker License Application, determining that American and Davrey lack the character and fitness so as to inspire public confidence in the honest and fair operation of mortgage broker and/or loan originator activities, and prohibiting Davrey and American from the participation in the affairs of a mortgage broker subject to license in Washington State until August 31, 2014.

Subsequently, on September 26, 2008, Davrey and American, by and through Davrey, acting *pro se*, filed a Petition for Review from the Initial Order with the Director of the Department (hereinafter, "Petition for Review"). Thereafter, on October 1, 2008, the Division, by and through Assistant Attorney General Chad C. Standifer, filed a Reply to Respondent's Petition for Review (hereinafter, "Division's Reply").

This matter now comes before the Director of the Department for consideration and entry of a Final Decision and Order based upon the OAH Record, the Petition for Review, and the Division's Reply.

The Director takes due note of the fact that Davrey and American were duly represented by Hartley T. Bernstein, Esq., a licensed New York attorney, who appeared at the Administrative Hearing by telephone. The Director also notes in passing that Davrey and American have appeared *pro se* (without counsel) in this Petition for Review.

1.0 Preliminary Considerations on Request for Oral Argument. Oral argument upon a petition for review of an administrative law judge's order is not mandated by the Administrative Procedures Act, chapter 34.05 RCW, or the Department's rules.¹ The Director has before him an extensive OAH Record, including a complete transcript and set of hearing exhibits, an Initial Order, a Petition for Review and the Division's Reply. Oral argument would not be any more probative of a right result in this matter than the record already before the Director. Accordingly, Davrey's and American's request to personally appear before the Director and present oral argument is denied.

2.0 Summary of the Case. This is a case in which the Division has sought to ban Respondent from participation in the mortgage brokerage industry in Washington State until August 31, 2014, for: (1) Negligently making a false statement or willfully making an omission of material fact in connection with the Mortgage Broker License Application and the Loan Originator License Application; (2) failing to provide an accurate and complete License Applications; and (3) failure to demonstrate character and general fitness such as to command confidence of the community and to warrant a belief that the Respondent's business as a loan originator would be operated honestly and fairly within the purposes of the MBPA.

3.0 Director's Considerations. In reviewing the entire OAH Record, the Director has determined that the findings of fact (hereinafter, "FOF") and conclusions of law (hereinafter, "COL"), as set forth in the Initial Order, are supported by substantial evidence in every respect and that the Administrative Law Judge displayed thoughtfulness and care in making her Initial Order in this matter. Having had an opportunity to review the Initial Order in the light of the Transcript of the Hearing (hereinafter, "Transcript"), State Exhibits D-1 through D-8 (hereinafter, "State Exhibits"), Appellant Exhibit A-1 (hereinafter, "Appellant Exhibits"), the Petition for Review, and the Division's Reply, the Director has determined that the Initial Order of the Administrative Law Judge should be affirmed in its entirety. None of Davrey's and American's claims in their Petition for Review appears to have merit. Davrey's arguments

¹ See RCW 34.05.464(6). There is nothing in the Department's rules, Chapter 208-08 WAC, or the Model Rules, Chapter 10-08 WAC, which were adopted by the Department at WAC-208-08-020(1), which requires that the Department grant oral argument on review.

on behalf of himself and American do not offer any basis for the Director to be lenient with regard to the period of prohibition. Indeed, as the Administrative Law Judge so found, the OAH Record indicates by a preponderance of the evidence that Davrey appears to have shown, not just negligence, but willfulness in omitting certain material facts on his License Applications. Moreover, rather than being conciliatory, there is an absence in the OAH Record and in his Petition for Review of any mitigating factors that might otherwise provide a reason for the Director lessen the duration of prohibition from participation in the industry sought by the Division. As set forth in the Administrative Law Judge's conclusions of law, the Director clearly has the authority to impose a duration of prohibition from the industry sought by the Division in its Statement of Charges. The Division's Reply has clearly demonstrated that the Administrative Law Judge's findings were supported by substantial evidence and that those findings, together with conclusions of law, should not be disturbed and should be affirmed.

4.0 Final Order. The Director reaffirms FOF 1 through FOF 47, inclusive, at pages 2-11 of the Initial Order. The Director re-affirms COL 1 through COL 20, inclusive, at pages 11-15 of the Initial Order.

IT IS HEREBY ORDERED AS FOLLOWS:

4.1 Affirming Statement of Charges. The Division's Statement of Charges is AFFIRMED.

4.2 Denial of Mortgage Broker License. The application of Respondent, AMERICAN MORTGAGE XPRESS, LLC, for a Mortgage Broker License with the Department of Financial Institutions is DENIED.

4.3 Denial of Loan Originator License. The application of Respondent, PRAVIN ROY DAVREY, for a Loan Originator License with the Department of Financial Institutions is DENIED.

4.4 Prohibition. Respondents AMERICAN MORTGAGE XPRESS, LLC, and PRAVIN ROY DAVREY, and each of them, are further PROHIBITED until August 31, 2014, from participation, in any manner, in the conduct of the affairs of any mortgage broker or loan originator subject to licensure by the Department. Nothing in this Final Decision and Order shall be construed to prospectively confer upon the Respondents AMERICAN MORTGAGE

XPRESS, LLC, and PRAVIN ROY DAVREY, qualification for or entitlement to a grant of a mortgage broker or loan originator license from the Department on or after August 31, 2014.

4.5 Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of this Final Order upon Respondent. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter. A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written notice specifying the date by which it will act on a petition.

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

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

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

4.9 Effectiveness and Enforcement of Final Order. Pursuant to the Administrative Procedures Act, at RCW 34.05.473, this Final Decision and Order shall be effective immediately upon deposit in the United States Mail.

Dated at Tumwater, Washington, on this 6th day of March, 2009.

WASHINGTON STATE DEPARTMENT
OF FINANCIAL INSTITUTIONS

By:


Scott Jarvis, Director



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

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

AMERICAN MORTGAGE XPRESS, LLC and
PRAVIN ROY DAVREY, Individually and as Managing
Partner of American Mortgage Xpress, LLC,

Respondents.

NO. C-07-296-07-SC01

STATEMENT OF CHARGES and NOTICE
OF INTENT TO ENTER AN ORDER TO
DENY LICENSE APPLICATIONS 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 the Mortgage Broker Practices Act (Act).¹ After having conducted an investigation pursuant to RCW 19.146.210 and 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:

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I. FACTUAL ALLEGATIONS

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A. Respondents

1.1 Respondent American Mortgage Xpress, LLC (Respondent American) is an active Washington limited liability company organized in January 2007. On or about April 5, 2007, Respondent American, acting through Pravin R. Davrey as the managing partner, submitted an application to the Department of Financial Institutions (Department) for a mortgage broker license under the Act.²

1.2 Respondent Pravin R. Davrey (Respondent Davrey), acting as an individual, submitted an application to the Department for a loan originator license under Loan Network LLC, a licensed mortgage broker under the Act. The on-line application was received by the Department on or about December 12, 2006. Acting as the

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¹ RCW 19.146 (Amended 2006; effective January 1, 2007)

² The Department received Respondent American's initial mortgage broker application on March 14, 2007. The application was rejected as incomplete and returned. The Department received Respondent American's second application on April 5, 2007.

1 managing partner of Respondent American, on or about April 5, 2007, Respondent Davrey submitted an
2 application to the Department for a mortgage broker license under the Act.

3 B. NASD Regulatory Actions

4 **1.3** From April 1995 through May 2003 Respondent Davrey operated a securities brokerage known as
5 Davrey Financial Services, Inc. (DFSI). The firm, now inactive, was a Washington for-profit corporation.
6 DFSI was registered with, regulated by, and a member of the National Association of Securities Dealers, known
7 as the NASD.³ Respondent Davrey was an "associated person"⁴ of DFSI, acting as its president, CEO, CFO,
8 FINOP,⁵ and compliance officer.

9 **1.4** In November 1996, the NASD issued a Letter of Caution to DFSI for record keeping and net capital
10 violations. In addition, the NASD found that some of DFSI's options trading advertisements had not been
11 submitted to NASD for pre-use review, omitted required disclosures, and lacked a balanced presentation of the
12 risks of options trading. In September 1997, the NASD issued a second Letter of Caution for record keeping
13 violations. In May 1999, the NASD issued a third Letter of Caution to DFSI, noting record keeping, net capital,
14 and options trading advertising violations. During a routine examination of DFSI in February 2000, NASD
15 examiners discovered additional net capital and options trading advertising violations.

16 **1.5** In August 2002, the NASD initiated an investigation into the violations. In August 2003, a NASD
17 hearing panel entered a decision, finding that DFSI and Respondent Davrey—as an associated person—had
18 violated record keeping, net capital, and advertising rules. Respondent Davrey appealed the decision to the
19 NASD's appellate panel, the National Adjudicatory Council (NAC). In September 2004 the NAC affirmed the
20 hearing panel's findings and decision and increased the sanctions. Respondent Davrey appealed that decision to
21 the U.S. Securities and Exchange Commission (SEC), challenging only the sanctions. The SEC took the appeal
22 as challenging the hearing panel's findings as well, and reviewed the entire matter. In June 2005, the SEC

23 **3** The NASD is a non-governmental self-regulatory organization granted regulatory authority and overseen by the U.S. Securities and
24 Exchange Commission. The NASD is the front line regulator of most U.S.-based stockbrokers and brokerage firms, creating and enforcing
industry regulations and standards based on the federal securities laws. In July 2007, NASD became FINRA, the Financial Industry
25 Regulatory Authority. In light of the history of the NASD matter and to avoid confusion, the Department will use NASD instead of FINRA
in this Statement of Charges.

4 An associated person is any person engaged in the securities business who is directly controlled by a NASD member. An associated person
includes every partner, officer, or director of any NASD member.

5 Registered as a limited principal, Respondent Davrey was in charge of financial and operations - a FINOP in securities parlance.

1 upheld the hearing panel's findings and decision, as well as the NAC's increased sanctions. Respondent Davrey
2 appealed the SEC's decision to the 9th Circuit Court of Appeals. On January 25, 2006, the 9th Circuit
3 dismissed the appeal for lack of jurisdiction.

4 **C. Loan Originator Application**

5 The "Regulatory Action Disclosure" section of the loan originator license application consists of nine
6 questions. Respondent Davrey was obligated by statute to answer those questions truthfully, and to provide
7 complete details of all events or proceedings if his answer to any of the questions was "YES."

8 **1.6** Respondent Davrey answered "No" to the following question:

9 (a) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

10 1. Found you to have made a false statement or omission or been dishonest, unfair, or unethical?

11 On August 11, 2002, a NASD hearing panel entered an Order finding that DFSI and Respondent Davrey had
12 recklessly failed to file options trading advertising materials for pre-use review; that Respondent Davrey had
13 intentionally presented information that was misleading or exaggerated; and that Respondent Davrey had failed
14 to provide required disclosures.⁶ The hearing panel found that DFSI and Respondent Davrey had violated
15 NASD Rule 2210, which prohibits any exaggerated, unwarranted, or misleading advertising claims, and
16 Conduct Rule 2220, which prohibits false statements, omissions of material facts, and exaggerated,
17 unwarranted, or misleading claims in options trading advertising. The violations of advertising and option
18 trading advertising rules also constituted violations of NASD Conduct Rule 2110 requiring NASD members, in
19 the conduct of their business, to observe high standards of commercial honor and just and equitable principles
20 of trade.

21 **1.7** Respondent Davrey answered "Yes" to the following question:

22 (b) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

23 2. Found you to have been involved in a violation of a financial services-related regulation(s) or
24 statute(s)?
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⁶ *Davrey Financial Services, Inc. and Pravin R. Davrey*, Exchange Act Rel. No 51780 at 9, (June 2, 2005), 85 SEC Docket 2057.

1 By way of providing the "complete details" referenced in the instructions, Respondent Davrey explained the
2 event as follows:

3 In 1999 advertising was not handed in, and therefore did not meet the required stricter risk disclosure
4 statement. Also in the same year an agreement to buy shares from partners should have been used in
5 the calculation of net capital and was not done. Both were inadvertent and should not have happened.
I should have consulted legal compliance counsel before taking those actions. I have learned my
6 lessons. No clients or general public was affected, and no problems since then.

7 Respondent Davrey failed to disclose that in 1996, 1997, and 1999 he had received Letters of Caution from
8 the NASD advising him of record keeping, net capital, and advertising rule violations, and failed to disclose
that due to repeated violations, the NASD had brought an enforcement action against him and DFSI.

9 **1.8** Respondent Davrey answered "Yes" to the following question:

10 (c) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

11 3. Found you to have been a cause of financial services-related business having its authorization
12 to do business denied, suspended, revoked, or restricted?

13 By way of providing the "complete details" referenced in the instructions, Respondent Davrey explained the
14 event by stating "I was given a suspension for 2 yrs." Respondent Davrey failed to disclose that the NASD had
15 imposed restrictions on DFSI requiring that the firm submit all advertising to NASD's Advertising Department
16 for pre-use review for two years.

17 **1.9** Respondent Davrey answered "Yes" to the following question:

18 (d) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

19 4. Entered an order against you in connection with a financial services-related activity?

20 By way of providing the "complete details" referenced in the instructions, Respondent Davrey explained the
21 event by stating "Same as above. I am not sure I understand this." Respondent Davrey failed to disclose that
22 for the record keeping and net capital violations, the NASD suspended Respondent Davrey for two years from
23 association with a member as a FINOP or general securities principal, censured DFSI, and fined the firm
24 \$15,000. Respondent Davrey also failed to disclose that for the advertising violations, the NASD suspended
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1 Respondent Davrey for two years from association with a member as a general securities principal or as a
2 general securities representative, censured DFSI, and fined DFSI \$20,000.⁷

3 **1.10** Respondent Davrey answered "Yes" to the following question:

4 (e) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

- 5 5. Denied, suspended, or revoked your registration or license, disciplined you, or otherwise by
6 order, prevented you from associating with a financial services-related business or restricted
your activities?

7 By way of providing the "complete details" referenced in the instructions, Respondent Davrey explained the
8 event by stating "As above, could not do stock business for the 2 years." Davrey failed to disclose that he had
9 been barred from associating with a NASD member as a FINOP, general securities principal, or as a general
10 securities representative.

11 **1.11** Respondent Davrey answered "No" to the following question:

12 (f) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

- 13 6. Barred you from association with an entity regulated by such commission, authority, agency,
14 or officer, or from engaging in a financial services-related business?

15 Respondent Davrey failed to disclose that he had been barred from associating with a NASD member as a
16 FINOP, general securities principal, or as a general securities representative for two years.

17 **1.12** Respondent Davrey answered "No" to the following question:

18 (g) Has any State or federal regulatory agency or foreign financial regulatory agency ever:

- 19 7. Issued charges or an order based on violations of any law or regulations that prohibit
20 fraudulent, manipulative, or deceptive conduct?

21 Respondent Davrey failed to disclose that he and his firm were found to have violated NASD Conduct Rule
22 2210, which prohibits any exaggerated, unwarranted, or misleading advertising claims, and Conduct Rule 2220,
23 which prohibits false statements, omissions of material facts, and exaggerated, unwarranted, or misleading
24 claims in options trading advertising.

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7 The NASD hearing panel ordered that the suspensions be served concurrently.

1 **D. Mortgage Broker Application**

2 **1.13 Responses to Mortgage Broker Application Questions.** Respondent American was obligated by statute
3 to answer questions on the mortgage broker (MB) license application, and to provide complete details of all
4 events or proceedings if the answer to any of the questions was "YES." In connection with the Department's
5 investigation of the MB application, Respondent American was prohibited by statute from negligently making
6 any false statements or knowingly and willfully making any omission of material fact.

7 **1.14** On April 5, 2007, Respondent American, acting through Respondent Davrey, submitted an application to
8 the Department for a mortgage broker license under the Act. Accompanying the application was a copy of the
9 SEC's opinion affirming the NASD's and NAC's decisions and an undated two-page letter explaining the NASD
10 actions. In response to a request for additional information, the Department received a three-page letter dated
11 April 30, 2007, from Respondent Davrey supplementing his application and explaining the NASD actions.

12 **1.15 Net Capital and Record Keeping Violations.** In his undated two-page letter, under the heading
13 "Accounting error on debt to repurchase stock," Respondent Davrey states, "I had no intention of violating the
14 [net capital and record keeping] regulations and did so inadvertently." In his letter dated April 30, 2007,
15 Respondent Davrey states that, "The problem was that our accountant designed the agreement in the name of
16 the corporation rather than in my name." The SEC opinion rejected both these arguments. As to intent, the
17 opinion states that DFSI first got notice of the net capital violation in a Letter of Caution sent to DFSI in May
18 1999.⁸ In spite of the letter, Respondent Davrey, as FINOP, failed to properly account for stock purchase
19 agreements he entered into in April 1999, resulting in DFSI being out of compliance from April 1999 through
20 August 2000.⁹ As for the accountant's role in the matter, the SEC found that DFSI and Respondent Davrey
21 never "established that they received, much less relied on, accounting advice."¹⁰ The SEC agreed with NASD's
22 finding that the net capital and record keeping violations were egregious.¹¹

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25 ⁸ Davrey Financial Services, Inc. and Pravin R. Davrey, Exchange Act Rel. No. 34-51780 at 5, (June 2, 2005), 85 SEC Docket 2057.

⁹ *Id.* at 4.

¹⁰ *Id.* at 5.

¹¹ *Id.* at 6.

1 **1.16 Advertising Violations.** Explaining the NASD finding of advertising violations, Respondent Davrey
2 states in his letter dated April 30, 2007, that, "Some of the [advertising] material had been submitted [to the
3 NASD] but the Ad itself was not" The SEC opinion provided by Respondent Davrey specifically
4 contradicts that statement:

5 During a February 2000 routine NASD examination of DFSI, the examiner asked if DFSI had
6 engaged in any advertising in the past twelve months. Davrey stated that the firm had not. When
7 shown DFSI accounting documents reflecting a payment from DFSI for the infomercial, Davrey
8 claimed that he had forgotten about it. During NASD's subsequent investigation, Davrey gave
9 investigative testimony stating that he was not sure why he had failed to submit the materials
10 related to the program for review. Later, at the hearing, Davrey stated that he thought submission of
the program-related material was unnecessary because DFSI had previously submitted advertising
dealing with similar issues that had been approved. NASD staff testified that DFSI had not
submitted any such material to NASD. Still later in the hearing, Davrey stated that he believed that
the broadcast material had been submitted. Davrey ultimately admitted that the material should
have been submitted, was not submitted, and that the failure to do so was his responsibility.¹²

11 **1.17** In his three-page supplement explaining the NASD actions, Respondent Davrey claimed that he never put
12 the public at risk. However, the SEC found:

13 In imposing sanctions, NASD concluded that Davrey's attempt to conceal DFSI's advertising
14 activity and his inconsistent explanations for his conduct were aggravating facts. NASD also cited
15 the large audience reached by the advertisement in its sanctions determination. There is no
16 evidence of the specific number of viewers who actually saw the advertisement, nor any evidence
17 of the number of viewers who could be expected to see it. Nonetheless, by intentionally or
18 recklessly presenting a misleading, and otherwise violative, advertisement where there was
potential for wide public viewing, [Davrey and DFSI] risked exposure of a large audience to their
misleading statements.¹³

18 II. GROUNDS FOR ENTRY OF ORDER

19 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth above, Respondent Davrey is
20 individually in violation of WAC 208-660-500(3)(i) for negligently making false statements or willfully making
21 omissions of material fact in connection with his loan originator application. A violation of WAC 208-660-
22 500(3)(i) constitutes a violation of RCW 19.146.0201(8). Pursuant to RCW 19.146.220(5)(a), a violation of
23 RCW 19.146.0201(8) provides grounds for entry of an order barring Respondent Davrey from participation in
24 the affairs of a licensed mortgage broker.

25 _____
12 *Id.* at 9

13 *Id.* at 12

1 **2.2** Based on the Factual Allegations set forth above, Respondent American and Respondent Davrey, as
2 managing partner of Respondent American, are in violation of WAC 208-660-500(3)(i) for negligently making
3 false statements or willfully making omissions of material fact in connection with the mortgage broker
4 application and supplemental filings.

5 **2.3 Requirement to Provide Information on Application.** Based on the Factual Allegations set forth
6 above, Respondent Davrey has individually failed to meet the requirements of RCW 19.146.300(1) and (2) and
7 RCW 19.146.310(1)(b) by failing to provide an accurate and complete loan originator license application in the
8 form prescribed by the Director.

9 **2.4** Based on the Factual Allegations set forth above, Respondent American and Respondent Davrey, as
10 managing partner of Respondent American, have failed to meet the requirements of RCW 19.146.205(1) and
11 (2) and RCW 19.146.210(1)(b) by failing to provide an accurate and complete mortgage broker license
12 application in the form prescribed by the Director.

13 **2.5 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
14 forth above, Respondent Davrey individually fails to meet the requirements of RCW 19.146.310(1)(g) and
15 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the
16 confidence of the community and to warrant a belief that his business will be operated honestly and fairly
17 within the purposes of the Act.

18 **2.6** Based on the Factual Allegations set forth above, Respondent American and Respondent Davrey, as
19 managing partner of Respondent American, have failed to meet the requirements of RCW 19.146.210(1)(f) and
20 WAC 208-660-163(3) by failing to demonstrate character and general fitness such as to command the
21 confidence of the community and to warrant a belief that the business will be operated honestly and fairly
22 within the purposes of the Act.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

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

7 **3.2 Authority to Deny Application for Mortgage Broker License.** Pursuant to RCW 19.146.220(1), the
8 Director may deny licenses to mortgage brokers. Pursuant to RCW 19.146.210(2) and WAC 208-660-163(8),
9 the Director shall not issue a mortgage broker license if the conditions of RCW 19.146.220(1) have not been
10 met by the applicant, and shall notify the mortgage broker applicant of the denial.

11 **3.3 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
12 an order prohibiting any person from participation in the conduct of the affairs of a licensed mortgage broker
13 for any violation of RCW 19.146.0201(1) through (9).

14
15 **IV. NOTICE OF INTENT TO ENTER ORDER**

16 The violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC by Respondent
17 American and Respondent Davrey individually and as managing partner of Respondent American, as set forth in
18 the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
19 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.210.

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

21 **4.1** Respondent Pravin R. Davrey's application for a loan originator license be denied.

22 **4.2** Respondent American Mortgage Xpress, LLC's application for a mortgage broker license be denied.

23 **4.3** Respondent Pravin R. Davrey, individually and as managing partner of Respondent American, be
24 prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the
25 Director, in any manner, through August 31, 2014.

1 4.4 Respondent American Mortgage Xpress, LLC, be prohibited from participation in the conduct of the
2 affairs of any mortgage broker subject to licensure by the Director, in any manner, through August 31, 2014.
3

4 **V. AUTHORITY AND PROCEDURE**

5 This Statement of Charges and Notice of Intent to Enter an Order to Deny License Applications and
6 Prohibit from Industry (Statement of Charges) is issued pursuant to the provisions of RCW 19.146.220,
7 RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of Chapter 34.05
8 RCW (The Administrative Procedure Act). Respondents may each make a written request for a hearing as set
9 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
10 accompanying this Statement of Charges.

11
12 Issued and Dated this 27th day of September, 2007.

13 [Redacted Signature]
14
15 DEBORAH BORTNER
16 Director
17 Division of Consumer Services
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17 Presented by:

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