

CONSENT ORDER SUMMARY - Case Number: C-08-110

Name(s) 21st Century Financial Corporation, Inc.
Jesse Tyre-Karp
Anne E. Gaffin

Order Number C-08-110-09-CO01

Effective Date When entered

License Numbers 21st Century - 510-MB-35241, NMLS 8364
Tyree-Karp - 510-LO-35314, NMLS 50696
Gaffin - NMLS 50693 - not licensed by DFI

License Effect Respondents shall not apply for a MB or LO license for five years from the date CO is entered.

Not Apply until Date CO entered + five (5) years

Prohibition/Ban until N/A

Investigation Costs	\$1,000	Due when entered	Paid Yes	Date May 3, 2010
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Assessment(s)	\$	Due	Paid Y N	Date
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Monetary Penalty	\$5,000	Due when entered	Paid Yes	Date May 3, 2010
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Other

Special Instructions

Distribution: Original to Enforcement File
 Electronic Copy via email to Licensing Supervisor
 Information to Database(s) – Branch, Individual, Contact Person
 Copy to Order Book

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Mortgage Broker Practices Act of Washington by:

NO. C-08-110-09-CO01

CONSENT ORDER

7 21ST CENTURY FINANCIAL CORPORATION,
8 INC., JESSIE N. TYRE-KARP, President, CEO, and
9 Designated Broker, and ANNE E. GAFFIN, Secretary
10 and CFO,

Respondents.

11 INTRODUCTION

12 COMES NOW the Director of the Department of Financial Institutions (Director), through his designee
13 Deborah Bortner, Division Director, Division of Consumer Services, and 21st Century Financial Corporation, Inc.,
14 (Respondent 21st Century), Jessie N. Tyre-Karp, individually and as President and Designated Broker of
15 Respondent 21st Century (Respondent Tyre-Karp), and Anne E. Gaffin, Secretary and CEO of Respondent 21st
16 Century (Respondent Gaffin), and finding that the issues raised in the captioned matter may be economically and
17 efficiently settled, agree to the entry of this Consent Order (Order) pursuant to RCW 19.146, the Mortgage Broker
18 Practices Act (the Act), and RCW 34.05.060 of the Administrative Procedure Act.

19 AGREEMENT AND ORDER

20 On March 9, 2009, the Department of Financial Institutions, Division of Consumer Services (Department)
21 entered Statement of Charges No. C-08-110-08-SC01 against Respondents 21st Century, Tyre-Karp, and Gaffin
22 (Respondents). The Statement of Charges, a copy of which is attached, made certain Factual Allegations that are
23 hereby incorporated into this Order.

24 Based upon the foregoing:

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

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1 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing before
2 an administrative law judge, and that they have waived their right to a hearing and any and all administrative and
3 judicial review of the issues raised in this matter, or of the resolution reached herein.

4 **C. Admission of Liability.** The parties intend this Order to fully resolve the Statement of Charges, and
5 agree that Respondents do not admit any wrongdoing by its entry. Respondents are agreeing not to contest the
6 Statement of Charges in consideration of the terms of this Order.

7 **D. Agreement not to Apply.** It is AGREED that Respondents shall not apply for a mortgage broker or loan
8 originator license for a period of five years from the date of this Consent Order.

9 **E. Fine.** It is AGREED and ORDERED that Respondents shall pay to the Department a fine of \$5,000 in the
10 form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this Order.

11 **F. Investigation Fee.** It is AGREED and ORDERED that Respondents shall pay to the Department an
12 investigation fee of \$1,000, in the form of a cashier's check made payable to the "Washington State Treasurer,"
13 upon entry of this Order.

14 **G. Records Retention.** It is AGREED and ORDERED that pursuant to RCW 19.146.060 and
15 WAC 208-660-450, Respondents shall maintain all records relating to its mortgage broker operation for a
16 minimum of twenty-five months, and maintain mortgage transaction documents for a minimum of three years.
17 Furthermore, Respondents shall keep the Department informed of any changes to the location of the records and
18 the name, address and telephone number of the records custodian responsible for maintenance of such records.

19 **H. Authority to Execute Order.** It is AGREED that the undersigned Respondents have represented and
20 warranted that they have the authority to execute this Order on behalf of the parties.

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

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1 **J. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into this
2 Order, which is effective when signed by the Director's designee.

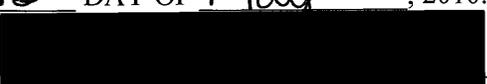
3 **K. Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read this Order in
4 its entirety, and fully understand and agree to all of the same.

5 RESPONDENTS:

6	21 st CENTURY FINANCIAL CORPORATION, INC.	JESSIE N. TYREE-KARP
7		
8	Jessie N. Tyre-Karp President, CEO, and Designated Broker 21 st Century Financial Corporation, Inc.	Jessie N. Tyre-Karp Individually
9		
10	By: 	ANNE E. GAFFIN
11		
12	Anne E. Gaffin Secretary and Chief Financial Officer 21st Century Financial Corporation, Inc.	Anne E. Gaffin Individually
13		
14		

15 DO NOT WRITE BELOW THIS LINE

16 THIS ORDER ENTERED THIS 13th DAY OF Mar, 2010.

17 
18 DEBORAH BORTNER
19 Director, Division of Consumer Services
20 Department of Financial Institutions

21 Presented by:
22 
23 ANTHONY W. CARTER
24 Financial Legal Examiner

25 Approved by:

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 DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

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21ST CENTURY FINANCIAL CORPORATION, INC.,
JESSIE N. TYRE-KARP, President, CEO, and
Designated Broker, and ANNE E. GAFFIN, Secretary
and CFO,

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Respondents.

NO. C-08-110-08-SC01

STATEMENT OF CHARGES and NOTICE
OF INTENT TO ENTER AN ORDER TO
REVOKE LICENSES, PROHIBIT FROM
INDUSTRY, IMPOSE FINES, and
COLLECT INVESTIGATION FEES

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 the date this Statement of Charges is issued, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

A. Respondents.

1.1 Respondent 21ST Century Financial Corporation, Inc. (Respondent Century), NMLS #8364,¹ is a for-profit California corporation located in Oakland, California. The company was incorporated in June 2006. The Department of Financial Institutions (Department) licensed Respondent Century to conduct business as a residential mortgage loan broker in Washington on January 5, 2007, license number 510-MB-35241. Respondent Century has been continuously licensed to date. Respondent Century is currently licensed as a mortgage broker in Washington, Oregon, Idaho, California, New Mexico, Massachusetts, and Florida.

1.2 Respondent Jessie N. Tyre-Karp (Respondent Tyre-Karp), NMLS #50696, is the President, CEO, Designated Broker, and 50% owner of Respondent Century. The Department licensed Respondent Tyre-Karp as a

¹ NMLS stands for the Nationwide Mortgage Licensing System.

1 Loan Originator for Respondent Century on January 5, 2007, license number 510-LO-35314, and he has been
2 continuously licensed to date.

3 **1.3 Respondent Anne E. Gaffin (Respondent Gaffin)**, NMLS #50693, is the Secretary, CFO, and 50% owner of
4 Respondent Century. Respondent Gaffin is not licensed by the Department in any capacity.

5 **B. Prohibited Acts**

6 **1.5 False and Deceptive Advertising.** On at least three occasions between November 2007 and February 2008,
7 Respondents caused to be delivered to Washington a direct mail solicitation targeting consumers with adjustable rate
8 mortgages (ARMs). Respondents mailed approximately 6,000 solicitations to Washington consumers at an estimated
9 cost of \$5,000. Respondents received approximately 360 calls in response, but made no residential mortgage loans.

10 **1.6** The solicitation, on a single 8.5"x 11" sheet of paper, has a subject line at the top:

11 RE: PENDING MORTGAGE PAYMENT INCREASE
12 Original Lender: (ORIGINAL LENDER NAME)
13 Processing Reference No.: WAXXXXXXXXXX

14 **1.7** The solicitation, identified in a disclaimer at the bottom as an "inquiry and account status notification," consists
15 of four brief paragraphs set out in letter format:

16 As scheduled, **your payment is about to increase** and your interest
17 rate may rise an additional 4 percent over the next six months.
18 We have reviewed your account status and would like you to
19 contact us regarding the options available to you at this time.

20 A payment increase will occur if you do not make any changes to
21 your current account status. Please call **1-877-255-6708** within
22 **14 business days** to stop the payment inflation that is currently
23 taking place on your account.

24 If you are experiencing difficulty making your payment this
25 month, you may have the opportunity to **skip next month's payment**
with a different program that has recently become available.

If you have any questions, please call toll free
1-877-255-6708.

(Emphasis in original.)

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1 **1.14** The solicitation has a disclaimer at the bottom:

2 This inquiry and account status notification was not endorsed by
3 (ORIGINAL LENDER). 21st Century Financial is a Mortgage Broker
4 Licensed by the Division of Finance & Corporate Securities State
5 of Oregon #ML 4249

6 A redacted copy of the solicitation used in Washington is attached as Exhibit 1.

7 **1.15** Respondents delivered the solicitation to Washington consumers who did not have adjustable rate mortgages;
8 whose monthly mortgage payments were not about to increase; who did not have to make any changes to their current
9 “account status” to avoid a payment increase; and who had no “payment inflation” taking place on their mortgage
10 accounts. Respondents had not reviewed the recipients’ account status and did not have a different residential
11 mortgage program that had “recently become available.” Respondents did not disclose the source from which they
12 obtained information about the recipients’ existing loan and used a trade name, 21st Century Financial, that was not
13 approved by the Department.

14 **C. On-Going Investigation**

15 **1.16** The Department’s investigation into the alleged violations of the Act by Respondents continues to date.

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

17 **2.1 Unfair or Deceptive Practices.** Based on the Factual Allegations set forth in Section I above, Respondents are
18 in apparent violation of RCW 19.146.0201(2), for engaging in unfair or deceptive practices toward any person by the
19 use of false, deceptive, or misleading advertising.

20 **2.2 Violation of Federal Trade Commission Act.** Based on the Factual Allegations set forth in Section I above,
21 Respondents are in apparent violation of RCW 19.146.0201(11), for failing to comply with the Federal Trade
22 Commission Act, 15 U.S.C. §§41-58, *as amended*, by engaging in unfair or deceptive acts or practices.

23 **2.3 Misleading Advertising.** Based on the Factual Allegations set forth in Section I above, Respondents are in
24 violation of WAC 208-660-430(23), which requires disclosure of the source of information from which they
25 obtained information about the recipients’ existing loan, and WAC 208-660-180(9), which requires that licensed
mortgage brokers obtain Department approval before using trade names.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(e), the Director may revoke a license for any
3 violation of the Act.

4 **3.2 Authority to Prohibit From Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue an order
5 prohibiting any person from participation in the conduct of the affairs of a licensed mortgage broker for any violation
6 of RCW 19.146.0201(1) through (9).

7 **3.3 Authority to Impose Fines.** Pursuant to RCW 19.146.220(2)(e), the Director may order licensees to pay fines
8 for any violation of the Act.

9 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-520, and
10 WAC 208-660-550(4)(a), the Department is entitled to collect the costs of any investigation of alleged violations of the
11 Act. The investigation fee will be calculated at the rate of forty-eight dollars per hour.

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

13 Respondents' violations of the Act, as set forth in the above Factual Allegations, Grounds for Entry of Order, and
14 Authority to Impose Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
15 RCW 19.146.223. Therefore, it is the Director's intent to ORDER that:

16 **4.1** Respondent 21ST Century Financial Corporation, Inc.'s mortgage broker license, number 510-MB-35241, be
17 revoked; and

18 **4.2** Respondent Jessie N. Tyre-Karp's loan originator license, number 510-LO-35314, be revoked; and

19 **4.3** Respondent Jessie N. Tyre-Karp, individually and as the President, CEO, and 50% owner of Respondent
20 Century, be prohibited from participation in the conduct of the affairs of any mortgage broker subject to
21 licensure by the Director, in any manner, for five (5) years; and

22 **4.4** Respondent Anne E. Gaffin, individually and as the Secretary, CFO, and 50% owner of Respondent Century, be
23 prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the
24 Director, in any manner, for five (5) years; and

25 **4.5** Respondents 21ST Century Financial Corporation, Inc., Jessie N. Tyre-Karp, and Anne E. Gaffin, jointly and
severally pay a fine. As of the date of this Statement of Charges, the fine totals \$50,000; and

4.6 Respondents 21ST Century Financial Corporation, Inc., Jessie N. Tyre-Karp, and Anne E. Gaffin, jointly and
severally pay an investigation fee. As of the date of this Statement of Charges, the fee totals \$400.

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Revoke Licenses, Prohibit From Industry,
3 Impose Fines, and Collect Investigative Fees (Statement of Charges) is entered pursuant to the provisions of
4 RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of
5 chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as
6 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying
7 this Statement of Charges.

8 Dated this 9th day of March, 2009.

9 [Redacted Signature]

10
11 **DEBORAH BORTNER**
12 Director, Division of Consumer Services
13 Department of Financial Institutions

14 Presented by:

15 [Redacted Signature]

16 **ANTHONY W. CARTER**
17 Enforcement Attorney

18 Approved by:

19 [Redacted Signature]

20 **JAMES R. BRUSSELBACK**
21 Enforcement Chief

