



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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

VLADISLAV BAYDOVSKIY,
Respondent.

NO. C-08-225-10-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On February 9, 2009, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order Declining to Renew License Application and to Prohibit from Industry (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated February 10, 2009, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Vladislav Baydovskiy. The Department served the Statement of Charges, cover letter dated February 10, 2009, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Vladislav Baydovskiy on Respondent on February 10, 2009, by First-Class mail and Federal Express overnight delivery.

On March 2, 2009, Respondent filed an Application for Adjudicative Hearing. On April 10, 2009, the Department made a request to the Office of Administrative Hearings (OAH) to assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges. On

1 June 16, 2009, OAH issued a Notice of Assignment of Administrative Law Judge assigning ALJ Gail
2 G. Maurer to preside over prehearing and hearing proceedings and issue an Initial Decision. On
3 September 2, 2009, OAH re-assigned this case to ALJ Kimberly A. Boyce. On October 21, 2009,
4 OAH re-assigned this case to ALJ Jason Grover (ALJ Grover), who issued a contemporaneous Notice
5 of Prehearing Conference scheduling a prehearing conference on Monday, November 9, 2009, at 1:30
6 p.m.

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8 On November 9, 2009, Respondent and a representative for the Department attended a
9 telephonic prehearing conference. At that time, Respondent requested a continuance to obtain legal
10 counsel. On November 18, 2009, ALJ Grover issued an Order of Continuance and Notice of
11 Prehearing Conference scheduling a telephonic prehearing conference on Monday, December 21,
12 2009, at 2:30 p.m. On December 21, 2009, a representative for the Department attended the
13 telephonic prehearing conference, but the Respondent did not appear. At that time ALJ Grover found
14 Respondent to be in default. On December 30, 2009, ALJ Grover issued an Order of Default¹ finding
15 the Respondent in default and dismissing Respondent's appeal, and mailed the Order to Respondent
16 and his counsel.

17 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent had twenty (20) days from the
18 date of service of the Initial Decision and Order to file a Petition for Review of the Initial Decision and
19 Order. Respondents did not file a Petition for Review during the statutory period.

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21 B. Record Presented. The record presented to the Director for his review and for entry of
22 a final decision included the following:

- 23 1. Statement of Charges, cover letter dated February 10, 2009, and Notice of
24 Opportunity to Defend and Opportunity for Hearing, with documentation of service;

25 ¹ The two page Order of Default is erroneously paginated as Page 1 of 3 and Page 2 of 3.

2. Application for Adjudicative Hearing for Vladislav Baydovskiy;
3. Request to OAH for Assignment of Administrative Law Judge;
4. Notice of Assignment of Administrative Law Judge dated June 16, 2009, with documentation of service;
5. Notice of Reassignment of Administrative law Judge dated September 2, 2009, with documentation of service;
6. Notice of Prehearing Conference dated October 21, 2009, with documentation of service;
7. Order of Continuance and Notice of Prehearing Conference dated November 18, 2009, with documentation of service;
8. Order of Default dated December 30, 2009, with documentation of service;

C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director hereby adopts the Statement of Charges, which is attached hereto and incorporated herein by reference.

II. FINAL ORDER

Based upon the foregoing, and the Director having considered the record and being otherwise fully advised, NOW, THEREFORE:

A. IT IS HEREBY ORDERED, that:

1. Respondent Vladislav Baydovskiy's application for renewal a license to conduct the business of a Loan Originator is denied; and
2. Respondent Vladislav Baydovskiy is banned from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, through February 2, 2014.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have 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,

1 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The
2 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
3 Reconsideration a prerequisite for seeking judicial review in this matter.

4 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date
5 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written
6 notice specifying the date by which it will act on a petition.

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

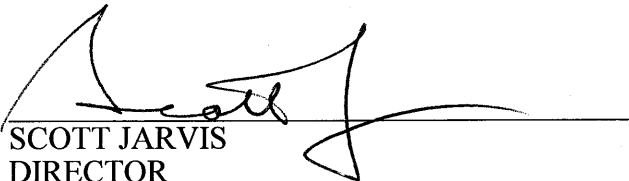
10 D. Judicial Review. Respondents have the right to petition the superior court for
11 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements
12 for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

13 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for
14 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
15 attached hereto.
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17 DATED this 25th day of February, 2010.



18 STATE OF WASHINGTON
19 DEPARTMENT OF FINANCIAL INSTITUTIONS

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21 A handwritten signature in black ink, appearing to read "Scott Jarvis", written over a horizontal line.
22 SCOTT JARVIS
23 DIRECTOR

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

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

VLADISLAV BAYDOVSKIY,

Respondent.

NO. C-08-225-09-SC02

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER DECLINING TO RENEW
LICENSE APPLICATION AND TO
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)¹. 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:

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I. FACTUAL ALLEGATIONS

1.1 Respondent Vladislav Baydovskiy (Respondent) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Patton Financial, a mortgage broker licensed under the Act. The on-line application was received by the Department on or about February 2, 2009.

1.2 Prior Administrative Action. Respondent is known to have formerly been Chief Executive Officer and 50% owner of Kobay Financial Corporation; which was licensed by the Department as a mortgage broker from December 5, 2000, to December 31, 2007, and which was licensed by the State

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

1 of California as a finance lender from about January 28, 2003, to November 15, 2005, under license
2 number 6038785. On November 15, 2005, the California Department of Corporations revoked the
3 Finance Lenders license of KoBay Financial Corporation.

4 **1.3 Responses to Application Questions.** The “Regulatory Action” section of the loan originator
5 license renewal application includes the following questions:

6 “Has any State or federal regulatory agency or foreign regulatory authority ever:

- 7 • (2) found you to have been involved in a violation of a financial services-related
8 business regulation(s) or statute(s)?
- 9 • (3) found you to have been a cause of a financial services-related business having its
10 authorization to do business denied, suspended, revoked or restricted?
- 11 • (4) entered an order against you in connection with a financial services-related
12 activity?
- 13 • (5) denied, suspended, or revoked your registration or license, disciplined you, or
14 otherwise by order, prevented you from associating with a financial services-related
15 business or restricted your activities?
- 16 • (7) issued a final order based upon violations of any law or regulations that prohibit
17 fraudulent, manipulative, or deceptive conduct?”

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20 Respondent answered “Yes” to question three, but answered “No” to questions two, four, five, and
21 seven. The November 15, 2005, Order Revoking Finance Lenders License issued by California,
22 however, incorporates Factual Findings and Conclusions of Law establishing that the Respondent’s
23 California license was revoked in part based upon fraud related to a loan in which Respondent’s
24 company, Kobay Financial, provided a false license and other false information to a lender for the
25 purpose of obtaining a loan; all in violation of the California Financial Code. The Factual Findings

1 and Conclusions of Law incorporated into the Order Revoking Finance Lenders License were such as
2 to have required a "Yes" answer to "Regulatory Action" section questions two, three, four, five, and
3 seven. Respondent was obligated by statute to answer all questions on the loan originator license
4 renewal application truthfully.

5 II. GROUNDS FOR ENTRY OF ORDER

6 **2.1 Requirement of No Prior License Suspension or Revocation.** Based on the Factual
7 Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW
8 19.146.310(1)(c) and WAC 208-660-350(2)(b) by having a license issued under this chapter or any
9 similar state statute suspended or revoked within five years of the filing of the present application.
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11 **2.2 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,
12 Respondent is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for
13 negligently making any false statement or willfully making any omission of material fact in
14 connection with any application or any information filed by a licensee in connection with any
15 application, examination or investigation conducted by the Department.

16 **2.3 Requirement to Provide Information on License Application.** Based on the Factual
17 Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW
18 19.146.300(1) and (2) and RCW 19.146.310(1)(b) by failing to provide an accurate and complete
19 license application in the form prescribed by the Director.
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21 **2.4 Requirement to Demonstrate Character and General Fitness.** Based on the Factual
22 Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW
23 19.146.310(1)(g) and WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness
24 such as to command the confidence of the community and to warrant a belief that the business will be
25 operated honestly and fairly within the purposes of the Act.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Decline to Renew Loan Originator License.** Pursuant to RCW 19.146.220(2),
3 the Director may decline to renew licenses to loan originators. Pursuant to RCW 19.146.310, the
4 Director shall not renew a loan originator license if the conditions of RCW 19.146.310 have not been
5 met by the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on
6 the application of the decline to renew the license.

7 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may
8 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
9 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
10 mortgage broker or any person subject to licensing under the Act for any violation of RCW
11 19.146.0201(1) through (9).
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13 **IV. NOTICE OF INTENTION TO ENTER ORDER**

14 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
15 set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
16 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW
17 19.146.223 and RCW 19.146.310. Therefore, it is the Director's intention to ORDER that:

- 18 **4.1** Respondent Vladislav Baydovskiy's application to renew loan originator license be declined.
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20 **4.2** Respondent Vladislav Baydovskiy be prohibited from participation in the conduct of the affairs
21 of any mortgage broker subject to licensure by the Director, in any manner, through February
22 2, 2014.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order Declining to Renew
3 License Application and to Prohibit from Industry (Statement of Charges) is entered pursuant to the
4 provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is
5 subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may
6 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
7 AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.
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9 Dated this 9th day of February, 2009.

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11 DEBORAH BORTNER
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

14 Presented by:

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16 STEVEN C. SHERMAN
17 Financial Legal Examiner



19 Approved by:

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21 JAMES R. BRUSSELBACK
22 Enforcement Chief