



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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

NO. C-09-406-10-FO01

JAY BLANCO, Unlicensed Loan Originator,

FINAL ORDER

Respondent.

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 December 9, 2009, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Collect Investigation Fee, and Order Restitution (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 December 10, 2009, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Jay Blanco. The Department served the Statement of Charges, cover letter dated December 10, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Jay Blanco on Respondent, on December 10, 2010, by First-Class mail and Federal Express overnight delivery. The documents were delivered via Federal Express on December 11, 2009, and signed for by J. Blanco. The documents sent via First-Class mail have not been returned to the Department.

On December 29, 2009, Respondent filed an Application for Adjudicative Hearing. On March 16, 2010, 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. OAH

1 assigned ALJ Mary Ellen Goodwin (ALJ Goodwin) to preside over prehearing and hearing proceedings and
2 issue an Initial Decision. On March 25, 2010, ALJ Goodwin issued a Notice of Prehearing Conference by
3 Telephone scheduling a prehearing conference on Tuesday, May 4, 2010 at 1:30 p.m.

4 On May 4, 2010, Assistant Attorney General (AAG) Jennifer Elias, on behalf of the Department
5 attended the telephonic prehearing conference. Respondent Jay Blanco attended the prehearing conference by
6 telephone. On May 5, 2010, ALJ Goodwin issued a Prehearing Order and Notice of Hearing scheduling a
7 hearing on August 19, 2010 at 9:00 a.m.

8 On June 15, 2010, the Department issued an Amended Statement of Charges (C-09-406-10-SC02) to
9 correct a scrivener's error. A copy of the Amended Statement of Charges is attached and incorporated into this
10 order by this reference. The Amended Statement of Charges was filed with OAH and served upon Respondent
11 Jay Blanco.

12 On August 19, 2010, AAG Jennifer Elias, on behalf of the Department, attended the hearing.
13 Respondent Jay Blanco did not appear for the hearing. On August 19, 2010, ALJ Goodwin issued an Initial
14 Order of Default against Jay Blanco (Initial Decision and Order). On August 19, 2010, OAH mailed the Initial
15 Decision and Order to Respondent Jay Blanco.

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

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

- 21 1. Statement of Charges, cover letter dated December 10, 2010, and Notice of Opportunity to
22 Defend and Opportunity for Hearing, with documentation of service;
- 23 2. Application for Adjudicative Hearing for Jay Blanco;
- 24 3. Request to OAH for Assignment of Administrative Law Judge;
- 25 4. Notice of Prehearing Conference by Telephone dated March 25, 2010, with documentation of
service;

5. Prehearing Order and Notice of Hearing dated May 5, 2010, with documentation of service;
6. Amended Statement of Charges dated June 14, 2010, with documentation of service;
7. Initial Order of Default against Jay Blanco dated August 19, 2010, with documentation of service;

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

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 Jay Blanco is prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of 5 years;
2. Respondent Jay Blanco pay a fine of \$1,000;
3. Respondent Jay Blanco pay restitution to borrowers in an amount received as compensation for any loans he originated while unlicensed;
4. Respondent Jay Blanco pay an investigation fee of \$240.

B. 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 the 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.

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

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

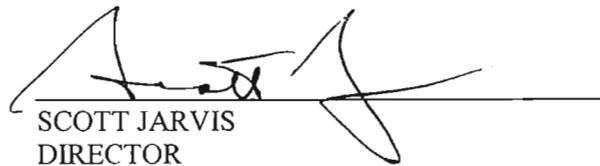
7 E. Non-compliance with Order. If you do not comply with the terms of this order, the Department
8 may seek its enforcement by the Office of Attorney General to include the collection of the fines, restitution, and
9 fees imposed herein.

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

12 DATED this 11th day of September 2010.



13 STATE OF WASHINGTON
14 DEPARTMENT OF FINANCIAL INSTITUTIONS

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16 SCOTT JARVIS
17 DIRECTOR

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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:

JAY BLANCO, Unlicensed Loan Originator,

Respondent.

NO. C-09-406-10-SC02

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

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 (2006 Act). After having conducted an investigation pursuant to RCW 19.146.235 and .310, and based upon the facts available as of December 9, 2009, the Director, through his designee, Division of Consumer Services Director Deborah Bortner issued a Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Collect Investigation Fee, and Order Restitution C-09-406-09-SC01 (Statement of Charges SC01) on December 9, 2009. Respondent Jay Blanco (Respondent Blanco) was served with Statement of Charges SC01 on December 10, 2009. Respondent Blanco filed a timely request for an adjudicative hearing. Since the issuance of Statement of Charges SC01, information came to the attention of the Director that necessitated the amendment of Statement of Charges SC01. Based upon the facts available as of June 10, 2010, the Director now proceeds to amend Statement of Charges SC01 by issuing Amended Statement of Charges, and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Collect Investigation Fee, and Order Restitution C-09-406-10-SC02 (Amended Statement of Charges), which includes the following modifications: amending the Factual Allegations in Paragraphs 1.3 (dates). The Director finds as follows:

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1 **I. FACTUAL ALLEGATIONS**

2 **1.1 Respondent Jay Blanco** worked for Killion Enterprises Inc. d/b/a Spartan Mortgage¹ as a loan
3 originator at all times relevant to this Statement of Charges. Respondent Blanco has never applied for a loan
4 originator license with the Department.

5 **1.2 Loan Originator License.** In order to conduct business as a loan originator in 2008, Respondent
6 Blanco was required to obtain and maintain a loan originator license before originating any residential mortgage
7 loans. Respondent Blanco did not obtain a loan originator license and as a result could not conduct the business
8 of a loan originator.

9 **1.3 Unlicensed Loan Originator Activity.** Respondent Blanco conducted the business of a loan originator
10 from 12178 SW Garden Place, Building 3, Park 217, Tigard, Oregon 97223, between, on or about, September 1,
11 2008, and November 30, 2008. Respondent Blanco originated at least one loan² for borrowers whose property
12 was located in the state of Washington.

13 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
14 Respondent Blanco continues to date.

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

17 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010 (12) and WAC 208-660-006,
18 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
19 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
20 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
21 person in obtaining or applying to obtain a residential mortgage loan.

22 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010 (10), "Loan Originator" means a natural
23 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates

24
25 ¹ The Department has issued a Statement of Charges (C-09-013-09-SC01) against Killion Enterprises Inc. d/b/a Spartan Mortgage that includes an allegation of allowing Respondent Blanco to originate loans while not licensed.

³ Killion loan number 12979464 for borrower G.N.

1 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect
2 compensation or gain.

3 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010 (3) and WAC 208-660-006, a “Borrower” is
4 defined as any person who consults with or retains a mortgage broker or loan originator in an effort to obtain or
5 seek advice or information on obtaining or applying to obtain a residential mortgage loan for himself, herself, or
6 persons including himself or herself, regardless of whether the person actually obtains such a loan.

7 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent Blanco is
8 in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device
9 or artifice to defraud or mislead borrowers or lenders or any person, for engaging in an unfair or deceptive
10 practice toward any person, and for obtaining property by fraud or misrepresentation.

11 **2.5 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section
12 I above, Respondent Blanco is in apparent violation of RCW 19.146.200 for engaging in the business of a loan
13 originator without first obtaining and maintaining a license under the Act.

14 15 **III. AUTHORITY TO IMPOSE SANCTIONS**

16 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
17 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
18 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
19 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) and
20 RCW 19.146.200.

21 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), and (3)(a), the Director may impose
22 fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any
23 violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW
24 19.146.200, RCW 19.146.205(4), or RCW 19.146.265, or any violation of the Act.

25

1 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(e), the Director may issue orders
2 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution to for any
3 violation of the Act.

4 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-520, and WAC
5 208-660-550(5), upon completion of any investigation of the books and records of a licensee or other person subject
6 to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover the cost of
7 the investigation. The investigation charge will be calculated at the rate of \$48 per hour that each staff person
8 devoted to the investigation.

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10 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

- 15 **4.1** Respondent Jay Blanco be prohibited from participation in the conduct of the affairs of any mortgage
16 broker subject to licensure by the Director, in any manner, for a period of 5 years;
- 17 **4.2** Respondent Blanco pay a fine of \$1,000;
- 18 **4.3** Respondent Blanco pay restitution in the amount received as compensation for any loans he originated
19 while unlicensed;
- 20 **4.4** Respondent Blanco pay an investigation fee, which as of the date of these charges is \$240 calculated at \$48
per hour for 5 staff hours devoted to the investigation.

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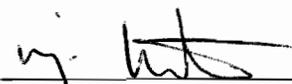
1 **V. AUTHORITY AND PROCEDURE**

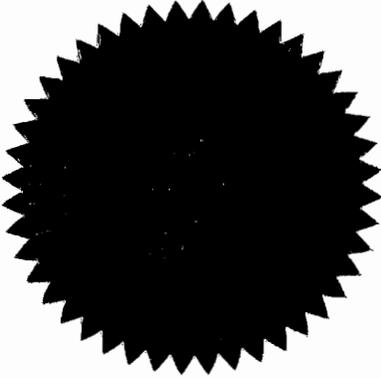
2 This Amended Statement of Charges and Notice of Intention to Enter an Order to Prohibit from
3 Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (Amended Statement of Charges) is
4 entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and
5 RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act).
6 Respondent Blanco may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY
7 TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Amended Statement of Charges.

8 Dated this 14th day of June, 2010.

9 
10 DEBORAH BORTNER
11 Director Division of Consumer Services
12 Department of Financial Institutions

13 Presented by:

14 
15 WILLIAM HALSTEAD
16 Financial Legal Examiner



17 Approved by:

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19 JAMES R. BRUSSELBACK
20 Enforcement Chief

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JAY BLANCO, Unlicensed Loan Originator,

Respondent.

NO. C-09-406-09-SC01

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

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 19.146.235 and .310, and based upon the facts available as 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 Jay Blanco (Respondent Blanco) worked for Killion Enterprises Inc. d/b/a Spartan Mortgage² as a loan originator at all times relevant to this Statement of Charges. Respondent Blanco has never applied for a loan originator license with the Department.

1.2 Loan Originator License. In order to conduct business as a loan originator in 2008, Respondent Blanco was required to obtain and maintain a loan originator license before originating any residential mortgage loans. Respondent Blanco did not obtain a loan originator license and as a result could not conduct the business of a loan originator.

1.3 Unlicensed Loan Originator Activity. Respondent Blanco conducted the business of a loan originator from 12178 SW Garden Place, Building 3, Park 217, Tigard, Oregon 97223, between, on or about, January 9,

¹ RCW 19.146 (2006).

² The Department has issued a Statement of Charges (C-09-013-09-SC01) against Killion Enterprises Inc. d/b/a Spartan Mortgage that includes an allegation of allowing Respondent Blanco to originate loans while not licensed.

1 2008, and March 26, 2008. Respondent Blanco originated at least one loan¹ for borrowers whose property was
2 located in the state of Washington.

3 **1.4 On-Going Investigation.** The Department’s investigation into the alleged violations of the Act by
4 Respondent continues to date.

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

6 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010 (12) and WAC 208-660-006,
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10 person in obtaining or applying to obtain a residential mortgage loan.

11 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010 (10), “Loan Originator” means a natural
12 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates
13 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect
14 compensation or gain.

15 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010 (3) and WAC 208-660-006, a “Borrower” is
16 defined as any person who consults with or retains a mortgage broker or loan originator in an effort to obtain or
17 seek advice or information on obtaining or applying to obtain a residential mortgage loan for himself, herself, or
18 persons including himself or herself, regardless of whether the person actually obtains such a loan.

19 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent Blanco is
20 in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device
21 or artifice to defraud or mislead borrowers or lenders or any person, for engaging in an unfair or deceptive
22 practice toward any person, and for obtaining property by fraud or misrepresentation.

23 **2.5 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section
24 I above, Respondent Blanco is in apparent violation of RCW 19.146.200 for engaging in the business of a loan
25 originator without first obtaining and maintaining a license under the Act.

¹ Killion loan number 12979464 for borrower G.N.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
3 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
4 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
5 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) and
6 RCW 19.146.200.

7 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), and (3)(a), the Director may impose
8 fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any
9 violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW
10 19.146.200, RCW 19.146.205(4), or RCW 19.146.265, or any violation of the Act.

11 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-520, and WAC
12 208-660-550(5), upon completion of any investigation of the books and records of a licensee or other person subject
13 to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover the cost of
14 the investigation. The investigation charge will be calculated at the rate of \$48 per hour that each staff person
15 devoted to the investigation.

16 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(e), the Director may issue orders
17 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution to for any
18 violation of the Act.

19 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

24 **4.1** Respondent Jay Blanco be prohibited from participation in the conduct of the affairs of any mortgage
broker subject to licensure by the Director, in any manner, for a period of 5 years;

25 **4.2** Respondent Blanco pay a fine of \$1,000;

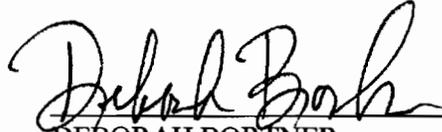
1 4.3 Respondent Blanco pay an investigation fee, which as of the date of these charges is \$240 calculated at \$48
2 per hour for 5 staff hours devoted to the investigation; and

3 4.4 Respondent Blanco pay restitution in the amount received as compensation for the loans he originated
4 while unlicensed.

5 **V. AUTHORITY AND PROCEDURE**

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

12 Dated this 9th day of December, 2009.



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



16 Presented by:

17 W. Halstead
18 WILLIAM HALSTEAD
19 Financial Legal Examiner

20 Approved by:

21 J. R. Brusselback
22 JAMES R. BRUSSELBACK
23 Enforcement Chief