

Terms Completed

ORDER SUMMARY – Case Number: C-10-117

Name(s): Pioneer Financial Services Inc.
David Charles

Order Number: C-10-117-10-CO01

Effective Date: _____

License Number: DFI: 49802 [NMLS: 90514] DFI: 49803 [NMLS: 91038]
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: n/a

Not Apply Until: n/a

Not Eligible Until: _____

Prohibition/Ban Until: n/a

Investigation Costs	\$48	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$1,000	Due	Paid <input checked="" 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
DIVISION OF CONSUMER SERVICES

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

NO. C-10-117-C001

PIONEER FINANCIAL SERVICES INC.;;
DAVID CHARLES, DESIGNATED BROKER,

CONSENT ORDER

Respondents.

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

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have agreed upon a basis for resolution of the matters alleged in the Statement of Charges entered on April 22, 2010 (copy attached hereto) and the Initial Decision and Order entered on January 5, 2011 (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and further agree that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges and the Initial Decision and Order. Respondents are agreeing not to contest the Statement of Charges or the Initial Decision and Order in consideration of the terms of this Consent Order.

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CONSENT ORDER
PIONEER FINANCIAL SERVICES INC.;;
DAVID CHARLES
C-10-117-10-C001

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 Based upon the foregoing:

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

4 B. Waiver of Hearing. It is AGREED that Respondents have been informed of their right to a Brief
5 Adjudicative Proceeding (BAP), and that they hereby waive their right to a BAP and any and all administrative and
6 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondents, by
7 the signatures of its representatives below, hereby withdraw their Request for Brief Adjudicative Proceeding.

8 C. Waiver of Review. It is AGREED that Respondents have been informed of their right to a Petition for
9 Review of the Initial Decision and Order, and that they hereby waive their right to a Review of the Initial Decision
10 and Order and any and all administrative and judicial review of the issues raised in this matter, or of the resolution
11 reached herein.

12 D. Fine. It is AGREED that Respondents shall pay to the Department a fine of \$1,000 in the form of a
13 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

14 E. Investigation Fee. It is AGREED that Respondents shall pay to the Department an investigation fee of
15 \$48, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent
16 Order. The fine and investigation fee may be paid together in one cashier's check made payable to the "Washington
17 State Treasurer."

18 F. Assurance of Compliance. Respondents acknowledge and understand that RCW 19.146.290 and
19 WAC 208-660-400 require that an annual report of mortgage broker activity be provided to the Department by
20 March 31st of each year. Respondents, by the signatures of its representatives below, assure that it will fully
21 comply with these above provisions.

22 G. Authority to Execute Order. It is AGREED that the undersigned Respondents have represented and
23 warranted that they have the full power and right to execute this Consent Order on behalf of the parties represented.

1 H. Non-Compliance with Order. It is AGREED that Respondents understand that failure to abide by
2 the terms and conditions of this Consent Order may result in further legal action by the Director. In the event of
3 such legal action, Respondents may be responsible to reimburse the Director for the cost incurred in pursuing
4 such action, including but not limited to, attorney fees.

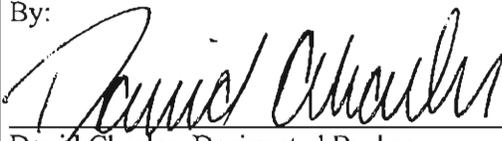
5 I. Voluntarily Entered. It is AGREED that the undersigned Respondents have voluntarily entered into
6 this Consent Order, which is effective when signed by the Director's designee.

7 J. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read this Consent
8 Order in its entirety and fully understand and agree to all of the same.

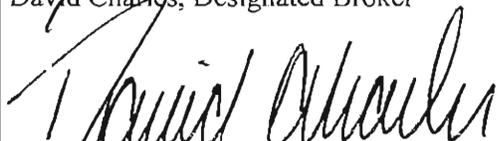
9 RESPONDENTS:

10 Pioneer Financial Services Inc.

11 By:

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13 _____
14 David Charles, Designated Broker

15 1/28/2011
16 Date

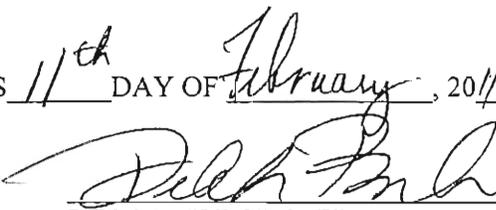
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18 _____
19 David Charles, Individually

20 1/28/2011
21 Date

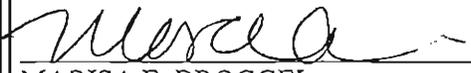
22 DO NOT WRITE BELOW THIS LINE

23 THIS ORDER ENTERED THIS 11th DAY OF February, 2011.



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27 _____
28 DEBORAH BORTNER
29 Director
30 Division of Consumer Services
31 Department of Financial Institutions

1 Presented by:

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3 MARISA E. BROGGEL
4 Financial Legal Examiner

5 Approved by:

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7 FATIMA BATIE
8 Financial Legal Examiner Supervisor

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State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

BRIEF ADJUDICATIVE PROCEEDING

IN THE MATTER OF INVESTIGATING
Whether has been a violation of the Washington
Mortgage Broker Practices Act (Ch. 19.146 RCW)
by:

PIONEER FINANCIAL SERVICES INC;
DAVID CHARLES, DESIGNATED BROKER,

Respondents.

DCS – BAP – C-10-117-10-IO

INITIAL DECISION AND ORDER

THIS MATTER having come before Joseph M. Vincent, General Counsel for the Department of Financial Institutions (“Department”), sitting in his capacity as Presiding Officer (“Presiding Officer”) for Brief Adjudicative Proceedings (“BAP”) for the Division of Consumer Services (“Division”), in relation to a State of Charges and Notice of Intention to Enter an Order to Impose Fine and Collect Investigation Fee (“Statement of Charges”) under the Washington Mortgage Broker Practices Act, Chapter 19.146 RCW (“Act”), against Pioneer Financial Services Inc. and the Designated Broker, David Charles, the Respondents (“Respondents”);

NOW THEREFORE, the Presiding Officer issues the following Findings of Fact, Conclusions of Law, and Initial Decision and Order:

1.0 RECORD

The Presiding Officer has considered the following material documents, which comprise the relevant record in this matter (“Record”):

- 1.1 Statement of Charges, dated April 22, 2010;
- 1.2 Request for Brief Adjudicative Proceeding (“BAP”), received by the Division on April 26, 2010;
- 1.3 Letter from James Brusselback, Enforcement Chief of the Division, dated April 28, 2010, acknowledging Request for Brief Adjudicative Proceeding, and directing assignment to BAP Hearing Officer;

- 1.4 Notice of Assignment and Time to File Additional Materials, from the BAP Hearing Officer, dated April 30, 2010;
- 1.5 2009 Mortgage Broker Annual Report dated April 26, 2010;
- 1.6 Department's Resolution and Closure of Complaint dated September 29, 2009, evidencing prior failure to file or untimely filing of 2008 Mortgage Broker Annual Report;
- 1.7 Additional materials (if any) of record that Respondents filed (or may have filed) in response to Notice of Assignment and Time to File Additional Materials; and
- 1.8 Memorandum from the Division dated June 3, 2010, in response to Notice of Assignment and Time to File Additional Materials, or other request of the Presiding Officer.

2.0 FINDINGS OF FACT

Based upon the Record, the following facts are undisputed as between the Division and the Respondents:

- 2.1 Respondents was required to file a Mortgage Broker Annual Report ("MBAR") of mortgage activity with the Division on or before March 31st of every year following any year in which it held a mortgage broker license.
- 2.2 The 2009 MBAR was due to the Division by March 31, 2010, but the Division did not receive it timely. The 2009 MBAR was not received until April 26, 2010.
- 2.3 The Department did not issue its Statement of Charges until April 22, 2010.
- 2.4 Respondents were on notice of the importance and legal requirement of timely filing of an MBAR on or before March 31st of each year for as long as Respondents remain a licensee and designated broker, respectively.
- 2.5 The MBAR is a tool for measuring the activity of Mortgage Broker Licensees so that the Division may allocate its scarce resources in determining such matters as which Mortgage Broker Licensees ought to be examined. It is not an "annual report" in the manner, for example, of renewing one's corporation license with the Secretary of State. Because of the MBAR's purpose, it is essential that it be filed – and filed timely. Every licensee is on notice of this distinction by statute and by rule.

- 2.6 The record indicates that this is the second consecutive year in which Respondents failed to timely file an MBAR.
- 2.7 Based upon the untimely filed 2009 MBAR, the Respondents generated loan volume in Washington State in calendar 2009 in the amount of \$2,212,000.
- 2.8 The Presiding Officer finds that under the circumstances, a fine of \$1,000 is reasonable and appropriate in relation to the nature of the violation by Respondents, taking into consideration the amount of loan volume of the Respondents in Washington State for the calendar year 2009 (assuming the accuracy of the 2009 MBAR).
- 2.9 One staff hour was devoted to this investigation.

3.0 CONCLUSIONS OF LAW

Based upon the Findings of Fact above, the Presiding Officer must conclude, as follows:

- 3.1 In its failure to timely file the 2008 MBAR, Respondents violated RCW 19.146.290(1) and WAC 208-660-400(1), (2), (3) and (4).
- 3.2 Pursuant to RCW 19.146.220(2)(e), the Department may impose fines on a Mortgage Broker Licensee for any violation of the Act.
- 3.3 A fine of \$1,000 is permitted under the Act.
- 3.4 Pursuant to RCW 19.146.228(2), WAC 208-660-520 and WAC 208-660-550(4), upon completion of any investigation of the books and records of a licensee, the Department will furnish to the licensee a billing to cover the cost of investigation.
- 3.5 The investigative charge will be calculated at the rate of \$48 per hour for each staff person of the Department devoted to the investigation.

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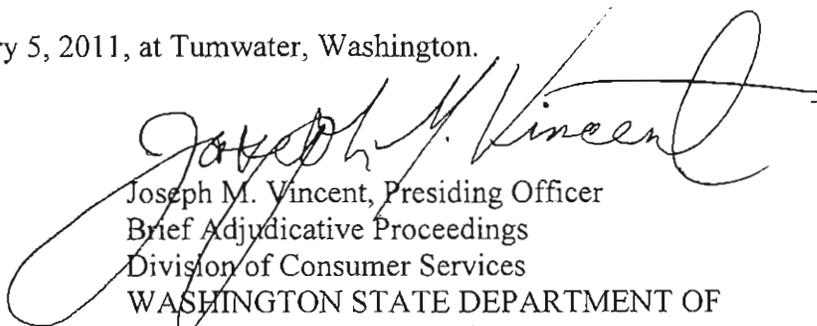
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4.0 INITIAL DECISION AND ORDER

Based upon the Findings of Fact and Conclusions of Law set forth above, IT IS HEREBY ORDERED THAT:

- 4.1 Respondents, Pioneer Financial Services Inc. and David Charles, pay a fine of \$1,000 as and for untimely filing of the 2009 MBAR; and
- 4.2 Respondents, Pioneer Financial Services Inc. and David Charles, pay in addition an investigative fee of \$48.00.

Dated and mailed on January 5, 2011, at Tumwater, Washington.



Joseph M. Vincent, Presiding Officer
Brief Adjudicative Proceedings
Division of Consumer Services
WASHINGTON STATE DEPARTMENT OF
FINANCIAL INSTITUTIONS
P.O. Box 41200
Olympia, Washington 98504-1200
Phone: (360) 902-0516
E-Fax: (360) 704-7036

FURTHER APPEAL RIGHTS

Under the Washington Administrative Procedures Act, Chapter 34.05 RCW, and WAC 10-08-211, any party to an adjudicative proceeding may file a *Petition for Review* of this Initial Decision and Order. Any *Petition for Review* shall be filed with the Director of the Department of Financial Institutions within twenty (20) days of service of the Initial Decision and Order. **The deadline to file a Petition for Review is January 25, 2011.**

Address for filing the Petition for Review:

Scott Jarvis, Director
Washington State Department of Financial Institutions
P.O. Box 41200
Olympia, Washington 98504-1200

A copy of any such *Petition for Review* must also be served upon the Division of Consumer Services, Washington State Department of Financial Institutions, P.O. Box 41200, Olympia, Washington 98504-1200, at the time the *Petition for Review* is filed with the Director.

A *Petition for Review* shall specify the portions of the *Initial Decision and Order* to which exception is taken and shall refer to the evidence of record which is relied upon to support the *Petition for Review*. Any party may file a reply to a *Petition for Review*. Replies must be filed with the Director within ten (10) days of the date of the service of the *Petition for Review*, and copies of the reply must be served upon all other parties or their representatives at the time the reply is filed with the Director.

At the time for filing a *Petition for Review* has elapsed, the Director of the Washington State Department of Financial Institutions will issue a *Final Decision and Order* in this matter. In accordance with RCW 34.05.470 and WAC 10-08-215, any *Petition for Reconsideration* of such *Final Decision and Order* must be filed with the Director within ten (10) days of the service of the *Final Decision and Order*. **NOTE: *Petitions for Reconsideration* do not stay the effectiveness of the *Final Decision and Order*.**

Judicial Review of the *Final Decision and Order* is available to a party according to the provisions set out in the Washington Administrative Procedures Act, at RCW 34.05.570.

CERTIFICATE OF SERVICE

I, Susan Putzier, certify that I personally delivered or mailed a copy of the Initial Decision and Order to parties named below at their respective addresses, postage pre-paid, on the date stated hereinabove.



Mailed to the following:

David Charles
Pioneer Financial Services Inc.
764 East 100 North
Payson, UT 84651

James R. Brusselback
Enforcement Chief
Division of Consumer Services
PO Box 41200
Olympia, WA 98504-1200

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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:

PIONEER FINANCIAL SERVICES INC;
DAVID CHARLES, DESIGNATED BROKER,

Respondents.

NO. C-10-117-10-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO IMPOSE FINE 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 (Act). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents. Pioneer Financial Services Inc and David Charles, Designated Broker (Respondents) were licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker at all times relevant to the conduct alleged. At all times relevant to the Statement of Charges, David Charles was the Designated Broker for the company.

1.2 Failure to File Mortgage Broker Annual Report. By March 31, 2010, Respondents were required to file an annual report of mortgage broker activity to include the total number of closed loans originated and the total volume of closed loans originated. As of the date of this Statement of Charges Respondents have not filed the 2009 mortgage broker annual report.

1.3 On-Going Investigation. The Department's investigation into the alleged violations of the Act by Respondents continues to date.

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II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement to File Mortgage Broker Annual Report. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.290(1), WAC 208-660-250(7) and WAC 208-660-400(1), (2), (3), and (4) for failing to file the mortgage broker annual report.

III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Authority to Impose Fine. Pursuant to RCW 19.146.220(2)(e) the Director may impose fines on a licensee or other person subject to the Act for any violations of the Act.

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

IV. NOTICE OF INTENTION TO ENTER ORDER

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

- 4.1** Respondents Pioneer Financial Services Inc and David Charles jointly and severally pay a fine of \$100 per day for every day starting April 1, 2010, until the 2009 Mortgage Broker Annual Report is filed; and
- 4.2** Respondents Pioneer Financial Services Inc and David Charles jointly and severally pay an investigation fee, which as of the date of these charges is \$48 calculated at \$48 per hour for one staff hour devoted to the investigation; and
- 4.3** Respondents Pioneer Financial Services Inc and David Charles file the 2009 annual report of mortgage broker activity.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Impose Fine and Collect
3 Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220,
4 RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05
5 RCW (The Administrative Procedure Act). Respondents may make a written request for a Brief Adjudicative
6 Proceeding as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR BRIEF
7 ADJUDICATIVE PROCEEDING accompanying this Statement of Charges.

8 Dated this 22nd day of April, 2010.



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DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:


FATIMA BATIE
Financial Legal Examiner Supervisor

Approved by:


JAMES R. BRUSSELBACK
Enforcement Chief