

1
2
3
4
5
6
7

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

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

C-14-1565-14-TD01

TEMPORARY ORDER TO
CEASE AND DESIST

MLD MORTGAGE, INC., NMLS #1019,
d/b/a The Money Store and Mortgage Lending Direct,

Respondent.

THE STATE OF WASHINGTON TO: Lawrence A. Dear
President and CEO
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

COMES NOW the Director of the Washington State Department of Financial Institutions (“Director”),
by and through his designee Deborah Bortner, Division Director, Division of Consumer Services, and finding
that the public is likely to be substantially injured by delay in issuing a cease and desist order, enters this
temporary order to cease and desist pursuant to chapter 31.04 RCW, the Consumer Loan Act (“Act”), based on
the following:

I. FACTUAL FINDINGS

1.1 MLD Mortgage, Inc. (“Respondent MLD”), doing business in Washington and elsewhere as The
Money Store and Mortgage Lending Direct, was licensed by the Washington State Department of Financial
Institutions (“Department”) to conduct business as a Consumer Loan Company on or about April 5, 2005, and
continues to be licensed to date. Respondent MLD has primarily conducted business in Washington from its
main office located in Florham Park, New Jersey. In January 2014, Respondent MLD applied for a license to
operate a branch in Seattle, which was approved the same month. In July 2014, Respondent MLD applied for a
license to operate a branch in Tacoma (the “Tacoma Branch”), which has not been approved. In October 2014,
Respondent MLD applied for a license to operate a branch in Castle Rock, which was approved the same
month. Respondent MLD identifies the Tacoma Branch as “Branch ID #10044.”

1 **1.2 Background**

2 **A. Consent Order with Andre D. Jones.** On or about May 20, 2014, the Department entered into a
3 Consent Order with Andre D. Jones (“Jones”), NMLS #153257, in settlement of an investigation. The Consent
4 Order found that Jones had falsely attested that information and statements related to his MLO renewal application
5 were current, true, and correct, and concluded as a matter of law that Jones failed to meet the requirements for a
6 MLO license in Washington. For five years from the date of entry, Jones was prohibited from directly
7 supervising any person in connection with loan origination activities for Washington residents, including
8 originating, processing, or underwriting any loan subject to the Department’s regulatory authority.

9 **B. Hiring of Jones.** On or about May 12, 2014, Respondent MLD hired Jones as a non-producing Area
10 Manager with the title “Regional Director of Sales and Business Development.” Respondent MLD assigned its
11 “New Branch Boarding & Transition Team” to assist Jones’ on-boarding and transition to Respondent MLD. Dale
12 J. Gallant (“Gallant”), Respondent MLD’s Director of Operations (and a Washington-licensed MLO, NMLS
13 #229376), and Jeff Moore (“Moore”), the Managing Director of Respondent MLD’s National Retail Group, are
14 primarily responsible for transitioning Jones and his team to Respondent MLD. Brian A. Woltman (“Woltman”),
15 Respondent MLD’s Retail Sales Manager (and a Washington-licensed MLO, NMLS #587190), is in charge of
16 the Online Training and Transition of Jones and his team, and directly supervises Jones on matters relating to
17 loan origination, processing, and underwriting.

18 Jones is responsible for overseeing, supervising, and managing the day-to-day operations of the Tacoma
19 Branch office, as well as supervising, administering, and training branch-licensed MLOs in originating residential
20 mortgage loans. Pursuant to his contract with Respondent MLD, Jones is prohibited from acting as a MLO in
21 states, like Washington, where he is not licensed. The origination prohibitions include “activities of referring,
22 offering, arranging, or assisting a consumer in obtaining or applying to obtain a mortgage loan.” As an Area
23 Manager, Jones was paid as a commission-only employee with a \$5,000 bi-weekly draw against commissions for
24 the first three months, after which his compensation has been based on the profitability of the “Branch Originating
25 Offices,” which appears to have been limited to the Tacoma Branch.

1 On or about May 28, 2014, Woltman reported to Moore that he had placed 60 of Jones' loans in
2 Respondent MLD's mortgage loan pipeline, with three already submitted to underwriting. On or about June 5,
3 2014, Jones e-mailed Moore requesting permission to add staff to his operation, and proposed that Respondent
4 MLD start the licensing process for his Tacoma Branch. In response, Moore advised that Respondent MLD had to
5 have a Washington-licensed MLO to act as the Branch Manager to apply for a license from the Department.

6 **C. Hiring of MLOs Kadar, Hansmann, and Bruce.** On or about July 22, 2014, Respondent MLD hired
7 Richard W. Kadar ("Kadar"), NMLS #227721, as the Branch Manager of the Tacoma Branch, and Jack L.
8 Hansmann ("Hansmann"), NMLS #150133, as a MLO assigned to the Tacoma Branch. Respondent MLD also
9 hired five staff for the Tacoma Branch, including a Loan Coordinator for Jones and four Customer Service
10 Representatives working as telemarketers. All the employees were assigned by Respondent MLD to work from the
11 Tacoma Branch. To date, Respondent MLD's proposed sponsorship of Kadar has not been approved.

12 **1.3 Unlicensed Activity**

13 **A. Unlicensed Branch Activity.** On or about August 11, 2014, the Department received a consumer
14 complaint from SK¹, a resident of Bothell, Washington, alleging that Respondent MLD was conducting business
15 from the Tacoma Branch. E-mails obtained from Respondent MLD by the Department demonstrate that beginning
16 as early as May, 2014, and continuing through at least September 29, 2014, Respondent MLD has been conducting
17 business with Washington residents from the Tacoma Branch, including by offering residential mortgage loans;
18 taking residential mortgage loan applications; meeting with applicants; processing residential mortgage loan
19 applications; and submitting residential mortgage loan applications to Respondent MLD.

20 **B. Unlicensed Loan Origination by Kadar.** On or about July 22, 2014, Respondent MLD hired Kadar as
21 the Producing Branch Manager of the Tacoma Branch. The next day Moore sent Jones a "New User Registration
22 Confirmation" e-mail for Kadar, which described the Tacoma Branch as an "[o]ffice location pending in
23 Tacoma, WA." Kadar was designated to report directly to Jones and was responsible for originating,
24 negotiating, processing, and administering residential mortgage loans as well as managing the Tacoma Branch.

25 _____
¹ The Department uses customers' initials for privacy protection, and will identify the customers by name to Respondent if requested.

1 Pursuant to Respondent MLD's Branch Manager Agreement, Kadar was to be compensated at a base
2 salary of \$36,000 a year plus commissions on funded loans ranging from 10 to 150 basis points on personally-
3 originated residential mortgage loans. Kadar also received an override of 20 basis points for funded loans
4 originated by any Washington-licensed MLOs recruited by Kadar, and 10 basis points for funded loans
5 originated by other Washington-licensed MLOs located at the Tacoma Branch.

6 On or about July 24, 2014, Kadar e-mailed Jones a draft "pre-approval" letter written on Respondent MLD's
7 letterhead addressed to Tacoma, Washington, resident N.M. The letter offered an FHA 30-year fixed-rate
8 mortgage with a 3.5% down payment on a \$256,000 sale price and listed Kadar as the loan officer by name and
9 NMLS number. Jones responded that the draft letter was "fantastic" and that he wanted to use the letter.

10 Jones added that his version of the pre-approval letter would identify Kadar as the LO on Jones' deals "for
11 extra caution :0)" Kadar replied that he wanted a current employee on the letter until he was "up and running
12 100%," and that after that Kadar would "break you off but keep this format for your clients in my name." Jones
13 gave Kadar his blessing to use the letter, and Kadar subsequently sent pre-approval letters to at least three other
14 Washington residents. All three letters identified Kadar as the MLO on the proposed transaction.

15 On or about August 6, 2014, Kadar sent an e-mail to Woltman, Hansmann, and Jones with the subject line
16 "Please Register and Disclose with Hansmann as LO." The e-mail, concerning a prequalification submission made
17 by Olympia, Washington, resident J.M., explained that Respondent MLD had to make disclosures because J.M.
18 had identified a property to purchase, converting his submission into a mortgage loan application. Kadar requested
19 that Respondent MLD change the name of the MLO on the file from Kadar to Hansmann because Kadar's
20 Washington license was inactive. Woltman registered the loan identifying himself as the MLO, and Respondent
21 MLD sent their disclosure packet to J.M. with Woltman, instead of Kadar or Hansmann, identified as the MLO.

22 On or about August 11, 2014, Kadar e-mailed Jones expressing concern that the disclosures had been sent
23 out in his name, stating that Respondent MLD would have to change the name of the MLO for the disclosures.
24 Jones responded that the disclosures had been sent out in Woltman's name, noting that Respondent MLD would
25 not "put disclosures out in your name with an inactive license."

1 **C. Unlicensed Activity by Jack Hansmann.** On or about July 22, 2014, Respondent MLD hired
2 Hansmann as a Senior MLO. Moore sent Jones a “New User Registration Confirmation” e-mail for Hansmann,
3 who was designated by Moore as a “new hire at Branch 10044.” Pursuant to Respondent MLD’s Employment
4 Agreement with Hansmann, he is responsible for originating residential mortgage loans and is compensated at
5 150 basis points of the funded loan amount on self-generated residential mortgage loans, and 50 basis points of
6 the funded loan amount on residential mortgage loans where the lead or referral was provided by Kadar or
7 other Washington-licensed MLOs located at the Tacoma Branch.

8 On or about July 29, 2014, Respondent MLD applied to the Department to sponsor Hansmann as a MLO
9 working from the Seattle Branch. The Department approved the sponsorship on or about July 30, 2014.

10 On or about June 26, 2014, Jones sent Woltman an FHA purchase submission in the name of Tacoma,
11 Washington, resident K.H., reporting information about a loan that had already been entered into Respondent
12 MLD’s “Encompass” database. Jones requested that Woltman confirm receipt, register the loan, and make
13 disclosures to the borrower. Jones described the loan as coming from one of his new MLOs coming on board.
14 On or about July 1, 2014, Woltman registered the loan and identified himself as the MLO. On or about July 2,
15 2014, Jones identified Hansmann as the “point of contact” on the loan, and on July 8, 2014, requested that
16 Hansmann obtain the original “wet” signatures of the borrower on loan documents, including the application
17 and Good Faith Estimate. Hansmann obtained K.H.’s original signature on those documents, both of which
18 identified Woltman as the MLO.

19 **D. Substitution of MLOs.** Respondent MDL has disclosed at least one residential mortgage loan made
20 to Washington residents that was originated by Hansmann while unlicensed as having been originated by
21 Washington-licensed MLO Woltman. Respondent MDL is presently disclosing residential mortgage loans
22 made to Washington residents that were originated by Kadar and Jones while unlicensed as having been
23 originated by Washington-licensed MLOs, including Woltman and Gallant. In a June 18, 2014, e-mail about
24 tracking Jones’ loans, Woltman complained, “The hard part is we have so many loans in other people’s names
25 I need to know what I am looking out for.”

1 On or about July 1, 2014, Respondent MLD sent Jones a document titled "Andre Jones Pipeline 2014-
2 07-01." The document showed that as of that date, Jones had only one residential mortgage loan in Respondent
3 MLD's pipeline, a loan to Ohio resident P.M. In an exchange of e-mails Woltman explained that Jones' other
4 loan files had been put in the name of other MLOs employed by Respondent MLD, and that Woltman
5 maintained a spreadsheet identifying all of Jones' loans. Jones asked if Woltman would transfer the listed loan
6 to P.M. into Gallant's name and Woltman replied that he already had.

7 On or about August 10, 2014, Jones sent Moore a Microsoft Excel spreadsheet titled "Money Store
8 Branch 10044 Master Pipeline." The August pipeline report listed thirteen residential mortgage loans
9 originated for Washington residents by the Tacoma Branch MLOs and submitted to Respondent MLD between
10 June 3rd and August 6th, 2014. Though Jones originated ten of the loans and Hansmann two, Woltman was
11 disclosed as the MLO on all the loans.

12 On or about September 21, 2014, Jones sent Moore an updated Master Pipeline report for the Tacoma
13 Branch. The September report listed ten new residential mortgage loans originated for Washington residents by
14 the Tacoma Branch MLOs and submitted to Respondent MLD between August 10th and September 17th,
15 2014. Though Jones originated seven of the loans, and Kadar three, neither Jones nor Kadar, both unlicensed in
16 Washington, were disclosed as the MLO on Respondent MLD's disclosure packets sent to the borrowers.

17 **E. Falsification of NMLS Call Reports.** On or about November 12, 2014, David J. Zilberman,
18 Executive Vice President of Respondent MLD, reported that in the Third Quarter of 2014, MLOs Gallant and
19 Woltman originated nine residential mortgage loans for Washington residents. One loan purportedly originated
20 by Gallant in the amount of \$237,616 was actually originated by Kadar for University Place, Washington,
21 resident N.M.; one loan purportedly originated by Woltman in the amount of \$197,357 was actually originated
22 by Hansmann for Tacoma, Washington, resident K.H.; and seven loans purportedly originated by Woltman
23 were actually originated by Jones for Washington residents T.L. of Graham; R.A. of Puyallup; G.F. of
24 Issaquah; D.K. of Tacoma; S.S. of Spanaway; I.S. of Marysville; and K.R. of Tacoma, in the total amount of
25 \$1,164,736.00.

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

2 **2.1 Definitions.**

3 **A. Application.** Pursuant to WAC 208-620-010, "application" means in part the submission of a
4 borrower's financial information in anticipation of a credit decision relating to a residential mortgage loan. If
5 the submission does not identify a specific property, the submission is an application for a prequalification and
6 not an application for a residential mortgage. The subsequent addition of an identified property to the
7 submission converts the submission to an application for a residential mortgage loan.

8 **B. Residential Mortgage Loan.** Pursuant to RCW 31.04.015(25) and WAC 208-620-010, a "residential
9 mortgage loan" means in part any loan primarily for personal, family, or household use that is secured by a
10 mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate
11 upon which is constructed or intended to be constructed a dwelling.

12 **C. Making a Loan.** Pursuant to RCW 31.04.015(13) and WAC 208-620-010, "making a loan" means in
13 part advancing, offering to advance, or making a commitment to advance funds to a borrower.

14 **D. Mortgage Loan Originator.** Pursuant to RCW 31.04.015(15)(a) and WAC 208-620-010, "mortgage
15 loan originator" means in part an individual who for compensation or gain (i) takes a residential mortgage loan
16 application, or (ii) offers or negotiates terms of a residential mortgage loan.

17 **2.2 License Required.** Based on the Factual Allegations set forth in Section I above, Respondent MLD
18 Mortgage, Inc. is in apparent violation of RCW 31.04.035(1) and WAC 208-620-250, -251, -300, and -301
19 for engaging in the business of making residential mortgage loans to Washington residents without first
20 obtaining and maintaining a branch office license in accordance with the Act or meeting an exemption from
21 the Act under RCW 31.04.025(2).

22 **2.6 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent MLD
23 Mortgage, Inc. is in apparent violation of RCW 31.04.027 for, directly or indirectly, (1) employing any
24 scheme, device, or artifice to mislead any borrower or person; (2) engaging in an unfair or deceptive practice
25 toward any person; and (3) obtaining property by misrepresentation.

1 **4.2** This order shall take effect immediately and shall remain in effect unless set aside, limited, or
2 suspended in writing by the Director or an authorized court.

3
4 **NOTICE:** PURSUANT TO CHAPTER 31.04 RCW, MLD MORTGAGE, INC. IS ENTITLED TO A
5 HEARING WITHIN 14 DAYS OF REQUEST TO DETERMINE WHETHER THIS ORDER SHALL
6 BECOME PERMANENT. IF MLD MORTGAGE, INC. DESIRES A HEARING, AN AUTHORIZED
7 REPRESENTATIVE MUST COMPLETE AND RETURN THE ATTACHED APPLICATION FOR
8 ADJUDICATIVE HEARING INCORPORATED HEREIN BY THIS REFERENCE.

9 FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR ADJUDICATIVE HEARING
10 SO THAT IT IS RECEIVED BY THE DEPARTMENT WITHIN TWENTY (20) DAYS OF THE DATE
11 THAT THIS ORDER WAS SERVED ON MLD MORTGAGE, INC. WILL CONSTITUTE A DEFAULT
12 AND WILL RESULT IN THE LOSS OF THE RIGHT TO A HEARING. SERVICE IS DEFINED AS THE
13 POSTING BY THE DEPARTMENT OF THIS TEMPORARY ORDER TO CEASE AND DESIST IN THE
14 U.S. MAIL, POSTAGE PREPAID, TO MLD MORTGAGE, INC.'S ADDRESS OF RECORD ON FILE
15 WITH THE DEPARTMENT.

16 DEFAULT WILL RESULT IN THIS TEMPORARY ORDER TO CEASE AND DESIST BECOMING
17 PERMANENT ON THE TWENTY-FIRST (21ST) DAY FOLLOWING SERVICE OF THIS ORDER.

18
19 DATED this 2nd day of December, 2014.



20 [Redacted signature]

21 DEBORAH BORTNER
22 Director, Division of Consumer Services
23 Department of Financial Institutions