

ORDER SUMMARY – Case Number: C-14-1565

Name(s): Jeff Moore

Order Number: C-14-1565-15-CO04 resolving, as to Moore, C-14-1565-14-SC02

Effective Date: January 5, 2016

License Number: DFI: U/L NMLS ID: #832197
Or NMLS Identifier [U/L] _____

License Effect: N/A

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

Investigation Costs	\$	Due	Paid: <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine (STAYED)	\$10,000	Due: N/A	Paid: <input 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 checked="" type="checkbox"/> N			
No. of Victims:	N/A			

Comments: _____

1 issues raised in the above-captioned matter, solely as they relate to Respondent Moore, may be
2 economically and efficiently settled by entry of this Consent Order.

3 **Based upon the foregoing:**

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

6 **B. Waiver of Hearing.** It is AGREED that Respondent Moore has been informed of the right to
7 a hearing before an administrative law judge, and hereby waives his right to a hearing and any and
8 all administrative and judicial review of the issues raised in this matter, or of the resolution reached
9 herein. Accordingly, Respondent Moore, by his signature below, withdraws his appeal to the Office
10 of Administrative Hearings.

11 **C. No Admission of Liability.** It is AGREED that Respondent Moore neither admits nor denies
12 any wrong doing by entry of this Consent Order.

13 **D. Complete Cooperation with the Department.** It is AGREED and ORDERED that:

- 14 1. **Statements.** Upon written request by the Department, Respondent Moore shall provide
15 the Department with truthful and complete statements relating to this matter. At the
16 Department's discretion, the "statements" may take the form of sworn statements,
17 declarations, affidavits, or deposition testimony.
- 18 2. **Documents.** Upon written request by the Department, Respondent Moore shall provide
19 the Department with any and all documents in his possession, custody, or control
20 relating to this matter that he is authorized to possess.
- 21 3. **Testimony.** Upon written request by the Department, Respondent Moore shall testify
22 fully, truthfully, and completely at any and all proceedings relating to the Department's
23 continuing investigation and administrative prosecution of this matter.

24 **E. Stay of Fine.** It is AGREED and ORDERED that a fine of \$10,000 is hereby STAYED
contingent upon Respondent Moore's complete cooperation with the Department pursuant to
Paragraph D, above. Providing Respondent Moore has met his obligation to completely cooperate
with the Department pursuant to Paragraph D, above, and is in substantial compliance with the terms

1 of this Consent order, both the stay of the \$10,000 fine, and any obligation to pay the \$10,000 fine,
2 will be extinguished at the conclusion of the above-captioned administrative proceeding and all
3 related appeals.

4 **F. Lifting of Stay.** It is AGREED and ORDERED that:

- 5 1. If the Department determines Respondent Moore has not complied with the terms of
6 this Consent Order and seeks to lift the stay and impose the \$10,000 fine, the
7 Department will first serve Respondent Moore with a written notice of noncompliance.
- 8 2. The notice of noncompliance will include:
 - 9 a) A description of the alleged noncompliance;
 - 10 b) A statement that the Department seeks to lift the stay and impose the \$10,000
11 fine;
 - 12 c) Notice that Respondent Moore can contest the allegations of noncompliance by
13 either requesting an adjudicative hearing in writing or by submitting a written
14 response to the allegations of noncompliance; and
 - 15 d) Notice that the process for lifting the stay applies only to this Consent Order.
- 16 3. Respondent Moore will be afforded ten (10) business days from the date of service of
17 the notice of noncompliance to submit to the Department a written request for an
18 adjudicative hearing.
- 19 4. The Department shall schedule an adjudicative hearing with the Office of
20 Administrative Hearings within 90 days of receiving Respondent Moore's timely
21 written request for a hearing.
- 22 5. The scope and issues of the adjudicative hearing will be limited solely to whether or not
23 Respondent Moore failed to comply with the terms of this Consent Order.
- 24 6. At the conclusion of the adjudicative hearing the Administrative Law Judge will issue
an initial decision. Either party may subsequently file a Petition for Review with the
Director of the Department.
7. In lieu of requesting an adjudicative hearing, within ten (10) business days from the
date of service of the notice of noncompliance, Respondent Moore may submit to the
Department's a written response to the allegations of noncompliance for consideration
by the Department. The response must include a waiver of the right to an adjudicative
hearing, may address the allegations of noncompliance, and may seek an alternative
resolution to lifting the stay and imposing the \$10,000 fine.

1 **8. Default.** If Respondent Moore does not timely request an adjudicative hearing or
2 submit a written response to the notice of noncompliance, the Department may lift the
3 stay and impose the \$10,000 fine without further notice.

4 **9.** Respondent Moore's obligations under Paragraph D of this Consent Order to provide
5 "complete" cooperation with the Department will be judged on a standard of what is
6 objectively reasonable under the circumstances. Accordingly, while innocent or
7 immaterial misstatements may not necessarily be considered noncompliance, other
8 forms of noncompliance, including knowing or willful omissions or misstatements, will
9 be considered noncompliance.

10 **G. Change of Address.** It is AGREED and ORDERED that Respondent Moore shall provide
11 the Department with the mailing address, e-mail address, and telephone number at which he can be
12 contacted until such time as Respondent Moore is notified by the Department in writing of the
13 conclusion of the above-captioned administrative proceeding and all related appeals.

14 **H. Voluntarily Entered.** It is AGREED that Respondent Moore has voluntarily entered into
15 this Consent Order, which is effective when signed by the Director's designee.

16 **I. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Moore has
17 read this Consent Order in its entirety and fully understands and agrees to all of the same.

18 **J. Non-Compliance with Order.** It is AGREED that Respondent Moore understands that
19 failure to comply with the terms and conditions of this Consent Order may result in the imposition of
20 the \$10,000 fine as well as further legal action by the Director. In that event Respondent Moore may
21 be responsible to reimburse the Department for the costs, including attorney's fees, incurred in
22 pursuing such further legal action.

23 **RESPONDENT JEFF MOORE:**

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 Jeff Moore

 Date

 12-21-2015

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 5th DAY OF JANUARY, 2016

[Redacted Signature]

CHARLES E. CLARK
Director, Division of Consumer Services
Department of Financial Institutions



Presented by:

[Redacted Signature]

ANTHONY W. CARTER
Senior Legal Examiner

Approved by:

[Redacted Signature]

STEVEN C. SHERMAN
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
Consumer Loan Act of Washington by:

MLD MORTGAGE, INC., NMLS #1019,
d/b/a The Money Store and Mortgage Lending Direct,
DALE JOSEPH GALLANT, NMLS #229376,
JEFF MOORE,
BRIAN ARTHUR WOLTMAN, NMLS #587190,
ANDRE DWAYNE JONES, NMLS #153257,
RICHARD WILLIAM KADAR, NMLS #227721, and
JACK LAWRENCE HANSMANN, NMLS #150133,

Respondents.

No. C-14-1565-15-SC02

AMENDED STATEMENT OF CHARGES
and NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST, TAKE
AFFIRMATIVE ACTION, DENY BRANCH
LICENSE APPLICATION, REVOKE
LICENSES, REMOVE FROM OFFICE,
PROHIBIT FROM INDUSTRY, REFUND
FEES, IMPOSE FINE, COLLECT
INVESTIGATION FEE, AND RECOVER
COSTS AND EXPENSES

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

AND TO:

Dale J. Gallant
Director of Operations
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Jeff Moore, Managing Director,
National Retail Lending Group
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Brian A. Woltman
Retail Sales Manager
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Andre D. Jones, Regional Director
of Sales and Business Development
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Richard W. Kadar
Tacoma Branch Manager
MLD Mortgage, Inc.
4412 6th Avenue, Ste 1-4
Tacoma, WA 98406

Jack L. Hansmann¹

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
Institutions of the State of Washington ("Director") is responsible for the administration of the Consumer

¹ On April 30, 2015, the Department entered into a Consent Order with respondent Jack L. Hansmann, who is no longer a party to this matter.

1 Loan Act ("the Act"), Chapter 31.04 RCW. The Washington State Legislature has declared that the Act is
2 necessary to encourage responsible lending, to protect borrowers, and to preserve access to credit in the
3 residential real estate lending market. After having conducted an investigation pursuant to the Act, and based
4 upon the facts available as of the date of this Statement of Charges, the Director, through his designee,
5 Division of Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:
6

7 I. FACTUAL ALLEGATIONS

8 1.1 Respondents.

9 A. **MLD Mortgage, Inc.** ("Respondent MLD") is an active New Jersey for-profit corporation
10 organized in August 2000, and registered in Washington as a foreign for-profit corporation in March, 2005.
11 Doing business in Washington as The Money Store and Mortgage Lending Direct, Respondent MLD was first
12 licensed by the Washington State Department of Financial Institutions ("Department") to conduct business
13 under the Act as a consumer loan company on or about April 5, 2005, and has been continuously licensed in
14 Washington to date. Since 2005, Respondent MLD primarily conducted business in Washington from its main
15 office located in Florham Park, New Jersey. However, in January 2014, Respondent MLD applied for and
16 was approved to operate a branch in Seattle, Washington. In July 2014, Respondent MLD applied to the
17 Department for a license to operate a branch in Tacoma, Washington (the "Tacoma Branch"), which license has
18 not been approved. In October 2014, Respondent MLD applied for and was approved to operate a branch in
19 Castle Rock, Washington.

20 B. **Dale Joseph Gallant** ("Respondent Gallant") was, at all times relevant to this matter, a Senior
21 Managing Director of Respondent MLD working as the Director of Operations. Respondent Gallant was first
22 licensed by the Department as a mortgage loan originator ("MLO") on or about March 22, 2012, and has been
23 continuously licensed in Washington to date. Respondent Gallant was responsible for managing the on-
24 boarding of Respondent Andre D. Jones and his team.

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1 **C. Jeff Moore** (“Respondent Moore”) was, at all times relevant to this matter, a Director of
2 Respondent MLD working as the Managing Director of the National Retail Lending Group. Respondent
3 Moore has never been licensed by the Department in any capacity. Along with Respondent Gallant,
4 Respondent Moore was responsible for managing the on-boarding of Respondent Andre D. Jones and his
5 team, and directly supervised Respondent Andre D. Jones and his team on matters relating to Tacoma Branch
6 staffing and operations.

7 **D. Brian Arthur Woltman** (“Respondent Woltman”) was, at all times relevant to this matter, a Retail
8 Sales Manager for Respondent MLD working as a MLO. Respondent Woltman was first licensed by the
9 Department as a MLO on or about April 5, 2013, and has been continuously licensed in Washington to date.
10 Respondent Woltman was responsible for the on-boarding and training of Respondent Andre D. Jones and his
11 team, and directly supervised Respondent Andre D. Jones and his team on matters relating to residential
12 mortgage loan origination and submission.

13 **E. Andre Dwayne Jones** (“Respondent Jones”) was, at all times relevant to this matter, a non-
14 producing Area Manager for Respondent MLD responsible for the supervision of the Tacoma Branch,
15 including the hiring, supervision, and training of branch-licensed MLOs. Respondent Jones was first licensed
16 by the Department as a MLO on or about January 25, 2007, and except for brief periods of time remained
17 continually licensed in Washington until December, 2013. Pursuant to a Consent Order entered with the
18 Department on May 20, 2014, Respondent Jones voluntarily withdrew his 2014 MLO license renewal
19 application, and at all times relevant to this matter has not been licensed by the Department. Respondent
20 Jones reported to Respondent Moore on matters relating to Tacoma Branch staffing and operations, and to
21 Respondent Woltman on matters relating to mortgage loan origination and submission. Respondent Jones was
22 directly responsible for the operation and supervision of the Tacoma Branch, and directly supervised
23 Respondents Richard W. Kadar and Jack L. Hansmann.

24 **F. Richard William Kadar** (“Respondent Kadar”) was, at all times relevant to this matter, acting as
25 the producing Branch Manager of the Tacoma Branch for Respondent MLD, responsible for the supervision

1 and operation of the Tacoma Branch including originating, securing, negotiating, processing, and
2 administering residential mortgage loans. Respondent Kadar was first licensed by the Department as a MLO
3 on or about May 10, 2007, and except for brief periods of time remained actively licensed in Washington until
4 July 22, 2014, when his MLO license became inactive. On or about July 25, 2014, Respondent MLD applied
5 to the Department to sponsor Respondent Kadar's MLO license as the Tacoma Branch Manager. The
6 Department has not approved the sponsorship of Respondent Kadar, whose MLO license at all times relevant
7 to this matter has remained inactive. Respondent Kadar reported to Respondent Jones on matters relating to
8 residential mortgage loan origination and submission, and directly supervised Respondent Jack L. Hansmann.

9 **1.2 Background: Regulatory Actions Against Respondent MLD**

10 **A. Washington Department of Financial Institutions**

11 On December 2, 2014, the Department entered a Temporary Order to Cease and Desist
12 ("TCD") against Respondent MLD alleging in part that beginning as early as May,
13 2014, Respondent MLD was conducting business with Washington consumers from the
14 unlicensed Tacoma Branch; had substituted the names of Washington-licensed MLOs
15 on loans originated for Washington borrowers by Respondents Jones, Kadar, and
16 Hansmann while unlicensed; and had falsely reported to the Department that
17 Respondents Gallant and Woltman had originated residential mortgage loans for
18 Washington consumers that were actually originated by Respondents Jones, Kadar, and
19 Hansmann. The TCD enjoined Respondent MLD from conducting any business with
20 Washington consumers from the unlicensed Tacoma Branch; accepting residential
21 mortgage loan submissions for Washington consumers from any person not licensed by
22 the Department to originate residential mortgage loans in Washington; and aiding and
23 abetting unlicensed activity. Respondent MLD has requested an adjudicative hearing
24 on the TCD, and has waived its right to have that hearing commence on an expedited
25 basis.

19 **B. U.S. Department of Housing and Urban Development ("HUD")**

20 On or about September 13, 2014, Respondent MLD entered into a Settlement
21 Agreement with HUD's Mortgagee Review Board to resolve allegations Respondent
22 MLD failed to properly document and verify funds used as gifts; exceeded FHA's
23 maximum mortgage amount; failed to properly analyze liabilities; charged borrowers a
24 commitment fee without a written lock-in agreement; and failed to comply with
25 settlement requirements. In resolution of the matter, Respondent MLD, without
admitting fault or liability, agreed to payment of a civil money penalty in the amount of
\$60,000; remission of \$2,315.19 to HUD/FHA to buy down an over-insured mortgage;
payment of \$357,250 to satisfy the past due indebtedness on two FHA loans MLD had
previously indemnified; and indemnification of HUD for any loss (past, present or
future) on six FHA loans.

1 **C. Pennsylvania Department of Banking and Securities**

2 **1.** On or about March 17, 2011, Respondent MLD entered into a Consent Agreement
3 and Order with the Pennsylvania Department of Banking and Securities to settle
4 allegations that Respondent MLD had, through contract MLOs unlicensed in
5 Pennsylvania, originated 220 residential mortgage loans in Pennsylvania. In settlement
6 of the matter, without admitting or denying the allegations, Respondent MLD paid a
7 \$27,500 fine and agreed in part to cease and desist conducting mortgage loan business
8 through unlicensed MLOs.

9 **2.** On or about July 7, 2010, Respondent MLD entered into a Consent Agreement and
10 Order with the Pennsylvania Department of Banking and Securities to settle allegations
11 Respondent MLD had accepted mortgage loans from unlicensed MLOs and by not
12 maintaining supervision and control over its employees. In settlement of the matter,
13 without admitting or denying the allegations, Respondent MLD paid a \$5,000 fine and
14 agreed in part to cease and desist accepting mortgage loan applications from unlicensed
15 MLOs.

16 **3.** On or about May 22, 2009, Respondent MLD entered into a Consent Agreement
17 and Order with the Pennsylvania Department of Banking and Securities to settle
18 allegations that Respondent MLD had, through its employees, originated thirteen
19 residential mortgage loans in Pennsylvania prior to licensure in that state. In settlement
20 of the matter, stipulating as true and correct the allegations made, Respondent MLD
21 paid a \$5,000 fine.

22 **D. New York Banking Department**

23 On or about April 22, 2010, Respondent MLD entered into a Settlement Agreement
24 with the State of New York Banking Department to settle allegations that Respondent
25 MLD had mailed misleading advertisements to New York homeowners that failed to
make clear and conspicuous disclosures under the Truth in Lending Act and Regulation
Z. In settlement of the matter Respondent MLD agreed to take all necessary steps to
ensure compliance with all federal and state laws, regulations, and supervisory
requirements relating to its mortgage business, including compliance with Regulation
Z. In addition, Respondent MLD agreed in part to develop appropriate written policies
and procedures designed to ensure compliance with all applicable federal and state
laws, regulations, and supervisory requirements relating to advertising and to pay a
\$7,000 fine.

1.3 Failure to Disclose Regulatory Actions. Each consumer loan company licensed under the Act must
maintain a current *Uniform Lender/Broker Form* ("Form MU1") on the Nationwide Multi-State Licensing
System ("NMLS"), disclosing certain regulatory actions taken against the company. Licensees are required to
keep their information on Form MU1 current, to timely file accurate supplementary information, and to
comply with the applicable state law relating to the license being sought.

1 A. The Disclosure Questions on Form MU1 require disclosure of adverse final actions that are a
2 matter of public record. Though they have updated their Form MU1 on NMLS more than a dozen times since
3 entering into the Settlement Agreement with HUD, as of the date of the initial and this Amended Statement of
4 Charges Respondent MLD has failed to disclose that regulatory action on NMLS Form MU1.

5 B. The Disclosure Questions on Form MU1 require disclosure of temporary cease and desist orders.
6 Though they have updated their Form MU1 on NMLS more than a dozen times since the Department entered
7 the Temporary Cease and Desist Order, as of the date of the initial Statement of Charges Respondent MLD
8 had failed to disclose that regulatory action on NMLS Form MU1.

9 **1.4 Failure to Comply with Director's Investigative Authority**

10 A. **Respondent Jones' Personnel and Compensation Files.** On or about August 11, 2014, the
11 Department received a complaint from a Washington consumer concerning Respondent Jones and the
12 unlicensed Tacoma Branch. On or about August 14, 2014, the Department issued a Subpoena *Duces Tecum*
13 ("Complaint Subpoena") to Respondent MLD requesting production of:

- 14 1. All documents relating to the employment of Respondent Jones, including his
15 entire personnel and compensation files; and
- 16 2. All e-mails sent to or from Respondent Jones on his MLD Mortgage, Inc., e-mail
17 account since May 1, 2014, to the date of the Complaint Subpoena.

18 On or about September 22, 2014, Respondent MLD produced what it described as Respondent Jones'
19 complete employment package. As of the date of this Amended Statement of Charges, Respondent MLD has
20 still not produced to the Department Respondent Jones' entire personnel file, compensation file, and e-mails.

21 B. **List of Respondent Jones' Loans.** On or about September 18, 2014, the Department opened an
22 investigation into Respondent MLD. On or about September 26, 2014, the Department issued a Subpoena
23 *Duces Tecum* ("Investigative Subpoena") to Respondent MLD requesting production of documents relating to
24 the creation, staffing, licensure, and operation of the Tacoma Branch. Numerous e-mails produced in response
25 to the Investigative Subpoena reference an Excel spreadsheet of Respondent Jones' loans.

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1 As of the date of this Amended Statement of Charges, Respondent MLD has still not produced to the
2 Department the Excel spreadsheet of Respondent Jones' loans.

3 **C. Respondent Jones' "MLO Folder."** Numerous e-mails produced in response to the Complaint
4 and Investigative Subpoenas reference loan documents maintained by Respondent MLD in "Andre Jones'
5 MLO folder," "in Andre Jones' LO folder," and in "Andre Jones' folder." The e-mails, sent by processors,
6 underwriters, MLOs, and other employees of Respondent MLD, note that though someone other than
7 Respondent Jones is the MLO on the loan, all documents relating to the loan were maintained in Respondent
8 Jones' MLO folder.

9 As of the date of this Amended Statement of Charges, Respondent MLD has still not produced
10 Respondent Jones' MLO folder to the Department in response to the Complaint and Investigative Subpoenas,
11 nor were any documents produced identified as having come from Respondent Jones' MLO folder.

12 **D. Customer Relationship Management Entries.** The Investigative Subpoena defined "Customer
13 Relationship Management" or "CRM" as "a system for managing a company's relationships and interactions
14 with prospective and current customers." The Investigative Subpoena requested production of the entire loan
15 file for all Washington loans originated by Respondents Jones and Woltman, including all CRM entries.
16 Numerous e-mails produced in response to the Investigative Subpoena reference putting notes relating to
17 residential mortgage loans in a program called WebLender. Described as a web-based program that helps
18 MLOs manage their customers and sales opportunities, WebLender is in part a CRM system.

19 Since issuing the initial Statement of Charges the Department obtained examples of Respondent
20 MLD's WebLender CRM system. WebLender apparently provides for MLD employees to make entries
21 related to Washington customers under tabs identified as Loan Detail, Conditions, Suspense/Denial, Locks,
22 Notes, and Images. The examples obtained by the Department contain detailed notes related to Washington
23 residential mortgages originated from the unlicensed Tacoma Branch, and include e-mails, pipeline reports,
24 detailed information related to the actual loan originator, and entries made by Respondents Jones and

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1 Woltman. As of the date of the Amended Statement of Charges, Respondent MLD has still not produced any
2 CRM entries to the Department.

3 **1.5 Failure to Properly Supervise.**

4 **A. Respondents MLD, Gallant, Moore, and Woltman.** On or about November 7, 2013, the State
5 of Georgia entered a Final Order against Respondent Jones finding, in part, that Respondent Jones had
6 purposely withheld information and made a false statement or material misrepresentation on his MLO license
7 application. Concluding that Respondent Jones did not meet the character and fitness requirements for
8 licensure as a MLO, Georgia denied his application for a MLO license.

9 On or about November 12, 2013, Georgia reported the regulatory action against Respondent Jones and
10 uploaded a copy of the Final Order to NMLS. On or about April 1, 2014, Respondent Jones updated his
11 NMLS record with a detailed Disclosure Explanation of Georgia's regulatory actions against him.

12 On or about May 8, 2014, Respondent MLD entered into an Area Manager Agreement ("Agreement")
13 with Respondent Jones, whereby Respondent Jones was responsible for the operation of the proposed new
14 Tacoma Branch, including the hiring, supervision, and training of branch-licensed MLOs. As a non-producing
15 manager, Respondent Jones was subject to significant restrictions on his activities in Washington and other
16 states where he was not licensed as a MLO. The Agreement provides in part, at Section III(d):

17 Area Manager is prohibited from acting as a Loan Originator as outlined by the Bureau of
18 Consumer Financial Protection, specifically Section 102.36, in States that he is not
19 licensed. This prohibition includes activities of referring, offering, arranging, or assisting a
20 consumer in obtaining or applying to obtain a mortgage loan.

21 On or about May 20, 2014, the Department entered into a Consent Order with Respondent Jones finding
22 that Respondent Jones had falsely attested that information and statements related to his MLO renewal
23 application were current, true, and correct, and concluding that Respondent Jones did not meet the character
24 and fitness requirements for licensure as a MLO in Washington. In an apparent response to the Consent
25 Order, on or about May 21, 2014, Respondent MLD entered into an addendum to the Agreement with
Respondent Jones. The addendum further limited Respondent Jones' duties in Washington, providing, in part:

1 [I]t is understood that Area Manager is prohibited from participating in any conduct which
2 would require licensure under the State of Washington Department of Financial Institutions
3 Act, including originating, processing or underwriting any loan subject to the Department's
4 regulatory authority. Area Manager is also prohibited from directly supervising any person
5 in connection with loan origination activities for Washington residents.

6 Area Manager's duties in the state of Washington will be limited to recruiting loan
7 originators, branch offices and business development. The Managing Director of the Retail
8 Lending group will have direct supervision of said new hires.

9 On or about June 2, 2014, the Department reported the regulatory action against Respondent Jones and
10 uploaded a copy of the Consent Order to NMLS. On or about June 4, 2014, Respondent Jones updated his
11 NMLS record with a detailed Disclosure Explanation of the Department's regulatory actions against him.

12 On or about July 22, 2014, Respondent MLD designated Respondent Jones as the direct supervisor of
13 Respondent Kadar, a licensed (though inactive) MLO and the proposed Tacoma Branch Manager.

14 In an e-mail sent to Respondent Moore on or about August 10, 2014, Respondent Jones included an
15 Excel spreadsheet captioned "Money Store Branch 10044 Master Pipeline." The spreadsheet identified 13
16 Washington residential mortgage loan applications submitted to Respondent MLD by Respondent Jones
17 between about June 3 and August 8, 2014. The spreadsheet also identified 33 Washington consumers who, for
18 direct or indirect compensation or gain, or in the expectation of direct or indirect compensation or gain,
19 Respondent Jones had contacted between about May 29 and August 9, 2014, to take residential mortgage loan
20 applications or to offer or negotiate terms of residential mortgage loans.

21 In a similar e-mail sent to Respondents Gallant, Moore, and Woltman on or about August 17, 2014,
22 Respondent Jones included an updated copy of his "Master Pipeline" spreadsheet, identifying both additional
23 Washington residential mortgage loan applications submitted to Respondent MLD, as well as additional
24 Washington consumers who, for direct or indirect compensation or gain, or in the expectation of direct or
25 indirect compensation or gain, Respondent Jones had contacted to take residential mortgage loan applications
or to offer or negotiate terms of residential mortgage loans.

In an e-mail sent to Respondents Woltman, Moore, and Kadar or about September 21, 2014,
Respondent Jones again included an updated copy his "Master Pipeline" spreadsheet. The spreadsheet

1 identified 28 Washington residential mortgage loan applications submitted to Respondent MLD by
2 Respondent Jones between about June 3 and September 17, 2014, of which 18 had been approved by
3 Respondent MLD. The spreadsheet also identified 37 other Washington consumers who, for direct or indirect
4 compensation or gain, or in the expectation of direct or indirect compensation or gain, Respondent Jones had
5 contacted between about May 29 and September 21, 2014, to take residential mortgage loan applications or to
6 offer or negotiate terms of residential mortgage loans.

7 Had Respondents MLD, Gallant, Moore, and Woltman properly supervised Respondent Jones, they
8 would have known that he was acting as a MLO in a state where he was not licensed, including by taking
9 residential mortgage loan applications from Washington consumers; by offering residential mortgage loans to
10 Washington consumers; by negotiating terms of residential mortgage loans for Washington consumers; by
11 participating in conduct which would require licensure by the Department, including by originating,
12 processing or underwriting any loan subject to the Department's regulatory authority; and by directly
13 supervising Respondent Kadar in connection with loan origination activities for Washington consumers, all
14 from the unlicensed Tacoma Branch.

15 **B. Respondent Jones.** On or about July 22, 2014, Respondent MLD hired Respondent Kadar as the
16 Tacoma Branch Manager. Between about July 24 and September 30, 2014, Respondent Kadar, for direct or
17 indirect compensation or gain, or in the expectation of direct or indirect compensation or gain, took residential
18 mortgage loan applications or offered or negotiated terms of residential mortgage loans for at least four
19 Washington consumers on behalf of Respondent MLD while his MLO license was inactive. On or about July
20 22, 2014, Respondent MLD hired Respondent Hansmann as an outside MLO. Between about July 17 and July
21 29, 2014, before he was sponsored by Respondent MLD as a MLO, Respondent Hansmann, for direct or
22 indirect compensation or gain, or in the expectation of direct or indirect compensation or gain, took residential
23 mortgage loan applications or offered or negotiated terms of residential mortgage loans for at least two
24 Washington consumers on behalf of Respondent MLD.

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1 Had Respondent Jones properly supervised Respondents Kadar and Hansmann, he would have known
2 that they were acting as MLOs in a state where they were not licensed, including by, for direct or indirect
3 compensation or gain, or in the expectation of direct or indirect compensation or gain, taking residential
4 mortgage loan application or offering or negotiating terms of residential mortgage loans for Washington
5 consumers from the unlicensed Tacoma Branch.

6 **1.6 Unlicensed Activity.**

7 **A. Respondent MLD.** On or about July 25, 2014, Respondent MLD applied to the Department for a
8 Branch Office license under the Act for a branch to be located at 4412 6th Avenue, Suites 1-4, Tacoma,
9 Washington. The Department updated the NMLS License/Registration Status History for the proposed Tacoma
10 Branch, NMLS #1195866, to reflect that the status was Pending-Incomplete. On or about August 4, 2014, the
11 Department updated the Status History to Pending-Deficient, noting the main landing page of Respondent
12 MLD's website did not list their true corporate name as required. On or about August 18, 2014, as the
13 deficiency had been cleared, the Department updated the Status History to Pending-Review. Pursuant to the Act,
14 the Department has 90 days from receipt of a completed application to approve or deny the application. Based
15 on a completed application date of August 18, 2014, the Department had until November 16, 2014, to approve
16 or deny the application. All of the conduct alleged in the initial and this Amended Statement of Charges
17 occurred before that date.

18 Between about May 14 and September 29, 2014, employees, officers, and agents of Respondent MLD
19 working from the unlicensed Tacoma Branch, for direct or indirect compensation or gain, or in the expectation
20 of direct or indirect compensation or gain, took residential mortgage loan applications or offered or negotiated
21 terms of residential mortgage loans for at least 50 Washington consumers on behalf of Respondent MLD.

22 **B. Respondent Jones.** Though not licensed in Washington as a MLO under the Act, between about
23 May 14 and September 29, 2014, Respondent Jones, for direct or indirect compensation or gain, or in the
24 expectation of direct or indirect compensation or gain, took residential mortgage loan applications or offered

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1 or negotiated terms of residential mortgage loans for at least 50 Washington consumers on behalf of
2 Respondent MLD.

3 **C. Respondent Kadar.** Though his Washington MLO license was inactive under the Act, between
4 about July 24 and September 29, 2014, Respondent Kadar, for direct or indirect compensation or gain, or in the
5 expectation of direct or indirect compensation or gain, took residential mortgage loan applications or offered
6 or negotiated terms of residential mortgage loans for at least five Washington consumers on behalf of
7 Respondent MLD.

8 **D. Respondent Hansmann.** Though his Washington MLO license was not sponsored by Respondent
9 MLD, between about July 17 and July 30, 2014, Respondent Hansmann, for direct or indirect compensation or
10 gain, or in the expectation of direct or indirect compensation or gain, took residential mortgage loan
11 applications or offered or negotiated terms of residential mortgage loans for at least two Washington
12 consumers on behalf of Respondent MLD.

13 **1.7 Substitution of MLOs.** Between about May 14 and January 31, 2014, Respondents MLD, Gallant,
14 Moore, Woltman, Jones, Kadar, and Hansmann substituted the names and NMLS numbers of Washington-
15 licensed MLOs on loan documents required to disclose the names and NMLS numbers of Respondents Jones,
16 Kadar, and Hansmann.

17 **1.8 Deceptive Advertising.** Between about May 23 and August 13, 2014, Respondent Jones sent e-mails to
18 more than 45 different Washington consumers on behalf of Respondent MLD offering more than 60 different
19 residential mortgage loans. The e-mails included the loan type, loan term, simple interest rate, and for both
20 purchases and refinances, proposed loan amounts and monthly payment. The e-mails routinely included loan
21 terms triggering additional disclosures under the Truth in Lending Act and Regulation Z, yet failed to include
22 the required disclosures. In addition, while the e-mails disclosed a simple rate of interest, they failed to
23 include a clear and conspicuous disclosure of the Annual Percentage Rate.

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1 **1.9 False Statements and Omissions of Material Facts.**

2 **A. Mortgage Call Reports.**

- 3 1. On or about November 12, 2014, Respondent MLD filed their 3rd Quarter
4 Mortgage Call Report with the Department. Respondent MLD reported that in the
5 3rd quarter of 2014, Respondents Gallant and Woltman originated nine residential
6 mortgage loans for Washington residents. One loan purportedly originated by
7 Respondent Gallant was apparently originated by Respondent Kadar; one loan
8 purportedly originated by Respondent Woltman was apparently originated by
9 Respondent Hansmann; and seven loans purportedly originated by Respondent
10 Woltman were apparently originated by Respondent Jones.
11
12 2. On or about February 13, 2015, Respondent MLD filed their 4th Quarter Mortgage
13 Call Report with the Department. Respondent MLD reported that in the 4th quarter
14 of 2014, Respondents Gallant, Woltman, and Hansmann originated 19 residential
15 mortgage loans for Washington residents. One loan purportedly originated by
16 Respondent Gallant was apparently originated by Respondent Jones; two loans
17 purportedly originated by Respondent Woltman were apparently originated by
18 Respondent Jones; five loans purportedly originated by Respondent Hansmann
19 were apparently originated by Respondent Jones; and three loans purportedly
20 originated by Respondent Hansmann were apparently originated by Respondent
21 Kadar. (The remaining eight loans purportedly originated by Respondent
22 Hansmann were apparently originated by him after the Department approved his
23 sponsorship.)

24 **B. Complaint and Investigative Subpoenas.**

- 25 1. After issuing the initial Statement of Charges the Department received information
from a former Compliance and Licensing Administrator for Respondent MLD who
alleged that while preparing the e-mails responsive to the Department's Complaint
Subpoena, the compliance department was asked to sort those e-mails and only
produce e-mails to the Department that were "appropriate" i.e., did not show any
"inappropriate" activity. The Compliance and Licensing Administrator further
alleged that files responsive to the Department's Investigative Subpoena were
"scrubbed" to remove any reference to Respondent Jones before being produced to
the Department.

20 **1.10 Aiding and Abetting Unlicensed Practice.** Between around May 14 and September 29, 2014,

21 Respondents MLD, Gallant, Moore, Woltman, Jones, Kadar, and Hansmann aided and abetted Respondents
22 Jones, Kadar, and Hansmann to practice in violation of the Act.

23 **1.11 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by

24 Respondents continues to date.

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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 a purchase prequalification and not an
6 application. The subsequent addition of an identified property to the submission converts the purchase
7 prequalification to an application.

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

17 **2.2 Responsibility for Familiarity with Act.** Pursuant to WAC 208-620-378, Respondent MLD is
18 responsible for ensuring its employees and MLOs are familiar with the Act.

19 **2.3 Liability for Actions of Employees.** Pursuant to WAC 208-620-372, Respondent MLD is responsible
20 for any conduct violating the Act by its employees.

21 **2.4 Violations of Act and Rules.**

22 **A. Respondent MLD.** Based on the Factual Allegations set forth above, Respondent MLD is in
23 apparent violation of:

- 24 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or
25 artifice to mislead any borrower, lender, or person by aiding and abetting
unlicensed persons to practice in violation of the Act and by substituting the names

1 and NMLS numbers of Washington-licensed MLOs on loan documents for the
2 names and NMLS numbers of the MLOs who actually originated those loans, i.e.,
Respondents Jones, Kadar, and Hansmann;

- 3 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in unfair or deceptive
4 practice toward any person, including by failing to properly supervise Respondents
5 Gallant, Moore, Woltman, Jones, Kadar, and Hansmann; by making secured
6 residential mortgage loans for Washington consumers without first obtaining and
maintaining the required branch, branch manager, and MLO licenses; by aiding and
7 abetting unlicensed persons to practice in violation of the Act; and by engaging in
8 false advertising;
- 9 iii. RCW 31.04.027(3) for, directly or indirectly, obtaining property by
10 misrepresentation, including by closing residential mortgage loans for Washington
11 consumers that were originated from the unlicensed Tacoma Branch;
- 12 iv. RCW 31.04.027(8), for negligently making any false statement or knowingly and
13 willfully making any omission of material fact in connection with any reports filed
14 with the Department or in connection with any investigation conducted by the
15 Department, including by falsifying information on NMLS mortgage call reports
16 filed with the Department and by knowingly and willfully making omissions of
17 material fact in responding to the Complaint and Investigative Subpoenas;
- 18 v. RCW 31.04.035 and WAC 208-620-230, -250, -300, and -700, by making secured
19 residential mortgage loans for Washington consumers from the Tacoma Branch
without first obtaining and maintaining the required branch license;
- 20 vi. RCW 31.04.093(4)(b), for failing to comply with the Director's investigative
21 authority;
- 22 vii. RCW 31.04.027(12) and WAC 208-620-630(2), for advertising any rate of interest
23 without conspicuously disclosing the annual percentage rate implied by that rate of
24 interest;
- 25 viii. RCW 31.04.027(13) and WAC 208-620-640, for violating any applicable federal
advertising law or regulation relating to the activities governed by the Act,
including the Truth in Lending Act and Regulation Z;
- ix. RCW 31.04.135, by advertising, publishing, or distributing, or permitting to be
advertised, printed, published, or distributed, in any manner whatsoever, any
statement or representation with regard to the rates, terms, or conditions for the
lending of money that is false, misleading, or deceptive.
- x. WAC 208-620-301, for employing unlicensed MLOs as managers and branch
managers taking residential mortgage loan applications, negotiating the terms or
conditions of residential mortgage loans, holding themselves out as being able to
conduct these activities, and supervising licensed MLOs;

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- 1 xi. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by
2 failing to indicate on all residential mortgage loan applications, initial and revised,
3 the MLO's unique identifier and the date the application was taken or revised; and
- 4 xii. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in
5 violation of the Act.

6 **B. Respondent Gallant.** Based on the Factual Allegations set forth above, Respondent Gallant is in
7 apparent violation of:

- 8 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
9 mislead any borrower, lender, or person, by aiding and abetting unlicensed persons to
10 practice in violation of the Act and by substituting the names and NMLS numbers of
11 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
12 MLOs who actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 13 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
14 toward any person by failing to properly supervise Respondents Moore, Woltman, Jones,
15 Kadar, and Hansmann and by aiding and abetting unlicensed persons to practice in violation
16 of the Act;
- 17 iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
18 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
19 unique identifier and the date the application was taken or revised; and
- 20 iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
21 Act.

22 **C. Respondent Moore.** Based on the Factual Allegations set forth above, Respondent Moore is in
23 apparent violation of:

- 24 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
25 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
in violation of the Act and by substituting the names and NMLS numbers of Washington-
licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
toward any person by failing to properly supervise Respondents Woltman, Jones, Kadar, and
Hansmann and by aiding and abetting unlicensed persons to practice in violation of the Act;
- iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
indicate on all residential mortgage loan applications, initial and revised, the loan originator's
unique identifier and the date the application was taken or revised; and
- iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
Act.

1 **D. Respondent Woltman.** Based on the Factual Allegations set forth above, Respondent Woltman
2 is in apparent violation of:

- 3 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
4 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
5 in violation of the Act and by substituting the names and NMLS numbers of Washington-
6 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
7 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 8 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
9 toward any person by failing to properly supervise Respondents Jones, Kadar, and Hansmann
10 and by aiding and abetting unlicensed persons to practice in violation of the Act;
- 11 iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
12 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
13 unique identifier and the date the application was taken or revised; and
- 14 iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
15 Act.

16 **E. Respondent Jones.** Based on the Factual Allegations set forth above, Respondent Jones is in
17 apparent violation of:

- 18 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
19 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
20 in violation of the Act and by substituting the names and NMLS numbers of Washington-
21 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
22 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 23 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
24 toward any person, including by failing to properly supervise Respondents Kadar and
25 Hansmann; by offering, arranging or assisting Washington consumers apply for residential
 mortgage loans without first obtaining and maintaining the required branch, branch manager,
 and MLO licenses; by aiding and abetting unlicensed persons to practice in violation of the
 Act; and by engaging in false advertising;
- iii. RCW 31.04.221, by engaging in the business of a MLO without first obtaining and
 maintaining the required MLO license;
- iv. RCW 31.04.027(12) and WAC 208-620-630(2), for advertising any rate of interest without
 conspicuously disclosing the annual percentage rate implied by that rate of interest;
- v. RCW 31.04.027(13) and WAC 208-620-640, for violating any applicable federal advertising
 law or regulation relating to the activities governed by the Act, including the Truth in
 Lending Act and Regulation Z;

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- 1 vi. RCW 31.04.135, by advertising, publishing, or distributing, in any manner whatsoever, any
- 2 statement or representation with regard to the rates, terms, or conditions for the lending of
- 3 money that is false, misleading, or deceptive;
- 4 vii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
- 5 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
- 6 unique identifier and the date the application was taken or revised; and
- 7 viii. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
- 8 Act.

9 **F. Respondent Kadar.** Based on the Factual Allegations set forth above, Respondent Kadar is in
10 apparent violation of:

- 11 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
- 12 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
- 13 in violation of the Act and by substituting the names and NMLS numbers of Washington-
- 14 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
- 15 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 16 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
- 17 toward any person by offering, arranging or assisting Washington consumers apply for
- 18 residential mortgage loans without first obtaining and maintaining the required branch,
- 19 branch manager, and MLO licenses; and by aiding and abetting unlicensed persons to
- 20 practice in violation of the Act;
- 21 iii. RCW 31.04.221, by engaging in the business of a MLO without first obtaining and
- 22 maintaining the required MLO license;
- 23 iv. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
- 24 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
- 25 unique identifier and the date the application was taken or revised; and
- v. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
- Act.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Enter an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the Director
3 may issue an order directing licensees, its employees, MLOs, or other persons subject to the Act to cease and
4 desist from conducting business in a manner that is injurious to the public or violates any provision of the Act.

5 **3.2 Authority to Enter an Order to Take Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the
6 Director may issue an order directing licensees, its employees, MLOs, or other persons subject to the Act to
7 take such affirmative action as is necessary to comply with the Act.

8 **3.3 Authority to Deny Branch License Application.** Pursuant to RCW 31.04.055(2), if the Director
9 does not find that an applicant's financial responsibility, experience, character, and general fitness are such as
10 to command the confidence of the community and to warrant a belief that the business will be operated
11 honestly, fairly, and efficiently within the purposes of the Act, the Director shall not issue the license and
12 shall deny the application.

13 **3.4 Authority to Revoke Licenses.** Pursuant to RCW 31.04.093(3), if the Director finds that a licensee
14 has (a) failed to comply with any specific order or demand of the Director lawfully made and directed to the
15 licensee in accordance with the Act, or (b) that a licensee, either knowingly or without the exercise of due
16 care, has violated any provision of the Act or Rules adopted thereunder, or (c) that a fact or condition exists
17 that, if it had existed at the time of the original application for the license, clearly would have allowed the
18 Director to deny the application for the original license, then the Director may revoke a license issued under
19 the Act. Additional authority for the revocation of Respondent MLD's license include WAC 208-620-570(8),
20 where the licensee has aided or abetted unlicensed persons to practice in violation of the Act; WAC 208-620-
21 570(11), where the licensee has failed to comply with subpoenas; WAC 208-620-570(13)(b), where the
22 licensee has failed to cooperate with the Director by not furnishing records requested by the Director for the
23 purpose of conducting a lawful investigation into a complaint against the licensee filed with the Department;
24 and WAC 208-620-570(14), where the licensee has interfered with a lawful investigation by willful
25 misrepresentation of facts before the Department.

1 **3.5 Authority to Remove from Office and Prohibit From Industry.** Pursuant to RCW 31.04.093(6),
2 the Director may issue an order removing from office and prohibiting from the industry any officer, principal,
3 employee, MLO, or other persons subject to the Act for failure to comply with any subpoena issued under the
4 Act; any violation of RCW 31.04.027 or RCW 31.04.221; or failure to obtain a license for activity that
5 requires a license.

6 **3.6 Authority to Order Refunds of Fees.** Pursuant to RCW 31.04.035(2) and WAC 208-620-230, the
7 Director may issue an order directing a licensee to refund to consumers all nonthird-party fees charged in
8 connection with the origination of a residential mortgage loan in violation of RCW 31.04.035(1), which
9 prohibits the making of secured residential mortgage loans without first obtaining and maintaining a license in
10 accordance with the Act.

11 **3.7 Authority to Impose Fines.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to
12 one hundred dollars per day, per violation, upon licensees, employees, MLOs, or other persons subject to the
13 Act for any violation of the Act.

14 **3.8 Authority to Collect Investigation Fee and Recover Costs and Expenses.** Pursuant to RCW
15 31.04.145(3) and WAC 208-620-590, every licensee investigated by the Director or the Director's designee
16 shall pay for the cost of the investigation, calculated at the rate of \$69.01 per staff hour devoted to the
17 investigation. Effective July 24, 2015, pursuant to Chapter 229, Laws of 2015, 64th Legislature, 2015 Regular
18 Session, Section 30(2), the Director may recover the state's costs and expenses for prosecuting violations of
19 the Act, including for staff time spent preparing for and attending administrative hearings, and reasonable
20 attorneys' fees.

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

22 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set
23 forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions,
24 constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205.

25 Therefore, it is the Director's intent to ORDER that:

- 1 **4.1** Respondent MLD Mortgage, Inc. cease and desist failing to properly disclose required
2 regulatory actions on NMLS; failing to comply with the Director's investigative authority;
3 engaging in unlicensed activity; failing to properly supervise employees; directly or indirectly
4 employing any scheme, device, or artifice to mislead any borrower, lender, or person; directly
5 or indirectly engaging in any unfair or deceptive practice; directly or indirectly obtaining
6 property by fraud or misrepresentation; aiding and abetting unlicensed persons to practice in
7 violation of the Act; making secured residential mortgage loans for Washington consumers
8 originated from unlicensed locations; substituting the names and NMLS numbers of
9 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
10 actual MLOs who originated the loans; and filing false NMLS mortgage call reports with the
11 Department.
- 12 **4.2** Respondent MLD Mortgage, Inc. take affirmative action necessary to comply with the Act by
13 filing amended NMLS mortgage call reports for the 3rd and 4th quarters of 2014, disclosing
14 the names and NMLS numbers of the actual MLOs who originated the loans disclosed on the
15 reports.
- 16 **4.3** Respondent MLD Mortgage Inc.'s Washington license to conduct the business of a consumer
17 loan company under the Act be revoked.
- 18 **4.4** Respondent MLD Mortgage, Inc. refund all nonthird-party fees charged in connection with
19 the making of secured residential mortgage loans for Washington consumers from the
20 unlicensed Tacoma Branch in an amount to be determined at hearing. As of the date of the
21 initial Statement of Charges, the amount totaled \$113,780.20.
- 22 **4.5** Respondent MLD Mortgage, Inc. pay a fine to the State of Washington in an amount of up to
23 \$100 per day, per violation, for each violation of the Act. As of the date of the initial
24 Statement of Charges, the fine totaled \$250,000.
- 25 **4.6** Respondent MLD Mortgage, Inc. pay the costs of this investigation to the State of
 Washington in an amount of \$69.01 per staff hour devoted to the investigation. As of the date
 of the initial Statement of Charges, the investigative costs totaled \$26,913.90. Pursuant to
 Chapter 229, Laws of 2015, 64th Legislature, 2015 Regular Session, Section 30(2), in
 addition to those investigative costs, MLD Mortgage, Inc. shall pay the state's costs and
 expenses incurred since the date this Amended Statement of Charges was issued for
 prosecuting this action in an amount to be proven at hearing.
- 4.7** Respondent MLD Mortgage, Inc.'s license application for the Tacoma Branch under the Act
 be denied.
- 4.8** Respondent Dale Joseph Gallant cease and desist failing to properly supervise employees;
 directly or indirectly employing any scheme, device, or artifice to mislead any borrower,
 lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding
 and abetting unlicensed persons to practice in violation of the Act; and substituting the names
 and NMLS numbers of Washington-licensed MLOs on loan documents for the names and
 NMLS numbers of the actual MLOs who originated the loans.
- 4.9** Respondent Dale Joseph Gallant's Washington license to conduct the business of a MLO
 under the Act be revoked.

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- 4.10** Respondent Dale Joseph Gallant be prohibited from participation in the affairs of any consumer loan company licensed by, subject to licensure by, or exempt from licensure by the Department for a period of five (5) years.
- 4.11** Respondent Jeff Moore cease and desist failing to properly supervise employees; directly or indirectly employing any scheme, device, or artifice to mislead any borrower, lender, or person; engaging directly or indirectly in any unfair or deceptive practice; aiding and abetting unlicensed persons to practice in violation of the Act; and substituting the names and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the actual MLOs who originated the loans.
- 4.12** Respondent Jeff Moore be removed from his position as Managing Director of Respondent MLD Mortgage, Inc., and be prohibited from participation in the affairs of any consumer loan company licensed by, subject to licensure by, or exempt from licensure by the Department for a period of five (5) years.
- 4.13** Respondent Brian Arthur Woltman cease and desist failing to properly supervise employees; directly or indirectly employing any scheme, device, or artifice to mislead any borrower, lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding and abetting unlicensed persons to practice in violation of the Act; and substituting the names and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the actual MLOs who originated the loans.
- 4.14** Respondent Brian Arthur Woltman's Washington license to conduct the business of a MLO under the Act be revoked.
- 4.15** Respondent Brian Arthur Woltman be prohibited from participation in the affairs of any consumer loan company licensed by, subject to licensure by, or exempt from licensure by the Department for a period of five (5) years.
- 4.16** Respondent Andre Dwayne Jones cease and desist supervising any MLOs under his direct supervision; directly or indirectly employing any scheme, device, or artifice to mislead any borrower, lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding and abetting unlicensed persons to practice in violation of the Act; and substituting the names and NMLS numbers of Washington-licensed MLOs on loan documents for the names and NMLS numbers of the actual MLOs who originated the loans.
- 4.17** Respondent Andre Dwayne Jones be removed from his position as Regional Director of Sales and Business Development for Respondent MLD Mortgage, Inc., and be prohibited from participation in the affairs of any consumer loan company licensed by, subject to licensure by, or exempt from licensure by the Department for a period of five (5) years.

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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 Consumer Loan Act of Washington by:

7 MLD MORTGAGE, INC., NMLS #1019,
8 d/b/a The Money Store and Mortgage Lending Direct,
9 DALE JOSEPH GALLANT, NMLS #229376,
10 JEFF MOORE,
11 BRIAN ARTHUR WOLTMAN, NMLS #587190,
12 ANDRE DWAYNE JONES, NMLS #153257,
13 RICHARD WILLIAM KADAR, NMLS #227721, and
14 JACK LAWRENCE HANSMANN, NMLS #150133,

15 Respondents.

No. C-14-1565-15-SC01

STATEMENT OF CHARGES and NOTICE
OF INTENT TO ENTER AN ORDER TO
CEASE AND DESIST, TAKE AFFIRMATIVE
ACTION, DENY BRANCH LICENSE
APPLICATION, REVOKE LICENSES,
REMOVE FROM OFFICE, PROHIBIT FROM
INDUSTRY, REFUND FEES, IMPOSE FINE,
and COLLECT COST OF INVESTIGATION

16 **THE STATE OF WASHINGTON TO:** MLD Mortgage, Inc.
17 Lawrence A. Dear
18 President and CEO
19 30 B Vreeland Road
20 Florham Park, NJ 07932

21 **AND TO:**

22 Dale J. Gallant
23 Director of Operations
24 MLD Mortgage, Inc.
25 30 B Vreeland Road
Florham Park, NJ 07932

Jeff Moore, Managing Director,
National Retail Lending Group
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Brian A. Woltman
Retail Sales Manager
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Andre D. Jones, Regional Director
of Sales and Business Development
MLD Mortgage, Inc.
30 B Vreeland Road
Florham Park, NJ 07932

Richard W. Kadar
Tacoma Branch Manager
MLD Mortgage, Inc.
4412 6th Avenue, Ste 1-4
Tacoma, WA 98406

Jack L. Hansmann
Mortgage Loan Originator
MLD Mortgage, Inc.
401 Olympia Ave NE, Ste 344
Renton, WA 98056

26 **INTRODUCTION**

27 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
28 Institutions of the State of Washington ("Director") is responsible for the administration of the Consumer
29 Loan Act ("the Act"), Chapter 31.04 RCW. The Washington State Legislature has declared that the Act is
30 necessary to encourage responsible lending, to protect borrowers, and to preserve access to credit in the

1 residential real estate lending market. After having conducted an investigation pursuant to the Act, and based
2 upon the facts available as of the date of this Statement of Charges, the Director, through his designee,
3 Division of Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:

4 I. FACTUAL ALLEGATIONS

5 1.1 Respondents.

6 **A. MLD Mortgage, Inc.** ("Respondent MLD") is an active New Jersey for-profit corporation
7 organized in August 2000, and registered in Washington as a foreign for-profit corporation in March, 2005.
8 Doing business in Washington as The Money Store and Mortgage Lending Direct, Respondent MLD was first
9 licensed by the Washington State Department of Financial Institutions ("Department") to conduct business
10 under the Act as a consumer loan company on or about April 5, 2005, and has been continuously licensed in
11 Washington to date. Since 2005, Respondent MLD primarily conducted business in Washington from its main
12 office located in Florham Park, New Jersey. However, in January 2014, Respondent MLD applied for and
13 was approved to operate a branch in Seattle, Washington. In July 2014, Respondent MLD applied to the
14 Department for a license to operate a branch in Tacoma, Washington (the "Tacoma Branch"), which license has
15 not been approved. In October 2014, Respondent MLD applied for and was approved to operate a branch in
16 Castle Rock, Washington.

17 **B. Dale Joseph Gallant** ("Respondent Gallant") was, at all times relevant to this matter, a Senior
18 Managing Director of Respondent MLD working as the Director of Operations. Respondent Gallant was first
19 licensed by the Department as a mortgage loan originator ("MLO") on or about March 22, 2012, and has been
20 continuously licensed in Washington to date. Respondent Gallant was responsible for managing the on-
21 boarding of Respondent Andre D. Jones and his team.

22 **C. Jeff Moore** ("Respondent Moore") was, at all times relevant to this matter, a Director of
23 Respondent MLD working as the Managing Director of the National Retail Lending Group. Respondent
24 Moore has never been licensed by the Department in any capacity. Along with Respondent Gallant,
25 Respondent Moore was responsible for managing the on-boarding of Respondent Andre D. Jones and his

1 team, and directly supervised Respondent Andre D. Jones and his team on matters relating to Tacoma Branch
2 staffing and operations.

3 **D. Brian Arthur Woltman** (“Respondent Woltman”) was, at all times relevant to this matter, a Retail
4 Sales Manager for Respondent MLD working as a MLO. Respondent Woltman was first licensed by the
5 Department as a MLO on or about April 5, 2013, and has been continuously licensed in Washington to date.
6 Respondent Woltman was responsible for the on-boarding and training of Respondent Andre D. Jones and his
7 team, and directly supervised Respondent Andre D. Jones and his team on matters relating to residential
8 mortgage loan origination and submission.

9 **E. Andre Dwayne Jones** (“Respondent Jones”) was, at all times relevant to this matter, a non-
10 producing Area Manager for Respondent MLD responsible for the supervision of the Tacoma Branch,
11 including the hiring, supervision, and training of branch-licensed MLOs. Respondent Jones was first licensed
12 by the Department as a MLO on or about January 25, 2007, and except for brief periods of time remained
13 continually licensed in Washington until December, 2013. Pursuant to a Consent Order entered with the
14 Department on May 20, 2014, Respondent Jones voluntarily withdrew his 2014 MLO license renewal
15 application, and at all times relevant to this matter has not been licensed by the Department. Respondent
16 Jones reported to Respondent Moore on matters relating to Tacoma Branch staffing and operations, and to
17 Respondent Woltman on matters relating to mortgage loan origination and submission. Respondent Jones was
18 directly responsible for the operation and supervision of the Tacoma Branch, and directly supervised
19 Respondents Richard W. Kadar and Jack L. Hansmann.

20 **F. Richard William Kadar** (“Respondent Kadar”) was, at all times relevant to this matter, acting as
21 the producing Branch Manager of the Tacoma Branch for Respondent MLD, responsible for the supervision
22 and operation of the Tacoma Branch including originating, securing, negotiating, processing, and
23 administering residential mortgage loans. Respondent Kadar was first licensed by the Department as a MLO
24 on or about May 10, 2007, and except for brief periods of time remained actively licensed in Washington until
25 July 22, 2014, when his MLO license became inactive. On or about July 25, 2014, Respondent MLD applied

1 to the Department to sponsor Respondent Kadar's MLO license as the Tacoma Branch Manager. The
2 Department has not approved the sponsorship of Respondent Kadar, whose MLO license at all times relevant
3 to this matter has remained inactive. Respondent Kadar reported to Respondent Jones on matters relating to
4 residential mortgage loan origination and submission, and directly supervised Respondent Jack L. Hansmann.

5 **G. Jack Lawrence Hansmann** ("Respondent Hansmann") was, at all times relevant to this matter, a
6 producing outside MLO for Respondent MLD responsible for originating residential mortgage loans.
7 Respondent Hansmann was first licensed as a MLO by the Department on or about March 29, 2007, and
8 except for brief periods of time has remained continually licensed in Washington to date. On or about July 29,
9 2014, Respondent MLD applied to the Department to sponsor Respondent Hansmann as a MLO; the
10 Department approved the sponsorship on or about July 30, 2014.

11 **1.2 Background: Regulatory Actions Against Respondent MLD**

12 **A. Washington Department of Financial Institutions**

13 On December 2, 2014, the Department entered a Temporary Order to Cease and Desist
14 ("TCD") against Respondent MLD alleging in part that beginning as early as May, 2014,
15 Respondent MLD was conducting business with Washington consumers from the unlicensed
16 Tacoma Branch; had substituted the names of Washington-licensed MLOs on loans
17 originated for Washington borrowers by Respondents Jones, Kadar, and Hansmann while
18 unlicensed; and had falsely reported to the Department that Respondents Gallant and
19 Woltman had originated residential mortgage loans for Washington consumers that were
20 actually originated by Respondents Jones, Kadar, and Hansmann. The TCD enjoined
21 Respondent MLD from conducting any business with Washington consumers from the
22 unlicensed Tacoma Branch; accepting residential mortgage loan submissions for Washington
23 consumers from any person not licensed by the Department to originate residential mortgage
24 loans in Washington; and aiding and abetting unlicensed activity. Respondent MLD has
25 requested an adjudicative hearing on the TCD, and has waived its right to have that hearing
commence on an expedited basis.

21 **B. U.S. Department of Housing and Urban Development ("HUD")**

22 On or about September 13, 2014, Respondent MLD entered into a Settlement Agreement
23 with HUD's Mortgagee Review Board to resolve allegations Respondent MLD failed to
24 properly document and verify funds used as gifts; exceeded FHA's maximum mortgage
25 amount; failed to properly analyze liabilities; charged borrowers a commitment fee without a
written lock-in agreement; and failed to comply with settlement requirements. In resolution
of the matter, Respondent MLD, without admitting fault or liability, agreed to payment of a
civil money penalty in the amount of \$60,000; remission of \$2,315.19 to HUD/FHA to buy

1 down an over-insured mortgage; payment of \$357,250 to satisfy the past due indebtedness on
2 two FHA loans MLD had previously indemnified; and indemnification of HUD for any loss
(past, present or future) on six FHA loans.

3 C. Pennsylvania Department of Banking and Securities

4 i. On or about March 17, 2011, Respondent MLD entered into a Consent Agreement and
5 Order with the Pennsylvania Department of Banking and Securities to settle allegations that
6 Respondent MLD had, through contract MLOs unlicensed in Pennsylvania, originated 220
7 residential mortgage loans in Pennsylvania. In settlement of the matter, without admitting or
denying the allegations, Respondent MLD paid a \$27,500 fine and agreed in part to cease and
desist conducting mortgage loan business through unlicensed MLOs.

8 ii. On or about July 7, 2010, Respondent MLD entered into a Consent Agreement and Order
9 with the Pennsylvania Department of Banking and Securities to settle allegations Respondent
10 MLD had accepted mortgage loans from unlicensed MLOs and by not maintaining
supervision and control over its employees. In settlement of the matter, without admitting or
denying the allegations, Respondent MLD paid a \$5,000 fine and agreed in part to cease and
desist accepting mortgage loan applications from unlicensed MLOs.

11 iii. On or about May 22, 2009, Respondent MLD entered into a Consent Agreement and
12 Order with the Pennsylvania Department of Banking and Securities to settle allegations that
13 Respondent MLD had, through its employees, originated thirteen residential mortgage loans
in Pennsylvania prior to licensure in that state. In settlement of the matter, stipulating as true
and correct the allegations made, Respondent MLD paid a \$5,000 fine.

14 D. New York Banking Department

15 On or about April 22, 2010, Respondent MLD entered into a Settlement Agreement with the
16 State of New York Banking Department to settle allegations that Respondent MLD had
17 mailed misleading advertisements to New York homeowners that failed to make clear and
conspicuous disclosures under the Truth in Lending Act and Regulation Z. In settlement of
the matter Respondent MLD agreed to take all necessary steps to ensure compliance with all
18 federal and state laws, regulations, and supervisory requirements relating to its mortgage
business, including compliance with Regulation Z. In addition, Respondent MLD agreed in
19 part to develop appropriate written policies and procedures designed to ensure compliance
with all applicable federal and state laws, regulations, and supervisory requirements relating
20 to advertising and to pay a \$7,000 fine.

21 **1.3 Failure to Disclose Regulatory Actions.** Each consumer loan company licensed under the Act must
22 maintain a current *Uniform Lender/Broker Form* ("Form MU1") on the Nationwide Multi-State Licensing
23 System ("NMLS"), disclosing certain regulatory actions taken against the company. Licensees are required to
24 keep their information on Form MU1 current, to timely file accurate supplementary information, and to
25 comply with the applicable state law relating to the license being sought.

1 A. The Disclosure Questions on Form MU1 require disclosure of adverse final actions that are a
2 matter of public record. Though they have updated their Form MU1 on NMLS more than a dozen times since
3 entering into the Settlement Agreement with HUD, as of the date of this Statement of Charges Respondent
4 MLD has failed to disclose that regulatory action on NMLS Form MU1.

5 B. The Disclosure Questions on Form MU1 require disclosure of temporary cease and desist orders.
6 Though they have updated their Form MU1 on NMLS more than a dozen times since the Department entered
7 the Temporary Cease and Desist Order, as of the date of this Statement of Charges Respondent MLD has
8 failed to disclose that regulatory action on NMLS Form MU1.

9 **1.4 Failure to Comply with Director's Investigative Authority**

10 A. **Respondent Jones' Personnel and Compensation Files.** On or about August 11, 2014, the
11 Department received a complaint from a Washington consumer concerning Respondent Jones and the
12 unlicensed Tacoma Branch. On or about August 14, 2014, the Department issued a Subpoena *Duces Tecum*
13 ("Complaint Subpoena") to Respondent MLD requesting production of documents relating to the employment
14 of Respondent Jones, including his entire personnel and compensation files. On or about September 22, 2014,
15 Respondent MLD produced what it described as Respondent Jones' complete employment package.

16 Respondent MLD failed to produce the entire personnel and compensation files in response to the
17 Complaint Subpoena.

18 B. **List of Respondent Jones' Loans.** On or about September 18, 2014, the Department opened an
19 investigation into Respondent MLD. On or about September 26, 2014, the Department issued a Subpoena
20 *Duces Tecum* ("Investigative Subpoena") to Respondent MLD requesting production of documents relating to
21 the creation, staffing, licensure, and operation of the Tacoma Branch. Numerous e-mails produced in response
22 to the Investigative Subpoena reference an Excel spreadsheet of Respondent Jones' loans.

23 Respondent MLD failed to produce the Excel spreadsheet of Respondent Jones' loans in response to the
24 Investigative Subpoena.

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1 **C. Respondent Jones' "MLO Folder."** Numerous e-mails produced in response to the
2 Investigative Subpoena reference loan documents maintained by Respondent MLD in "Andre Jones' MLO
3 folder," "in Andre Jones' LO folder," and in "Andre Jones' folder." The e-mails, sent by processors,
4 underwriters, MLOs, and other employees of Respondent MLD, note that though someone other than
5 Respondent Jones is the MLO on the loan, all documents relating to the loan were maintained in Respondent
6 Jones' MLO folder.

7 Respondent MLD failed to produce Respondent Jones' MLO folder in response to the Investigative
8 Subpoena, nor were any documents produced identified as having come from Respondent Jones' MLO folder.

9 **D. Customer Relationship Management Entries.** The Investigative Subpoena defined "Customer
10 Relationship Management" or "CRM" as "a system for managing a company's relationships and interactions
11 with prospective and current customers." The Investigative Subpoena requested production of the entire loan
12 file for all Washington loans originated by Respondents Jones and Woltman, including all CRM entries.
13 Numerous e-mails produced in response to the Investigative Subpoena reference putting notes relating to
14 residential mortgage loans in a program called WebLender. Described as a web-based program that helps
15 MLOs manage their customers and sales opportunities, WebLender is in part a CRM system.

16 Respondent MLD failed to produce any CRM entries in response to the Investigative Subpoena.

17 **1.5 Failure to Properly Supervise.**

18 **A. Respondents MLD, Gallant, Moore, and Woltman.** On or about November 7, 2013, the State
19 of Georgia entered a Final Order against Respondent Jones finding, in part, that Respondent Jones had
20 purposely withheld information and made a false statement or material misrepresentation on his MLO license
21 application. Concluding that Respondent Jones did not meet the character and fitness requirements for
22 licensure as a MLO, Georgia denied his application for a MLO license.

23 On or about November 12, 2013, Georgia reported the regulatory action against Respondent Jones and
24 uploaded a copy of the Final Order to NMLS. On or about April 1, 2014, Respondent Jones updated his
25 NMLS record with a detailed Disclosure Explanation of Georgia's regulatory actions against him.

1 On or about May 8, 2014, Respondent MLD entered into an Area Manager Agreement (“Agreement”)
2 with Respondent Jones, whereby Respondent Jones was responsible for the operation of the proposed new
3 Tacoma Branch, including the hiring, supervision, and training of branch-licensed MLOs. As a non-producing
4 manager, Respondent Jones was subject to significant restrictions on his activities in Washington and other
5 states where he was not licensed as a MLO. The Agreement provides in part, at Section III(d):

6 Area Manager is prohibited from acting as a Loan Originator as outlined by the Bureau of
7 Consumer Financial Protection, specifically Section 102.36, in States that he is not
8 licensed. This prohibition includes activities of referring, offering, arranging, or assisting a
9 consumer in obtaining or applying to obtain a mortgage loan.

10 On or about May 20, 2014, the Department entered into a Consent Order with Respondent Jones finding
11 that Respondent Jones had falsely attested that information and statements related to his MLO renewal
12 application were current, true, and correct, and concluding that Respondent Jones did not meet the character
13 and fitness requirements for licensure as a MLO in Washington.

14 In an apparent response to the Department’s Consent Order with Respondent Jones, on or about May
15 21, 2014, Respondent MLD entered into an addendum to the Agreement with Respondent Jones. The
16 addendum further limited Respondent Jones’ duties in Washington, providing, in part:

17 [I]t is understood that Area Manager is prohibited from participating in any conduct which
18 would require licensure under the State of Washington Department of Financial Institutions
19 Act, including originating, processing or underwriting any loan subject to the Department’s
20 regulatory authority. Area Manager is also prohibited from directly supervising any person
21 in connection with loan origination activities for Washington residents.

22 Area Manager’s duties in the state of Washington will be limited to recruiting loan
23 originators, branch offices and business development. The Managing Director of the Retail
24 Lending group will have direct supervision of said new hires.

25 On or about June 2, 2014, the Department reported the regulatory action against Respondent Jones and
26 uploaded a copy of the Consent Order to NMLS. On or about June 4, 2014, Respondent Jones updated his
27 NMLS record with a detailed Disclosure Explanation of the Department’s regulatory actions against him.

28 On or about July 22, 2014, Respondent MLD designated Respondent Jones as the direct supervisor of
29 Respondent Kadar, a licensed (though inactive) MLO and the proposed Tacoma Branch Manager.

1 In an e-mail sent to Respondent Moore on or about August 10, 2014, Respondent Jones included an
2 Excel spreadsheet captioned "Money Store Branch 10044 Master Pipeline." The spreadsheet identified 13
3 Washington residential mortgage loan applications submitted to Respondent MLD by Respondent Jones
4 between about June 3 and August 8, 2014. The spreadsheet also identified 33 Washington consumers
5 Respondent Jones had contacted between about May 29 and August 9, 2014, offering, arranging, or assisting
6 them obtain, or apply to obtain, residential mortgage loans.

7 In a similar e-mail sent to Respondents Gallant, Moore, and Woltman on or about August 17, 2014,
8 Respondent Jones included an updated copy of his "Master Pipeline" spreadsheet, identifying both additional
9 Washington residential mortgage loan applications submitted to Respondent MLD, as well as additional
10 Washington consumers Respondent Jones had contacted offering, arranging, or assisting them obtain, or
11 apply to obtain, residential mortgage loans.

12 In an e-mail sent to Respondents Woltman, Moore, and Kadar on or about September 21, 2014,
13 Respondent Jones again included an updated copy his "Master Pipeline" spreadsheet. The spreadsheet
14 identified 28 Washington residential mortgage loan applications submitted to Respondent MLD by
15 Respondent Jones between about June 3 and September 17, 2014, of which 18 had been approved by
16 Respondent MLD. The spreadsheet also identified 37 other Washington consumers Respondent Jones had
17 contacted between about May 29 and September 21, 2014, offering, arranging, or them obtain, or apply to
18 obtain, residential mortgage loans.

19 Had Respondents MLD, Gallant, Moore, and Woltman properly supervised Respondent Jones, they
20 would have known that he was acting as a MLO in a state where he was not licensed, including by engaging
21 in activities of referring, offering, arranging, or assisting Washington consumers in obtaining or applying to
22 obtain residential mortgage loans; by participating in conduct which would require licensure by the
23 Department, including by originating, processing or underwriting any loan subject to the Department's
24 regulatory authority; and by directly supervising Respondent Kadar in connection with loan origination
25 activities for Washington consumers, all from the unlicensed Tacoma Branch.

1 **B. Respondent Jones.** On or about July 22, 2014, Respondent MLD hired Respondent Kadar as the
2 Tacoma Branch Manager. Between about July 24 and September 30, 2014, Respondent Kadar offered,
3 arranged, or assisted at least four Washington consumers apply for residential mortgage loans while his MLO
4 license was inactive. On or about July 22, 2014, Respondent MLD hired Respondent Hansmann as an outside
5 MLO. Between about July 17 and July 29, 2014, before he was sponsored by Respondent MLD as a MLO,
6 Respondent Hansmann offered, arranged, or assisted at least two Washington consumers apply for residential
7 mortgage loans on behalf of Respondent MLD.

8 Had Respondent Jones properly supervised Respondents Kadar and Hansmann, he would have known
9 that they were acting as MLOs in a state where they were not licensed, including by offering, arranging, or
10 assisting Washington consumers obtain or apply to obtain residential mortgage loans from the unlicensed
11 Tacoma Branch.

12 **1.6 Unlicensed Activity.**

13 **A. Respondent MLD.** On or about July 25, 2014, Respondent MLD applied to the Department for a
14 Branch Office license under the Act for a branch to be located at 4412 6th Avenue, Suites 1-4, Tacoma,
15 Washington. The Department updated the NMLS License/Registration Status History for the proposed Tacoma
16 Branch, NMLS #1195866, to reflect that the status was Pending-Incomplete. On or about August 4, 2014, the
17 Department updated the Status History to Pending-Deficient, noting the main landing page of Respondent
18 MLD's website did not list their true corporate name as required. On or about August 18, 2014, as the
19 deficiency had been cleared, the Department updated the Status History to Pending-Review. Pursuant to the Act,
20 the Department has 90 days from receipt of a completed application to approve or deny the application. Based
21 on a completed application date of August 18, 2014, the Department had until November 16, 2014, to approve
22 or deny the application. All of the conduct alleged in this Statement of Charges occurred before that date.

23 Between about May 14 and September 29, 2014, employees, officers, and agents of Respondent MLD
24 working from the unlicensed Tacoma Branch offered, arranged, or assisted at least 50 Washington consumers
25 apply for residential mortgage loans on behalf of Respondent MLD.

1 **B. Respondent Jones.** Though not licensed in Washington as a MLO under the Act, between about
2 May 14 and September 29, 2014, Respondent Jones offered, arranged, or assisted at least 50 Washington
3 consumers apply for residential mortgage loans on behalf of Respondent MLD.

4 **C. Respondent Kadar.** Though his Washington MLO license was inactive under the Act, between
5 about July 24 and September 29, 2014, Respondent Kadar offered, arranged, or assisted at least five
6 Washington consumers apply for residential mortgage loans on behalf of Respondent MLD.

7 **D. Respondent Hansmann.** Though his Washington MLO license was not sponsored by Respondent
8 MLD, between about July 17 and July 30, 2014, Respondent Hansmann offered, arranged, or assisted at least
9 two Washington consumers apply for residential mortgage loans on behalf of Respondent MLD.

10 **1.7 Substitution of MLOs.** Between about May 14 and January 31, 2014, Respondents MLD, Gallant,
11 Moore, Woltman, Jones, Kadar, and Hansmann substituted the names and NMLS numbers of Washington-
12 licensed MLOs on loan documents required to disclose the names and NMLS numbers of Respondents Jones,
13 Kadar, and Hansmann.

14 **1.8 Deceptive Advertising.** Between about May 23 and August 13, 2014, Respondent Jones sent e-mails to
15 more than 45 different Washington consumers on behalf of Respondent MLD offering more than 60 different
16 residential mortgage loans. The e-mails included the loan type, loan term, simple interest rate, and for both
17 purchases and refinances, proposed loan amounts and monthly payment. The e-mails routinely included loan
18 terms triggering additional disclosures under the Truth in Lending Act and Regulation Z, yet failed to include
19 the required disclosures. In addition, while the e-mails disclosed a simple rate of interest, they failed to
20 include a clear and conspicuous disclosure of the Annual Percentage Rate.

21 **1.9 False Filings: 2014 Mortgage Call Reports.**

22 **A.** On or about November 12, 2014, Respondent MLD reported to the Department that in the 3rd
23 quarter of 2014, Respondents Gallant and Woltman originated nine residential mortgage loans for
24 Washington residents. One loan purportedly originated by Respondent Gallant was apparently originated by
25 Respondent Kadar; one loan purportedly originated by Respondent Woltman was apparently originated by

1 Respondent Hansmann; and seven loans purportedly originated by Respondent Woltman were apparently
2 originated by Respondent Jones.

3 **B.** On or about February 13, 2015, Respondent MLD reported to the Department that in the 4th
4 quarter of 2014, Respondents Gallant, Woltman, and Hansmann originated 19 residential mortgage loans for
5 Washington residents. One loan purportedly originated by Respondent Gallant was apparently originated by
6 Respondent Jones; two loans purportedly originated by Respondent Woltman were apparently originated by
7 Respondent Jones; five loans purportedly originated by Respondent Hansmann were apparently originated by
8 Respondent Jones; and three loans purportedly originated by Respondent Hansmann were apparently
9 originated by Respondent Kadar. (The remaining eight loans purportedly originated by Respondent
10 Hansmann were apparently originated by him after the Department approved his sponsorship.)

11 **1.10 Aiding and Abetting Unlicensed Practice.** Between around May 14 and September 29, 2014,
12 Respondents MLD, Gallant, Moore, Woltman, Jones, Kadar, and Hansmann aided and abetted Respondents
13 Jones, Kadar, and Hansmann to practice in violation of the Act.

14 **1.11 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
15 Respondents continues to date.

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

17 **2.1 Responsibility for Familiarity with Act.** Pursuant to WAC 208-620-378, Respondent MLD is
18 responsible for ensuring its employees and MLOs are familiar with the Act.

19 **2.2 Liability for Actions of Employees.** Pursuant to WAC 208-620-372, Respondent MLD is responsible
20 for any conduct violating the Act by its employees.

21 **2.3 Violations of Act and Rules.**

22 **A. Respondent MLD.** Based on the Factual Allegations set forth above, Respondent MLD is in
23 apparent violation of:

- 24 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
25 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
in violation of the Act and by substituting the names and NMLS numbers of Washington-

1 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
2 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;

- 3 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in unfair or deceptive practice toward
4 any person, including by failing to properly supervise Respondents Gallant, Moore,
5 Woltman, Jones, Kadar, and Hansmann; by making secured residential mortgage loans for
6 Washington consumers without first obtaining and maintaining the required branch, branch
7 manager, and MLO licenses; by aiding and abetting unlicensed persons to practice in
8 violation of the Act; and by engaging in false advertising;
- 9 iii. RCW 31.04.027(3) for, directly or indirectly, obtaining property by misrepresentation,
10 including by closing residential mortgage loans for Washington consumers that were
11 originated from the unlicensed Tacoma Branch;
- 12 iv. RCW 31.04.027(8), for negligently making any false statement or knowingly and willfully
13 making any omission of material fact in connection with any reports filed with the
14 Department, including on NMLS mortgage call reports filed with the Department;
- 15 v. RCW 31.04.035 and WAC 208-620-230, by making secured residential mortgage loans for
16 Washington consumers from the Tacoma Branch without first obtaining and maintaining the
17 required branch license;
- 18 vi. RCW 31.04.093(4)(b), for failing to comply with the Director's investigative authority;
- 19 vii. RCW 31.04.027(12) and WAC 208-620-630(2), for advertising any rate of interest without
20 conspicuously disclosing the annual percentage rate implied by that rate of interest;
- 21 viii. RCW 31.04.027(13) and WAC 208-620-640, for violating any applicable federal advertising
22 law or regulation relating to the activities governed by the Act, including the Truth in
23 Lending Act and Regulation Z;
- 24 ix. RCW 31.04.135, by advertising, publishing, or distributing, or permitting to be advertised,
25 printed, published, or distributed, in any manner whatsoever, any statement or representation
with regard to the rates, terms, or conditions for the lending of money that is false,
misleading, or deceptive.
- x. WAC 208-620-301, for employing unlicensed MLOs as managers and branch managers
taking residential mortgage loan applications, negotiating the terms or conditions of
residential mortgage loans, holding themselves out as being able to conduct these activities,
and supervising licensed MLOs;
- xi. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
indicate on all residential mortgage loan applications, initial and revised, the MLO's unique
identifier and the date the application was taken or revised; and
- xii. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
Act.

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2 **B. Respondent Gallant.** Based on the Factual Allegations set forth above, Respondent Gallant is in
3 apparent violation of:

- 4 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
5 mislead any borrower, lender, or person, by aiding and abetting unlicensed persons to
6 practice in violation of the Act and by substituting the names and NMLS numbers of
7 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
8 MLOs who actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 9 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
10 toward any person by failing to properly supervise Respondents Moore, Woltman, Jones,
11 Kadar, and Hansmann and by aiding and abetting unlicensed persons to practice in violation
12 of the Act;
- 13 iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
14 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
15 unique identifier and the date the application was taken or revised; and
- 16 iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
17 Act.

18 **C. Respondent Moore.** Based on the Factual Allegations set forth above, Respondent Moore is in
19 apparent violation of:

- 20 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
21 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
22 in violation of the Act and by substituting the names and NMLS numbers of Washington-
23 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
24 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 25 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
toward any person by failing to properly supervise Respondents Woltman, Jones, Kadar, and
Hansmann and by aiding and abetting unlicensed persons to practice in violation of the Act;
- iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
indicate on all residential mortgage loan applications, initial and revised, the loan originator's
unique identifier and the date the application was taken or revised; and
- iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
Act.

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1 **D. Respondent Woltman.** Based on the Factual Allegations set forth above, Respondent Woltman
2 is in apparent violation of:

- 3 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
4 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
5 in violation of the Act and by substituting the names and NMLS numbers of Washington-
6 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
7 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 8 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
9 toward any person by failing to properly supervise Respondents Jones, Kadar, and Hansmann
10 and by aiding and abetting unlicensed persons to practice in violation of the Act;
- 11 iii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
12 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
13 unique identifier and the date the application was taken or revised; and
- 14 iv. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
15 Act.

16 **E. Respondent Jones.** Based on the Factual Allegations set forth above, Respondent Jones is in
17 apparent violation of:

- 18 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
19 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
20 in violation of the Act and by substituting the names and NMLS numbers of Washington-
21 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
22 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 23 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
24 toward any person, including by failing to properly supervise Respondents Kadar and
25 Hansmann; by offering, arranging or assisting Washington consumers apply for residential
 mortgage loans without first obtaining and maintaining the required branch, branch manager,
 and MLO licenses; by aiding and abetting unlicensed persons to practice in violation of the
 Act; and by engaging in false advertising;
- iii. RCW 31.04.221, by engaging in the business of a MLO without first obtaining and
 maintaining the required MLO license;
- iv. RCW 31.04.027(12) and WAC 208-620-630(2), for advertising any rate of interest without
 conspicuously disclosing the annual percentage rate implied by that rate of interest;
- v. RCW 31.04.027(13) and WAC 208-620-640, for violating any applicable federal advertising
 law or regulation relating to the activities governed by the Act, including the Truth in
 Lending Act and Regulation Z;

- 1 vi. RCW 31.04.135, by advertising, publishing, or distributing, in any manner whatsoever, any
2 statement or representation with regard to the rates, terms, or conditions for the lending of
3 money that is false, misleading, or deceptive;
- 4 vii. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
5 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
6 unique identifier and the date the application was taken or revised; and
- 7 viii. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
8 Act.

9 **F. Respondent Kadar.** Based on the Factual Allegations set forth above, Respondent Kadar is in
10 apparent violation of:

- 11 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
12 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
13 in violation of the Act and by substituting the names and NMLS numbers of Washington-
14 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
15 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;
- 16 ii. RCW 31.04.027(2) for, directly or indirectly, engaging in an unfair or deceptive practice
17 toward any person by offering, arranging or assisting Washington consumers apply for
18 residential mortgage loans without first obtaining and maintaining the required branch,
19 branch manager, and MLO licenses; and by aiding and abetting unlicensed persons to
20 practice in violation of the Act;
- 21 iii. RCW 31.04.221, by engaging in the business of a MLO without first obtaining and
22 maintaining the required MLO license;
- 23 iv. WAC 208-620-550(16), for engaging in an unfair or deceptive act or practice by failing to
24 indicate on all residential mortgage loan applications, initial and revised, the loan originator's
25 unique identifier and the date the application was taken or revised; and
- v. WAC 208-620-570, for aiding and abetting unlicensed persons to practice in violation of the
Act.

26 **G. Respondent Hansmann.** Based on the Factual Allegations set forth above, Respondent
27 Hansmann is in apparent violation of:

- 28 i. RCW 31.04.027(1) for, directly or indirectly, employing any scheme, device, or artifice to
29 mislead any borrower, lender, or person by aiding and abetting unlicensed persons to practice
30 in violation of the Act and by substituting the names and NMLS numbers of Washington-
31 licensed MLOs on loan documents for the names and NMLS numbers of the MLOs who
32 actually originated those loans, i.e., Respondents Jones, Kadar, and Hansmann;

33 //

1 Director to deny the application for the original license, then the Director may revoke a license issued under
2 the Act. Additional authority for the revocation of Respondent MLD's license include WAC 208-620-570(8),
3 where the licensee has aided or abetted unlicensed persons to practice in violation of the Act; WAC 208-620-
4 570(11), where the licensee has failed to comply with subpoenas; and WAC 208-620-570(13)(b), where the
5 licensee has failed to cooperate with the Director by not furnishing records requested by the Director for the
6 purpose of conducting a lawful investigation into a complaint against the licensee filed with the Department.

7 **3.5 Authority to Remove from Office and Prohibit From Industry.** Pursuant to RCW 31.04.093(6),
8 the Director may issue an order removing from office and prohibiting from the industry any officer, principal,
9 employee, MLO, or other persons subject to the Act for failure to comply with any subpoena issued under the
10 Act; any violation of RCW 31.04.027 or RCW 31.04.221; or failure to obtain a license for activity that
11 requires a license.

12 **3.6 Authority to Order Refunds of Fees.** Pursuant to RCW 31.04.035(2) and WAC 208-620-230, the
13 Director may issue an order directing a licensee to refund to consumers all nonthird-party fees charged in
14 connection with the origination of a residential mortgage loan in violation of RCW 31.04.035(1), which
15 prohibits the making of secured residential mortgage loans without first obtaining and maintaining a license in
16 accordance with the Act.

17 **3.7 Authority to Impose Fines.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to
18 one hundred dollars per day, per violation, upon licensees, employees, MLOs, or other persons subject to the
19 Act for any violation of the Act.

20 **3.8 Authority to Collect Cost of Investigation.** Pursuant to RCW 31.04.145(3) and WAC 208-620-590,
21 every licensee investigated by the Director or the Director's designee shall pay for the cost of the
22 investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation.

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

2 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set
3 forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions,
4 constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205.
5 Therefore, it is the Director's intent to ORDER that:

- 6 **4.1** Respondent MLD Mortgage, Inc. cease and desist failing to properly disclose required
7 regulatory actions on NMLS; failing to comply with the Director's investigative authority;
8 engaging in unlicensed activity; failing to properly supervise employees; directly or indirectly
9 employing any scheme, device, or artifice to mislead any borrower, lender, or person; directly
10 or indirectly engaging in any unfair or deceptive practice; directly or indirectly obtaining
11 property by fraud or misrepresentation; aiding and abetting unlicensed persons to practice in
12 violation of the Act; making secured residential mortgage loans for Washington consumers
13 originated from unlicensed locations; substituting the names and NMLS numbers of
14 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
15 actual MLOs who originated the loans; and filing false NMLS mortgage call reports with the
16 Department.
- 17 **4.2** Respondent MLD Mortgage, Inc. take affirmative action necessary to comply with the Act by
18 filing amended NMLS mortgage call reports for the 3rd and 4th quarters of 2014, disclosing
19 the names and NMLS numbers of the actual MLOs who originated the loans disclosed on the
20 reports.
- 21 **4.3** Respondent MLD Mortgage Inc.'s Washington license to conduct the business of a consumer
22 loan company under the Act be revoked.
- 23 **4.4** Respondent MLD Mortgage, Inc. refund to all nonthird-party fees charged in connection with
24 the making of secured residential mortgage loans for Washington consumers from the
25 unlicensed Tacoma Branch and to Washington consumers all nonthird-party fees charged in
connection with the making of secured residential mortgage loans for Washington consumers
from the unlicensed Tacoma Branch in an amount to be determined at hearing. As of the date
of this Statement of Charges, the amount totals \$113,780.20.
- 4.5** Respondent MLD Mortgage, Inc. pay a fine to the State of Washington in an amount of up to
\$100 per day, per violation, for each violation of the Act. As of the date of this Statement of
Charges, the fine totals at least \$250,000.
- 4.6** Respondent MLD Mortgage, Inc. pay the costs of this investigation to the State of
Washington in an amount of \$69.01 per staff hour devoted to the investigation. As of the date
of this Statement of Charges, the investigative costs total at least \$26,913.90.
- 4.7** Respondent MLD Mortgage, Inc.'s license application for the Tacoma Branch under the Act
be denied.

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- 1 **4.8** Respondent Dale Joseph Gallant cease and desist failing to properly supervise employees;
2 directly or indirectly employing any scheme, device, or artifice to mislead any borrower,
3 lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding
4 and abetting unlicensed persons to practice in violation of the Act; and substituting the names
5 and NMLS numbers of Washington-licensed MLOs on loan documents for the names and
6 NMLS numbers of the actual MLOs who originated the loans.
- 7 **4.9** Respondent Dale Joseph Gallant's Washington license to conduct the business of a MLO
8 under the Act be revoked.
- 9 **4.10** Respondent Dale Joseph Gallant be removed from his position as Director of Operations of
10 Respondent MLD Mortgage, Inc., and be prohibited from participation in the affairs of any
11 consumer loan company licensed by, subject to licensure by, or exempt from licensure by the
12 Department for a period of five (5) years.
- 13 **4.11** Respondent Jeff Moore cease and desist failing to properly supervise employees; directly or
14 indirectly employing any scheme, device, or artifice to mislead any borrower, lender, or
15 person; engaging directly or indirectly in any unfair or deceptive practice; aiding and abetting
16 unlicensed persons to practice in violation of the Act; and substituting the names and NMLS
17 numbers of Washington-licensed MLOs on loan documents for the names and NMLS
18 numbers of the actual MLOs who originated the loans.
- 19 **4.12** Respondent Jeff Moore be removed from his position as Managing Director of Respondent
20 MLD Mortgage, Inc., and be prohibited from participation in the affairs of any consumer loan
21 company licensed by, subject to licensure by, or exempt from licensure by the Department for
22 a period of five (5) years.
- 23 **4.13** Respondent Brian Arthur Woltman cease and desist failing to properly supervise employees;
24 directly or indirectly employing any scheme, device, or artifice to mislead any borrower,
25 lender, or person; directly or indirectly engaging in any unfair or deceptive practice; aiding
 and abetting unlicensed persons to practice in violation of the Act; and substituting the names
 and NMLS numbers of Washington-licensed MLOs on loan documents for the names and
 NMLS numbers of the actual MLOs who originated the loans.
- 4.14** Respondent Brian Arthur Woltman's Washington license to conduct the business of a MLO
 under the Act be revoked.
- 4.15** Respondent Brian Arthur Woltman be removed from his position as Retail Sales Manager of
 Respondent MLD Mortgage, Inc. and be prohibited from participation in the affairs of any
 consumer loan company licensed by, subject to licensure by, or exempt from licensure by the
 Department for a period of five (5) years.
- 4.16** Respondent Andre Dwayne Jones cease and desist supervising any MLOs under his direct
 supervision; directly or indirectly employing any scheme, device, or artifice to mislead any
 borrower, lender, or person; directly or indirectly engaging in any unfair or deceptive
 practice; aiding and abetting unlicensed persons to practice in violation of the Act; and
 substituting the names and NMLS numbers of Washington-licensed MLOs on loan
 documents for the names and NMLS numbers of the actual MLOs who originated the loans.

- 1 **4.17** Respondent Andre Dwayne Jones be removed from his position as Regional Director of Sales
2 and Business Development for Respondent MLD Mortgage, Inc., and be prohibited from
3 participation in the affairs of any consumer loan company licensed by, subject to licensure
4 by, or exempt from licensure by the Department for a period of five (5) years.
- 5 **4.18** Respondent Richard William Kadar cease and desist directly or indirectly employing any
6 scheme, device, or artifice to mislead any borrower, lender, or person; directly or indirectly
7 engaging in any unfair or deceptive practice; aiding and abetting unlicensed persons to
8 practice in violation of the Act; and substituting the names and NMLS numbers of
9 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
10 actual MLOs who originated the loans.
- 11 **4.19** Respondent Richard William Kadar's inactive Washington license to conduct the business of
12 a MLO under the Act be revoked.
- 13 **4.20** Respondent Richard William Kadar be removed from his position as Tacoma Branch
14 Manager for Respondent MLD Mortgage, Inc., and be prohibited from participation in the
15 affairs of any consumer loan company licensed by, subject to licensure by, or exempt from
16 licensure by the Department for a period of five (5) years.
- 17 **4.21** Respondent Jack Lawrence Hansmann cease and desist directly or indirectly employing any
18 scheme, device, or artifice to mislead any borrower, lender, or person; directly or indirectly
19 engaging in any unfair or deceptive practice; aiding and abetting unlicensed persons to
20 practice in violation of the Act; and substituting the names and NMLS numbers of
21 Washington-licensed MLOs on loan documents for the names and NMLS numbers of the
22 actual MLOs who originated the loans.
- 23 **4.22** Respondent Jack Lawrence Hansmann's Washington license to conduct the business of a
24 MLO under the Act be revoked.
- 25 **4.23** Respondent Jack Lawrence Hansmann be removed from his position as an outside MLO for
 Respondent MLD Mortgage, Inc., and be prohibited from participation in the affairs of any
 consumer loan company licensed by, subject to licensure by, or exempt from licensure by the
 Department for a period of two (2) years.

V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Take
Affirmative Action, Deny Branch License Application, Revoke Licenses, Remove from Office, Prohibit from
Industry, Refund Fees, Impose Fine, and Collect Cost of Investigation (Statement of Charges) is entered
pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is
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1 subject to the provisions of Chapter 34.05 RCW (The Administrative Procedure Act). Respondents may each
2 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
3 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

4 Dated this 20th day of February, 2015.



5
6 CHARLES E. CLARK
7 Director, Division of Consumer Services
8 Department of Financial Institutions

9
10 Presented by:



11
12 ANTHONY W. CARTER
13 Senior Legal Examiner

10 Approved by:



11 STEVEN C. SHERMAN
12 Enforcement Chief

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 Consumer Loan Act of Washington by:

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

C-14-1565-14-TD01

TEMPORARY ORDER TO
CEASE AND DESIST

10 **THE STATE OF WASHINGTON TO:** Lawrence A. Dear
11 President and CEO
12 MLD Mortgage, Inc.
13 30 B Vreeland Road
14 Florham Park, NJ 07932

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

20 **I. FACTUAL FINDINGS**

21 **1.1 MLD Mortgage, Inc. ("Respondent MLD")**, doing business in Washington and elsewhere as The
22 Money Store and Mortgage Lending Direct, was licensed by the Washington State Department of Financial
23 Institutions ("Department") to conduct business as a Consumer Loan Company on or about April 5, 2005, and
24 continues to be licensed to date. Respondent MLD has primarily conducted business in Washington from its
25 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.

