

ORDER SUMMARY – Case Number: C-17-2213

Name(s): Joseph Novelli

Order Number: C-17-2213-17-FO01

Effective Date: 9/19/17

License Number: 225333

Or NMLS Identifier [U/L] _____

License Effect: Application Denied

Not Apply Until: Ten years from Final Order date of entry

Not Eligible Until: Ten years from Final Order date of entry

Prohibition/Ban Until: Ten years from Final Order date of entry

Investigation Costs	\$N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: _____

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

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

No.: C-17-2213-17-FO01

JOSEPH NOVELLI,
Mortgage Loan Originator,
NMLS # 225333,

FINAL ORDER

Respondent.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through her designee, Consumer Services Division Director Charles E. Clark (Director's designee), pursuant to RCW 34.05.440(1). On August 9, 2017, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an order to Deny License Application, Prohibit from Industry, and Recover Costs (Statement of Charges) against Joseph Novelli (Respondent). A copy of the Statement of Charges is attached and incorporated into this Order by this reference. The Statement of Charges was accompanied by a cover letter dated August 9, 2017, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

On August 9, 2017, the Department served Respondent with the Statement of Charges and accompanying documents by United States Postal Service First-Class mail and Federal Express overnight delivery. On August 10, 2017, the documents sent by Federal Express overnight delivery were delivered. The documents sent by First-Class mail were not returned to the Department by the United States Postal Service.

Respondent did not request an adjudicative hearing within twenty calendar days after the Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

B. Record Presented. The record presented to the Director's designee for his review and for entry of a final decision included the following: Statement of Charges, cover letter dated August 9, 2017, Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent, with documentation for service.

C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the Director's designee hereby adopts the Statement of Charges, which is attached hereto.

II. FINAL ORDER

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

A. IT IS HEREBY ORDERED, That:

1. Respondent Joseph Novelli's application for a mortgage loan originator license is denied.
2. Respondent Joseph Novelli is prohibited from participation in the conduct of the affairs of any consumer loan company subject to licensure by the Director, in any manner, for a period of ten years.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

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

4 C. Stay of Order. The Director's designee has determined not to consider a Petition to
5 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
6 for Judicial Review made under RCW 34.05.550.

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

10 E. Non-compliance with Order. If you do not comply with the terms of this order,
11 **including payment of any amounts owed within 30 days of receipt of this order**, the Department
12 may seek its enforcement by the Office of the Attorney General to include the collection of the fines,
13 and fees imposed herein. The Department also may assign the amounts owed to a collection agency
14 for collection.

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

18 DATED this 19th day of September, 2017.

19
20 STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

21 /s/_____
22 CHARLES E. CLARK
23 Director
Division of Consumer Services
24

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

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

JOSEPH NOVELLI,
Mortgage Loan Originator,
NMLS # 225333,

Respondent.

No.: C-17-2213-17-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENTION TO ENTER AN
ORDER TO DENY LICENSE
APPLICATION, PROHIBIT FROM
INDUSTRY, AND RECOVER COSTS AND
EXPENSES

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 chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to RCW 31.04.247, and based upon the facts available as of the date of this Statement of Charges, the Director, through her designee, Division of Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Joseph Novelli (Respondent) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a mortgage loan originator license under Cardinal Financial Company, a consumer loan company licensed under the Act. The license application was received by the Department, through the Nationwide Mortgage Licensing System and Registry, on or about March 22, 2017. At this time, the MLO license application is pending.

1.2 Prior Criminal Conviction. On or about April 05, 2013, the District Court of Douglas County, Nebraska entered Respondent's no contest plea to a felony crime, Possession of Marijuana, More than a Pound.

1.3 Misstatement to the Department. Respondent's MLO application required the submission of a Uniform Individual Mortgage License/Registration & Consent form (MU4 Form), which consists of a series of questions. The following question is included in the MU4 Form under the Criminal Disclosure section:

Have you ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony?

Respondent answered "yes" to this question. Respondent was obligated by statute to answer questions on the MU4 Form truthfully and to provide the Department with complete details of all relevant events or proceedings for all events relevant to the above stated question. Respondent did not provide details, documents, or other statements in his MU4 Form regarding the 2013 felony conviction. In the Disclosure Explanation section of the MU4 Form – titled, "Event Explanation Detail (Required)" - Respondent stated, "[i]n 1993 was convicted on Federal Marijuana charges that was over 20 years ago." Respondent's explanation did not refer to his more recent, 2013 felony conviction nor did he provide documents in NMLS related to his 2013 felony conviction. On or about March 22, and March 29, 2017, Respondent attested, under penalty of perjury, that the information and statements contained within the MU4 Form are "current, true, accurate, and complete[.]" To date, his MU4 Form records have not disclosed the 2013 conviction.

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

II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement of No Prior Criminal Convictions. Based on the Factual Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW 31.04.247(1)(d) and WAC 208-620-710(4)(c)(i) by having been convicted of, or having pled guilty or nolo contendere to,

1 a felony in a domestic, foreign, or military court during the seven-year period preceding the date of
2 the application for licensing and registration.

3 **2.2 False Statements and Omissions of Material Facts.** Based on the Factual Allegations set
4 forth in Section I above, Respondent is in apparent violation of RCW 31.04.027(8) and WAC 208-
5 620-550(6) for negligently making any false statements or knowingly and willfully making any
6 statements that omitted material facts in connection with any report filed with the Department by a
7 licensee or in connection with any investigation conducted by the Department.

8 **III. AUTHORITY TO IMPOSE SANCTIONS**

9 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW
10 31.04.247(2), the Director shall not issue a license if the conditions of RCW 31.04.247(1) have not
11 been met by the applicant, and shall notify the applicant of the denial.

12 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may
13 issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,
14 employee, or any other person subject to the Act for a violation of RCW 31.04.027.

15 **3.3 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
16 may recover the state's costs and expenses for prosecuting violations of the Act.

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

18 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
19 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
20 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
21 31.04.205, and RCW 31.04.247. Therefore, it is the Director's intent to ORDER that:

22 **4.1** Respondent Joseph Novelli's application for a mortgage loan originator license be
23 denied.
24

4.2 Respondent Joseph Novelli be prohibited from participation in the conduct of the affairs of any consumer loan company subject to licensure by the Director, in any manner, for a period of ten years.

4.3 Respondent Joseph Novelli pay the Department's costs and expenses for prosecuting violations of the Act in an amount to be determined at hearing or by declaration with supporting documentation in event of default by Respondent.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Deny License
3 Application, Prohibit From Industry, and Recover Costs And Expenses (Statement of Charges) is
4 issued pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW
5 31.04.205, and is subject to the provisions of chapter 34.05 RCW, the Administrative Procedure Act.
6 Respondent may make a written request for a hearing as set forth in the NOTICE OF
7 OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying this
8 Statement of Charges.

9 Dated this 8th day of August, 2017.

10 /s/
11 CHARLES E. CLARK
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15
16 Presented by:

17
18 /s/
19 IGOR VOLOSHIN
20 Financial Legal Examiner

21 Approved by:

22 /s/
23 STEVEN C. SHERMAN
24 Enforcement Chief