

# Terms Completed

## ORDER SUMMARY – Case Number: C-02-067

**Name(s):** Arista Mortgage and Financial Services Inc dba Arista Mortgage Inc  
Nathan Warnock  
Alexander Warnock

**Order Number:** C-02-067-05-CO01

**Effective Date:** February 11, 2005

**License Number:** DFI: 19024  
**Or NMLS Identifier [U/L]** (Revoked, suspended, stayed, application denied or withdrawn)  
 If applicable, you must specifically note the ending dates of terms.

**License Effect:** Surrendered -Arista & Nathan Warnock  
Alexander Warnock is free to apply for a mortgage broker license

**Not Apply Until:** Nathan Warnock cannot reapply until February 11, 2010

**Not Eligible Until:** \_\_\_\_\_

**Prohibition/Ban Until:** Nathan Warnock may not participate in the industry until February 11, 2010

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

**Comments:** \_\_\_\_\_

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

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

NO. C-02-067-05-CO01

ARISTA MORTGAGE AND FINANCIAL  
SERVICES, INC. dba ARISTA MORTGAGE,  
INC., NATHAN WARNOCK, Owner and President  
and ALEXANDER WARNOCK, Designated Broker  
Respondents

CONSENT ORDER

9 COMES NOW the Director of the Department of Financial Institutions (Director), through her designee Chuck  
10 Cross, Division Director, Division of Consumer Services, and Arista Mortgage and Financial Services, Inc. dba Arista  
11 Mortgage, Inc., Nathan Warnock and Alexander Warnock (hereinafter collectively as Respondents), and finding that the  
12 issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order.  
13 This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of  
14 the Administrative Procedure Act, based on the following:

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**AGREEMENT AND ORDER**

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have  
agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-02-067-04-SC01 (Statement of  
Charges), entered October 29, 2004, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker  
Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the  
Department's entry of this Consent Order and further agree that the issues raised in the above captioned matter may be  
economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve  
the Statement of Charges, entered October 29, 2004.

23 Based upon the foregoing:

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

CONSENT ORDER  
ARISTA MORTGAGE AND FINANCIAL  
SERVICES, INC.

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Division of Consumer Services  
150 Israel Rd SW  
PO Box 41200  
Olympia, WA 98504-1200  
(360) 902-8795

1           **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing before an  
2 administrative law judge, and that they have waived their right to a hearing and any and all administrative and judicial  
3 review of the issues raised in this matter, or of the resolution reached herein.

4           **C. Mortgage Broker License.** It is AGREED that Respondents have voluntarily surrendered their mortgage  
5 broker license to the Department. It is further AGREED that Respondents will immediately provide the Department with a  
6 fully completed “Mortgage Broker Office Closure/License Surrender Form.”

7           **D. Declaration of Non-Activity.** It is AGREED that Respondent Arista Mortgage and Financial Services, Inc.  
8 shall immediately provide the Department with a Declaration of Non-Activity, declaring the date Respondent Arista  
9 Mortgage and Financial Services, Inc. ceased operation as a Mortgage Broker, and declaring that Respondents transacted no  
10 further business requiring a license from the Department after that date.

11           **E. Application for Mortgage Broker License and Prohibition.** It is AGREED that Respondents Arista  
12 Mortgage and Financial Services, Inc. and Nathan Warnock will not apply to the Department for any license under any  
13 name for a period of five (5) years from the entry of this Consent Order and will not participate in the conduct of the affairs  
14 of any licensed mortgage broker for a period of five (5) years from the date of entry of this Consent Order.

15           **F. Future Application.** It is AGREED that the conduct giving rise to the issuance of the above-mentioned  
16 Statement of Charges will not be considered by the Department in the assessment of any future application by Alexander  
17 Warnock for a mortgage broker license in the State of Washington.

18           **G. Compliance with the Law.** It is AGREED that Respondents shall comply with the Mortgage Broker  
19 Practices Act and the rules adopted thereunder.

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

24           **I. Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted that they  
25 have the full power and right to execute this Consent Order on behalf of the parties represented.

1 J. **Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into this  
2 Consent Order, which is effective when signed by the Director's designee.

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

5 **RESPONDENTS:**

6 **Arista Mortgage and Financial, Inc.**

7 By:

8 \_\_\_\_\_  
9 Nathan Warnock  
10 President, Owner

\_\_\_\_\_ Date

11 \_\_\_\_\_  
12 Alexander Warnock  
13 Designated Broker

\_\_\_\_\_ Date

14 \_\_\_\_\_  
15 Nathan Warnock, Individually

\_\_\_\_\_ Date

16 \_\_\_\_\_  
17 Alexander Warnock, Individually

\_\_\_\_\_ Date

18 **DO NOT WRITE BELOW THIS LINE**

19 THIS ORDER ENTERED THIS 11th DAY OF FEBRUARY, 2005.

20 /s/ \_\_\_\_\_  
21 CHUCK CROSS  
22 Director and Enforcement Chief  
23 Division of Consumer Services  
24 Department of Financial Institutions

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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
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IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

ARISTA MORTGAGE AND FINANCIAL  
SERVICES, INC. dba ARISTA MORTGAGE,  
INC., NATHAN WARNOCK, Owner and  
President and ALEXANDER WARNOCK,  
Designated Broker

Respondents.

NO. C-02-067-04-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSE  
AND PROHIBIT FROM INDUSTRY

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**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of October 22, 2004, 2004, the Director institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents:**

A. **Arista Mortgage and Financial Services, Inc. (Respondent Arista)** is known to have conducted the business of a mortgage broker at the following location:

3901 S. Fife Street, Suite 101  
Tacoma, WA 98409 and

4040 S. Tyler #19  
Tacoma WA 98409, and

1226 Carpenter Rd. #B-1  
Lacey WA, and

1 3435 Martin Way  
2 Olympia WA

3 **B. Nathan Warnock (Respondent N. Warnock)** is known to be the owner of Respondent Arista  
4 and served as the Designated Broker until March 1, 2002, when Alexander Warnock was named the Designated  
5 Broker.

6 **C. Alexander James Warnock (Respondent A. Warnock)** was named Designated Broker on  
7 March 1, 2002, and has continued as Designated Broker to date.

8 **1.2 License:** Respondent Arista was originally licensed by the Department to conduct business as a  
9 mortgage broker on December 1, 1993, and has continued to be licensed to date.

10 **1.3 Failure to Pay Annual Assessments:** An annual assessment fee for each license is due to the  
11 Department no later than the last business day of December for the year then ended. To date, the Department  
12 has not received the following annual assessments due from Respondents, totaling \$1061.72: Payment of the  
13 annual assessment of \$530.86 for the years ended 2002 and 2003 was due to the Department no later than the  
14 last business day of December each year.

15 In addition, payment of the annual assessment of \$530.86 for the year 2004 will be due to the Department no  
16 later than the last business day of December 2004.

17 **1.4 Failure to Maintain Bond:** On February 21, 2003, the Department became aware of the cancellation  
18 of Respondent Arista's surety bond, which was effective March 24, 2003. To date, Respondents have failed to  
19 notify the Department of the cancellation of the surety bond, and have failed to provide the required surety bond  
20 or an approved alternative.

21 **1.5 Failure to Submit Continuing Education Certificates:** A certificate of satisfactory completion of an  
22 approved continuing education course by a licensee's Designated Broker is due to the Department no later than  
23 the last business day of December of each year. To date, the Department has not received the required  
24 certificates from Respondent Daly for the years ended 2000 through 2003.

**1.6 Failure to Respond to Directives:** On February 21, 2003 the Department sent a Requirement and  
Directive to Respondent's official business address notifying Respondents of their failure to complete

1 Continuing Education for the years 2000 through 2002. To date, the Department has not received a response to  
2 this directive.

3 On February 24, 2003, the Department sent a Requirement and Directive to Respondent's official  
4 business address notifying them that the Department had received a cancellation notice for their required surety  
5 bond. The Directive stated that Respondents were required to provide the Department with a replacement surety  
6 bond within ten days of receipt of the letter. The Department never received any response to that Directive.

7 **1.7 Failure to Notify Department of Significant Developments:**

- 8 A. As stated in 1.4 above, to date, Respondents have not notified the Department of the  
9 cancellation of Respondent Arista's surety bond.
- 10 B. Respondent Arista's corporate license, maintained with the State of Washington Secretary of  
11 State, expired on June 30, 2002. To date, Respondents have not notified the Department of this  
12 change in standing with the State of Washington Secretary of State.
- 13 C. Respondent Arista's Master Business License account, maintained with the Washington State  
14 Department of Licensing, was dissolved on September 23, 2002. To date, Respondents have  
15 not notified the Department of this change in Respondent Arista's State Master Business  
16 License.

17 **1.8 Previous Violations:** On September 30, 1994, Nathan Warnock signed a Stipulation and Order  
18 admitting that Respondent Arista had converted \$8,304.69 from 152 borrowers and agreed to reimburse each of  
19 those consumers.

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

21 **2.1 Requirement to Pay Annual Assessments:** Based on the Factual Allegations set forth in Section I  
22 above, Respondents are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-  
23 660-061 for failing to pay to the Director an annual assessment fee no later than the last business day of the  
24 month in which the anniversary date of the issuance of the mortgage broker's license occurs.

1 **2.2 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I  
2 above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to  
3 file and maintain a surety bond or approved alternative with the Department.

4 **2.3 Requirement to Submit Certificate of Completion of Continuing Education:** Based on the Factual  
5 Allegations set forth in Section I above, Respondent Daly is in apparent violation of RCW 19.146.215 and  
6 WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of  
7 satisfactory completion no later than the last business day of the month in which the anniversary date of the  
8 issuance of the licensee's license occurs.

9 **2.4 Requirement to Notify Department of Significant Developments:** Based on the Factual Allegations  
10 set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e) and WAC 208-  
11 660-150(3)(e) and (f) for failing to notify the Director in writing within thirty days after receipt of notification  
12 of cancellation of the licensee's surety bond, and failing to notify the Director in writing within five days after a  
13 change in State master business license or standing with the state of Washington Secretary of State.

14 **2.5 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii), (iii) and (iv), and WAC 208-  
15 660-160(1), (2), (8) and (13), the Director may revoke a license if a licensee fails to pay a fee required by the  
16 Director, fails to maintain the required bond, or fails to comply with any directive or order of the Director.

17 **2.6 Authority to Impose Fine:** Pursuant to RCW 19.146.220(2)(c) and WAC 208-660-165, the Director  
18 may impose fines on a licensee that fails to maintain the required bond or fails to comply with any directive or  
19 order of the Director.

20 **2.7 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the  
21 Director may prohibit from participation in the conduct of the affairs of a licensed mortgage broker,  
22 any officer, principal, employee, or loan originator of any licensed mortgage broker or any person  
23 subject to licensing under the Act that fails to maintain the required bond or fails to comply with any  
24 directive or order of the Director.



1 **III. NOTICE OF INTENTION TO ENTER ORDER**

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

- 6 3.1 Respondent Arista's license to conduct the business of a Mortgage Broker be revoked; and
- 7 3.2 Respondent Nathan Warnock be prohibited from participation in the conduct of the affairs of any  
8 licensed mortgage broker, in any manner, for a period of five (5) years; and
- 9 3.3 Respondent Alexander Warnock be prohibited from participation in the conduct of the affairs of any  
10 licensed mortgage broker, in any manner, for a period of five (5) years, and
- 11 3.4 Respondents jointly and severally pay a fine of \$3000.00 for:
  - 12 a. Failure to maintain the required bond or approved alternative, calculated at \$50 per day for 30  
13 days; and
  - 14 b. Failure to comply with a directive, calculated at \$50 per day for 30 days; and
- 15 3.5 Respondents maintain records in compliance with the Act and provide the Department with the  
16 location of the books, records and other information relating to Respondent Arista's mortgage broker  
17 business, and the name, address and telephone number of the individual responsible for maintenance of  
18 such records in compliance with the Act.

19 **IV. AUTHORITY AND PROCEDURE**

20 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License and Prohibit from  
21 Industry is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and  
22 RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act).  
23 Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO  
24 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of  
Intention to Enter an Order to Revoke License and Prohibit from Industry.

Dated this 29th day of May, 2004.

Presented by:  
Deborah Bortner  
Financial Legal Examiner

/S/  
CHUCK CROSS  
Director and Enforcement Chief  
Division of Consumer Services  
Department of Financial Institutions