

1
2
3
4
5
6
7
8

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

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

NO. C-04-243-08-CO01

TRACEY L. WILLIAMS,

CONSENT ORDER

Loan Originator #510 LO 31538,
Respondent.

9
10
11
12
13
14

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Tracey L. Williams, Loan Originator (hereinafter Respondent Williams), and finding that the issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

15
16

AGREEMENT AND ORDER

17
18
19
20
21
22
23

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent Williams have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-04-243-07-SC01 Statement of Charges), entered October 22, 2007, (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, Respondent Williams hereby agrees 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. Respondent Williams is agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

24
25

Based upon the foregoing:

CONSENT ORDER
C-04-243-08-CO01
Tracey L. Williams

1

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

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

3 **B. Waiver of Hearing.** It is AGREED that Respondent Williams has been informed of the right to a
4 hearing before an administrative law judge, and he has have waived their right to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.
6 Accordingly, Respondent Williams agrees to withdraw his appeal and to inform the Office of Administrative
7 Hearings in writing of his withdrawal.

8 **C. License Revocation.** It is AGREED that the Respondent Williams' loan originator license is revoked
9 upon entry of this Consent Order.

10 **D. Prohibition from Industry.** It is AGREED that Respondent Williams is prohibited from
11 participating in the conduct of the affairs of any mortgage broker licensed by the Department or any mortgage
12 broker exempt from Washington law under RCW 19.146.020(1)(e) or (g) for five (5) years from the date of entry
13 of this Consent Order in any capacity, including but not limited to: (1) any financial capacity whether active or
14 passive or (2) as an officer, director, principal, designated broker, employee, or loan originator or (3) any
15 management, control, oversight or maintenance of any trust account(s) in any way related to any residential
16 mortgage transaction or (4) receiving, disbursing, managing or controlling in any way, consumer trust funds in any
17 way related to any residential mortgage transaction.

18 **E. Application for Mortgage Broker License.** It is AGREED that Respondent Williams shall not
19 apply to the Department for any license issued pursuant to chapter 19.146 RCW under any name for a period of
20 five (5) years from the date of entry of this Consent Order. It is further AGREED that, should Respondent
21 Williams apply to the Department for a mortgage broker license at any time later than five (5) years from the date
22 of entry of this Consent Order, Respondent Williams shall be required to meet any and all application
23 requirements in effect at that time.

1 **F. Restitution.** It is AGREED that Respondent Williams shall pay \$5,949.12 in restitution. The
2 restitution shall be paid in the form of a cashier's check, with proof to the Department, in the following manner:

- 3 1. \$3,682.20 to Borrowers A; and
4 2. \$2,266.92 to Borrowers B.

5 **G. Investigation Fee.** It is AGREED that Respondent Williams shall pay to the Department an
6 investigation fee of \$816, in the form of a cashier's check made payable to the "Washington State Treasurer,"
7 upon entry of this Consent Order.

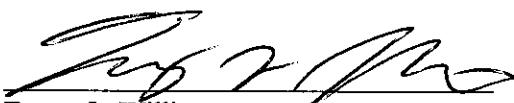
8 **H. Non-Compliance with Order.** It is AGREED that Respondent Williams understands that failure
9 to abide by the terms and conditions of this Consent Order may result in further legal action by the Director. In
10 the event of such legal action, Respondent Williams may be responsible to reimburse the Director for the cost
11 incurred in pursuing such action, including but not limited to, attorney fees.

12 **I. Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily entered into
13 this Consent Order, which is effective when signed by the Director's designee.

14 **J. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Williams has read this
15 Consent Order in its entirety and fully understands and agrees to all of the same.

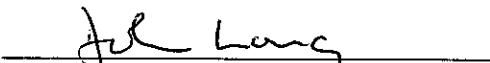
16
17 **RESPONDENT:**

18 By:

19 

20 Tracey L. Williams
Loan Originator

3/27/2008
Date

21 

22 John Long, WSBA No. 15119
Attorney at Law
23 Attorney for Respondents

3/31/08
Date

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 9th DAY OF April, 2008.

Deborah Bortner

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

William Halstead

WILLIAM HALSTEAD
Financial Legal Examiner



Approved by:

James R. Brusselback

JAMES R. BRUSSELBACK
Enforcement Chief

1
2
3
4
5
6
7
8
9

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

10
11
12
13
14
15

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

16
17
18
19
20
21

TRACEY L. WILLIAMS,

Loan Originator #510 LO 31538,

22
23
24
25

Respondent.

NO. C-04-243-07-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, ORDER
RESTITUTION, PROHIBIT FROM INDUSTRY, AND
COLLECT INVESTIGATION FEE

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this document, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent Tracey L. Williams (Respondent Williams) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a loan originator on January 16, 2007, and has continued to be licensed to date. Respondent Williams is licensed to conduct the business of a loan originator at Prestige Mortgage Services Inc., a licensed mortgage broker.

1.2 Prohibited Acts.

A. Fraudulent Credit Union Account Statements.

On or about April 20, 2004, the Respondent took a residential home loan application from borrowers P.S. and D.S. (Borrowers A). Borrowers A applied for the loan to purchase a home in Camas, Washington. In

¹ RCW 19.146 (2006)

1 order to qualify for the loan, underwriting required Borrowers A to demonstrate they had sufficient funds
2 available to pay for the expected closing costs. Borrowers A were unable to make such a showing.

3 In an effort to satisfy the requirement from the underwriter, Respondent created false Columbia Credit
4 Union account statements that showed Borrowers A had sufficient funds for closing. Respondent created the
5 account statements in the name of Borrowers A with a false account number. The Respondent created two
6 fraudulent statements for the months of April and May, 2004. Based upon the fraudulent documents provided
7 to the underwriter, the loan was approved and closed on or about June 9, 2004.

8 The fraudulent documents were discovered when a routine audit was conducted by Discover Mortgage
9 Company (Discover). Discover was the licensed mortgage broker the Respondent worked with during the
10 fraudulent activity.

11 Discover had hired Professional Mortgage Services (PMS) to conduct the internal audit. PMS
12 discovered the account statements had been fraudulently created when Columbia Credit Union, at the request of
13 PMS, checked their records for the account. While the actual account number had been valid at one time, the
14 account had been closed and had never been in the name of Borrowers A. In addition, Borrowers A have never
15 had an account with Columbia Credit Union.

16 The Department has interviewed the Respondent regarding the fraudulent credit union account
17 statements. The Respondent admitted to creating the account statements with computer software. The
18 Respondent acknowledged his conduct was improper. Respondent denies Borrowers A knew about the
19 fraudulent account statements.

20 B. Fraudulent Pay-stubs.

21 On June 11, 2004, the Respondent took a residential home loan application from borrower B.G.
22 (Borrower B). Borrower B applied for the loan to purchase a home in Battle Ground, Washington. As part of
23 qualifying for the loan, the underwriter for the loan required Borrower B to verify a certain amount of income.
24 Borrower B was unable to do so.

25

1 In an effort to satisfy the requirement from the underwriter, the Respondent created an altered pay-stub
2 for Borrower B. The altered pay-stub reflected an increase in the hourly rate Borrower B earned from his
3 employer. Based upon the fraudulent documents provided to the underwriter, the loan was approved and closed
4 on or about June 16, 2004.

5 The fraudulent documents were discovered when a routine audit was conducted by Discover Mortgage
6 Company (Discover). Discover was the licensed mortgage broker the Respondent worked with during this
7 fraudulent activity.

8 Discover had hired Professional Mortgage Services (PMS) to conduct the internal audit. PMS
9 discovered the altered pay-stub had been fraudulently created when they contacted Borrower B's employer.
10 Borrower B's employer verified the employment of Borrower B, but informed PMS that the hourly rate of
11 Borrower B had been increased on the pay-stub.

12 At some point, Respondent became aware his activity had been discovered by Borrower B's employer.
13 In an effort to cover his activity, the Respondent called Borrower B's employer and informed them the pay-stub
14 had been altered so it could be used in a training exercise. This explanation by the Respondent was false.

15 To further cover-up his actions, the Respondent sent a package to Borrower B's employer. The
16 package was allegedly from a Joe Clarkston with PMS. The package contained a request from PMS to
17 Borrower B's employer to verify the pay-stub as accurate (this package contained the unaltered pay-stub of
18 Borrower B). PMS does not have an employee by the name of Joe Clarkston. This was an attempt by the
19 Respondent to make Borrower B's employer believe the altered document was for training purposes.

20 The Department has interviewed the Respondent regarding the fraudulent pay-stub. The Respondent
21 admitted to creating the fraudulent pay-stub with computer software. The Respondent acknowledged his
22 conduct was improper. Respondent denies Borrower B was involved with the creation of the fraudulent pay-
23 stub and the Department has no information that would indicate Borrower B was involved.

24 As a result of his fraudulent activity, Discover Mortgage Company terminated the Respondent.
25

1 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
2 Respondent continues to date.

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

4 **2.1 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent is in
5 apparent violation of RCW 19.146.0201(1), (2), (3), and (7) for directly or indirectly employing a scheme,
6 device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive
7 practice toward any person, obtaining property by fraud or misrepresentation, and, making, in any manner, any
8 false or deceptive statement or representation with regard to the rates, points, or other financing terms or
9 conditions for a residential mortgage loan or engaging in bait and switch advertising.

10 **III. AUTHORITY TO IMPOSE SANCTIONS**

11
12 **3.1 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b), the Director may revoke a license for
13 any violation of RCW 19.146.0201(1) through (9)

14 **3.2 Authority to Order Restitution.** Pursuant to RCW 19.146.220(d)(ii), the Director may issue orders
15 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution to an
16 injured borrower.

17 **3.3 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), the Director may
18 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
19 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
20 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

21 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and
22 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
23 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
24 the cost of the investigation. The investigation charge will be calculated at the rate of forty-eight dollars and
25 seventy-eight cents (\$48) per hour that each staff person devoted to the investigation.

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

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

- 6 **4.1** Respondent Tracey L. Williams's license to conduct the business of a loan originator be revoked; and
7 **4.2** Respondent Tracey L. Williams pay restitution to all borrowers injured by Respondent's illegal practices of
8 creating fraudulent documents, including at least \$5,949.12 in restitution to the injured borrowers
9 referenced in section I. Restitution is to be paid in the following manner:
10 i. \$3,682.20 to Borrowers A for loan fees paid to Respondent; and
11 ii. \$2,266.92 to Borrower B for loan fees paid to Respondent; and
12 **4.3** Respondent Tracey L. Williams be prohibited from participation in the conduct of the affairs of any
13 mortgage broker subject to licensure by the Director, in any manner, for a period of seven (7) years; and
14 **4.4** Respondent Tracey L. Williams pay an investigation fee in the amount of \$816 calculated at \$48 per hour
15 for the seventeen (17) staff hours devoted to the investigation.


16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

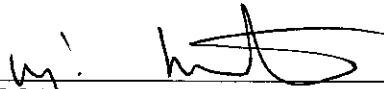
V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to REVOKE LICENSE, ORDER RESTITUTION, PROHIBIT FROM INDUSTRY, AND COLLECT INVESTIGATION FEE (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 22nd day of October, 2007.


DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:


WILLIAM J. HALSTEAD
Financial Legal Examiner

Approved by:


JAMES R. BRUSSELBACK
Enforcement Chief

