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

IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

NO. C-07-052-08-FO01

KEVIN LEE,

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 his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On July 11, 2007, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Deny License Application, Prohibit from Industry and Collect Investigation Fee (Statement of Charges). 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 July 11, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing. The Department served the Statement of Charges, cover letter dated July 11, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing on Respondent on July 11, 2007 by first class mail and Federal Express overnight delivery. On July 12, 2007, the documents sent via Federal Express overnight delivery were delivered. The documents sent via first class mail were not returned to the Department by the United States Postal Service.

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

4 B. Record Presented. The record presented to the Director's designee for her review and  
5 for entry of a final decision included the Statement of Charges, Cover letter dated July 11, 2007, Notice  
6 of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative  
7 Hearing, with documentation of service

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

10  
11 II. FINAL ORDER

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

14 A. IT IS HEREBY ORDERED, That:

- 15 1. Respondent Kevin Lee's application for a loan originator license is denied; and  
16 2. Respondent Kevin Lee is banned from participation in the conduct of the affairs of  
17 any mortgage broker subject to licensure by the Director, in any manner, for ten (10)  
18 years from the date of entry of this Order; and  
19 3. Respondent Kevin Lee pay an investigation fee in the amount of \$14,548.85  
calculated at \$47.78 per hour for 305.25 staff hours devoted to this investigation.

20 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a  
21 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition  
22 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150  
23 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,  
24 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
2 Reconsideration a prerequisite for seeking judicial review in this matter.

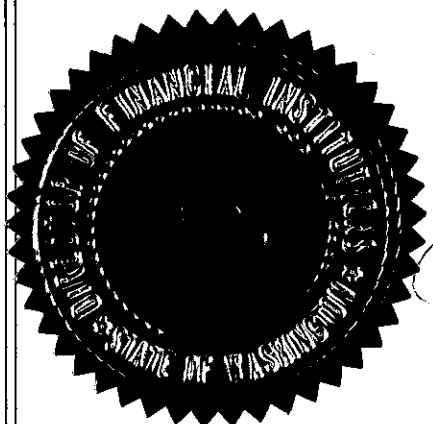
3 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date  
4 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written  
5 notice specifying the date by which it will act on a petition.

6 C. Stay of Order. The Director's designee has determined not to consider a Petition  
7 to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition  
8 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

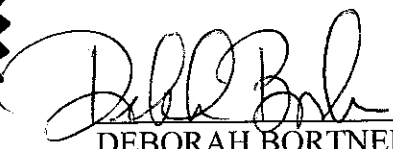
9 D. Judicial Review. Respondent has the right to petition the superior court for judicial  
10 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing  
11 a Petition for Judicial Review, see RCW 34.05.510 and sections following.

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

16 DATED this 21<sup>st</sup> day of April, 2008.



18 STATE OF WASHINGTON  
19 DEPARTMENT OF FINANCIAL INSTITUTIONS

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22 DEBORAH BORTNER  
23 DIRECTOR  
24 DIVISION OF CONSUMER SERVICES

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

IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

KEVIN LEE,

Respondent.

NO. C-07-052-07-SC01

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

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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)<sup>1</sup>. After having conducted an investigation pursuant to RCW 19.146.310, and based upon the facts available as of the date of this Statement of Charges, 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 Kevin Lee (Respondent Lee)** had previously worked as a loan officer with United Pacific Investments, Inc. (UPI) from on or before January 1, 2003, and then as a loan officer with Fidelity Homes and Loans, d/b/a Fidelity Loans (Fidelity), UPI's successor corporation, from on or before January 1, 2004 until the present day.

**1.2 Investigation.** In 2003, the Department received information that Respondent Lee had falsified borrower information on residential loan applications and then submitted those applications to lenders to secure financing for the borrowers. The Department investigated the allegations and on June 2, 2004, referred this matter to the King County Prosecuting Attorney's Office for possible criminal prosecution. Respondent Lee

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<sup>1</sup> RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 was charged with four counts of Theft 1, a class B felony. Respondent Lee pled guilty to two counts of Theft 1  
2 on May 25, 2006.

3 **1.3 Criminal Conviction of Felonies.** On November 1, 2006, Respondent Lee was convicted, in King  
4 County Superior Court under cause No. 06-1-01905-5 SEA of the following: Theft 1 (2 counts) in violation of  
5 RCW 9A.56.030.

6 **1.4 Sentence.** As a result of Lee's conviction for the two felonies described in Section 1.3 above, Lee was  
7 sentenced to 90 days confinement in the King County Jail, assessed a fine of \$500, and ordered to pay  
8 restitution in the amount of \$65,667.97 to the injured victims.

9 **1.5 License Application.** Respondent Lee submitted an application to the Department for a loan originator  
10 license under Fidelity, a mortgage broker licensed under the act. The on-line application was received by the  
11 Department on or about January 2, 2007.

## 12 **II. GROUNDS FOR ENTRY OF ORDER**

13 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent Lee  
14 is in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme,  
15 device or artifice to defraud or mislead borrowers, engaging in unfair or deceptive practices towards any person,  
16 and obtaining property by fraud or misrepresentation.

17 **2.2 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set  
18 forth in Section I above, Respondent Lee fails to meet the requirements of RCW 19.146.310(1)(g) and WAC  
19 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the confidence of  
20 the community and to warrant a belief that the business will be operated honestly and fairly within the purposes  
21 of the Act.  
22

1 **2.3 Requirement of No Prior Convictions.** Based on the Factual Allegations set forth in Section I above,  
2 Respondent Lee fails to meet the requirements of RCW 19.146.310(1)(d) and WAC 208-660-350(2)(c) by  
3 having been convicted of a felony within seven years of the filing of the present application.

### 4 **III. AUTHORITY TO IMPOSE SANCTIONS**

5 **3.1 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue  
6 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
7 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker  
8 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

9 **3.2 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the  
10 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the  
11 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by  
12 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application  
13 of the denial.

14 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and  
15 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person  
16 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover  
17 the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars and  
18 seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

### 19 **IV. NOTICE OF INTENTION TO ENTER ORDER**

20 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
21 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis  
22 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.310.

23 Therefore, it is the Director's intention to ORDER that:

24 **4.1** Respondent Kevin Lee be prohibited from participation in the conduct of the affairs of any mortgage  
25 broker subject to licensure by the Director, in any manner, for ten (10) years from the date of this order.

**4.2** Respondent Kevin Lee's application for a loan originator license be denied.

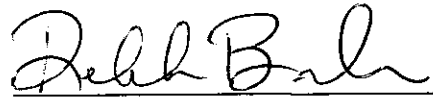
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4.3 Respondent Kevin Lee pay an investigative fee in the amount of \$14,584.85 calculated at \$47.78 per hour for 305.25 staff hours devoted to this investigation.

**V. AUTHORITY AND PROCEDURE**


This Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Deny License Application, 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 11<sup>th</sup> day of July, 2007



DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
NED JURSEK  
Financial Legal Examiner

Approved by:

  
JAMES R. BRUSSELBACK  
Enforcement Chief