

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

**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:  JOHN FRANCIS MORGAN,  Respondent.
--

NO. C-07-107-07-FO01  
  
FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On April 17, 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 (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 April 18, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for John Francis Morgan. The Department served the Statement of Charges, cover letter dated April 18, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for John Francis Morgan on Respondent on April 20, 2007, by first class mail and Federal Express overnight delivery.

On April 24, 2007, Respondent filed an Application for Adjudicative Hearing. Respondent, however, failed to state on the Application whether he was or was not requesting a hearing. On May 1, 2007, the Application for Adjudicative Hearing was returned to Respondent to be properly completed.

1 On May 23, 2007, Respondent filed a completed Application for Adjudicative Hearing requesting a  
2 hearing. On May 25, 2007, the Department made a request to the Office of Administrative Hearings  
3 (OAH) to assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the  
4 Statement of Charges. ALJ Chris Blas was assigned. On June 13, 2007, ALJ Blas issued a Notice of  
5 Prehearing Telephone Conference scheduling a prehearing conference on Tuesday, July 3, 2007, at  
6 8:15 a.m.

7  
8 On July 3, 2007, all parties attended a telephonic prehearing conference. On July 10, 2007,  
9 ALJ Blas issued a Notice of Hearing scheduling a hearing for the Department's Motion for Summary  
10 Judgment on September 18, 2007.

11 On September 18, 2007, all parties attended the hearing. On September 20, 2007, ALJ Blas  
12 issued an Initial Order setting forth his proposed Findings of Fact, Conclusions of Law, and Decision  
13 and Order (Initial Decision and Order). This Initial Decision and Order –

- 14 • found that on May 15, 2001, Respondent Morgan had been convicted in the Grant  
15 County Superior Court of a crime of dishonesty, to wit: Theft in the Third Degree, a  
16 gross misdemeanor pursuant to RCW 9A.56.050.
- 17 • concluded that Respondent Morgan's conviction disqualified him from eligibility for a loan  
18 originator license.
- 19 • granted the Department's Motion for Summary Judgment and denied Respondent  
20 Morgan's application for a loan originator license.

21 On September 20, 2007, ALJ Blas mailed the Initial Decision and Order to Respondents and their  
22 counsel.

23 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from the  
24 date of service of the Initial Decision and Order to file a Petition for Review of the Initial Decision and  
25 Order. Respondents did not file a Petition for Review during the statutory period.



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 has determined not to consider a Petition to Stay the  
7 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial  
8 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 13<sup>th</sup> day of November, 2007.



17  
18 STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

19  
20 

21 DEBORAH BORTNER  
22 DIRECTOR  
23 DIVISION OF CONSUMER SERVICES

1  
2  
3  
4  
5  
6  
7  
8  
9

**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:

JOHN FRANCIS MORGAN,  
  
Respondent.

NO. C-07-107-07-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO DENY LICENSE APPLICATION

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**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 John Francis Morgan (Respondent Morgan)** submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Innovative Mortgage, a mortgage broker licensed under the Act. The on-line application was received by the Department on or about December 13, 2006.

**1.2 Prior Criminal Acts.** On May 15, 2001, Respondent Morgan was convicted in the Grant County Superior Court under cause number 00-1-00238-9 of a crime of dishonesty, to wit: Theft in the Third Degree, a gross misdemeanor pursuant to RCW 9A.56.050.

---

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

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

2 **2.1 Requirement of No Prior Convictions.** Based on the Factual Allegations set forth in Section I above,  
3 Respondent Morgan fails to meet the requirements of RCW 19.146.310(1)(d) and WAC 208-660-350(2)(c) by  
4 having been convicted of a gross misdemeanor involving dishonesty or financial misconduct within seven years  
5 of the filing of the present application.

6 **III. AUTHORITY TO IMPOSE SANCTIONS**

7 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the  
8 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the  
9 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by  
10 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application  
11 of the denial.

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

13 Respondent’s violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
14 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis  
15 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.310.  
16 Therefore, it is the Director’s intention to ORDER that:


17 **4.1** Respondent John Francis Morgan’s application for a loan originator license be denied.

18 **V. AUTHORITY AND PROCEDURE**


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

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

Dated this 17<sup>th</sup> day of April, 2007.


  
DEBORAH BÖRTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
STEVEN C. SHERMAN  
Financial Legal Examiner



Approved by:

  
JAMES R. BRUSSELBACK  
Enforcement Chief

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

**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:

JOHN FRANCIS MORGAN,  
Respondent.

C-07-107-07-SC01

NOTICE OF OPPORTUNITY TO DEFEND  
AND OPPORTUNITY FOR HEARING

THE STATE OF WASHINGTON TO:

JOHN FRANCIS MORGAN

YOU ARE HEREBY NOTIFIED that a STATEMENT OF CHARGES has been filed by the Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the Washington State Department of Financial Institutions on the Statement of Charges. Service of this notice is deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to cross-examine those witnesses presented in support of the Statement of Charges. You may require the attendance of witnesses by subpoena. If you are limited English-speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.



1            INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-  
2 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for  
3 you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate  
4 in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN  
5 INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request  
6 the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative  
7 Hearing form.

8            YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the  
9 Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will  
10 constitute a waiver of your right to a hearing and the Director will find that you do not contest the allegations of the  
11 Statement of Charges. Upon such a finding by the Director a final order will be immediately entered disposing of  
12 this matter as described in the Statement of Charges. If you desire a hearing in this matter, please return the  
13 attached Application for Adjudicative Hearing to:

14                            Department of Financial Institutions  
15                            Division of Consumer Services  
16                            Attn: Fatima Batie  
17                            PO Box 41200  
18                            Olympia, Washington 98504-1200

19            Dated this 17<sup>th</sup> day of April, 2007.



20                            *Deborah Bortner*

21                            DEBORAH BORTNER  
22                            Director  
23                            Division of Consumer Services  
24                            Department of Financial Institutions