

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-07-487-09-CO02

MATTHEW WENDELL VAN HOOK,
JOSHUA MAX VAN HOOK, and
JAMES ALLEN DAIN SPARGO,
Respondents.

CONSENT ORDER
JOSHUA MAX VAN HOOK

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Joshua Max Van Hook (hereinafter Respondent), 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:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-487-07-SC02 (Amended Statement of Charges), entered July 22, 2008, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees 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 Amended Statement of Charges.

Based upon the foregoing:

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

CONSENT ORDER
C-07-487-09-CO02
Joshua Max Van Hook

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

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

6 C. Admissions. It is AGREED that Respondent admits to the following facts.

7 In or around July 2005, Respondent began operating as a loan originator under America One
8 Finance, Inc. (America One).

9 In or around December 2006, Respondent submitted an application to the Department for a loan
10 originator license.

11 In or around August 2007, America One terminated their relationship with Respondent.

12 In or around August 2007, Respondent began operating as a loan originator under TMBG, Inc.
13 (TMBG).

14 From in or around April 2007 through in or around December 2007, Respondent conducted the
15 business of a mortgage broker from 108 S. Government Way, Spokane, WA.

16 In or around March 2006, Respondent and Matthew Van Hook originated two residential
17 mortgage loans under America One for James Spargo to purchase property located at 3750 W.
18 Rosamond Avenue, Spokane, WA (Rosamond property). Respondent represented to the lender
19 that James Spargo would be occupying this property as his primary residence.

20 In or around July 2006, Respondent and Matthew Van Hook and James Spargo originated two
21 residential mortgage loans under America One for Borrower 1 to purchase property located at
22 1106 E. 13th Avenue, Spokane, WA. Respondent admits to all of the Factual Allegations in
23 paragraph 1.12A of the Amended Statement of Charges.

24 In or around July 2006, Respondent and Matthew Van Hook originated two residential mortgage
25 loans under America One for James Spargo to refinance property located at 7422 N. Hamilton,
Spokane, WA (Hamilton property). Respondent represented to the lender that James Spargo
would be occupying this property as his primary residence.

In or around August 2006, Respondent and Matthew Van Hook and James Spargo originated two
residential mortgage loans under America One for Shannon Van Hook, Respondent's wife, to
purchase property located at 7905 N. Standard Street, Spokane, WA. Respondent admits to all of
the Factual Allegations in paragraph 1.11B of the Amended Statement of Charges that relate to
this transaction. Respondent admits to all of the Factual Allegations in paragraph 1.12B of the
Amended Statement of Charges.

1 In or around October 2006, Respondent and Matthew Van Hook and James Spargo originated
2 two residential mortgage loans under America One for Shannon Van Hook to purchase property
3 located at 8324 N. Northview Court, Spokane, WA (Northview property). Respondent admits to
4 all of the Factual Allegations in paragraph 1.11B of the Amended Statement of Charges that
relate to this transaction. Respondent admits to all of the Factual Allegations in paragraphs 1.12C
and 1.16A of the Amended Statement of Charges.

5 In or around November 2006, Respondent and Matthew Van Hook and James Spargo originated a
6 residential mortgage loan under America One for Borrower 2 to refinance property located at
7 1025 Cedar Avenue, Richland, WA. Respondent admits to all of the Factual Allegations in
8 paragraph 1.16B of the Amended Statement of Charges.

9 In or around November 2006, Respondent and Matthew Van Hook and James Spargo originated a
10 residential mortgage loan under America One for Borrower 3 to refinance property located at
11 2205 W. Longfellow, Spokane, WA. Respondent admits to all of the Factual Allegations in
12 paragraphs 1.16C and 1.17 of the Amended Statement of Charges.

13 In or around November 2006, Respondent and Matthew Van Hook originated two residential
14 mortgage loans under America One for James Spargo to refinance the Rosamond property.
15 Respondent represented to the lender that James Spargo would be occupying the Rosamond
16 property as his primary residence and further that the Hamilton property was a rental property.
17 Respondent admits to all of the Factual Allegations in paragraphs 1.12D and 1.16D of the
18 Amended Statement of Charges.

19 In or around November 2006, Respondent and Matthew Van Hook and James Spargo attempted
20 to originate a residential mortgage loan under America One for Borrower 5 to refinance property
21 located at 1824 W. York, Spokane, WA (York property). No residential mortgage loan was
22 obtained for Borrower 5.

23 In or around February 2007, Respondent and James Spargo originated a residential mortgage loan
24 under America One for Matthew Van Hook to purchase the York property from Borrower 5.
25 Respondent admits to all of the Factual Allegations in paragraph 1.11C of the Amended
Statement of Charges that relate to this transaction. Respondent admits to all of the Factual
Allegations in paragraphs 1.12E, 1.14A, and 1.16E of the Amended Statement of Charges.

In or around December 2006, Respondent and Matthew Van Hook and James Spargo attempted
to originate a residential mortgage loan under America One for Borrower 6 to refinance property
located at 1523 E. 11th Avenue, Spokane, WA (11th Ave property). No residential mortgage loan
was obtained for Borrower 6.

In or around February 2007, Respondent and James Spargo originated a residential mortgage loan
under America One for Matthew Van Hook to purchase the 11th Ave property from Borrower 6.
Respondent admits to all of the Factual Allegations in paragraph 1.11C of the Amended
Statement of Charges that relate to this transaction. Respondent admits to all of the Factual
Allegations in paragraphs 1.12F, 1.14B, and 1.16F of the Amended Statement of Charges.

1 In or around March 2007, Respondent and Matthew Van Hook and James Spargo originated a
2 residential mortgage loan under America One for Shannon Van Hook to refinance the Northview
3 property. Respondent admits to all of the Factual Allegations in paragraph 1.11B of the Amended
Statement of Charges that relate to this transaction. Respondent admits to all of the Factual
Allegations in paragraph 1.12G of the Amended Statement of Charges.

4 In or around March 2007, Respondent and Matthew Van Hook and James Spargo originated a
5 residential mortgage under America One for Shannon Van Hook to purchase property located at
6 108 S. Government Way, Spokane, WA. Respondent admits to all of the Factual Allegations in
paragraph 1.11B of the Amended Statement of Charges that relate to this transaction. Respondent
admits to all of the Factual Allegations in paragraphs 1.12H and 1.14C of the Amended Statement
of Charges.

7
8 D. Conclusions of Law. It is AGREED that Respondent neither admits nor denies any violation of the
9 Mortgage Broker Practices Act. It is further AGREED that Respondent acknowledges the evidence, including but
10 not limited to the Admissions contained in this Consent Order, is sufficient such that an Administrative Law Judge
11 could find that Respondent violated RCW 19.146.020(1), (2), (3), (8), and (13), RCW 19.146.050, RCW
12 19.146.070, RCW 19.146.200, and RCW 19.146.265. It is further AGREED that Respondent fails to meet the
13 requirements for licensure as a loan originator under RCW 19.146.310 by failing to demonstrate character and
14 general fitness such as to command the confidence of the community and to warrant a belief that the business will
15 be operated honestly and fairly within the purposes of the Mortgage Broker Practices Act.

16 E. License Application Denial. It is AGREED that Respondent's application for a loan originator
17 license is denied.

18 F. Prohibition from Industry. It is AGREED that Respondent is prohibited from participating in the
19 conduct of the affairs of any mortgage broker licensed by the Department or any mortgage broker subject to
20 licensure or regulation by the Department or any mortgage broker exempt from Washington law under RCW
21 19.146.020(1)(e) or (g) for twenty years from the date of entry of this Consent Order in any capacity, including but
22 not limited to: (1) any financial capacity whether active or passive or (2) as an officer, director, principal,
23 designated broker, employee, or loan originator or (3) any management, control, oversight or maintenance of any
24 trust account(s) in any way related to any residential mortgage transaction or (4) receiving, disbursing, managing
or controlling in any way, consumer trust funds in any way related to any residential mortgage transaction.

1 G. Application for License. It is AGREED that Respondent shall not apply to the Department for any
2 license under any name for a period of twenty years from the date of entry of this Consent Order. It is further
3 AGREED that, should Respondent apply to the Department for any license under any name at any time later than
4 twenty years from the date of entry of this Consent Order, Respondent shall be required to meet any and all
5 application requirements in effect at that time.

6 H. Rights of Non-Parties. It is AGREED that the Department does not represent or have the consent of
7 any person or entity not a party to this Consent Order to take any action concerning their personal legal rights. It
8 is further AGREED that for any person or entity not a party to this Consent Order, this Consent Order does not
9 limit or create any private rights or remedies against Respondent, limit or create liability of Respondent, or limit or
10 create defenses of Respondent to any claims.

11 I. Declaration of Financial Condition and Confession of Judgment. It is AGREED that Respondent
12 has provided the Department with a Declaration comprehensively describing his current financial condition and
13 representing his current inability to pay the restitution, fine, and investigation fee obligations agreed to in
14 Paragraphs J, K, and L of this Consent Order. It is further AGREED that, based on this Declaration, the
15 Department has accepted a Confession of Judgment from Respondent for the restitution, fine, and investigation fee
16 obligations agreed to in Paragraphs J, K, and L of this Consent Order. A copy of this Confession of Judgment is
17 attached and incorporated into this Consent Order by this reference. Consistent with Chapter 4.60 of the Revised
18 Code of Washington, the Department may immediately seek entry of the judgment. Respondent shall, upon the
19 Department's request, fully and promptly cooperate with the Department in its efforts to get the judgment entered
20 by the superior court.

21 J. Confession of Judgment for Restitution. It is AGREED that Respondent has entered into a
22 Confession of Judgment for restitution in the amount of \$10,000 owed to [REDACTED] (Borrower 5) and in
23 the amount of \$6,283.48 owed to [REDACTED] (Borrower 6).

1 K. Confession of Judgment for Fine. It is AGREED that Respondent has entered into a Confession of
2 Judgment for a fine in the amount of \$25,000 owed to the Department.

3 L. Confession of Judgment for Investigation Fee. It is AGREED that Respondent has entered into a
4 Confession of Judgment for an investigation fee in the amount of \$4,560 owed to the Department.

5 M. Change of Address. It is AGREED that for the duration of the period this Consent Order is in effect,
6 unless otherwise agreed to in writing by the Department and Respondent, Respondent shall provide the
7 Department with a mailing address and telephone number at which Respondent can be contacted and Respondent
8 shall notify the Department in writing of any changes to his mailing address or telephone number within fifteen
9 calendar days of any such change.

10 N. Complete Cooperation with the Department (Statements). It is AGREED that Respondent shall
11 provide the Department truthful and complete sworn statements outlining his activities with respect to any or all of
12 America One Finance, Inc. (America One), TMBG, Inc. (TMBG), Matthew Van Hook, James Spargo, and any
13 and all persons involved or in any way associated with any or all of America One, TMBG, Matthew Van Hook,
14 and James Spargo, including but not limited to owners, employees, independent contractors, agents, businesses
15 and persons with whom any or all of America One, TMBG, Matthew Van Hook, and James Spargo dealt,
16 communicated, or otherwise related. The "sworn statements" may take the form of affidavits, declarations, or
17 deposition testimony, at the Department's discretion. A failure to cooperate fully, truthfully and completely is a
18 breach of this Consent Order.

19 O. Complete Cooperation with the Department. In addition to providing sworn statements as
20 described in paragraph N, it is AGREED that Respondent shall cooperate fully, truthfully and completely with the
21 Department and provide any and all information known to him relating in any manner to any or all of America
22 One, TMBG, Matthew Van Hook, James Spargo, and any and all persons involved or in any way associated with
23 any or all of America One, TMBG, Matthew Van Hook, and James Spargo, including but not limited to owners,
24 employees, independent contractors, agents, businesses and persons with whom any or all of America One,

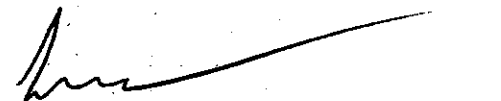
1 TMBG, Matthew Van Hook, and James Spargo dealt, communicated, or otherwise related. It is further AGREED
2 that Respondent shall provide any and all documents, writings or materials, or objects or things of any kind in his
3 possession or under his care, custody, or control that he is authorized to possess, obtain, or distribute relating
4 directly or indirectly to all areas of inquiry and investigation. It is further AGREED that Respondent shall testify
5 fully, truthfully and completely at any and all proceedings related to any Department investigation or enforcement
6 action or both related to any or all of America One, TMBG, Matthew Van Hook, James Spargo, and any
7 Respondents named therein. A failure to cooperate fully, truthfully and completely is a breach of this Consent
8 Order.

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

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

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

17 RESPONDENT:

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19 
20 _____
Joshua Max Van Hook

02-12-09
Date

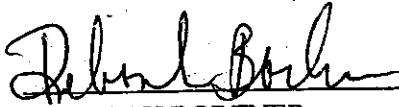
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CONSENT ORDER
C-07-487-09-CO02
Joshua Max Van Hook

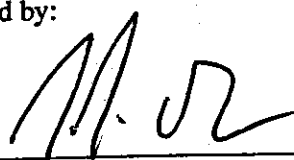
DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 THIS ORDER ENTERED THIS 17th DAY OF February, 2009.

2 

3 DEBORAH BORTNER
4 Director
5 Division of Consumer Services
6 Department of Financial Institutions

7 Presented by:

8 

9 MARK T. OLSON
10 Financial Examiner



11 Approved by:

12 

13 JAMES R. BRUSSELBACK
14 Enforcement Chief

RECEIVED
RESPONDENT

FEB 17 2000

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

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STATE OF WASHINGTON
SPOKANE COUNTY SUPERIOR COURT

STATE OF WASHINGTON,
DEPARTMENT OF FINANCIAL
INSTITUTIONS,

Plaintiff,

v.

JOSHUA MAX VAN HOOK,

Defendant.

NO.

CONFESSION OF JUDGMENT

Judgment Summary

Judgment Creditors for Fine and Cost of Investigation:	State of Washington, Department of Financial Institutions
Judgment Creditors for Restitution:	[REDACTED] and [REDACTED]
Attorneys for Department of Financial Institutions:	Robert M. McKenna, Washington Attorney General Chad C. Standifer, Assistant Attorney General
Judgment Debtor:	Joshua Max Van Hook
Principal Judgment Amount for Fine and Cost of Investigation:	\$29,560.00 owed to the Department of Financial Institutions
Principal Judgment Amount for Restitution:	\$10,000.00 owed to [REDACTED] \$6,283.48 owed to [REDACTED]
Total Judgment Amount:	\$45,843.48
Post-Judgment Interest (per annum):	12%

1 Pursuant to Chapter 4.60 of the Revised Code of Washington, Judgment by Confession,
2 defendant Joshua Max Van Hook hereby authorizes entry of a judgment under the following
3 terms:

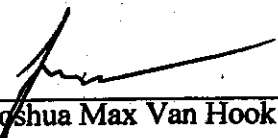
4 Factual Basis for Judgment

5 The State of Washington, Department of Financial Institutions and Joshua Max Van
6 Hook have agreed upon a basis for resolution of the matters alleged in Statement of Charges No.
7 C-07-487-07-SC02 (Amended Statement of Charges), entered July 22, 2008. Joshua Max Van
8 Hook has agreed to enter into a Confession of Judgment, pursuant to chapter 4.60 RCW, in the
9 amount of \$45,843.48, of which he shall pay \$25,000 to the Department of Financial
10 Institutions for a fine, \$4,560.00 to the Department of Financial Institutions for the cost of
11 investigation, \$10,000.00 to [REDACTED] and \$6,283.48 to [REDACTED]

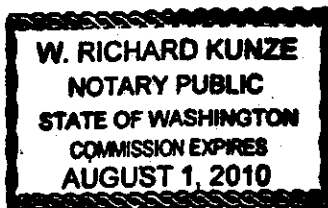
12 Authorization for Entry of Judgment

13 I, Joshua Max Van Hook, being duly sworn upon oath, acknowledge my debt of
14 \$29,560.00 to the Department of Financial Institutions, \$10,000.00 to [REDACTED], and
15 \$6,283.48 to [REDACTED], and I authorize entry of judgment against me for the amount set
16 forth in the judgment summary above.

17 DATED this 13 day of Feb., 2009.

18
19 
Joshua Max Van Hook

20 SUBSCRIBED AND SWORN TO before me in SPOKANE, Washington this
21 13th day of FEBRUARY, 2009.



24 W. Richard Kunze
Notary Public in and for the State of
Washington, residing at SPOKANE,
Washington.
25 My Commission expires: 8-1-2010

Order for Entry

The above Confession of Judgment having been presented to this Court for entry in accordance with RCW 4.60.070, the Court having found said Confession of Judgment to be sufficient, now, therefore, it is hereby

ORDERED that the Clerk of this Court shall forthwith enter Judgment against Joshua Max Van Hook, in accordance with the terms of the Confession of Judgment.

DONE IN OPEN COURT this _____ day of _____, 2009.

JUDGE/COURT COMMISSIONER

Presented by:

ROBERT M. MCKENNA
Attorney General

CHAD C. STANDIFER
Assistant Attorney General
WSBA No. 29724
Attorneys for State of Washington
Department of Financial Institutions

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**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:

MATTHEW WENDELL VAN HOOK,
JOSHUA MAX VAN HOOK, and
JAMES ALLEN DAIN SPARGO

Respondents.

NO. C-07-487-07-SC02

**AMENDED STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO DENY LICENSE APPLICATIONS,
IMPOSE FINE, 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 of both the 1994 and 2007 Acts and RCW 19.146.310 of the 2007 Act, and based upon the facts available as of December 21, 2007, the Director, through his designee, Division of Consumer Services Director Deborah Bortner (Division Director Bortner), issued Statement of Charges and Notice of Intention to Enter and Order to Deny License Applications, Impose Fine, Order Restitution, Prohibit from Industry, and Collect Investigation Fee C-07-487-07-SC01 (Statement of Charges SC01) on December 21, 2007. Respondents were each served with Statement of Charges SC01 and each filed an Application for Adjudicative Hearing with the Department of Financial Institutions (Department). After the issuance of Statement of Charges SC01, certain information came to the attention of the Director that requires the amendment of Statement of Charges SC01. Based upon the facts available as of the date of this Amended Statement of Charges, the Director, through Division Director Bortner, now proceeds to amend Statement of

¹ The Act, effective in 1994, was amended in 2006, with the changes effective January 1, 2007. Alleged violations referenced in this Statement of Charges that occurred in 2006 are cited as violating the 1994 Act; those that occurred in 2007 are cited as violating the 2007 Act.

1 Charges SC01 by issuing Amended Statement of Charges and Notice of Intention to Enter an Order to Deny
2 License Applications, Impose Fine, Order Restitution, Prohibit from Industry, and Collect Investigation Fee C-07-
3 487-07-SC02. This Amended Statement of Charges includes the following modifications: addition of factual
4 allegations, updating the fine amount as of the date of this Amended Statement of Charges, and updating the
5 investigation costs as of the date of this Amended Statement of Charges.

6 I. FACTUAL ALLEGATIONS

7 1.1 Respondents.

8 A. **Matthew Wendell Van Hook (Respondent MVH)** submitted an application to the
9 Department of Financial Institutions of the State of Washington (Department) for a loan originator license under
10 America One Finance, Inc. (America One), a mortgage broker licensed under the Act. The on-line application
11 was received by the Department on or about December 27, 2006 and the Form MU4 portion of the application
12 was received by the Department on or about December 20, 2006. Respondent MVH had operated as a loan
13 originator under America One since at least March 2006. On or about August 6, 2007, America One terminated
14 their relationship with Respondent MVH. On or about November 16, 2007, the Department received a Form
15 MU4 establishing a new relationship between Respondent MVH and TMBG, Inc. (TMBG), a mortgage broker
16 licensed under the Act. This new Form MU4 (TMBG MU4) listed an effective date of August 17, 2007. On or
17 about December 26, 2007, TMBG terminated their relationship with Respondent MVH.

18 B. **Joshua Max Van Hook (Respondent JVH)** submitted an application to the Department of
19 Financial Institutions of the State of Washington (Department) for a loan originator license under America One
20 Finance, Inc. (America One), a mortgage broker licensed under the Act. The on-line application was received
21 by the Department on or about December 27, 2006 and the Form MU4 portion of the application was received
22 by the Department on or about December 21, 2006. Respondent JVH had operated as a loan originator for
23 America One since at least July 2005. On or about August 6, 2007, America One terminated their relationship
24 with Respondent JVH. On or about November 16, 2007, the Department received a Form MU4 establishing a
25 new relationship between Respondent JVH and TMBG, Inc. (TMBG), a mortgage broker licensed under the

1 Act. This new Form MU4 (TMBG MU4) listed an effective date of August 24, 2007. On or about December
2 26, 2007, TMBG terminated their relationship with Respondent JVH.

3 **C. James Allen Dain Spargo (Respondent Spargo)** submitted an application to the Department
4 of Financial Institutions of the State of Washington (Department) for a loan originator license under America
5 One Finance, Inc. (America One), a mortgage broker licensed under the Act. The on-line application was
6 received by the Department on or about December 27, 2006 and the Form MU4 portion of the application was
7 received by the Department on or about December 29, 2006. Respondent Spargo had operated as a loan
8 originator under America One since at least October 2005. On or about August 6, 2007, America One
9 terminated their relationship with Respondent Spargo. On or about August 23, 2007, the Department received a
10 Request to Withdraw Loan Originator Application form from Respondent Spargo listing an effective date of
11 August 22, 2007. On or about November 16, 2007, the Department received a Form MU4 establishing a new
12 relationship between Respondent Spargo and TMBG, Inc. (TMBG), a mortgage broker licensed under the Act.
13 This new Form MU4 (TMBG MU4) listed an effective date of November 11, 2007 and reinstated Respondent
14 Spargo's application for a loan originator license. On or about December 26, 2007, TMBG terminated their
15 relationship with Respondent Spargo.

16 **1.2 Licensed Location.** From at least March 2006 through May 2007, Respondent MVH, Respondent
17 JVH, and Respondent Spargo (Respondents) operated as loan originators from the following licensed branch
18 location of America One:

19 610 W. 2nd Ave
20 Spokane, WA

21 **1.3 Other Businesses Related to Respondents.**

22 **A. American Investment Group Spokane LLC (AIG)** filed an Application for Limited Liability
23 Company and an Application for Initial Annual Report with the State of Washington Secretary of State
24 (Secretary of State) on or about November 6, 2006. The application and report listed Respondent JVH,
25 Respondent Spargo, and Gary Kitchens (Kitchens) as members and listed the physical address and all members'
addresses as 610 W. 2nd Avenue, Spokane, WA. On or about July 2, 2007, AIG filed an amended report with

1 the Secretary of State, effective June 24, 2007, removing Kitchens as a member, adding Respondent MVH as a
2 member and registered agent, and amending the physical location to 108 S. Government Way, Spokane, WA.
3 Although Respondent MVH was not listed as a member of AIG until June 2007, he was involved with the
4 operation of AIG since its inception.

5 **B. Van Hook/Spargo Brokerage LLC (VHSB)** filed an Application for Limited Liability
6 Company and an Application for Initial Annual Report with the Secretary of State on or about November 6,
7 2006. The application and report was filed under the name America One Finance Spokane LLC, listed
8 Respondent JVH and Respondent Spargo as members, and listed the physical address and all members'
9 addresses as 610 W. 2nd Ave, Spokane, WA. On or about November 1, 2007, VHSB filed articles amending its
10 name to Van Hook/Spargo Brokerage LLC.

11 **C. Respondent Spargo** appears to have held a Non-Resident Producer license from the State of
12 Idaho Department of Insurance for at least the period from June 2005 through July 1, 2007. In or around
13 November 2006, Respondent Spargo represented to a lender that he was earning \$9,700 per month as an
14 insurance salesman (see paragraph 1.12C below).

15 **D. JMJ Investments Spokane LLC** filed an Application for Limited Liability Company and an
16 Application for Initial Annual Report with the State of Washington Secretary of State on or about September
17 13, 2007. The application and report listed Respondents MVH, JVH, and Spargo as members and listed the
18 physical address and all members' addresses as 108 S. Government Way, Spokane, WA.

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1 **1.4 False Statement on License Application.** The "Other Business" section of the on-line application
2 begins with the following question:

3 "Are you currently engaged in any other business either as a proprietor, partner, officer, director,
4 employee, trustee, agent, or otherwise? Please exclude non-financial services-related activity that
5 is exclusively charitable, civic, religious, or fraternal and is recognized as tax exempt."

6 The section continues with the following instruction:

7 "If YES, provide the following details: the name of the other business; whether the business is
8 financial services-related; the address of the other business; the nature of the other business; you
9 position, title, or relationship with the other business; the start date of your relationship; the
10 approximate number of hours/month you devote to the other business; and briefly describe your
11 duties relating to the other business."

12 Each Respondent responded "No" to this question. Each Respondent was obligated by statute to answer
13 questions on the loan originator license application truthfully and to provide the Department with complete
14 details of all other businesses he was connected with.

15 **1.5 Incomplete Application-Respondent MVH.** Respondent MVH's application is inadequate or
16 incomplete in the following areas:

17 **A.** The "Employment History" section of the on-line application does not fully disclose
18 Respondent MVH's complete employment history for the preceding ten years. At the very least, this section
19 does not list Respondent MVH's association with America One as a loan originator since at least March 2006.

20 **B.** Section 1(I) of Form MU4 asks the "Address from which you conduct business." Respondent
21 MVH listed "610 W. 2nd, Spokane, WA" in Section 1(I) of the TMBG MU4. TMBG is not licensed to conduct
22 the business of a mortgage broker from that location.

23 **C.** Section 3 of Form MU4 requires the signature of an authorized party of the mortgage broker (in
24 this case, TMBG) to acknowledge the establishment of a relationship between the mortgage broker and the loan
25

1 originator. Section 3 of the TMBG MU4 is signed by "James Smith, Owner" as authorized party. James Smith
2 is not an authorized party for TMBG.

3 **1.6 Incomplete Application-Respondent JVH.** Respondent JVH's application is inadequate or
4 incomplete in the following areas:

5 A. The "Employment History" section of the on-line application does not fully disclose
6 Respondent JVH's complete employment history for the preceding ten years. At the very least, this section
7 does not list Respondent JVH's association with America One as a loan originator since at least July 2005.

8 B. Section 1(I) of Form MU4 asks the "Address from which you conduct business." Respondent
9 JVH listed "108 S. Government Way, Spokane, WA" in Section 1(I) of the TMBG MU4. TMBG is not
10 licensed to conduct the business of a mortgage broker from that location.

11 C. Section 3 of Form MU4 requires the signature of an authorized party of the mortgage broker (in
12 this case, TMBG) to acknowledge the establishment of a relationship between the mortgage broker and the loan
13 originator. Section 3 of the TMBG MU4 is signed by "James Smith, Owner" as authorized party. James Smith
14 is not an authorized party for TMBG.

15 **1.7 Incomplete Application-Respondent Spargo.** Respondent Spargo's application is inadequate or
16 incomplete in the following areas:

17 A. The "Employment History" section of the on-line application does not fully disclose
18 Respondent Spargo's complete employment history for the preceding ten years. At the very least, this section
19 does not list Respondent Spargo's association with America One as a loan originator since October 2005 and
20 his ongoing activities as an insurance salesman.

21 B. Section 3 of Form MU4 requires the signature of an authorized party of the mortgage broker (in
22 this case, TMBG) to acknowledge the establishment of a relationship between the mortgage broker and the loan
23 originator. Section 3 of the TMBG MU4 is signed by "Sean McCoy, Owner" as authorized party. Sean McCoy
24 is not an authorized party for TMBG.

25

1 **1.8 Unlicensed Location.** Respondents are known to have conducted the business of a mortgage broker
2 from at least June 2007 from the following location:

3 108 S. Government Way
4 Spokane, WA

5 To date, neither America One nor TMBG have ever applied for or received a license from the Department to
6 conduct the business of a mortgage broker from this location. To date, the Department has not issued a license
7 to any person to conduct the business of a mortgage broker from this location.

8 **1.9 Unlicensed Name.** Respondents are known to have used the name "Van Hook Brokerage" in their loan
9 originator activities under America One from at least August 2006. Neither America One nor any other
10 mortgage broker licensed by the Department has requested or received the written consent of the Director to use
11 the name "Van Hook Brokerage."

12 **1.10 Residential Mortgage Loans.**

13 **A. Transaction 1** – In or around March 2006, Respondent Spargo obtained two residential
14 mortgage loans totaling \$390,000 to purchase property located at 3750 W. Rosamond Avenue, Spokane, WA
15 (Rosamond property) from Respondent JVH. In this transaction, Respondent JVH obtained approximately
16 \$100,000 in cash and Respondent Spargo obtained the Rosamond property.

17 **B. Transaction 2** – In or around July 2006, Respondents assisted Borrower 1 in obtaining two
18 residential mortgage loans totaling \$155,000 to purchase property located at 1106 E. 13th Avenue, Spokane,
19 WA (13th Ave property). In this transaction, America One and Respondents obtained at least \$3,000 in
20 mortgage broker fees.

21 **C. Transaction 3** – In or around July 2006, Respondent Spargo and Linda Spargo (LS),
22 Respondent Spargo's wife, obtained two residential mortgage loans totaling \$180,000 to refinance property
23 located at 7422 N. Hamilton, Spokane, WA (Hamilton property).

24 **D. Transaction 4** – In or around August 2006, Respondents assisted Shannon Van Hook (SVH),
25 Respondent JVH's wife, in obtaining two residential mortgage loans totaling \$138,000 to purchase property
located at 7905 N. Standard Street, Spokane, WA (Standard property). In this transaction, America One and

1 Respondents obtained at least \$3,500 in mortgage broker fees and Respondent JVH and SVH obtained the
2 Standard property.

3 **E. Transaction 5** – In or around October 2006, Respondents assisted SVH in obtaining two
4 residential mortgage loans totaling \$350,000 to purchase property located at 8324 N. Northview Court,
5 Spokane, WA (Northview property). In this transaction, Respondents obtained at least \$16,680 in mortgage
6 broker fees and Respondent JVH and SVH obtained the Northview property.

7 **F. Transaction 6** – In or around November 2006, Respondents assisted Borrower 2 in obtaining a
8 \$165,000 residential mortgage loan to refinance property located at 1025 Cedar Avenue, Richland, WA
9 (Richland property). In this transaction, Respondents obtained at least \$3,790 in mortgage broker fees.

10 **G. Transaction 7** – In or around November 2006, Respondents assisted Borrower 3 in obtaining a
11 \$218,000 residential mortgage loan to refinance property located at 2205 W. Longfellow, Spokane, WA
12 (Longfellow property). In this transaction, Respondents obtained at least \$5,395 in mortgage broker fees.

13 **H. Transaction 8** – In or around November 2006, Respondent Spargo obtained two residential
14 mortgage loans totaling \$431,400 to refinance the Rosamond property. In this transaction, Respondent Spargo
15 obtained approximately \$27,000, including cash and the payoff of a car loan.

16 **I. Transaction 9** – In or around December 2006, Respondents assisted Borrower 4 in obtaining
17 two residential mortgage loans totaling \$240,000 to purchase the Standard property from SVH. In this
18 transaction, Respondent JVH and SVH obtained approximately \$81,000 in cash.

19 **J. Transaction 10** – In or around November 2006, Respondents assisted Borrower 5 in
20 attempting to obtain a residential mortgage loan to refinance property located at 1824 W. York, Spokane, WA
21 (York property). No residential mortgage loan was obtained for Borrower 5. In or around February 2007,
22 Respondent MVH obtained a \$160,000 residential mortgage loan to purchase the York property from Borrower
23 5. In this transaction, Respondents obtained at least \$85 in mortgage broker fees, and approximately \$30,000 in
24 cash, and Respondent MVH obtained the York property.

25

1 **K. Transaction 11** – In or around December 2006, Respondents assisted Borrower 6 in attempting
2 to obtain a residential mortgage loan to refinance property located at 1523 E. 11th Avenue, Spokane, WA (11th
3 Ave property). No residential mortgage loan was obtained for Borrower 6. In or around February 2007,
4 Respondent MVH obtained a \$140,000 residential mortgage loan to purchase the 11th Ave property from
5 Borrower 6. In this transaction, Respondents obtained at least \$175 in mortgage broker fees and approximately
6 \$19,000 in cash, and Respondent MVH obtained the 11th Ave property.

7 **L. Transaction 12** – In or around March 2007, Respondents assisted SVH in obtaining a
8 \$495,000 residential mortgage loan to refinance the Northview property. In this transaction, America One and
9 Respondents obtained at least \$4,900 in mortgage broker fees, and Respondent JVH and SVH obtained
10 approximately \$125,000 in cash.

11 **M. Transaction 13** – In or around March 2007, Respondents assisted SVH in obtaining a
12 \$275,000 residential mortgage loan to purchase property located at 108 S. Government Way, Spokane, WA
13 (Government Way property). In this transaction, America One and Respondents obtained at least \$1,375 in
14 mortgage broker fees, and Respondents obtained approximately \$98,000 in cash.

15 **N. Transaction 14** – In or around October 2007, LS obtained a \$156,750 residential mortgage
16 loan to purchase property located at 2117 W. Sinto, Spokane, WA (Sinto property). In this transaction,
17 Respondents obtained approximately \$47,000 in cash.

18 **O. Transaction 15** – In or around October 2007, Respondent Spargo obtained a \$275,500
19 residential mortgage loan to purchase property located at 3728 E. 27th Ave, Spokane, WA (27th Ave property).
20 In this transaction, Respondents obtained approximately \$73,000 in cash and Respondent Spargo obtained the
21 27th Ave property.

22 **P. Transaction 16** – In or around December 2007, Respondent MVH obtained a \$189,905
23 residential mortgage loan to purchase property located at 1911 W. Gardner, Spokane, WA (Gardner property).
24 In this transaction, Respondents obtained approximately \$77,000 in cash and Respondent MVH obtained the
25 Gardner property.

1 **Q. Transaction 17** – In or around December 2007, Respondent MVH assisted Borrower 1 in
2 obtaining a \$327,750 residential mortgage loan to purchase property located at 601 S. Evergreen Dr., Medical
3 Lake, WA (Evergreen 1 property). In this transaction, TMBG and Respondents obtained at least \$9,250 in
4 mortgage broker fees.

5 **R. Transaction 18** – In or around December 2007, Respondent Spargo obtained a \$294,500
6 residential mortgage loan to purchase property located at 741 S. Evergreen Dr., Medical Lake, WA (Evergreen
7 2 property). In this transaction, TMBG and Respondents obtained at least \$6,675 in mortgage broker fees and
8 Respondent Spargo obtained the Evergreen 2 property.

9 **S. Transaction 19** – In or around March 2008, Respondent JVH obtained a \$351,000 residential
10 mortgage loan to purchase property located at 1314 E. Glencrest Dr., Spokane, WA (Glencrest property). In
11 this transaction, Respondents obtained approximately \$60,000 in cash and Respondent JVH obtained the
12 Glencrest property.

13 **T. Transaction 20** – In or around April 2008, Respondent Spargo obtained a \$248,000 residential
14 mortgage loan to purchase property located at 541 S. Evergreen Dr., Medical Lake, WA (Evergreen 3 property).
15 In this transaction, Respondent Spargo obtained the Evergreen 3 property.

16 **U. Transaction 21** – In or around April 2008, SVH obtained a \$276,000 residential mortgage loan
17 to purchase property located at 524 S. Evergreen Dr., Medical Lake, WA (Evergreen 4 property).

18 **1.11 Misrepresentations of Owner Occupancy.** Respondents misrepresented their intent to occupy certain
19 property as their primary residences².

20 **A. Respondent Spargo and LS.**

- 21 • **Transaction 1.** In or around March 2006, while he owned the Hamilton property, Respondent
22 Spargo represented to the lender in Transaction 1 that he would be occupying the Rosamond
23 property as his primary residence.

24
25 ² Lenders generally provide more favorable interest rates and loan terms to borrowers who are going to occupy property as their primary residence.

- 1 • **Transaction 3.** In or around July 2006, Respondent Spargo represented to the lender in
2 Transaction 3 that he would be occupying the Hamilton property as his primary residence.
- 3 • **Transaction 8.** In or around November 2006, Respondent Spargo represented to the lender in
4 Transaction 8 that he would be occupying the Rosamond property as his primary residence, and
5 further represented to the lender that the Hamilton property was a rental property.
- 6 • **Transaction 14.** In or around October 2007, LS represented to the lender in Transaction 14
7 that she would be occupying the Sinto property as her primary residence.
- 8 • **Transaction 15.** In or around October 2007, Respondent Spargo represented to the lender in
9 Transaction 15 that he would be occupying the 27th Ave property as his primary residence.
- 10 • **Transaction 18.** In or around December 2007, Respondent Spargo represented to the lender in
11 Transaction 18 that he would be occupying the Evergreen 2 property as his primary residence.
- 12 • **Transaction 20.** In or around April 2008, Respondent Spargo represented to the lender in
13 Transaction 20 that he would be occupying the Evergreen 3 property as his primary residence.
- 14 • On all license applications received by the Department from Respondent Spargo from
15 December 2006 through November 2007, Respondent Spargo listed the Rosamond property as
16 his residence. On the Application for Adjudicative Hearing received by the Department from
17 Respondent Spargo in January 2008, Respondent Spargo listed the Rosamond property as his
18 residence.

19 **B. Respondent JVH and SVH.**

- 20 • **Transaction 4.** In or around August 2006, Respondents represented to the lender in
21 Transaction 4 that SVH would be occupying the Standard property as her primary residence.
- 22 • **Transaction 5.** In or around October 2006, Respondents represented to the lender in
23 Transaction 5 that SVH would be occupying the Northview property as her primary residence.
- 24 • **Transaction 12.** In or around March 2007, Respondents represented to the lender in
25 Transaction 12 that SVH would be occupying the Northview property as her primary residence.

1 Respondents failed to disclose to the lender that they were also assisting SVH in obtaining a
2 residential mortgage loan from another lender to purchase the Government Way property, and
3 that Respondents were representing to that other lender that SVH would be occupying the
4 Government Way property as her primary residence and that the Northview property was
5 leased to Borrower 1 (see following discussion of Transaction 13).

6 • **Transaction 13.** In or around March 2007, Respondents represented to the lender in
7 Transaction 13 that SVH would be occupying the Government Way property as her primary
8 residence. Respondents represented that the Northview property was a rental property and
9 provided the lender with a two-year lease agreement representing that Borrower 1 had leased
10 the Northview property for \$3,250 per month since November 2006. Respondents did not
11 disclose to the lender that they were also assisting SVH in obtaining a residential mortgage loan
12 from another lender to refinance the Northview property, and that Respondents were
13 representing to that other lender that SVH would be occupying the Northview property as her
14 primary residence (see preceding discussion of Transaction 12).

15 • **Transaction 19.** In or around March 2008, Respondent JVH represented to the lender in
16 Transaction 19 that he would be occupying the Glencrest property as his primary residence.

17 • **Transaction 21.** In or around April 2008, SVH represented to the lender in Transaction 21 that
18 she would be occupying the Evergreen 4 property as her primary residence.

19 • On all license applications received by the Department from Respondent JVH from December
20 2006 through November 2007, Respondent JVH listed the Northview property as his residence.
21 On the Application for Adjudicative Hearing received by the Department from Respondent
22 JVH in January 2008, Respondent JVH listed the Northview property as his residence.

23 **C. Respondent MVH.**

24 • **Transaction 10.** In or around February 2007, Respondents represented to the lender in
25 Transaction 10 that Respondent MVH would be occupying the York property as his primary

1 residence. Respondents did not disclose to the lender that Respondent MVH was also in the
2 process of obtaining a residential mortgage loan from another lender to purchase the 11th Ave
3 property, that Respondents were representing to that other lender that Respondent MVH would
4 be occupying the 11th Ave property as his primary residence (see following discussion of
5 Transaction 11), and that Respondent MVH had entered into a two-year lease agreement with
6 Borrower 5 leasing the York property back to Borrower 5. As of the date of this Statement of
7 Charges, Borrower 5 continues to reside in the York property.

- 8 • **Transaction 11.** In or around February 2007, Respondents represented to the lender in
9 Transaction 11 that Respondent MVH would be occupying the 11th Ave property as his primary
10 residence. Respondents did not disclose to the lender that Respondent MVH was also in the
11 process of obtaining a residential mortgage loan to purchase the York property, that
12 Respondents were representing to that other lender that Respondent MVH would be occupying
13 the York property as his primary residence (see preceding discussion of Transaction 10), and
14 that Respondent MVH had entered into an agreement with Borrower 6 which included
15 Borrower 6 continuing to reside in the 11th Ave property. As of the date of this Statement of
16 Charges, Borrower 6 continues to reside in the 11th Ave property.

- 17 • **Transaction 16 –** In or around December 2007, Respondent MVH represented to the lender in
18 Transaction 16 that he would be occupying the Gardner property as his primary residence.
- 19 • On all license applications received by the Department from Respondent MVH from December
20 2006 through November 2007, Respondent MVH listed the 13th Ave property as his residence.
21 On the Application for Adjudicative Hearing received by the Department from Respondent
22 MVH in January 2008, Respondent MVH listed the 13th Ave property as his residence.

23 //
24 //
25 //

1 **1.12 Misrepresentations of Borrowers' Information.** In at least fifteen residential mortgage loan
2 transactions, Respondents misrepresented information to lenders in order to obtain residential mortgage loans
3 for themselves and for other borrowers. Such information included borrowers' rental history, employment
4 history, income, assets, and liabilities.

5 **A. Transaction 2.** In or around July 2006, Respondents represented to the lender in Transaction 2
6 that Borrower 1: earned \$5,600 per month as a self-employed home interior designer; had operated as a self-
7 employed home interior designer for three years; and had been renting property located at 28102 W. Tucker
8 Prairie Road, Edwall, WA (Edwall property) for three years. Respondents provided the lender with
9 documentation to support these representations about employment and rental history. According to
10 documentation Respondent MVH provided to the lender in Transaction 10, the Edwall property is the residence
11 of Respondent MVH's mother. Respondents provided the lender with a Verification of Deposit form for a bank
12 account that Respondent MVH would later use to verify his available funds in Transaction 10.

13 **B. Transaction 4.** In or around August 2006, Respondents represented to the lender in
14 Transaction 4 that SVH: earned \$3,500 per month as a self-employed seller of pet carrier bags; had operated as
15 a self-employed bag seller for two years; and had been renting property located at 3018 W. Grandview,
16 Spokane, WA (Grandview property) for two years. Respondents provided the lender with documentation to
17 support these representations about employment and rental history.

18 **C. Transaction 5.** In or around October 2006, Respondents represented to the lender in
19 Transaction 5 that SVH: earned \$18,000 per month as a self-employed seller of pet carrier bags; had operated as
20 a self-employed bag seller for three years; and had been renting the Grandview property for two years.
21 Respondents provided the lender with documentation to support these representations about employment and
22 rental history.

23 **D. Transaction 8.** In or around November 2006, Respondents represented to the lender in
24 Transaction 8 that Respondent Spargo earned \$9,700 per month as a self-employed insurance salesman and that
25 he had been a self-employed insurance salesman for three years and seven months. Respondents did not

1 disclose to the lender that Respondent Spargo was a loan originator working at the same branch office of
2 America One that was originating his loan. As noted in paragraphs 1.3C, 1.4, and 1.7A above, Respondent
3 Spargo did not disclose to the Department that he was or had been working as a self-employed insurance
4 salesman.

5 **E. Transaction 10.** In or around February 2007, Respondents represented to the lender in
6 Transaction 10 that Respondent MVH had been renting the 13th Ave property for two years even though
7 Respondents had just assisted Borrower 1 in purchasing 13th Ave property seven months earlier. Respondents
8 provided the lender with documentation to support the representation about rental history. Respondents
9 provided the lender with a Verification of Deposit form for a bank account that Borrower 1 had previously used
10 to verify her available funds in Transaction 2. Respondents did not disclose to the lender that, while in the
11 process of obtaining a \$160,000 residential mortgage loan to purchase the York property, Respondent MVH
12 was also in the process of obtaining an additional \$140,000 liability in the form of a residential mortgage loan
13 to purchase the 11th Ave property.

14 **F. Transaction 11.** In or around February 2007, Respondents represented to the lender in
15 Transaction 11 that Respondent MVH had been renting the 13th Ave property for two years (see preceding
16 discussion of Transaction 10). Respondents provided the lender with documentation to support the
17 representations about rental history. Respondents did not disclose to the lender that, while in the process of
18 obtaining a \$140,000 residential mortgage loan to purchase the 11th Ave property, Respondent MVH was also
19 in the process of obtaining an additional \$160,000 liability in the form of a residential mortgage loan to
20 purchase the York property.

21 **G. Transaction 12.** In or around March 2007, Respondents represented to the lender in
22 Transaction 12 that SVH earned \$11,375 per month as a Regional Manager for Tangen Properties and had been
23 employed by Tangen Properties for two years and four months. Respondents provided the lender with
24 documentation to support the representation about employment history. Respondents did not disclose to the
25 lender that, while in the process of assisting SVH in obtaining a \$495,000 residential mortgage loan to refinance

1 the Northview property, they were also in the process of assisting SVH in obtaining an additional \$275,000
2 liability in the form of a residential mortgage loan to purchase the Government Way property.

3 **H. Transaction 13.** In or around March 2007, Respondents represented to the lender in
4 Transaction 13 that SVH: earned \$9,375 per month as a Regional Manager for Tangen Properties; had been
5 employed by Tangen Properties for three years; and had been renting the Grandview property since selling the
6 Standard property. Respondents provided the lender with documentation to support the representation about
7 employment history. Respondents represented to the lender that the Northview property was a rental property
8 and provided the lender with documentation to support this representation. Respondents provided the lender
9 with a two-year lease agreement representing that Borrower 1 had leased the Northview property for \$3,250 per
10 month since November 2006, even though Respondents had just assisted Borrower 1 in purchasing the 13th Ave
11 property in July 2006 and had represented to the lender in that transaction that Borrower 1 would be occupying
12 the 13th Ave property as her primary residence. Respondents did not disclose to the lender that, while in the
13 process of assisting SVH in obtaining a \$275,000 residential mortgage loan to purchase the Government Way
14 property, they were also in the process of assisting SVH in obtaining an additional \$495,000 liability in the
15 form of a residential mortgage loan to refinance the existing \$350,000 in residential mortgage loans on the
16 Northview property.

17 **I. Transaction 15.** In or around October 2007, Respondent Spargo represented to the lender in
18 Transaction 15 that he earned \$17,500 per month as an "Agent" for Alliance Affordable Insurance and had been
19 employed as such for two years and eight months.

20 **J. Transaction 16.** In or around December 2007, Respondent MVH represented to the lender in
21 Transaction 16 that he earned \$9,500 per month working for Summa Financial located at 108 S. Government
22 Way, Spokane, WA, and had been employed by Summa Financial for three years and four months. Respondent
23 MVH also represented to the lender that he was receiving rental income of \$1,250 per month from the 11th Ave
24 property. Respondent MVH failed to disclose to the lender his ownership of the York property and the
25 associated residential mortgage loan liability of \$160,000 on that property.

1 **K. Transaction 17.** In or around December 2007, Respondent MVH represented to the lender in
2 Transaction 17 that Borrower 1 earned \$12,500 per month as a Realtor and had been employed as a Realtor for
3 two years and three months. Respondent MVH provided the lender with a document stating that he had verified
4 Borrower 1 had been employed as a Realtor since September 2005. Washington State Department of Licensing
5 records indicate that Borrower 1 did not receive her Real Estate Salesperson's license until June 2007.

6 **L. Transaction 18.** In or around December 2007, Respondent Spargo represented to the lender in
7 Transaction 18 that he earned \$14,500 per month as an "Owner-Insurance" for Cornerstone Insurance and had
8 operated as such for four years and two months. Respondent Spargo failed to disclose to the lender his
9 ownership of the 27th Ave property and the associated residential mortgage loan liability of \$275,500 on that
10 property.

11 **M. Transaction 19.** In or around March 2008, Respondent JVH represented to the lender in
12 Transaction 19 that he earned \$9,500 per month as a branch manager for Summa Financial located in Post Falls,
13 ID, and had been employed by Summa Financial for three years. Respondent JVH represented to the lender
14 that he was single and was renting the Northview property from his ex-wife. Respondent Spargo provided the
15 lender with a Verification of Rent form signed by Respondent Spargo for American Investment Group and
16 stating that Respondent JVH had been renting the Northview property since October 2006. Respondent JVH
17 provided the lender with bank statements in his name alone to support his income. Respondent JVH provided
18 the lender with a loan agreement indicating Respondent Spargo had loaned him \$27,000, secured by a stock
19 certificate containing Respondent JVH's name alone, to support the funds required to close.

20 **N. Transaction 20.** In or around April 2008, Respondent Spargo represented to the lender in
21 Transaction 20 that he earned \$17,500 per month as an "Insurance Agent/Health" for Alliance for Affordable
22 Services and had been employed as such for four and a half years. Respondent Spargo failed to disclose to the
23 lender his ownership of the Evergreen 2 property and the associated residential mortgage loan liability of
24 \$294,500 on that property.

25

1 **O. Transaction 21.** In or around April 2008, SVH represented to the lender in Transaction 21 that
2 she was married and earned \$13,500 per month as an “Insurance Agent/Health” for alliance for Affordable
3 Services and had been employed as such for two years. The mortgage broker file for this transaction contained
4 the same bank statements and stock certificate as previously discussed in Transaction 19 above, however all
5 contained SVH’s name alone.

6 **1.13 Sales Prices and Appraisal Values.**

7 **A. Transaction 6.** In or around October 2006, Respondents ordered an appraisal of the Richland
8 property from AAA Appraisal (AAA), located in Kennewick, WA. The Request for Appraisal included the
9 following comment: “Please make sure we get 165,000!! Deal breaker.” AAA and appraiser Gary Abbott
10 provided an appraisal report dated October 13, 2006 which appraised the Richland property at \$165,000.

11 **B. Transaction 9.** In or around August 2006, Respondents ordered an appraisal of the Standard
12 property from the Sharp Real Estate Appraisal Corporation (Sharp) and appraiser Donny Biagi (Biagi), located
13 in Spokane, WA. Sharp and Biagi provided an appraisal report dated August 18, 2006 which appraised the
14 Standard property at \$149,000. In or around December 2006, Respondents ordered another appraisal of the
15 Standard property from Sharp and Biagi. The Request for Appraisal included the following comment: “need
16 240k ASAP.” Sharp and Biagi provided an appraisal report dated December 20, 2006 which appraised the
17 Standard property at \$241,000.

18 **C. Transaction 13.** In or around March 2007, Respondents ordered an appraisal of the
19 Government Way property from Sharp and Biagi. Sharp and Biagi provided an appraisal report dated March
20 26, 2007 which appraised the Government Way property at \$275,000. In the appraisal report, Biagi commented
21 that the property had been listed for sale at \$300,000 since August 2006 and an agreement between the parties
22 was quickly reached once the price was lowered to \$275,000 in March 2007, therefore the sale price seemed
23 reasonable. The listing price was actually \$175,000, and was only raised to \$275,000 after Respondents
24 proposed the transaction discussed in paragraph 1.14C below.

25

1 **1.14 American Investment Group Spokane LLC (AIG).** In at least four residential mortgage loan
2 transactions, some or all of the sellers' proceeds were paid to AIG. In these transactions, Respondents did not
3 disclose to the lenders that, since Respondents controlled AIG, these payments were going to Respondents.

4 **A. Transaction 10.** In or around November 2006, Borrower 5 asked Respondents to attempt to
5 obtain a residential mortgage loan for her to refinance the York property, since she could not afford the
6 approximately \$900 monthly mortgage payments. In or around December 2006, after failing to obtain a
7 residential mortgage loan for Borrower 5 to refinance the York property, Respondents offered to purchase the
8 York property from Borrower 5 and lease it back to her with an option to repurchase the property in two years.
9 In an email dated January 21, 2007, Respondent MVH told Borrower

10 "...Your name will still be on title as a lease to buy which you already signed and you will be
11 buying the house back in 2 years for 160,000....if we are not getting the 30,000 it really isn't
12 worth it to us to take the risk [Borrower 5] because we are buying two other houses right now
13 with similar situations...."

14 In or around February 2007, Respondent MVH purchased the York property from Borrower 5 for \$160,000.
15 Respondents instructed the closing agent to direct all \$36,377.57 of the seller's proceeds to a bank account in
16 AIG's name and under Respondents' control. Respondents did not disclose to the lender that over \$36,000 of
17 the \$160,000 residential mortgage loan the lender was funding was going to the borrower in cash, in violation
18 of the lender's loan condition that the borrower was to receive no more than \$500 at closing. Respondents
19 subsequently reimbursed \$6,377.57 to Borrower 5. When America One questioned Respondents about the
20 \$30,000 payment, Respondents stated that the \$30,000 was a non-refundable deposit related to the lease
21 agreement with purchase option and provided a copy of a Residential Lease Agreement and a Purchase and Sale
22 Agreement. The Residential Lease Agreement: was dated February 1, 2007; had a two year term; called for
23 monthly lease payments of \$1,350 (50% higher than the mortgage payments Borrower 5 had informed
24 Respondents she was unable to afford); indicated that AIG would be Borrower 5's landlord; and was signed by
25 Respondent MVH on behalf of AIG. The Residential Lease Agreement did not contain any provision for or

1 reference to a non-refundable \$30,000 deposit or a purchase option. The Purchase and Sale Agreement: was
2 largely blank; was dated February 1, 2007 on the front page; was dated December 14, 2006 on the last page
3 (containing signatures); and listed a purchase price of \$160,000. The Purchase and Sale Agreement did not:
4 specify the date which Borrower 5's option to purchase the York property began or ended; contain any
5 provision for a non-refundable \$30,000 deposit; or contain any provision for how the \$30,000 would be applied
6 if Borrower 5 exercised her option to purchase the York property. The Purchase and Sale Agreement contained
7 the following handwritten condition "If lease is broke [sic] this agreement is null and void [sic] no deposits of
8 any kind will be refunded to purchaser" without any indication that the condition was acknowledged or
9 accepted by Borrower 5. On or about April 10, 2007, approximately two months after entering into the lease
10 agreement with Borrower 5, Respondents posted a "three (3) day notice to pay rent or vacate" at the York
11 property because Borrower 5 had failed to make her second lease payment.

12 **B. Transaction 11.** In or around December 2006, Respondents attempted to obtain a residential
13 mortgage loan for Borrower 6 to refinance the 11th Ave property. After submitting an application listing this
14 ninety-nine year old woman's occupation as "self-employed baker," Respondents did not obtain a loan for
15 Borrower 6. Respondents then offered to purchase the 11th Ave property from Borrower 6. Borrower 6
16 understood the transaction to be some type of reverse mortgage where Respondents would give her \$10,000 and
17 allow her to live in the house rent-free for as long as she liked. In or around February 2007, Respondent MVH
18 purchased the 11th Ave property from Borrower 6 for \$140,000. Borrower 6 contributed \$3,500 to Respondent
19 MVH's closing costs in accordance with the lender's condition that the seller's contribution to the borrower's
20 closing costs could not exceed three percent (3%) of the purchase price. Borrower 6 signed a document
21 authorizing all seller proceeds in excess of \$10,000 to go to Respondent MVH and AIG. Respondents
22 instructed the closing agent to direct \$18,850.43 of the seller's proceeds to a bank account in AIG's name and
23 under Respondents' control. Respondents did not disclose to the lender that nearly \$19,000 of the \$140,000
24 residential mortgage loan the lender was funding was going to the borrower in cash, in addition to the seller's
25 contribution of \$3,500 toward the borrower's closing costs.

1 **C. Transaction 13.** On or about March 9, 2007, SVH and Seller 1, a licensed real estate
2 salesperson, entered into a Purchase and Sale Agreement providing for the purchase of the Government Way
3 property by SVH for \$275,000. The Purchase and Sale Agreement contained an addendum that SVH would
4 receive \$100,000 back from Seller 1 at closing to perform renovations to the property. On or about March 26,
5 2007, Seller 1 contacted the closing agent to confirm his understanding of the agreement: he was selling the
6 Government Way property for the list price of \$175,000, and the buyer was receiving \$100,000 back for
7 renovations and would cover any taxes and fees associated with that additional \$100,000. On or about March
8 30, 2007, Seller 1 authorized the closing agent to disburse \$98,002.80 of his proceeds to AIG. On or about
9 April 4, 2007, Respondent MVH instructed the closing agent to wire the \$98,002.80 to an AIG bank account
10 under Respondents' control. Respondents did not provide the lender with a fully executed Purchase and Sale
11 Agreement and did not disclose to the lender that over \$98,000 of the \$275,000 residential mortgage loan the
12 lender was funding was going to the borrower in cash.

13 **D. Transaction 19.** On or about January 19, 2008, Respondent JVH and Seller 2 entered into a
14 Purchase and Sale Agreement providing for the purchase of the Glencrest property for \$395,000. The Purchase
15 and Sale Agreement contained an addendum dated January 19, 2008 stating that all closing costs would be paid
16 out of Seller 2's proceeds from the sale, and that any additional proceeds in excess of \$10,000 were to be paid
17 to JMJ Investments, Spokane, LLC (see paragraph 1.15 below) outside of closing. On or about February 29,
18 2008, JVH and Seller 2 entered into a revised Purchase and Sale Agreement providing for the purchase of the
19 Glencrest property for \$370,000. The revised Purchase and Sale Agreement provided that Seller 2 would pay
20 \$11,100 or three percent (3%) of Respondent JVH's closing costs. The revised Purchase and Sale Agreement
21 contained an addendum dated February 29, 2008 stating that all closing costs would be paid out of Seller 2's
22 proceeds from the sale, and that any additional proceeds in excess of \$1,000 were to be paid to AIG outside of
23 closing. The lender's conditions on the transaction stated that the seller's contribution to the borrower's closing
24 costs could not exceed six percent (6%) of the purchase price and no cash credit to the borrower was allowed.
25 The closing agent issued a check for \$59,951.79 to AIG at the closing of the transaction. Respondent JVH did

1 not disclose to the lender that approximately \$60,000 of the \$351,000 residential mortgage loan the lender was
2 funding was going to the borrower in cash, in addition to the seller's contribution of \$11,100 toward the
3 borrower's closing costs.

4 **1.15 JMJ Investments Spokane LLC (JMJ).** In at least three residential mortgage loan transactions, some
5 of the sellers' proceeds were paid to JMJ. In these transactions, Respondents did not disclose to the lenders
6 that, since Respondents controlled JMJ, these payments were going to Respondents.

7 **A. Transaction 14.** On or about August 26, 2007, LS and Seller 3 entered into a Purchase and
8 Sale Agreement providing for the purchase of the Sinto property for \$165,000. Seller 3 signed a document,
9 dated October 1, 2007 and addressed to Respondent Spargo and JMJ, stating that JMJ should be reimbursed for
10 the remodeling of the Sinto property out of seller proceeds. The closing agent was provided with a JMJ invoice
11 listing \$53,000 in remodeling expenses. Respondent Spargo provided the closing agent with a cashier's check
12 for \$8,389.87 in borrower funds needed to close the transaction. The lender's conditions on the transaction
13 stated that no cash out was allowed to the borrower. The closing agent issued a check for \$46,892.25 to JMJ at
14 the closing of the transaction. Respondent Spargo did not disclose to the lender that approximately \$47,000 of
15 the \$156,750 residential mortgage loan the lender was funding was going to the borrower's husband in cash.

16 **B. Transaction 15.** On or about September 2, 2007, Respondent Spargo and Seller 4 entered into
17 a Purchase and Sale Agreement providing for the purchase of the 27th Ave property for \$290,000. On or about
18 October 12, 2007, Respondent Spargo and Seller 4 entered into a Purchase and Sale Agreement for the purchase
19 of the 27th Ave property on the same terms as the first agreement. Respondent Spargo provided the closing
20 agent with a document, signed by Seller 4 and dated September 12, 2007, stating that Seller 4 would be paying
21 American Investment Group LLC (see paragraph 1.14 above) all proceeds above the agreed upon sales price of
22 \$207,000 outside of closing for services rendered. Seller 4 also signed a document dated October 10, 2007
23 stating that Seller 4 would be paying JMJ all proceeds above the agreed upon sales price of \$207,000 outside of
24 closing for services in connection with the 27th Ave property. The closing agent issued a check for \$73,331.74
25

1 to JMJ at the closing of the transaction. Respondent Spargo did not disclose to the lender that approximately
2 \$73,000 of the \$275,500 residential mortgage loan the lender was funding was going to the borrower in cash.

3 **C. Transaction 16.** On or about November 1, 2007, Respondent MVH and Seller 5 entered into a
4 Purchase and Sale Agreement providing for the purchase of the Gardner property for \$118,000. On or about
5 November 29, 2007, Respondent MVH and Seller 5 entered into a revised Purchase and Sale Agreement
6 providing for the purchase of the Gardner property for \$199,900. Seller 5 signed a document authorizing all
7 seller proceeds above \$118,000 to be paid to JMJ by the closing agent outside of closing for completing
8 construction at the Gardner property. At the closing of the transaction and at Respondent Spargo's direction,
9 the closing agent wired \$77,592.46 to a JMJ bank account under Respondents' control. Respondent MVH did
10 not disclose to the lender that approximately \$77,000 of the \$189,905 residential mortgage loan the lender was
11 funding was going to the borrower in cash.

12 **1.16 Collecting Fees as a Mortgage Broker.** In at least six residential mortgage loan transactions,
13 Respondents collected compensation as a Mortgage Broker directly at closing. This was done, in part, to avoid
14 detection of these residential mortgage loans by America One, which would have required Respondents to
15 provide physical files to the America One main office. America One terminated their relationship with
16 Respondents, in part, due to this subterfuge. Loan originators are prohibited from collecting any fee,
17 compensation, or commission of any kind from borrowers in connection with the preparation, negotiation, and
18 brokering of a residential mortgage loan.

19 **A. Transaction 5.** At the closing of the residential mortgage loan in Transaction 5 in or around
20 October 2006, Respondent Spargo directed the closing agent to wire \$16,681 in mortgage broker fees (\$16,510
21 origination fees, \$500 processing fee, \$490 application fee, \$818.77 mortgage broker fee credit) to a bank
22 account controlled by Respondents.

23 **B. Transaction 6.** At the closing of the residential mortgage loan in Transaction 6 in or around
24 November 2006, Respondent MVH directed the closing agent to wire \$3,790 in mortgage broker fees (\$3,300
25 loan origination fee and \$490 application fee) to a bank account controlled by Respondents.

1 **C. Transaction 7.** At the closing of the residential mortgage loan in Transaction 7 in or around
2 November 2006, Respondent MVH directed the closing agent to wire \$5,445 in mortgage broker fees and trust
3 funds (\$2,725 yield spread premium, \$2,180 loan origination fee, \$490 application fee, and \$50 credit report
4 fee) to a bank account controlled by Respondents.

5 **D. Transaction 8.** At the closing of the residential mortgage loan in Transaction 8 in or around
6 November 2006, Respondent Spargo directed the closing agent to issue Respondent Spargo a check for \$500 for
7 a mortgage broker fee.

8 **E. Transaction 10.** At the closing of the residential mortgage loan in Transaction 10 in or around
9 February 2007, the closing agent issued an \$85.28 check to "America One Finance" for a yield spread premium.
10 Respondents deposited this check into a bank account under their control which Respondents had apparently
11 opened under the name "America One Finance." Respondents did not have authorization to open a bank
12 account under America One's name.

13 **F. Transaction 11.** At the closing of the residential mortgage loan in Transaction 11 in or around
14 February 2007, the closing agent issued a \$175 check to "America One Finance" for a yield spread premium.
15 Respondents deposited this check into the bank account discussed in paragraph 1.15D above.

16 **1.17 Failure to Maintain Funds From Borrower for Payment of Third-Party Providers in Trust.** In or
17 around November 2006, Respondents directed the closing agent in Transaction 7 to wire \$50 for payment of a
18 third-party provider service (credit report) into a bank account under their control (see paragraph 1.15B above),
19 thereby commingling trust funds with operating funds. As loan originators, Respondents are not authorized to
20 receive trust funds directly. In November 2006, America One received approval from the Department to
21 receive trust funds into an authorized trust account, however Respondents did not deposit the trust funds in
22 Transaction 7 into the authorized trust account.

23 **1.18 Residential Mortgage Loan Disclosures.** In at least six residential mortgage loan transactions
24 (Transactions 2, 4, 6, 7, 12, & 13), Respondents failed to provide borrowers with full written disclosures,
25 containing an itemization and explanation of all fees and costs that the borrowers were required to pay in

1 connection with obtaining a residential mortgage loan, and specifying the fee or fees which inure to the benefit
2 of the mortgage broker. In at least two residential mortgage loan transactions (Transactions 4 & 7),
3 Respondents failed to provide borrowers with Good Faith Estimates completed in compliance with the Real
4 Estate Settlement Procedures Act and Regulation X. In at least five residential mortgage loan transactions
5 (Transactions 2, 6, 7, 12, & 13), Respondents failed to provide Truth in Lending disclosures completed in
6 compliance with the Truth in Lending Act and Regulation Z.

7 **1.19 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
8 Respondents continues to date.

10 II. GROUNDS FOR ENTRY OF ORDER

11 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) of both the 1994 and 2007 Acts,
12 "Mortgage Broker" means any person who for compensation or gain, or in the expectation of compensation or
13 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
14 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
15 person in obtaining or applying to obtain a residential mortgage loan.

16 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10) of the 1994 Act, "Loan Originator"
17 means a person employed, either directly or indirectly, or retained as an independent contractor by a person
18 required to be licensed as a mortgage broker, or a natural person who represents a person required to be licensed
19 as a mortgage broker, in the performance of any act specified in RCW 19.146.010(12) of the 1994 Act (see
20 paragraph 2.1 above). Pursuant to RCW 19.146.010(10) of the 2007 Act, "Loan Originator" means a natural
21 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates
22 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect
23 compensation or gain. "Loan originator" also includes a person who holds themselves out to the public as able
24 to perform any of these activities. "Loan originator" does not mean persons performing purely administrative or
25 clerical tasks for a mortgage broker. For the purposes of this subsection, "administrative or clerical tasks"

1 means the receipt, collection, and distribution of information common for the processing of a loan in the
2 mortgage industry and communication with a borrower to obtain information necessary for the processing of a
3 loan. A person who holds himself or herself out to the public as able to obtain a loan is not performing
4 administrative or clerical tasks.

5 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010(2) of the 1994 Act and RCW 19.146.010(3) of
6 the 2007 Act, "Borrower" means any person who consults with or retains a mortgage broker or loan originator
7 in an effort to obtain or seek advice or information on obtaining or applying to obtain a residential mortgage
8 loan for himself, herself, or persons including himself or herself, regardless of whether the person actually
9 obtains such a loan.

10 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
11 apparent violation of:

- 12 • RCW 19.146.0201(1) of both the 1994 and 2007 Acts for directly or indirectly employing a scheme,
13 device or artifice to defraud or mislead borrowers or lenders or any person;
- 14 • RCW 19.146.0201(2) of both the 1994 and 2007 Acts for engaging in an unfair or deceptive practice
15 toward any person;
- 16 • RCW 19.146.0201(3) of both the 1994 and 2007 Acts for obtaining property by fraud or
17 misrepresentation;
- 18 • RCW 19.146.0201(6) of both the 1994 and 2007 Acts for failing to make disclosures to loan applicants
19 as required by RCW 19.146.030 of both the 1994 and 2007 Acts and any other applicable state or
20 federal law;
- 21 • RCW 19.146.0201(8) of both the 1994 and 2007 Acts for negligently making any false statement or
22 knowingly and willfully making any omission of material fact in connection with any reports filed by a
23 mortgage broker or in connection with any investigation conducted by the department;
- 24 • RCW 19.146.0201(10) of the 1994 Act and RCW 19.146.0201(11) of the 2007 Act for failing to
25 comply with the disclosure requirements of the Truth in Lending Act, 15 U.S.C. Sec. 1601, Regulation

1 Z, 12 C.F.R. Sec. 226, the Real Estate Settlement Procedures Act, 12 U.S.C. Sec. 2601, and Regulation
2 X, 24 C.F.R. Sec. 3500;

- 3 • RCW 19.146.0201(13) of the 2007 Act for collecting, charging, attempting to collect or charge or using
4 or proposing to use any agreement purporting to collect or charge any fee prohibited by RCW
5 19.146.030 or 19.146.070 of the 2007 Act; and
- 6 • RCW 19.146.0201(14) of the 1994 Act and RCW 19.146.0201(15) of the 2007 Act for failing to
7 comply with any provision of RCW 19.146.030 through 19.146.080 of both the 1994 and 2007 Acts.

8 **2.5 Requirement to Disclose Residential Mortgage Loan Fees.** Based on the Factual Allegations set
9 forth in Section I above, Respondents are in apparent violation of RCW 19.146.030 of both the 1994 and 2007
10 Acts for failing to provide borrowers with full written disclosures containing an itemization and explanation of
11 all fees and costs that the borrowers were required to pay in connection with obtaining a residential mortgage
12 loan, and specifying which fee or fees inure to the benefit of the mortgage broker.

13 **2.6 Requirement to Maintain Funds From Borrower for Payment of Third-Party Providers in Trust.**
14 Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
15 19.146.050 of the 1994 Act, WAC 208-660-08010, WAC 208-660-08015, WAC 208-660-08020, WAC 208-
16 660-08025, WAC 208-660-08030 and WAC 208-660-08032 for failing to deposit funds received from a
17 borrower or on behalf of a borrower for payment of third-party provider services in a trust account of a federally
18 insured financial institution located in this state, prior to the end of the third business day following receipt of
19 such monies, and for commingling operating funds with trust account funds.

20 **2.7 Prohibited Fee, Commission, or Compensation.** Based on the Factual Allegations set forth in
21 Section I above, Respondents are in apparent violation of RCW 19.146.070(1) of the 2007 Act and WAC 208-
22 660-300(4) and (5) for accepting a fee, commission, or compensation of any kind from borrowers in connection
23 with the preparation, negotiation, and brokering of a residential mortgage loan as a loan originator.

24 **2.8 Requirement to Obtain and Maintain License and Branch License.** Based on the Factual
25 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200 and RCW

1 19.146.265 of the 2007 Act for engaging in the business of a mortgage broker without first obtaining and
2 maintaining a license under the Act, and for engaging in the business of a mortgage broker from a fixed
3 physical location without first obtaining and maintaining a branch license for that fixed physical location under
4 the Act.

5 **2.9 Requirement to Provide Information on License Application.** Based on the Factual Allegations set
6 forth in Section I above, Respondents fail to meet the requirements of RCW 19.146.300(1) and (2) and RCW
7 19.146.310(1)(b) of the 2007 Act by failing to provide an accurate and complete license application in the form
8 prescribed by the Director.

9 **2.10 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
10 forth in Section I above, Respondents fail to meet the requirements of RCW 19.146.310(1)(g) of the 2007 Act
11 and WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the
12 confidence of the community and to warrant a belief that the business will be operated honestly and fairly
13 within the purposes of the Act.

14 **2.11 Requirement to Obtain Consent for Use of Name.** Based on the Factual Allegations set forth in
15 Section I above, Respondents are in apparent violation of RCW 19.146.250 of both the 1994 and 2007 Acts for
16 failing to obtain the written consent of the Director prior to operating or advertising under a name other than the
17 one under which the license is issued.

18 III. AUTHORITY TO IMPOSE SANCTIONS

19 **3.1 Authority to Deny Application for License.** Pursuant to RCW 19.146.220(1) of the 2007 Act, the
20 Director may deny licenses to loan originators. Pursuant to RCW 19.146.220(2)(e) of the 2007 Act, the
21 Director may deny licenses for any violation of the Act. Pursuant to RCW 19.146.310(2) of the 2007 Act and
22 WAC 208-660-350(7), the Director shall not issue a loan originator license if the conditions of RCW
23 19.146.310(1) of the 2007 Act have not been met by the applicant, and shall notify the loan originator applicant
24 and any mortgage brokers listed on the application of the denial.
25

1 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c) of the 1994 Act and RCW
2 19.146.220(3)(a) of the 2007 Act, the Director may impose fines on an employee, loan originator, independent
3 contractor, or agent of the licensee, or other person subject to the Act for any violation of RCW 19.146.0201(1)
4 through (9) of both the 1994 and 2007 Acts, RCW 19.146.0201(13) of the 2007 Act, RCW 19.146.030 through
5 RCW 19.146.080 of both the 1994 and 2007 Acts, RCW 19.146.200 of both the 1994 and 2007 Acts, or RCW
6 19.146.265 of both the 1994 and 2007 Acts.

7 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(d)(ii) of the 1994 Act, the Director may
8 issue orders directing a licensee, its employees or loan originator, or other person subject to the Act to pay
9 restitution to an injured borrower. Pursuant to RCW 19.146.220(2)(e) of the 2007 Act, the Director may order
10 restitution against licensees or any other persons subject to the Act for any violation of the Act.

11 **3.4 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e) of the 1994 Act and
12 RCW 19.146.220(5)(a) of the 2007 Act, the Director may issue orders removing from office or prohibiting from
13 participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal,
14 employee, or loan originator of any licensed mortgage broker or any person subject to licensing under the Act
15 for any violation of RCW 19.146.0201(1) through (9) of both the 1994 and 2007 Acts, RCW 19.146.0201(13)
16 of the 2007 Act, RCW 19.146.030 through RCW 19.146.080 of both the 1994 and 2007 Acts, RCW 19.146.200
17 of both the 1994 and 2007 Acts, or RCW 19.146.265 of both the 1994 and 2007 Acts.

18 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) of the 2007 Act and WAC 208-
19 660-550(a), the Department may charge forty-eight dollars (\$48.00) per hour for an examiner's time devoted to an
20 investigation of the books and records of a licensee or other person subject to the Act.

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IV. NOTICE OF INTENTION TO ENTER ORDER

Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.310 of the 2007 Act. Therefore, it is the Director's intention to ORDER that:

- 4.1 Respondent Matthew Wendell Van Hook's application for a loan originator license be denied.
- 4.2 Respondent Joshua Max Van Hook's application for a loan originator license be denied.
- 4.3 Respondent James Allen Dain Spargo's application for a loan originator license be denied.
- 4.4 Respondent Matthew Wendell Van Hook pay a fine. As of the date of this Statement of Charges, the fine totals \$70,000.
- 4.5 Respondent Joshua Max Van Hook pay a fine. As of the date of this Statement of Charges, the fine totals \$70,000.
- 4.6 Respondent James Allen Dain Spargo pay a fine. As of the date of this Statement of Charges, the fine totals \$70,000.
- 4.7 Respondents Matthew Wendell Van Hook, Joshua Max Van Hook, and James Allen Dain Spargo jointly and severally pay restitution for any violations of the Act by Respondents, including at least \$48,850.43 to at least two borrowers (\$30,000 to Borrower 5 and \$18,850.43 to Borrower 6).
- 4.8 Respondents Matthew Wendell Van Hook, Joshua Max Van Hook, and James Allen Dain Spargo jointly and severally pay restitution to all borrowers injured by Respondents, including at least \$9,185 to at least two borrowers (\$3,790 Borrower 2 and \$5,395 to Borrower 3).
- 4.9 Respondent Matthew Wendell Van Hook be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of ten (10) years.
- 4.10 Respondent Joshua Max Van Hook be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of ten (10) years.
- 4.11 Respondent James Allen Dain Spargo be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of ten (10) years.
- 4.12 Respondents Matthew Wendell Van Hook, Joshua Max Van Hook, and James Allen Dain Spargo jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the investigation fee totals \$13,680.

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1 **V. AUTHORITY AND PROCEDURE**

2 This **Amended** Statement of Charges and Notice of Intention to Enter an Order to Deny License
3 Applications, Impose Fine, Order Restitution, Prohibit from Industry, and Collect Investigation Fee is entered
4 pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230 of
5 the 2007 Act, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act).

6
7 Dated this 22nd day of July, 2008.

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9 
10 DEBORAH BORTNER
11 Director
12 Division of Consumer Services
13 Department of Financial Institutions

14 Presented by:

15 
16
17 MARK T. OLSON
18 Financial Examiner



19 Approved by:

20 
21 JAMES R. BRUSSELBACK
22 Enforcement Chief