

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

4 B. Record Presented. The record presented to the Director's designee for her review and
5 for entry of a final decision included the Statement of Charges, cover letter dated December 19, 2007,
6 Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative
7 Hearing, with documentation of service.

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

11 II. FINAL ORDER

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

14 A. IT IS HEREBY ORDERED, That:

- 15 1. Respondent Ron Willie Cotton's application for a loan originator license is denied;
16 and
- 17 2. Respondent Ron Willie Cotton is banned from participation in the conduct of the
18 affairs of any mortgage broker subject to licensure by the Director, in any manner,
through June 5, 2014.

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

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

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

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

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

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

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16 DATED this 17th day of January, 2008.



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18 STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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21 DEBORAH BORTNER
DIRECTOR
DIVISION OF CONSUMER SERVICES

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

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

RON WILLIE COTTON,

Respondent.

NO. C-07-504-07-SC01

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

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 19.146.310, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent Ron Willie Cotton (Respondent Cotton) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under TILA Mortgage, a mortgage broker licensed under the Act. The on-line application was received by the Department on or about June 5, 2006. A subsequent Form MU4 was received from TILA Mortgage on or about August 24, 2007, terminating this relationship.

1.2 Financial History. Respondent Cotton filed for a voluntary bankruptcy on or about June 24, 2003, in the United States Bankruptcy Court District of Idaho case number 03-02325. Respondent Cotton's bankruptcy case was terminated without having received a discharge of the debt.

¹ RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 In Respondent Cotton's Voluntary Petition for the above referenced bankruptcy case, Respondent
2 Cotton disclosed three other bankruptcy filings: case number 98-41027 filed on or about August 26, 1998, case
3 number 02-00840 filed on or about March 29, 2002, and case number 02-04243 filed on or about December 23,
4 2002, all having been filed in U.S. Bankruptcy Court, District of Idaho.

5 **1.3 Responses to Application Questions.** The "Financial Disclosure" section of the loan originator
6 license application consists of four questions and includes the following instruction:

7 "If the answer to any of the following is "YES", provide complete details of all events or proceedings."

8 Respondent Cotton answered "no" to the following question on the "Financial Disclosure" section of his loan
9 originator license application:

- 10 • 1-Have you filed a personal bankruptcy petition or been the subject of an involuntary
11 bankruptcy petition?

12 Respondent Cotton was obligated by statute to answer questions on the loan originator license
13 application truthfully and to provide the Department with complete details of all events or proceedings.

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

15 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent
16 Cotton is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for negligently making
17 any false statement or willfully making any omission of material fact in connection with any application or any
18 information filed by a licensee in connection with any application, examination or investigation conducted by
19 the Department.

20 **2.2 Requirement to Provide Information on License Application.** Based on the Factual Allegations set
21 forth in Section I above, Respondent Cotton fails to meet the requirements of RCW 19.146.300(1) and (2) and
22 RCW 19.146.310(1)(b) by failing to provide an accurate and complete license application in the form
23 prescribed by the Director.

24 **2.3 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set
25 forth in Section I above, Respondent Cotton fails to meet the requirements of RCW 19.146.310(1)(g) and

1 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the
2 confidence of the community and to warrant a belief that the business will be operated honestly and fairly
3 within the purposes of the Act.

4 **III. AUTHORITY TO IMPOSE SANCTIONS**

5 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the
6 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the
7 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by
8 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application
9 of the denial.

10 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
11 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
12 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
13 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

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

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

- 19 **4.1** Respondent Ron Willie Cotton's application for a loan originator license be denied.
20 **4.2** Respondent Ron Willie Cotton be prohibited from participation in the conduct of the affairs of any
21 mortgage broker subject to licensure by the Director, in any manner, through June 5, 2014.

22 **V. AUTHORITY AND PROCEDURE**

23 This Statement of Charges and Notice of Intention to Enter an Order to Deny License Application and
24 Prohibit from Industry (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220,
25 RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05
RCW (The Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in

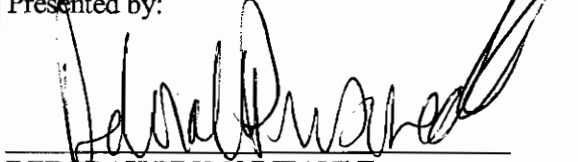
1 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
2 Statement of Charges.

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4 Dated this 19th day of December, 2007.

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7 DEBORAH BORTNER
8 Director
9 Division of Consumer Services
10 Department of Financial Institutions

11 Presented by:

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13 DEBORAH PINSONNEAULT
14 Financial Legal Examiner

15 Approved by:

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17 FATHIMA BATIE
18 Financial Legal Examiner Supervisor

