

ORDER SUMMARY – Case Number: C-08-104

Name(s): Karl Anthony Hackett

Order Number: C-08-104-12-FO02

Effective Date: April 4, 2012

License Number: DFI 35107, NMLS 111926
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: Revoked

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: April 4, 2017

Investigation Costs	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$5,000	Due: Now	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
	No. of Victims:			

Comments: _____



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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

No. C-08-104-12-FO02

WEST HORIZON FINANCIAL, INC.,
MOHAMED W. DAOUD, Loan Originator,
KARL A. HACKETT, Loan Originator, and
VINCENT P. VINCENT, Loan Originator,

FINAL ORDER

KARL A. HACKETT

Respondents.

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), pursuant to RCW 34.05.464. On August 22, 2011, the Director, through his designee, Consumer Services Division Director Deborah Bortner, issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke Licenses, Prohibit from Industry, Impose Fines, and Collect Investigation Fee (Statement of Charges) against Karl A. Hackett (Respondent Hackett). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated August 23, 2011, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent Hackett (collectively, accompanying documents). On August 23, 2011, the Department served Respondent Hackett with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery.

1 On September 14, 2011, Respondent Hackett filed an Application for Adjudicative Hearing.
2 On November 29, 2011, the Department made a request to the Office of Administrative Hearings
3 (OAH) to assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the
4 Statement of Charges. On December 19, 2011, OAH issued a Notice of Conference assigning ALJ
5 Terry A. Schuh to preside over a telephonic prehearing conference on January 17, 2012, at 11:00
6 a.m. That Notice stated in relevant part, "You must participate in the conference. If you do not, a
7 default may be entered. This means you may lose the opportunity to further challenge the agency
8 action." The Notice was served on Respondent Hackett by First-Class U.S. Mail at the address
9 Respondent Hackett provided on his Application for Adjudicative Hearing.

10 On January 17, 2012, the prehearing conference was convened by ALJ Schuh at 11:00 a.m.
11 Respondent Hackett failed to appear and the Department moved for an order of default dismissing
12 the administrative appeal. On January 23, 2012, ALJ Schuh issued an Initial Order of Default
13 Dismissing Respondent Karl A. Hackett's Appeal for Failure to Appear (Initial Order of Default)
14 dismissing Respondent's administrative appeal. On January 23, 2012, ALJ Schuh sent the Initial
15 Order of Default to Respondent Hackett via First-Class mail.

16 On January 24, 2012, the Department filed a Letter Motion for Corrected Initial Order asking
17 ALJ Schuh to correct the Initial Order of Default to reflect the Department's motion for default and
18 the Department's request that Respondent Hackett's request for hearing be dismissed and the
19 Statement of Charges be affirmed. A copy of the Letter Motion was mailed to Respondent Hackett
20 via U.S. Mail. On February 2, 2012, ALJ issued a Corrected Initial Order of Default Dismissing
21 Respondent Karl A. Hackett's Appeal for Failure to Appear (Corrected Order of Default) and sent a
22 copy to Respondent Hackett via U.S. Mail.

23 Pursuant to RCW 34.05.440(3), Respondent had seven (7) days from the date of service of
24 the Corrected Order of Default to file a written motion with OAH requesting that the Corrected

1 Order of Default be vacated, and stating the grounds relied upon. Respondent did not make a
2 request to vacate during the statutory period.

3 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent had twenty (20) days from
4 the date of service of the Corrected Order of Default to file a Petition for Review of the Order.
5 Respondent did not file a Petition for Review during the statutory period.

6 B. Record Presented. The record presented to the Director for his review and for entry
7 of a final decision included the following:

- 8 1. Statement of Charges, cover letter dated August 23, 2011, and Notice of
9 Opportunity to Defend and Opportunity for Hearing, with documentation of
10 service.
- 11 2. Applications for Adjudicative Hearing for Karl A. Hackett.
- 12 3. Request to OAH for Assignment of Administrative Law Judge.
- 13 4. Notice of Conference dated December 19, 2011, with documentation of service.
- 14 5. Initial Order of Default Dismissing Respondent Karl A. Hackett's Appeal for
15 Failure to Appear dated January 23, 2012, with documentation of service.
- 16 6. Letter Motion for Corrected Initial Order dated January 24, 2012, with
17 documentation of service.
- 18 7. Corrected Initial Order of Default Dismissing Respondent Karl A. Hackett's
19 Appeal for Failure to Appear, dated February 2, 2012, with documentation of
20 service.

21 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(2), the
22 Director hereby adopts the Statement of Charges, which is attached hereto.

23 II. FINAL ORDER

24 Based upon the foregoing, and the Director having considered the record and being otherwise
fully advised, NOW, THEREFORE:

1 A. IT IS HEREBY ORDERED, That:

- 2 1. The license of Respondent Karl A. Hackett to conduct business as a loan
3 originator is revoked.
- 4 2. Respondent Karl A. Hackett is prohibited from participation in the conduct of the
5 affairs of any mortgage broker subject to licensure by the Director, in any manner,
6 for a period of five years.
- 7 3. Respondent Karl A. Hackett shall pay to the Washington State Department of
8 Financial Institutions a fine of Five Thousand Dollars (\$5,000).

9 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
10 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
11 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
12 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
13 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
14 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
15 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

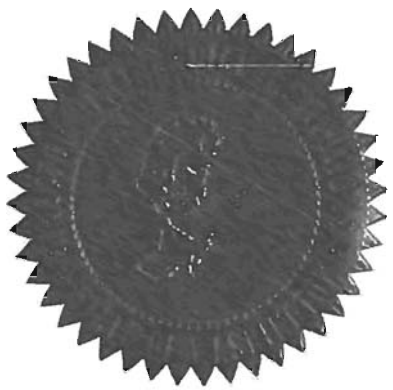
22 D. Judicial Review. Respondent has the right to petition the superior court for judicial
23 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
24 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

 E. Non-compliance with Order. If you do not comply with the terms of this order, the
Department may seek its enforcement by the Office of the Attorney General to include the collection

1 of the fine imposed herein. The Department also may assign the amounts owed to a collection
2 agency for collection.

3 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
4 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of
5 service attached hereto.

6 DATED this 4th day of April, 2012



7
8 STATE OF WASHINGTON
9 DEPARTMENT OF FINANCIAL INSTITUTIONS

10 [Redacted signature block]
11 SCOTT JARVIS
12 Director

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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:

WEST HORIZON FINANCIAL, INC.,
MOHAMED W. DAOUD, Loan Originator,
KARL A. HACKETT, Loan Originator, and
VINCENT P. VINCENT, Loan Originator,

Respondents.

No. C-08-104-11-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO REVOKE LICENSES,
PROHIBIT FROM INDUSTRY, IMPOSE
FINE, 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)¹. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of 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 Respondents.

A. **West Horizon Financial, Inc. (West Horizon)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on or about June 23, 2003, and continues to be licensed to date.

B. **Mohamed W. Daoud (Daoud)** was licensed by the Department as a loan originator on or about February 7, 2007, and was employed by Respondent West Horizon in that capacity at all

¹ RCW 19.146 (2006)
STATEMENT OF CHARGES
C-08-104-11-SC01
West Horizon Financial, Inc.
Mohamed W. Daoud
Karl A. Hackett
Vincent P. Vincent

1 times relevant to this Statement of Charges. Respondent Daoud's license was cancelled on or about
2 December 31, 2009.

3 C. **Karl A. Hackett (Hackett)** was licensed by the Department as a loan originator on or
4 about April 16, 2007, and was employed by Respondent West Horizon in that capacity at all times
5 relevant to this Statement of Charges. Respondent Hackett continues to be licensed to date in an
6 inactive capacity.

7 D. **Vincent P. Vincent (Vincent)** was licensed by the Department as a loan originator on
8 or about September 24, 2007, and was employed by Respondent West Horizon in that capacity at all
9 times relevant to this Statement of Charges. Respondent Vincent continues to be licensed to date.

10 **1.2 Misrepresentation of Borrower Information.** The Department examined the books and
11 records of Respondent West Horizon and reviewed 35 residential mortgage loan files. The
12 Department identified at least 16 loan files involving misrepresentation of borrower information on
13 the application.

14 A. On or about June 6, 2007, borrower N.N. applied with Respondent West Horizon to
15 purchase a residence in Renton, Washington. An application was prepared by Respondent West
16 Horizon's loan originator Casey Bunce stating that the residence was being purchased as the
17 borrower's primary residence. Respondent Daoud also assisted N.N. with obtaining this loan, which
18 closed on or about July 16, 2007, with First Franklin Financial Corp. On or about July 17, 2007,
19 Respondent West Horizon began assisting borrower N.N. with the refinance of a residence N.N.
20 owned in Everett, Washington. Respondent Daoud prepared a residential loan application for the
21 Everett refinance and stated on the application that the Everett residence would be the borrower's
22 primary residence. Additionally, Respondent Daoud did not disclose on the application that N.N. had
23

1 just completed the purchase of a primary residence on or about July 16, 2007. The refinance loan
2 subsequently closed with lender Homecomings Financial, LLC.

3 **B.** On or about September 13, 2007, borrower G.B. applied with Respondent West
4 Horizon to purchase a residence in Renton, Washington. Also on or about September 13, 2007,
5 borrower G.B. applied with Respondent West Horizon to refinance a residence G.B. owned in
6 Seattle, Washington. Respondent Hackett prepared both applications, and stated on each application
7 that it was to be G.B.'s primary residence, even though the purchase application listed the Seattle
8 residence as a rental. Additionally, Respondent Hackett stated on the refinance application that G.B.'s
9 gross monthly income was \$6,250, but stated on the purchase application that G.B.'s gross monthly
10 income was \$11,832. The purchase loan subsequently closed on or about October 15, 2007, with
11 Suntrust Mortgage, Inc. and the refinance loan closed on or about October 19, 2007, with
12 Homecomings Financial, LLC.

13 **C.** On or about September 19, 2007, borrower D.W. applied with Respondent West
14 Horizon to purchase a residence in Auburn, Washington. Also on or about September 19, 2007,
15 borrower D.W. applied with Respondent West Horizon to refinance a residence D.W. owned in
16 Federal Way, Washington. Respondent Vincent prepared both applications and stated on each
17 application that the residence would be D.W.'s primary residence, even though the purchase
18 application listed the Federal Way residence as a rental. Additionally, Respondent Vincent stated on
19 the refinance application that D.W.'s gross monthly income was \$4,313, but stated on the purchase
20 application that D.W.'s gross monthly income was \$7,112. The refinance loan subsequently closed on
21 or about October 29, 2007, with Washington Mutual Bank, and the purchase subsequently closed on
22 or about October 30, 2007, with Suntrust Mortgage, Inc.

1 **D.** On or about April 3, 2007, borrower C.F. applied with Respondent West Horizon to
2 purchase a residence on Voss Street in Orting, Washington. On the same day, C.F. applied with
3 Respondent West Horizon to purchase a residence on Roberts Street in Orting, Washington.
4 Respondent West Horizon's loan originator Kevin Dawson assisted C.F. and prepared the
5 applications for both purchases. On both applications, Dawson stated that the residence would be
6 C.F.'s primary residence. Additionally, Dawson stated on the Voss Street application that C.F.'s
7 gross monthly income was \$9,235, but indicated on the Roberts Street application that C.F.'s gross
8 monthly income was \$9,651.23. The Roberts Street purchase subsequently closed on or about April
9 26, 2007, with Indy Mac Bank, and the Voss Street purchase subsequently closed on or about May 1,
10 2007, with Webster Bank.

11 **E.** On or about May 18, 2007, borrower G.G. applied with Respondent West Horizon to
12 refinance a residence in Renton, Washington. Respondent West Horizon's loan originator Kevin
13 Dawson assisted G.G. and prepared applications for both a first and second mortgage. On the
14 application for the first mortgage, Dawson stated that G.G.'s gross monthly income was \$36,350; and
15 that application was submitted to Washington Mutual Bank. On the application for the second
16 mortgage, however, Dawson stated that G.G.'s gross monthly income was only \$15,264.86; and that
17 application was submitted to Greenpoint Mortgage Funding, Inc. Both loans subsequently closed on
18 or about July 16, 2007, with the above-stated lenders.

19 **F.** On or about August 27, 2007, borrower P.L. applied with Respondent West Horizon
20 to purchase a residence on Weaver Street in Orting, Washington. On the same day, P.L. applied with
21 Respondent West Horizon to purchase a residence on Nelson Street in Orting, Washington.
22 Respondent West Horizon's loan originator Kevin Dawson assisted C.F. and prepared the
23 applications for both purchases. On both applications, Dawson stated that the residence would be

1 P.L.'s primary residence. Additionally, Dawson stated on the Weaver Street application that P.L.'s
2 gross monthly income was \$6,615, but stated on the Nelson Street application that P.L.'s gross
3 monthly income was \$6,650. The Nelson Street purchase subsequently closed on or about September
4 25, 2007, with Indy Mac Bank, and the Weaver Street purchase subsequently closed on or about
5 September 26, 2007, with Suntrust Mortgage, Inc.

6 G. On or about April 2, 2007, borrower T.S. applied with Respondent West Horizon to
7 purchase three residences; one in Renton, Washington, one on Roberts Street in Orting, Washington,
8 and one at 1213 Riddle Avenue in Orting, Washington.² Respondent West Horizon's loan originator
9 Kevin Dawson assisted T.S. and prepared the applications for all three purchases. On each
10 application, Dawson stated that the residence would be T.S.'s primary residence. Additionally,
11 Dawson stated on the Renton application that T.S.'s gross monthly income was \$8,761.16, stated on
12 the Roberts Street application that T.S.'s monthly gross income was \$9,885, and stated on the 1213
13 Riddle Avenue application that T.S.'s gross monthly income was \$9,615.28. The Renton purchase
14 subsequently closed on or about April 27, 2007, with Indy Mac Bank, the Roberts Street purchase
15 subsequently closed the same day with Countrywide Home Loans, and the 1213 Riddle Avenue
16 purchase subsequently closed on or about June 15, 2007, with JP Morgan Chase.

17 On or about May 23, 2007, after the Renton and Roberts Street purchases closed, but before
18 the 1213 Riddle Avenue purchase closed, T.S. applied with Respondent West Horizon to purchase a
19 fourth residence at 909 Riddle Avenue in Orting Washington. Respondent West Horizon's loan
20 originator Kevin Dawson assisted T.S. and prepared the application, again stating that the residence
21 would be T.S.'s primary residence. Dawson did not disclose on this application, however, that T.S.

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23 ² The 1213 Riddle Avenue application bears the date April 3, 2007, but the Good Faith Estimate and Truth-in-Lending
24 Disclosure are dated April 2, 2007.

1 had purchased two other primary residences on or about April 27, 2007. The 909 Riddle Avenue
2 purchase subsequently closed on or about June 29, 2007, with Homecomings Financial, LLC.

3 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the
4 Act by Respondents continues to date.

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

6 **2.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed
7 mortgage broker is liable for any conduct violating the Act by a loan originator while employed or
8 engaged by the licensed mortgage broker.

9 **2.2 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
10 are in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a
11 scheme, device, or artifice to defraud or mislead borrowers or lenders or any person, for engaging in
12 an unfair or deceptive practice toward any person, and for obtaining property by fraud or
13 misrepresentation.

14 **III. AUTHORITY TO IMPOSE SANCTIONS**

15 **3.1 Authority to Revoke License.** Pursuant to RCW 19.146.220(2), the Director may revoke
16 licenses for any violation of the Act.

17 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
18 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
19 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
20 mortgage broker or any person subject to licensing under the Act for any violation of RCW
21 19.146.0201(1) through (9).

22 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
23 against a licensee or other persons subject to the Act for any violation of the Act.

1 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
2 520(9) & (11), and WAC 208-660-550(4)(a), the Department may collect the costs of investigation.
3 The Department may charge \$48 dollars per hour for an examiner's time devoted to the investigation
4 of a licensee or other person subject to the Act.

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

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

10 **4.1** Respondent West Horizon Financial, Inc. pay a fine which as of the date of these charges
11 totals \$50,000.

12 **4.2** Respondent West Horizon Financial, Inc. pay an investigation fee which as of the date of
13 these charges totals \$1,536, calculated at \$48 per hour for 32 hours.

14 **4.3** Respondent Mohamed W. Daoud's license to conduct the business of a loan originator be
15 revoked.

16 **4.4** Respondent Mohamed W. Daoud be prohibited from participation in the conduct of the affairs
17 of any mortgage broker subject to licensure by the Director, in any manner, for a period of five years.

18 **4.5** Respondent Mohamed W. Daoud pay a fine which as of the date of these charges \$5,000.

19 **4.6** Respondent Karl A. Hackett's license to conduct the business of a loan originator be revoked.

20 **4.7** Respondent Karl A. Hackett be prohibited from participation in the conduct of the affairs of
21 any mortgage broker subject to licensure by the Director, in any manner, for a period of five years.

22 **4.8** Respondent Karl A. Hackett pay a fine which as of the date of these charges \$5,000.

1 **4.9** Respondent Vincent P. Vincent's license to conduct the business of a loan originator be
2 revoked.

3 **4.10** Respondent Vincent P. Vincent be prohibited from participation in the conduct of the affairs
4 of any mortgage broker subject to licensure by the Director, in any manner, for a period of five years.

5 **4.11** Respondent Vincent P. Vincent pay a fine which as of the date of these charges \$5,000.

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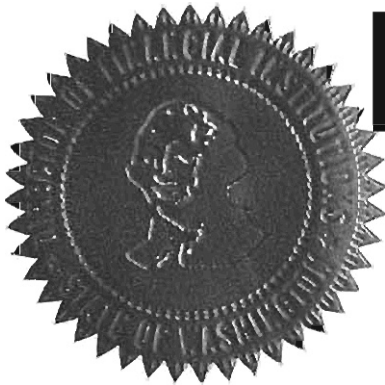
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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

7
8 Dated this 22nd day of August, 2011



9 [Redacted Signature]

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

15 Presented by:

16 [Redacted Signature]

17 STEVEN C. SHERMAN
18 Financial Legal Examiner

19 Approved by:

20 [Redacted Signature]

21 JAMES R. BRUSSELBACK
22 Enforcement Chief