



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF:

STEPHEN J. SHAW,

Respondent.

OAH Case No. 2009-DFI-0057

DFI Docket No. C-09-198-11-FO01

FINAL DECISION AND ORDER

THIS MATTER was commenced on July 30, 2009, when the Division of Consumer Services (hereinafter, the "Division") of the Washington State Department of Financial Institutions (hereinafter, "Department") issued under Division Docket No. C-09-198-09-SC01 a statement of charges and notice of intent to enter an order to revoke or suspend license, prohibit from industry, impose fine, and collect investigative fee (hereinafter, "Statement of Charges") to Respondent STEPHEN J. SHAW (hereinafter, "Mr. Shaw" and "Respondent"), alleging that Respondent violated the Washington Mortgage Broker Practices Act, Chapter 19.146 RCW (hereinafter, "Act"). Specifically, the Statement of Charges sought revocation or suspension of Respondent's loan originator license, a prohibition from participation in the industry for one (1) year, a fine of ten thousand dollars (\$10,000.00), and six-hundred forty dollars (\$640.00) in investigation fees.

Respondent timely requested an Administrative Hearing to contest the Statement of Charges, and this matter was assigned to the Office of Administrative Hearings (hereinafter, "OAH"), which assigned Administrative Law Judge Julie K. Emmal (hereinafter,

“Administrative Law Judge”) to hear this matter. A hearing with live testimony and the presentation and admission of exhibits was held on June 10, 2010, with Respondent representing himself and the Division being represented by former Assistant Attorney General, Kate Reynolds, with Steven Sherman and James Brusselback as witnesses for the Division. Subsequent to the hearing, on August 17, 2010, the Administrative Law Judge issued Findings of Fact,¹ Conclusions of Law,² and Initial Order (hereinafter, collectively, “Initial Order”).

Subsequently, on September 3, 2010, the Respondent, still representing himself, filed what he considered to be a petition for review of the Initial Order (hereinafter, “Respondent’s Petition for Review”), challenging all of the Findings of Fact related to Respondent having “made a false statement to the [D]epartment” and arguing that the evidenced cited in the Findings of Fact does not support the Conclusions of Law. Respondent also stated that he “reserved the right to supplement [his] petition once a complete record of the proceedings [was] provided to [him] by the department” This Petition for Review was in simple letter form. It was filed within seventeen (17) days after the issuance (and service by mail) of the Initial Order. It was therefore timely filed.

Also on September 3, 2010, former Assistant Attorney General Kate Reynolds, acting on behalf of the Division, filed a timely petition for review taking exception to and recommending revisions to FOF 35 and COL 7 and 9, and further taking exception to Decision Nos. 1 and 3 of the Initial Order (hereinafter, “Division’s Petition for Review”). As for Respondent’s Petition for Review, Kate Reynolds initially took the position on behalf of the Division that the

¹ Specific Findings of Fact are hereinafter referred to as “FOF” followed by the applicable number as set forth in the Initial Order.

² Specific Conclusions of Law are hereinafter referred to as “COL” followed by the applicable number as set forth in the Initial Order.

Respondent's Petition for Review was improper and so did not file a reply to it within the required ten (10) days' limitation for replies to a petition for review,³ arguing that Respondent had not assigned specific error to the Findings of Fact and Conclusions of Law as required under the Model Administrative Procedure Rules, at WAC 10-08-211(2).⁴ Meanwhile, Respondent hired independent legal counsel, Richard D. Brady, to obtain the OAH Record and also to file a supplemental brief in support of Respondent's Petition for Review. Mr. Brady filed his Notice of Appearance on September 23, 2010, which was not received by the Director until October 1, 2010. The Respondent had not filed a reply to the Division's Petition for Review as of the time Mr. Brady appeared in this matter for the Respondent.

The record on review reveals that a series of correspondence occurred regarding the procedural conundrum presented by the above events, culminating in the Director issuing, by and through his General Counsel, Joseph M. Vincent, Notice to Parties re: Interlocutory Issues, dated December 9, 2010 (hereinafter, "Director's Interlocutory Determination"), making the following procedural determinations:

- (1) Richard D. Brady was permitted to inspect the OAH Record and obtain all or such portion of the OAH Record as he deemed necessary to represent his client, the Respondent, prior to lodging any amended or supplemental Petition for Review.
- (2) The Director determined that, in the manner in which it was worded, the Petition for Review, which was timely filed on September 3, 2010, was also proper under

³ WAC 10-08-211(4).

⁴ See Letter from Assistant Attorney General Kate Reynolds to Richard D. Brady, newly hired attorney for Respondent, dated September 27, 2010.

WAC 10-08-211, having “sufficiently designated the portions of the Initial Order to which exception was taken”

- (3) The Director exercised his discretion to permit the Respondent, by and through his counsel, Richard D. Brady, to amend or supplement the Petition for Review.
- (4) The Director exercised his discretion to permit the Division to file a reply to the Petition for Review within ten (10) days after the time set forth in the Director’s Interlocutory Determination for Respondent’s filing of any amended or supplemental petition for review.
- (5) The Director indicated that the Final Decision and Order would memorialize formal findings as to the Director’s Interlocutory Determination.

Subsequent to the Director’s Interlocutory Determination, and consistent with its terms:

(1) The Respondent’s counsel, Richard D. Brady, obtained all or portions of the OAH Record (as requested); (2) Richard D. Brady filed an amended Petition for Review of Initial Order, dated January 18, 2011 (hereinafter, “Amended Petition for Review”); and (3) the Division filed on January 27, 2011, Division’s Reply to Amended Petition for Review (hereinafter, “Division’s Reply”). There is no record of Respondent, either personally or through his attorney, Richard D. Brady, having filed, per se a reply to the Division’s Petition for Review.

This matter now comes before the Director of the Department for consideration and entry of a Final Decision and Order based upon the OAH Record (including the Initial Order), Respondent’s Petition for Review, Respondent’s Amended Petition for Review, Division’s Reply, Division’s Petition for Review, and the procedural review record from September 3, 2010, until now (hereinafter, “Review Record”).

1.0 Procedural Determination

With due regard for procedural fairness to both parties, the Director hereby re-affirms in this Final Decision and Order the Director's Interlocutory Determination previously made and as summarized above.

2.0 Director's Considerations

A great deal of procedural due process has been accorded both parties, and especially Respondent, in order to arrive at a Final Decision and Order in this matter that preserves the intent of the administrative process while according Respondent the utmost fairness. However, aside from the procedural conundrum that was untangled by the Director's Interlocutory Determination, this is really a very simple case of unlicensed activity. Despite Respondent's attempt, in his Amended Petition for Review, to turn this case into something else, it is not about whether the Division stopped Respondent from originating loans. Rather, it is about whether Respondent was conducting unlicensed activity and, if so, what the appropriate sanctions should be for his having done so. Having earnestly awaited submission of Respondent's Amended Petition for Review but having now deliberated on its arguments in conjunction with the Division's Reply, the Division's Petition for Review, and the OAH Record, the Director has determined, in a light most favorable to Respondent, that the Amended Petition for Review is without merit.

The Director greatly anticipated the submission of the Amended Petition for Review but must reluctantly find that it is deficient under WAC 10-08-211(3), having failed to specify the portions of the Initial Order that are deficient and having failed to refer to relevant evidence in the record. We agree with the Division's Reply that, while the Amended Petition for Review

refers generally to the Initial Order to which exception is taken, it fails to specify evidence in the OAH Record that would support the relief request. In addition, Respondent makes assertions in the Amended Petition for Review that lack any evidence in the OAH Record. Rather, it would appear that the entire Amended Petition for Review is an appeal for leniency unsupported by any evidence supporting such appeal. Simply put: The OAH Record overwhelmingly supports the proposition that Respondent knowingly engaged in unlicensed activity. WAC 10-08-211(3) requires that a petition for review be supported by only evidence that is in the record. Both the Petition for Review and the Amended Petition for Review fail on this account.

The Director also agrees with the Division's Reply that conclusions that Respondent makes regarding his own state of mind and what Steven Sherman may have meant in his statements are not part of the OAH Record and are, therefore, not supported. The Director cannot weigh the merits of such speculation and must, accordingly, discount such arguments.

Respondent knowingly engaged in unlicensed activity, a fact established even by Respondent's own admission at hearing.

The thrust of Respondent's argument in the Amended Petition for Review is that he be given "credit for time served." Such relief is not available to Respondent – an unlicensed person – and is not appropriate in this context. In this regard, we agree with the Division's Petition for Review that "suspension" is inappropriate because there was no license in effect to be suspended. Instead, Division's Petition for Review argues that "revocation" is the appropriate sanction. However, we are troubled by the universal application of this logic employed by Division's counsel in the Division's Petition for Review. For where there is no license, there is also no license to "revoke."

The Division's Reply argues that the Consent Orders in other matters involving Summit Mortgage be stricken from consideration because they are not part of the OAH Record. These Consent Orders were not admitted as exhibits at the hearing. Moreover, they are not per se relevant to the matter at hand. The Director has not considered these Consent Orders in making this Final Decision and Order.

The Division's Petition for Review proposes that FOF 35 be modified to accurately reflect the evidence presented at hearing. The Initial Order correctly indicates that under its Issues Section and in FOF 32, the Division sought a fine of \$10,000. Therefore, the Director agrees with the Division that the Administrative Law Judge incorrectly indicated in FOF 35 that the Division sought fines in the amount of only \$8,800. Based upon the evidence in the OAH Record and relevant discussion in the Division's Petition for Review,⁵ the Director is of the view that FOF 35 should be amended as urged by the Division.

The Division argues in the Division's Petition for Review that the violations of the Act for which Respondent was charged and found to have committed warrant only revocation of license and not suspension. The Administrative Law Judge specifically found that Respondent: (1) Continued to work as a loan originator even after he was *notified* that he may not do so; (2) engaged in unlicensed activity; and (3) made a false statement to the Division.⁶ Messrs. Sherman and Brusselback testified at the hearing that the actions of Respondent were serious in nature and that the violations warranted revocation of the Loan Originator License, not suspension. The Director is inclined to agree that willful disregard of the requirements of the Act after notification, coupled with a false statement to the Division, warrants substantial

⁵ Division's Petition for Review, p. 2, l. 16 through p. 3, l. 2.

⁶ FOF 17-23; FOF 27; and COL 3-5.

sanction by the Department. But the Director is of the view in this case that neither “suspension” nor “revocation” is an appropriate remedy for unlicensed activity, because there is no license to either “suspend” or “revoke.” Rather, the Department has the authority under the Act to impose a sanction for the conduct of the Respondent that “prohibits” him for a period of time from engaging in the conduct of the affairs of a mortgage broker required to be licensed in Washington. Therefore, the Director, in refusing to adopt either the position of the Division or Respondent in this regard, hereinafter amends COL 7 consistent with the determinations made above.

As for COL 9, the Director concurs in the relevant arguments advanced by the Division in the Division’s Petition for Review based upon the Director’s discussion of FOF 32 and FOF 35 above. The evidence presented at the hearing and reflected in the OAH Record substantially supports amendment of COL 9 as requested by the Division.

What final decision should result from the Findings of Fact and Conclusions of Law, as amended by this Order? As stated above, there is substantial evidence to support the imposition of sanctions on account of Respondent having (1) continued to work as a loan originator even after he was *notified* that he may not do so, (2) engaging in unlicensed activity, and (3) making a false statement to the Division.

The appropriate fine, supported by substantial evidence, should be \$10,000 instead of \$8,800; and in this regard, Decision No. 3 of the Initial Order should be amended accordingly.

For the reasons set forth above, the Director has determined that neither “suspension” nor “revocation” of license is an appropriate sanction. Accordingly, Decision No. 1 of the Initial Order is disaffirmed.

However, Decision No. 2 of the Initial Order, with appropriate modifications, is an appropriate additional sanction, which is warranted in this case. The Director is of the view that Respondent should be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Department in any manner for a period commencing from service by mail of the Initial Order, on August 17, 2010, until and including December 31, 2011.

3.0 Amended Findings of Fact

The Director hereby modifies the FOF 35 of the Initial Order, as follows:

The Department is seeking a fine of \$10,000 that the Department has calculated using the Department's violations matrix. This matrix uses a point system that takes into consideration the type of violation, the intent and a number of other factors. At the hearing, the Department presented two fine matrices. In this case, the Department determined Mr. Shaw's actions to be tier four violation and a tier three violation and that Mr. Shaw demonstrated clear intent. The Department also determined that he realized gain from his actions and there had been ten occurrences. In regards to violations of RCW 19.146.200, the Department determined that his violation occurred for a period of eighty eight days and that ten days were after his notification. Based on these factors the Department determined a point total of ninety two with a \$100.00 per day fine. The Department assessed that for eighty eight days for a total of \$8,800.00. In regards to violations of RCW 19.146.0201(8), the Department determined that his violation occurred for a period of sixty days. Based on these factors the Department determined a point total of thirty three with a \$50.00 per day fine. The Department assessed that for sixty days for a total of \$3,000. Based on the two fine matrices the Department could have sought a total fine of \$11,800. However, the Department elected to seek a lower fine amount of \$10,000.

All other Findings of Fact contained in the Initial Order are hereby re-affirmed and made a part of this Final Decision and Order.

4.0 Amended Conclusions of Law

4.1 COL 7 of the Initial Order is amended to state as follows:

In this case, the Department's Statement of Charges sought to revoke or suspend Mr. Shaw's license. The Director does not view either sanction as being appropriate, because during the period in which the violations of the Act were committed by Respondent, there was no license to "suspend" or "revoke." However, the nature of Mr. Shaw's conduct was such that, consistent with the authority under the Mortgage Broker Practices Act, at

RCW 19.146.220(5), the Director may for a period of time prohibit Mr. Shaw from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director. While Mr. Shaw has demonstrated a successful practice in the industry and had no prior problems and has an explanation for the circumstances that occurred, his violations of the Mortgage Broker Practices Act are serious in nature and the evidence presented at hearing supports that he had knowledge of his unlicensed activity and willfully continued his actions. Additionally, he made false statements to the Department in connection to the investigation. Therefore, Mr. Shaw should be prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director for the period set forth below in the Final Order.

4.2 COL 8 of the Initial Order is amended to state as follows:

The Department has the authority under RCW 19.146.220(5) to prohibit Mr. Shaw from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director for a period commencing from service by mail of the Initial Order, on August 17, 2010, until and including December 31, 2011. This is an appropriate additional sanction given the nature of Mr. Shaw's conduct.

4.3 COL 9 of the Initial Order is amended to state as follows:

The Department then seeks to impose a fine of \$10,000.00. The undersigned has reviewed the fine matrices completed by the Department as well as the evidence presented. The fine matrices set up a reasonable standard for determination of the fine. The evidence presented supports the conclusions reached when completing the fine matrices. Because the fine matrices do not appear to be arbitrary or capricious, and the evidence supports the conclusions reached, the undersigned sustains the \$10,000.00 fine.

All other Conclusions of Law contained in the Initial Order are hereby re-affirmed and made a part of this Final Decision and Order.

5.0 Final Order

The language of the Initial Order's Decision⁷ is stricken and replaced by a declaration of sanctions as set forth below. The Initial Order is otherwise generally affirmed, subject, however, to the Director's Considerations (Section 2.0 above), the Amended Findings of Fact (Section 3.0 above), the Amended Conclusions of Law (Section 4.0 above). By way of the Department's Final Decision and Order, NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

⁷ See page 8 of the Initial Order.

5.1 The Respondent, STEPHEN J. SHAW, is hereby prohibited from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Department in any manner for the period that began upon service by mail of the Initial Order, on August 17, 2010, and continuing until and including December 31, 2011.

5.2 If, after December 31, 2011. Respondent, STEPHEN J. SHAW, seeks licensure as a mortgage broker or loan originator by the Department, he shall be subject to all requirements of a license applicant.

5.3 Respondent, STEPHEN J. SHAW, shall pay to the WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS a fine of Ten Thousand Dollars (\$10,000).

5.4 Respondent, STEPEHEN J. SHAW, shall pay to the WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS an investigation fee of Six Hundred Twenty-Four Dollars (\$624.00).

5.5 Effectiveness and Enforcement of Final Order. Pursuant to the Administrative Procedures Act, at RCW 34.05.473, this Final Decision and Order shall be effective immediately upon deposit in the United States Mail; *provided, however*, that all fines and restitution imposed herein shall be fully paid not more than thirty days from the date of this Final Decision and Order, and, to the extent left unpaid, shall be thereafter subject to immediate execution as provided below.

5.6 Reconsideration. A petition for reconsideration shall not stay the effectiveness of this order nor is a petition for reconsideration a prerequisite for seeking judicial review in this matter.

5.7 Stay of Order. The Director has determined not to consider a petition to stay the effectiveness of this Final Decision and Order. Any such requests should be made in connection with a petition for judicial review made under the Administrative Procedures Act, Chapter 34.05 RCW, including RCW 34.05.550.

5.8 Judicial Review. Respondent has the right to petition the superior court for judicial review of the Department's action under the provisions of the Administrative Procedures Act, Chapter 34.05 RCW.

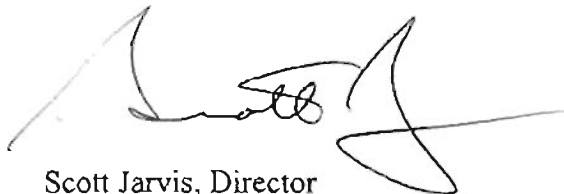
5.9 Non-Compliance with Final Decision and Order. If Respondent does not comply with the terms of this order, the Department may seek enforcement by the Office of Attorney General to include the collection of the fines, fees and restitution imposed herein. Failure to comply with this Final Decision and Order may also prompt action against Respondent by the Department, as permitted by the Act, for failure to comply with a lawful order of the Department.

5.10 Service. For purposes of filing a petition for reconsideration or a petition for judicial review, service of this Final Decision and Order is effective upon its having been deposited in the United States Mail with a declaration of service attached hereto.

Dated at Tumwater, Washington, on this 27th day of October, 2011.

WASHINGTON STATE DEPARTMENT
OF FINANCIAL INSTITUTIONS

By:



Scott Jarvis, Director


RE: Stephen J. Shaw
OAH Case No. 2009-DFI-0057
DFI Docket No. C-09-198-11-FO01

NOTICE TO THE PARTIES AND DECLARATION OF SERVICE

In accordance with RCW 34.05.470 and WAC 10-08-215, any Petition for Reconsideration of such Final Decision and Order must be filed with the Director within ten (10) days of service of the Final Decision and Order. It should be noted that Petitions for Reconsideration do not stay the effectiveness of the Final Decision and Order. Judicial Review of the Final Decision and Order is available to a party according to provisions set out in the Washington Administrative Procedure Act, RCW 34.05.570.

This is to certify that the above ORDER has been served upon the following parties on October 27, 2011, by depositing a copy of same in the United States mail, postage prepaid.

WASHINGTON STATE DEPARTMENT
OF FINANCIAL INSTITUTIONS

By: 
Susan Putzier
Executive Assistant

Mailed to the following:

Stephen J. Shaw
4317 NE Thurston Way, #140
Vancouver, WA 98662

Richard D. Brady, PLLC
Attorney at Law
15 N. Broadway, Suite A
Tacoma, WA 98403

Victor Minjares, Esq.
Assistant Attorney General
1125 Washington Street SE
P.O. Box 40100
Olympia, WA 98504-0100

RE: Stephen J. Shaw
OAH Case No. 2009-DFI-0057
DFI Docket No. C-09-198-11-FO01

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3 **STATE OF WASHINGTON**
4 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
5 **DIVISION OF CONSUMER SERVICES**

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

9
10 STEPHEN J. SHAW,
11 Loan Originator,

12 Respondent.

NO. C-09-198-09-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE OR SUSPEND LICENSE,
PROHIBIT FROM INDUSTRY, IMPOSE FINE,
AND COLLECT INVESTIGATION FEE

13 **INTRODUCTION**

14 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial
15 Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the
16 Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to RCW 19.146.235 and
17 RCW 19.146.310, and based upon the facts available as of the date of this Statement of Charges, the Director,
18 through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds
19 as follows:

20 **I. FACTUAL ALLEGATIONS**

21 **1.1 Respondent. Stephen J. Shaw (Respondent)** was licensed by the Department of Financial Institutions
22 of the State of Washington (Department) to conduct business as a loan originator on June 11, 2007.
23 Respondent's loan originator license was cancelled on December 31, 2008, due to Respondent's failure to
24 properly renew it. Respondent re-applied for a loan originator license on April 14, 2009, and his license was re-
25 issued on April 22, 2009. At all times relevant to this Statement of Charges, Respondent was employed by
Summit Mortgage Corp., a mortgage broker licensed pursuant to the Act.

¹ RCW 19.146 (2006)

1 **1.2 Unlicensed Loan Originator Activity.** Between at least January 1, 2009, and April 22, 2009,
2 Respondent assisted at least 12 borrowers in obtaining or applying to obtain residential mortgage loans on
3 property located in the State of Washington. Respondent was not licensed during this period of time.
4 Additionally, on March 9, 2009, Respondent was instructed by his employers at Summit Mortgage Corp. to stop
5 originating residential mortgage loans and to transfer his files to a licensed loan originator. Respondent,
6 however, did not follow that instruction and continued to assist borrowers in obtaining or applying to obtain
7 residential mortgage loans on property located in the State of Washington. At least 5 of the above-referenced
8 12 loans were originated by Respondent after March 9, 2009.

9 **1.3 Negligent False Statement.** On or about April 17, 2009, the Department sent Respondent a Directive
10 requiring Respondent to provide an explanation for his apparent unlicensed loan originator activity. In response
11 to the Directive, Respondent provided a letter dated May 7, 2009, in which he stated, "...I was unaware that any
12 issues existed with my license until Summit Mortgage received an email from the Washington DFI on March 9,
13 2009...." As an attachment to the letter, however, Respondent included a copy of an email he had received
14 from the Nationwide Mortgage Licensing System (NMLS) on December 31, 2008, at 10:55 p.m. which stated
15 in relevant part, "Deficient Current License Status: Terminated – Failed to Renew License...." Additionally,
16 on June 25, 2009, Respondent sent an email to several employees at the Department. In this email, Respondent
17 stated, "...on February 26th – 2 days prior to the deadline to renew I received emails from the NMLS system
18 indicating my license was deficient."

19 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
20 Respondent continues to date.

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

22 **2.1 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section
23 I above, Respondent is in apparent violation of RCW 19.146.200(1) for engaging in the business of a loan
24 originator without first obtaining and maintaining a license under the Act.

25

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Revoke or Suspend License.** Pursuant to RCW 19.146.220(2)(c), the Director may
3 revoke or suspend a license for any violation of the Act.

4 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5), the Director may issue
5 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
6 mortgage broker, or both, any officer, principal, employec, or loan originator of any licensed mortgage broker
7 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or RCW
8 19.146.200.

9 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose a fine for any
10 violation of the Act.

11 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550, the
12 Department may collect the costs of investigation. The investigation charge will be calculated at the rate of \$48 per
13 hour that each examiner devoted to the investigation.

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

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

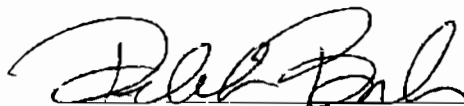
- 19 **4.1** Respondent Stephen J. Shaw's license to conduct the business of a loan originator be revoked or
20 suspended;
- 21 **4.2** Respondent Stephen J. Shaw be prohibited from participation in the conduct of the affairs of any mortgage
broker subject to licensure by the Director, in any manner, for a period of one year;
- 22 **4.3** Respondent Stephen J. Shaw pay a fine which as of the date of these charges totals \$10,000; and
- 23 **4.4** Respondent Stephen J. Shaw pay an investigation fee which as of the date of these charges totals \$624,
24 calculated at \$48 per hour for the 13 examiner hours devoted to the investigation.

25 //

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Revoke or Suspend License,
3 Prohibit from Industry, Impose Fine, and Collect Investigation Fee (Statement of Charges) is entered pursuant
4 to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is
5 subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a
6 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
7 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

8
9 Dated this 30th day of July, 2009.

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

16 Presented by:

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18 STEVEN C. SHERMAN
19 Financial Legal Examiner



20 Approved by:

21 
22 JAMES R. BRUSSELBACK
23 Enforcement Chief

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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:

C-09-198-09-SC01

STEPHEN J. SHAW,
Loan Originator,

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

Respondent.

THE STATE OF WASHINGTON TO:

STEPHEN J. SHAW

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

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

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

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

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

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

19 Dated this 30th day of July, 2009.



20 *Deborah Bortner*

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