



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:

DAVID PEARLMAN, Unlicensed Loan Originator,  
  
Respondent.

NO. C-09-499-10-FO02

ORDER PARTIALLY GRANTING  
PETITION FOR RECONSIDERATION  
AND MODIFYING FINAL ORDER

I. DIRECTOR'S CONSIDERATION

THIS MATTER comes before SCOTT JARVIS, Director ("Director") of the Washington State Department of Financial Institutions ("Department") upon a Motion for Reconsideration of a Final Decision & Order ("Final Order").

In his Petition for Reconsideration and accompanying declaration in support thereof ("Petition for Reconsideration"), Respondent DAVID PEARLMAN ("Respondent") first claims that, notwithstanding his latent filing of a Petition for Review, he should be granted reconsideration of the Final Order because of his underlying argument that one of the sanctions imposed by the Final Order is unfair. The Director has discretion in his deliberation of a petition for reconsideration to dispense with the technical requirements of whether or not Respondent's Petition for Review was timely filed and to look instead to the underlying equities in this matter. The Director elects to exercise such discretion in this case.

1 The Director exercises his discretion (which is his privilege in a case of a Petition for  
2 Reconsideration rather than a Petition for Review) to not address other aspects of the Petition for  
3 Reconsideration, including arguments of the Respondent related to the subject of service of process.

4 Respondent admits having “mistakenly” engaged in unlicensed activity at the behest of the  
5 company for whom he worked. However, Respondent claims reliance upon the company’s designated  
6 broker in the making of two loans. Specifically, Respondent claims that his designated broker assured  
7 him that he had authority to originate the loans in question and that he was handed the two loan  
8 applications in question to process. Moreover, Respondent relates that the company for which he  
9 worked, First Financial & Real Estate Services Inc., was based in Costa Mesa, California, and that he too  
10 was not based in Washington State and was reliant upon his designated broker for whether he was  
11 authorized to originate these loans. In his supplemental declaration in support of his Petition for  
12 Reconsideration, Respondent states the following:  
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14 “I do not dispute that I did not have a Washington License for the two residential loans.  
15 That was a mistake on my part. However, it was a simple mistake. The loans were  
16 assigned to me and I took the applications in the same manner that I generally did, i.e.,  
17 take down the pertinent information and the [sic] have the loans processed by a loan  
18 processor at First Financial. At no time did I make any representations to the borrowers  
19 about licensing. It never came up. I spoke with the borrowers. I explained that I was  
20 located in California, and the focus at all times was on obtaining the best loan possible for  
21 these borrowers. At that time, and for these two loans, I simply proceeded as I normally  
22 did for all my borrowers.”<sup>1</sup>

23 Accordingly, Respondent contends, by and through his legal counsel, David Ambrose, Esq., that he  
24 should not be found liable for a violation of RCW 19.146.0201(1), (2) and (3), on the grounds, he claims,  
25 that he did not “directly or indirectly employ any scheme, device, or artifice to defraud or mislead

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<sup>1</sup> Supplemental Declaration of David Pearlman Regarding Petition for Reconsideration, ¶ 13, p. 1.

1 borrowers or lenders or to defraud any person,” and that he did not “engage in an unfair or deceptive  
2 practice toward any person.”

3 The counsel for the Division of Consumer Services, Assistant Attorney General Charles E.  
4 Clark, argues in opposition to the Petition for Reconsideration, as follows:

5 “. . . [B]y originating a loan without a license, Mr. Pearlman misled the borrower by  
6 giving a false impression that he was complying with the licensure laws related to loan  
7 originators. This was a deceptive practice. It was also unfair to other loan originators  
8 that complied with the law and were properly licensed. Lastly, Mr. Pearlman, on behalf  
9 of First Financial & Real Estate Services, obtained a commission check through these  
misrepresentations. As a result, Mr. Pearlman violated RCW 19.146.0201(1), (2) &  
(3).”<sup>2</sup>

10 The requirement that Respondent have a loan originator license with the Department to originate  
11 loans in Washington State was enacted by the Washington Legislature in 2006, with an effective date of  
12 January 1, 2007.<sup>3</sup> While unlicensed loan originators were permitted to make loans in Washington State  
13 in 2007 (due to the problem of processing thousands of applications for character and fitness), *provided*  
14 *that a proper license application had been made and was pending*, no such allowances can be made for  
15 unlicensed loan originators beginning January 1, 2008. Not only should Respondent’s employer have  
16 known about the Department’s statutory requirements as of 2008; Respondent should have known about  
17 them as well. Respondent had an affirmative duty to comply with RCW 19.146.200. Respondent had no  
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22 <sup>2</sup> Department’s Response to Petition for Reconsideration, p. 6.

23 <sup>3</sup> 2006 c 19, § 9 [RCW 16.146.200, as amended].  
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1 right to rely upon his employer, First Financial & Real Estate Services Inc. d/b/a  
2 [www.gofirstfinancial.com](http://www.gofirstfinancial.com).<sup>4</sup>

3 Having weighed the official record in this matter, including the arguments of both parties, and (in  
4 the exercise of discretion) accepting Respondent's statements as true, the Director is of the view that, as a  
5 matter of law, Respondent *at a minimum* negligently engaged in a deceptive practice in violation of  
6 RCW 19.146.0201(2) and did obtain property (a check from borrowers) by act or omission amounting  
7 *at a minimum* to negligent misrepresentation in violation of RCW 19.146.0201(3). However, the  
8 Director *declines* (without further comment) to find that Respondent "directly or indirectly employ[ed]  
9 any scheme, device, or artifice to defraud or mislead borrowers or lenders or to defraud any person."<sup>5</sup>

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11 The Department has the authority in this case to impose a fine, award restitution to the two  
12 borrowers in question, and even ban Respondent from participation in the conduct of affairs of a  
13 Licensed Loan Originator, Mortgage Broker, or Consumer Lender under Chapters 19.146 RCW and  
14 31.04 RCW. It can do this for a stand-alone violation of RCW 19.146.200 pursuant to its authority under  
15 RCW 19.146.220. It also has this authority for a violation of RCW 19.146.0201 pursuant to its authority  
16 under RCW 19.146.220.

17 The question, however, is what the remedy should be for conduct that the Director has  
18 determined, as a matter of law, to have been *negligent* rather than willful. In other unlicensed activity  
19 cases that have come before the Director, there has been evidence in the record of other misconduct  
20 with respect to loan originations, even though the Division of Consumer Services may have only  
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23 <sup>4</sup> The Director takes official notice of the fact that pursuant to an examination of First Financial, the unlicensed activity of Respondent, along with  
24 numerous other violations of First Financial, was discovered. First Financial entered into a Consent Order with the Department resulting in a ban from  
the industry of ten (10) years for the designated broker and owner.

25 <sup>5</sup> RCW 19.146.0201(1).

1 charged the respondents in question with originating loans without a license. However, there is no  
2 record of any other violations associated with the two loans in question other than that they were made  
3 by Respondent without the benefit of a Washington State Loan Originator's License, in violation of  
4 RCW 19.146.200. This may be simply fortuitous, since the Final Order was obtained through the  
5 default of Respondent, thereby resulting in a sparse record. Indeed, the Director takes official notice of  
6 the fact that the charges against Respondent's employer, First Financial & Real Estate Services Inc., in  
7 Case No. C-09-388-09, allege numerous substantive violations in relation to the origination of mortgage  
8 loans to borrowers, not merely unlicensed activity. However, the Director cannot determine whether  
9 other, substantive violations were committed by Respondent, acting as an employee, in relation to the two  
10 loans in question, because the record is silent. So, for the purposes of this Petition for Reconsideration,  
11 the Director must treat this matter as if no such other violations occurred on account of Respondent's acts  
12 or omissions. Accordingly, the Director exercises his discretion to modify (without further comment) the  
13 original Final Order as hereinafter set forth. The fine and restitution awards appear to be appropriate  
14 given the public policy of the statute that is being enforced and the nature of Respondent's violations.  
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## 16 II. MODIFICATION OF FINAL ORDER

17 Based upon the foregoing, NOW, THEREFORE:

18 A. IT IS HEREBY ORDERED, that:

19 1. The Petition for Reconsideration is PARTIALLY GRANTED as set forth below.

20 2. The Final Order is PARTIALLY MODIFIED so as to remove the sanction  
21 contained in the initial Final Order that would have automatically prohibited Respondent DAVID  
22 PEARLMAN from participation in the conduct of affairs of a Licensed Loan Originator, Mortgage  
23 Broker, or Consumer Lender under Chapters 19.146 RCW and 31.04 RCW for a period of five (5) years;  
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1 *provided, however,* that nothing in this Final Order shall preclude the Department from investigating the  
2 character and fitness of Respondent to obtain a license from the Department in the future based upon his  
3 origination of loans in Washington State without a license (in violation of RCW 19.146.200) or any other  
4 evidence of conduct in relation to loans made in Washington State while Respondent was employed at  
5 the former First Financial & Real Estate Services Inc. d/b/a [www.gofirstfinancial.com](http://www.gofirstfinancial.com).

6 3. Respondent DAVID PEARLMAN shall, however, PAY:

7 i. A fine of \$1,000 as and for originating two (2) loans in Washington State  
8 without a Loan Originator License at a time when a Loan Origination License was  
9 required under Chapter 19.146 RCW;

10 ii. Restitution to the borrowers identified in Paragraph 1.3 of the Statement of  
11 Charges in the aggregate amount of \$3,850.89 on account of originating loans to them at a  
12 time when a Loan Origination License was required under Chapter 19.146 RCW; and

13 iii. An investigation fee of \$240.

14 B. Collateral Consequences of Modified Final Order. Notwithstanding this modification of  
15 the initial Final Order, Respondent is hereby notified (1) that the sanctions imposed by this Order will be  
16 made of record in the National Mortgage Licensing System & Registry (“NMLS”) database and (2) that  
17 any State Mortgage Licensing Regulator, including the Department, which participates in and accesses  
18 information from the NMLS, may in the future, to the extent permitted by applicable law, make the  
19 satisfaction of this Order a condition of licensing or being authorized to conduct affairs as a mortgage  
20 professional in the jurisdiction that such State Mortgage Licensing Regulator governs. In this regard, the  
21 Department is authorized under RCW 19.146.400 to regularly report violations of the Mortgage Loan  
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1 Originator Licensing Law (2009 c 528), as well as enforcement actions and other relevant information,  
2 to the NMLS.

3 C. Judicial Review. Respondent has the right to petition the superior court for judicial  
4 review of this agency action under the provisions of chapter 34.05 RCW. In regard to the requirements  
5 for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

6 D. Non-Compliance with Order. If you do not comply with the terms of this order, the  
7 Department may seek its enforcement by the Office of Attorney General to include the collection of the  
8 fines, fees, and restitution imposed herein.

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

13 DATED this 19<sup>th</sup> day of August 2011.

14 STATE OF WASHINGTON  
15 DEPARTMENT OF FINANCIAL INSTITUTIONS

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18 SCOTT JARVIS  
19 DIRECTOR  
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1 CERTIFICATE OF SERVICE

2 This is to certify that this ORDER PARTIALLY GRANTING PETITION FOR  
3 RECONSIDERATION AND MODIFYING FINAL ORDER has been served upon the following parties on  
4 August 19, 2011, by depositing a copy of same in the United States mail,  
5 postage prepaid.

6 WASHINGTON STATE DEPARTMENT  
7 OF FINANCIAL INSTITUTIONS

8 By: *Susan Putzier*

9 Susan Putzier

10 Executive Assistant to the Director

11 **Mailed to the following:**

12 David Pearlman  
13 5211 Streamview Drive  
14 San Diego, CA 92105

15 Christopher R. Ambrose, Esq.  
16 200 Buddha Building  
17 312 NW 10<sup>th</sup> Avenue  
18 Portland, Oregon 97209-3121

19 Charles E. Clark  
20 Assistant Attorney general  
21 Office of Attorney General  
22 Government Compliance & Enforcement  
23 P.O. Box 40100  
24 Olympia, WA 98504-0100

25 James R. Brusselback  
26 Chief of Enforcement  
27 Division of Consumer Services  
28 Department of Financial Institutions  
29 P.O. Box 41200  
30 Olympia, WA 98504-1200





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:

DAVID PEARLMAN, Unlicensed Loan Originator,  
Respondent.

NO. C-09-499-10-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On January 28, 2010, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated January 28, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for David Pearlman. The Department served the Statement of Charges, cover letter dated January 28, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for David Pearlman on Respondent on January 28, 2010, by First-Class mail and Federal Express overnight delivery.

1 On February 22, 2010, Respondent filed an Application for Adjudicative Hearing. On May 5,  
2 2010, the Department made a request to the Office of Administrative Hearings (OAH) to assign an  
3 Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of Charges.  
4 OAH assigned ALJ Craig Davenport (ALJ Davenport) to preside over prehearing and hearing  
5 proceedings and issue an Initial Decision. On May 25, 2010, ALJ Davenport issued a Notice of  
6 Prehearing Telephone Conference scheduling a prehearing conference on Thursday, June 10, 2010 at  
7 4:00 p.m.

8 On June 10, 2010, Assistant Attorney General (AAG) Charlie Clark, attorney for the  
9 Department, attended the telephonic prehearing conference. Respondent did not appear at the hearing.  
10 On July 1, 2010, ALJ Davenport issued a Corrected Initial Order of Default<sup>1</sup>. OAH mailed the  
11 Corrected Initial Order of Default to Respondent on July 1, 2010.  
12

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

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

- 18 1. Statement of Charges, cover letter dated January 28, 2010, and Notice of Opportunity  
19 to Defend and Opportunity for Hearing, with documentation of service;
- 20 2. Completed Application for Adjudicative Hearing for David Pearlman;
- 21 3. Request to OAH for Assignment of Administrative Law Judge;
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24 <sup>1</sup> On June 17, 2010, ALJ Davenport issued an Order of Default, but the Corrected Initial Order of Default was issued after AAG Charlie  
25 Clark filed a motion requesting an Initial Order be issued in accordance with RCW 34.05, the Administrative Procedure Act.

- 1 4. Notice of Prehearing Telephone Conference dated May 25, 2010, with documentation  
2 of service;
- 3 5. Corrected Initial Order of Default dated June, 2010, with documentation of service;

4 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director  
5 hereby adopts the Statement of Charges, which is attached hereto.

6

7 II. FINAL ORDER

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

10 A. IT IS HEREBY ORDERED, That:

- 11 1. Respondent David Pearlman is prohibited from participation in the conduct of the  
12 affairs of any mortgage broker subject to licensure by the Director, in any manner, for  
13 a period of 5 years;
- 14 2. Respondent David Pearlman pay a fine of \$1,000;
- 15 3. Respondent David Pearlman pay restitution to the borrowers outlined in paragraph 1.3  
16 of the Statement of Charges in the amount of \$3,850.89;
- 17 4. Respondent David Pearlman pay an investigation fee of \$240.

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

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

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

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

10 E. Non-compliance with Order. If you do not comply with the terms of this order, the  
11 Department may seek its enforcement by the Office of Attorney General to include the collection of the  
12 fines, fees, and restitution imposed herein.

13 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for  
14 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
15 attached hereto.  
16

17 DATED this 16<sup>th</sup> day of August, 2010.



18 STATE OF WASHINGTON  
19 DEPARTMENT OF FINANCIAL INSTITUTIONS

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22 SCOTT JARVIS  
23 DIRECTOR  
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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

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

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DAVID PEARLMAN, Unlicensed Loan Originator,  
  
Respondent.

NO. C-09-499-09-SC01

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

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**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act)<sup>1</sup>. After having conducted an investigation pursuant to RCW 19.146.235 and .310, and based upon the facts available as 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 David Pearlman (Respondent)** worked for First Financial & Real Estate Services Inc. d/b/a www.gofirstfinancial.com<sup>2</sup> as a loan originator at all times relevant to this Statement of Charges. Respondent has never applied for a loan originator license with the Department.

**1.2 Loan Originator License.** In order to conduct business as a loan originator in 2008, Respondent was required to obtain and maintain a loan originator license before January 1, 2008. Respondent did not obtain a loan originator license and as a result could not conduct the business of a loan originator.

**1.3 Unlicensed Loan Originator Activity.** Respondent conducted the business of a loan originator when he originated at least 2 residential mortgage loans between January 1, 2008, and June 11, 2008, for borrowers

<sup>1</sup> RCW 19.146 (2006).

<sup>2</sup> The Department has issued a Statement of Charges (C-09-388-09-SC01) against First Financial & Real Estate Services Inc. d/b/a www.gofirstfinancial.com that includes an allegation that Respondent originated at least 2 loans while not licensed.

1 with property located in the state of Washington. The Respondent was paid a commission for the loans in the  
2 amount of \$3,850.89.

3 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by  
4 Respondent continues to date.

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

6 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010 (12) and WAC 208-660-006,  
7 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or  
8 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential  
9 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a  
10 person in obtaining or applying to obtain a residential mortgage loan.

11 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010 (10), "Loan Originator" means a natural  
12 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates  
13 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect  
14 compensation or gain.

15 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010 (3) and WAC 208-660-006, a "Borrower" is  
16 defined as any person who consults with or retains a mortgage broker or loan originator in an effort to obtain or  
17 seek advice or information on obtaining or applying to obtain a residential mortgage loan for himself, herself, or  
18 persons including himself or herself, regardless of whether the person actually obtains such a loan.

19 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent is in  
20 apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device or  
21 artifice to defraud or mislead borrowers or lenders or any person, for engaging in an unfair or deceptive practice  
22 toward any person, and for obtaining property by fraud or misrepresentation.

23 **2.5 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section  
24 I above, Respondent is in apparent violation of RCW 19.146.200 for engaging in the business of a loan  
25 originator without first obtaining and maintaining a license under the Act.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue  
3 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
4 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker  
5 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) and  
6 RCW 19.146.200.

7 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), and (3)(a), the Director may impose  
8 fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any  
9 violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW  
10 19.146.200, RCW 19.146.205(4), or RCW 19.146.265, or any violation of the Act.

11 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220 (2)(e), the Director may issue orders  
12 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution for any  
13 violation of the Act.

14 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228 (2), WAC 208-660-520, and  
15 WAC 208-660-550(5), upon completion of any investigation of the books and records of a licensee or other person  
16 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover  
17 the cost of the investigation. The investigation charge will be calculated at the rate of \$48 per hour that each staff  
18 person devoted to the investigation.

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

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

24 **4.1** Respondent David Pearlman 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 five years;

25 **4.2** Respondent David Pearlman pay a fine which, as of the date of these charges, totals \$1,000;

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- 4.3 Respondent David Pearlman pay restitution to the borrowers outlined in paragraph 1.3, which at the time of this document totals, \$3,850.89; and
- 4.4 Respondent David Pearlman pay an investigation fee, which as of the date of these charges is \$240 calculated at \$48 per hour for 5 staff hours devoted to the investigation.

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### V. AUTHORITY AND PROCEDURE

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This Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220, 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 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

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Dated this 28<sup>th</sup> day of January, 2010.



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DEBORAH BORTNER  
Director Division of Consumer Services  
Department of Financial Institutions

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Presented by:

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WILLIAM HALSTEAD  
Financial Legal Examiner

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Approved by:

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24  
25

  
JAMES R. BRUSSELBACK  
Enforcement Chief