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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:

21ST CENTURY LEGAL SERVICES,

Respondent.

No. C-10-287-11-FO01

FINAL ORDER

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I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner (Director's designee), pursuant to RCW 34.05.440(1). On May 19, 2011 the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Prohibit from Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges) against 21st Century Legal Services (Respondent).

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 May 19, 2011, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

On May 19, 2011, the Department served Respondent with the Statement of Charges and accompanying documents, sent by Federal Express overnight delivery and United States Postal Service First-Class mail (First-Class mail). On May 27, 2011, the Department was notified by Federal Express that the documents sent via Federal Express overnight delivery were undeliverable. The documents sent via First-Class mail were not returned by the United States Postal Service.

1 On August 1, 2011, the Department received confirmation from the Rancho Cucamonga,
2 California Branch Office of the United States Post Office that mail addressed to Respondent was
3 being delivered to the address used by the Department: 10782 Wilson Ave, Rancho Cucamonga,
4 California.

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

8 B. Record Presented. The record presented to the Director's designee for her review and
9 for entry of a final decision included the following:

- 10 1. Statement of Charges, cover letter, Notice of Opportunity to Defend and
11 Opportunity for Hearing, and blank Application for Adjudicative Hearing for
Respondent, with documentation for service.
- 12 2. Post Office Address Verification Request form completed by Rancho Cucamonga,
13 California Branch Office of the United States Post Office received by the
Department August 1, 2011.

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

16 II. FINAL ORDER

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

19 A. IT IS HEREBY ORDERED, That:

- 20 1. Respondent 21st Century Legal Services cease and desist engaging in the business
21 of a mortgage broker or loan originator in regards to residents of the State of
Washington or property located in the State of Washington;
- 22 2. Respondent 21st Century Legal Services is prohibited from participation in the
23 conduct of the affairs of any mortgage broker subject to licensure by the Director,
in any manner, for a period of five (5) years;

3. Respondent 21st Century Legal Services pay a fine of \$12,000;
4. Respondent 21st Century Legal Services pay restitution to at least the consumers identified in the attached Restitution Schedule (herein incorporated by reference) in the amount of \$13,317.77;
5. Respondent 21st Century Legal Services pay an investigation fee of \$1,920; and
6. Respondent 21st Century Legal Services, its officers, employees, and agents maintain records in compliance with chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and provide the Director with the location of the books, records and other information relating to Respondent 21st Century Legal Services' business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

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

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

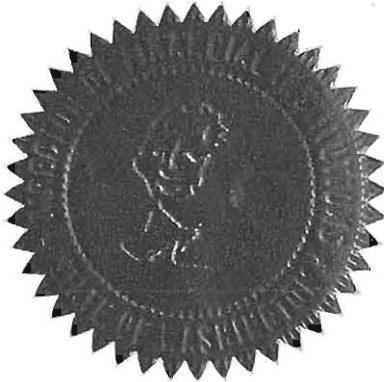
C. Stay of Order. The Director's designee has determined not to consider a Petition to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

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

4 E. Non-compliance with Order. If you do not comply with the terms of this order, the
5 Department may seek its enforcement by the Office of the Attorney General to include the collection
6 of the fines, restitution, and fees imposed herein. The Department also may assign the amounts owed
7 to a collection agency for collection.

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

11 DATED this 17th day of October, 2011



13 STATE OF WASHINGTON
14 DEPARTMENT OF FINANCIAL INSTITUTIONS

15 

16 DEBORAH BORTNER
17 Director
18 Division of Consumer Services

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:
21ST CENTURY LEGAL SERVICES,

Respondent.

No. C-10-287-11-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO CEASE AND DESIST,
PROHIBIT FROM INDUSTRY, IMPOSE
FINE, ORDER RESTITUTION, 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). After having conducted an investigation pursuant to RCW 19.146.235, 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. 21st Century Legal Services (Respondent) is located at 9340 Baseline Road, Suite 105, Rancho Cucamonga, California. Respondent has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker or loan originator in the State of Washington.

1.2 Unlicensed Activity. Between at least November 2008 and December 2009, Respondent held itself out as able to assist at least three consumers in applying to obtain a loan modification on at least five properties located in the State of Washington. The consumers involved paid Respondent fees totaling at least \$11,892.77. To date Respondent has never been licensed by the Department to engage in the business of a mortgage broker or loan originator.

1 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the
2 Act by Respondent continues to date.

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

4 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-
5 010(29), "Mortgage Broker" means any person who, for compensation or gain, or in the expectation
6 of compensation or gain (a) makes a residential mortgage loan or assists a person in obtaining or
7 applying to obtain a residential mortgage loan or (b) holds himself or herself out as being able to
8 make a residential mortgage loan or assist a person in obtaining or applying to obtain a residential
9 mortgage loan.

10 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10), "Loan Originator" means
11 a natural person who for direct or indirect compensation or gain, or in the expectation of direct or
12 indirect compensation or gain (i) takes a residential mortgage loan application for a mortgage broker,
13 or (ii) offers or negotiates terms of a mortgage loan. "Loan originator" also includes a person who
14 holds themselves out to the public as able to perform any of these activities. "Loan originator" does
15 not mean persons performing purely administrative or clerical tasks for a mortgage broker. For the
16 purposes of this subsection, "administrative or clerical tasks" means the receipt, collection, and
17 distribution of information common for the processing of a loan in the mortgage industry and
18 communication with a borrower to obtain information necessary for the processing of a loan. A
19 person who holds himself or herself out to the public as able to obtain a loan is not performing
20 administrative or clerical tasks.

21 **2.3 Requirement to Obtain and Maintain Mortgage Broker License.** Based on Factual
22 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.200 for
23

1 engaging in the business of a mortgage broker without first obtaining and maintaining a license under
2 the Act.

3 **2.4 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
4 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 19.146.200(1)
5 and WAC 208-660-155(1) for engaging in the business of a loan originator without first obtaining
6 and maintaining a loan originator license under the Act.

7 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent
8 is in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a
9 scheme, device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an
10 unfair or deceptive practice toward any person, or obtaining property by fraud or misrepresentation.

11 **2.6 Requirement to Maintain Books and Records.** Based on Factual Allegations set forth in
12 Section I above, Respondent is in apparent violation of RCW 19.146.060 for failing to maintain all
13 books and records in a location that is on file with and readily available to the Department until at
14 least twenty-five months have elapsed following the effective period to which the books and records
15 relate.

16 III. AUTHORITY TO IMPOSE SANCTIONS

17 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
18 Director may issue orders directing a licensee, its employee or loan originator, or other person subject
19 to the Act to cease and desist from conducting business in a manner that is injurious to the public or
20 violates any provision of the Act.

21 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
22 issue orders removing from office or prohibiting from participation in the conduct of the affairs of
23 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed

1 mortgage broker or any person subject to licensing under the Act for any violation of RCW
2 19.146.0201(1) through (9) or (12), RCW 19.146.200, or failure to comply with a directive or order
3 of the Director.

4 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(d), (e), and (3)(a) and (b), the
5 Director may impose fines on a licensee, employee or loan originator of the licensee, or other person
6 subject to the Act for any violations of RCW 19.146.020(1) through (9) or (12), RCW 19.146.200, or
7 failure to comply with a directive or order of the Director.

8 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(d) and (e), the Director
9 may issue orders directing a licensee, its employee or loan originator, or other person subject to the
10 Act to pay restitution to an injured borrower.

11 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
12 550(4), and WAC 208-660-520(9), the Department will charge forty-eight dollars per hour for an
13 examiner's time devoted to an investigation of the books and records of a licensee or other person
14 subject to the Act.

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

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

20 **4.1** Respondent 21st Century Legal Services cease and desist engaging in the business of a
21 mortgage broker or loan originator in regards to residents of the State of Washington or property
located in the State of Washington;

22 **4.2** Respondent 21st Century Legal Services be prohibited from participation in the conduct of the
23 affairs of any mortgage broker subject to licensure by the Director, in any manner, for a period of five
(5) years;

1 4.3 Respondent 21st Century Legal Services pay a fine, which as of the date of this Statement of
Charges totals \$12,000;

2
3 4.4 Respondent 21st Century Legal Services pay restitution to at least the consumers identified in
paragraph 1.2 above;

4 4.5 Respondent 21st Century Legal Services pay an investigation fee, which as of the date of this
Statement of Charges totals \$1,920 Calculated at \$48 per hour for forty (40) staff hours devoted to
5 the investigation; and

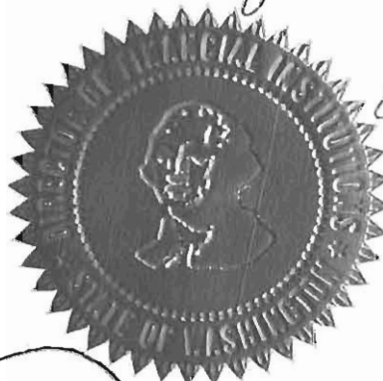
6 4.6 Respondent 21st Century Legal Services maintain records in compliance with the Act and
provide the Department with the location of the books, records and other information relating to
7 Respondent 21st Century Legal Services' mortgage broker business, and the name, address and
telephone number of the individual responsible for maintenance of such records in compliance with
8 the Act.

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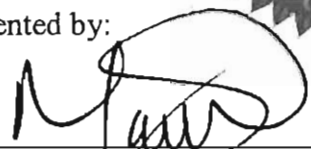
1 **V. AUTHORITY AND PROCEDURE**


2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW
4 (The Administrative Procedure Act). Respondent may make a written request for a hearing as set
5 forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
6 accompanying this Statement of Charges.

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8 Dated this 9th day of May, 2011



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

15 Presented by:
16 
17 MARNIE SHEERAN
18 Financial Legal Examiner

19 Approved by:
20 
21 JAMES R. BRUSSELBACK
22 Enforcement Chief