

ORDER SUMMARY – Case Number: C-11-0653

Name(s): Dargon Law Firm
Daniel Paul Dargon

Order Number: C-11-0653-12-CO01

Effective Date: November 14, 2012

License Number: U/L
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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: N/A

Not Apply Until: Permanent

Not Eligible Until: _____

Prohibition/Ban Until: Permanent

Investigation Costs	\$500	Due NOW	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 11/14/12
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$6,940	Due NOW	Paid <input type="checkbox"/> Y <input checked="" 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:	4			

Comments: _____

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **DIVISION OF CONSUMER SERVICES**

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

No.: C-11-0653-12-CO01

CONSENT ORDER

5 DARGON LAW FIRM PLLC, and
6 DANIEL PAUL DARGON, Member and
Unlicensed Loan Originator,

7 Respondents.

8 COMES NOW the Director of the Department of Financial Institutions (Director),
9 through his designee Deborah Bortner, Division Director, Division of Consumer Services, and
10 Dargon Law Firm PLLC (Respondent Firm), and Daniel Paul Dargon (Respondent Dargon), and
11 finding that the issues raised in the above-captioned matter may be economically and efficiently
12 settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to
13 chapter 19.146 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the
14 Administrative Procedure Act, based on the following:

15 **AGREEMENT AND ORDER**

16 The Department of Financial Institutions, Division of Consumer Services (Department)
17 and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of
18 Charges No. C-11-0653-12-SC01 (Statement of Charges), entered March 7, 2012, (copy attached
19 hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act), and RCW
20 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the Department's
21 entry of this Consent Order and further agree that the issues raised in the above-captioned matter
22 may be economically and efficiently settled by entry of this Consent Order. The parties intend
23 this Consent Order to fully resolve the Statement of Charges.

1 Based upon the foregoing:

2 A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject
3 matter of the activities discussed herein.

4 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the
5 right to a hearing before an administrative law judge, and hereby waive their right to a hearing
6 and any and all administrative and judicial review of the issues raised in this matter, or of the
7 resolution reached herein. Accordingly, Respondents, by their signatures below, withdraw their
8 appeal to the Office of Administrative Hearings.

9 C. **Admissions.** It is AGREED that Respondents admit to the following facts.

- 10 • Respondent Firm has never been licensed by the Department to conduct business
11 as a mortgage broker.
- 12 • Respondent Dargon is the sole member of Respondent Firm.
- 13 • Respondent Dargon has never been licensed by the Department to conduct
14 business as a mortgage broker or loan originator.
- 15 • Respondent Dargon has never been licensed to practice law in the state of
16 Washington.
- 17 • From at least in or around August 2009 through at least in or around July 2010,
18 Respondents offered to provide four consumers located in the state of Washington
19 with residential mortgage loan modification services related to residential
20 mortgage loans secured by real property located in the state of Washington, and
21 collected \$6,940 in advance fees from these four consumers as identified in
22 paragraph 1.2 of the Statement of Charges.

19 D. **Mortgage Broker Activity.** It is AGREED that Respondents shall cease and desist
20 from conducting the business of a mortgage broker without obtaining and maintaining a
21 mortgage broker license or qualifying for an exemption under the Act.

1 **E. Loan Originator Activity.** It is AGREED that Respondent Dargon shall cease and
2 desist from conducting the business of a loan originator without obtaining and maintaining a loan
3 originator license or qualifying for an exemption under the Act.

4 **F. Prohibition from Industry.** It is AGREED that Respondents are permanently
5 prohibited from participating, in any manner, in the conduct of the affairs of any mortgage
6 broker licensed by the Department or subject to licensure or regulation by the Department.

7 **G. Application for License.** It is AGREED that Respondents shall never apply to the
8 Department for any license under any name or on behalf of any person or entity.

9 **H. Restitution.** It is AGREED that Respondents owe and shall pay restitution totaling
10 \$6,940 to four consumers as identified and itemized in paragraph 1.2 of the Statement of Charges
11 as follows:

<u>Consumer</u>	<u>Restitution</u>
██████████	\$1,000
████████████████████	\$2,700
██████████	\$540
████████████████████	\$2,700

15 Upon payment of this restitution to these four consumers, Respondents shall notify the
16 Department of such payment in writing and provide the Department with written proof of
17 payment consisting of a copy of each cashier's check or a copy of the front and back of each
18 cancelled check.

19 **I. Declaration of Financial Condition.** It is AGREED that Respondents have provided
20 the Department with Declarations comprehensively describing their current financial condition
21 and representing their current inability to pay the restitution and fine sought in the Statement of
22 Charges. It is further AGREED that, based on these Declarations, the Department has agreed to
23 enter this Consent Order without imposing a fine on Respondents and without requiring the

1 payment of restitution prior to entry of this Consent Order. Nothing in this paragraph shall be
2 construed as relieving Respondents from the obligation to pay the \$6,940 restitution described in
3 paragraph H of this Consent Order.

4 **J. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
5 investigation fee of \$500, in the form of a money order made payable to the “Washington State
6 Treasurer,” upon entry of this Consent Order.

7 **K. Records Retention.** It is AGREED that Respondents shall maintain records in
8 compliance with the Act and provide the Director with the location of the books, records and
9 other information relating to Respondent Firm’s mortgage broker business, and the name,
10 address and telephone number of the individual responsible for maintenance of such records in
11 compliance with the Act.

12 **L. Authority to Execute Order.** It is AGREED that the undersigned has represented
13 and warranted that he has the full power and right to execute this Consent Order on behalf of the
14 party represented.

15 **M. Non-Compliance with Order.** It is AGREED that Respondents understand that
16 failure to abide by the terms and conditions of this Consent Order may result in further legal
17 action by the Director. In the event of such legal action, Respondents may be responsible to
18 reimburse the Director for the cost incurred in pursuing such action, including but not limited to,
19 attorney fees.

20 **N. Voluntarily Entered.** It is AGREED that the undersigned Respondents have
21 voluntarily entered into this Consent Order, which is effective when signed by the Director’s
22 designee.

1 O. **Completely Read, Understood, and Agreed.** It is AGREED that Respondents have
2 read this Consent Order in its entirety and fully understand and agree to all of the same.

3 **RESPONDENTS:**

4 **Dargon Law Firm PLLC**

By:

5 /S/ _____

6 Daniel Paul Dargon
Member

11/9/2012 _____

Date

8 /S/ _____

9 Daniel Paul Dargon
Individually

11/9/2012 _____

Date

10 DO NOT WRITE BELOW THIS LINE

11 THIS ORDER ENTERED THIS 14th DAY OF November, 2012

13 /S/ _____

14 DEBORAH BORTNER

Director

15 Division of Consumer Services

Department of Financial Institutions

16 Presented by:

18 /S/ _____

19 MARK T. OLSON

Financial Legal Examiner

20 Approved by:

21 /S/ _____

22 CHARLES E. CLARK

Enforcement Chief

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

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

7 DARGON LAW FIRM PLLC, and
8 DANIEL PAUL DARGON, Member and
9 Unlicensed Loan Originator,

10 Respondents.

No. C-11-0653-12-SC01

11 STATEMENT OF CHARGES and
12 NOTICE OF INTENTION TO ENTER AN
13 ORDER TO CEASE AND DESIST,
14 PROHIBIT FROM INDUSTRY, ORDER
15 RESTITUTION, IMPOSE FINE, AND
16 COLLECT INVESTIGATION FEE

17 INTRODUCTION

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

24 I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Dargon Law Firm PLLC (Respondent Dargon Law Firm)** was a New Hampshire professional limited liability company from its formation, in or around November 2008, until it was administratively dissolved in or around September 2011. Respondent Dargon Law Firm has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker.

B. **Daniel Paul Dargon (Respondent Dargon)** was the sole member of Respondent Dargon Law Firm. Respondent Dargon has never been licensed by the Department to conduct

1 business as a mortgage broker or loan originator. Respondent Dargon has never been licensed to
2 practice law in the state of Washington.

3 **1.2 Unlicensed Activity.** From at least in or around August 2009 through at least in or around
4 July 2010, Respondents offered to provide at least five consumers located in the state of Washington
5 with residential mortgage loan modification services related to residential mortgage loans secured by
6 real property located in the state of Washington, and collected at least \$6,940 in advance fees from at
7 least these consumers as follows:

<u>Consumer</u>	<u>Advance Fee</u>
	\$1,000
	\$2,700
	\$ 540
	\$2,700
	unknown

11
12 **1.3 Prohibited Acts.** The Department has received a complaint from at least one of the
13 consumers identified in paragraph 1.2 of this Statement of Charges, alleging Respondents did not
14 provide residential mortgage loan modification services and did not refund any of the advance fee
15 paid by the consumer.

16 **1.4 Failure to Respond to Directive.** On or about June 3, 2011, the Department issued a
17 Directive to Provide Documents and Explanation (Department's Directive) directing Respondents to
18 provide the Department with a complete list of all transactions in which Respondents had provided
19 loan modification services for properties or consumers located in the state of Washington, and either:
20 a completed Claim of Non-Applicability of the Mortgage Broker Practices Act form, including an
21 explanation of why Respondents were not subject to licensure; or, a completed Declaration and
22 Agreement to Cease and Desist form acknowledging Respondents were required to be licensed and
23 agreeing to cease conducting business as a mortgage broker or loan originator until such time as
24 Respondents had obtained the appropriate licenses. Respondents did not respond to the Department's

1 Directive. On or about July 6, 2011, the Department issued a subpoena to Respondents compelling a
2 response to the Department's Directive. Respondents did not respond to the subpoena.

3 **1.5 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 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
7 "Mortgage broker" means any person who, for compensation or gain, or in the expectation of
8 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage
9 loan or (b) holds himself or herself out as being able to assist a person in obtaining or applying to
10 obtain a residential mortgage loan.

11 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(11) and WAC 208-660-006,
12 "Loan originator" means a natural person who for direct or indirect compensation or gain, or in the
13 expectation of direct or indirect compensation or gain: takes a residential mortgage loan application
14 for a mortgage broker; offers or negotiates terms of a mortgage loan; performs residential mortgage
15 loan modification services; or holds themselves out to the public as able to perform any of these
16 activities.

17 **2.3 Definition of Residential Mortgage Loan Modification.** Pursuant to RCW 19.146.010(20)
18 and WAC 208-660-006, "Residential mortgage loan modification" means a change in one or more of
19 a residential mortgage loan's terms or conditions. Changes to a residential mortgage loan's terms or
20 conditions include but are not limited to forbearances; repayment plans; changes in interest rates, loan
21 terms, or loan types; capitalization of arrearages; or principal reductions.

22 **2.4 Definition of Residential Mortgage Loan Modification Services.** Pursuant to RCW
23 19.146.010(21) and WAC 208-660-006, "Residential mortgage loan modification services" includes

1 negotiating, attempting to negotiate, arranging, attempting to arrange, or otherwise offering to
2 perform a residential mortgage loan modification. “Residential mortgage loan modification services”
3 also includes the collection of data for submission to any entity performing mortgage loan
4 modification services.

5 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
6 are in apparent violation of RCW 19.146.0201(1), (2) & (3) for directly or indirectly employing a
7 scheme, device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an
8 unfair or deceptive practice toward any person, and obtaining property by fraud or misrepresentation.

9 **2.6 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
10 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
11 and WAC 208-660-155 for engaging in the business of a mortgage broker without first obtaining and
12 maintaining a license under the Act.

13 **2.7 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
14 Allegations set forth in Section I above, Respondent Dargon is in apparent violation of RCW
15 19.146.200(1) and WAC 208-660-155 for engaging in the business of a loan originator without first
16 obtaining and maintaining a license under the Act.

17 **2.8 Requirement to Comply with a Directive.** Based on the Factual Allegations set forth in
18 Section I above, Respondents are in apparent violation of RCW 19.146.235, WAC 208-660-520, and
19 WAC 208-660-530, for failing to comply with a directive of the Director. Pursuant to WAC 208-
20 660-530, a directive is a formal request for information from the Director and may be entitled
21 “directive” or “subpoena.”

22 **2.9 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
23 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a

1 location that is on file with and readily available to the Department until at least twenty-five months
2 have elapsed following the effective period to which the books and records relate.

3 III. AUTHORITY TO IMPOSE SANCTIONS

4 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
5 Director may issue orders directing a licensee, its employee, loan originator, independent contractor,
6 agent, or other person subject to the Act to cease and desist from conducting business.

7 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
8 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
9 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
10 mortgage broker or any person subject to licensing under the Act for: any violation of RCW
11 19.146.0201(1) through (9) or (13), or RCW 19.146.200; or failure to comply with any directive or
12 order of the Director.

13 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
14 restitution against licensees or other persons subject to the Act for any violation of the Act.

15 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
16 against a licensee or other persons subject to the Act for: failure to comply with any directive, order,
17 or subpoena of the Director; or any violation of the Act. Pursuant to RCW 19.146.220(3), the
18 Director may impose fines on an employee, loan originator, independent contractor, or agent of the
19 licensee, or other person subject to the Act, for: any violations of RCW 19.146.0201(1) through (9) or
20 (13), or RCW 19.146.200; or failure to comply with any directive or order of the Director.

21 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
22 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour
23 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

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

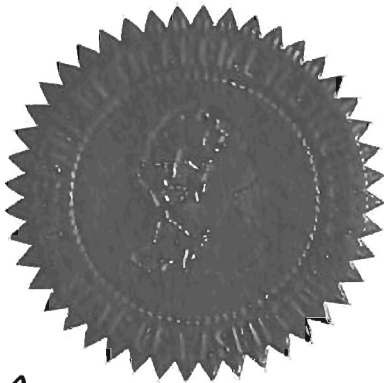
2 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC,
3 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
4 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
5 RCW 19.146.223.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

- 6 **4.1** Respondents Dargon Law Firm PLLC and Daniel Paul Dargon cease and desist from
7 conducting the business of a mortgage broker without obtaining and maintaining a
8 mortgage broker license or qualifying for an exemption from licensure under the Act.
- 8 **4.2** Respondent Daniel Paul Dargon cease and desist from conducting the business of a
9 loan originator without obtaining a loan originator license or qualifying for an
10 exemption from licensure under the Act.
- 10 **4.3** Respondent Dargon Law Firm PLLC be prohibited from participation in the conduct
11 of the affairs of any mortgage broker subject to licensure by the Director, in any
12 manner, for a period of five years.
- 12 **4.4** Respondent Daniel Paul Dargon be prohibited from participation in the conduct of the
13 affairs of any mortgage broker subject to licensure by the Director, in any manner, for
14 a period of five years.
- 14 **4.5** Respondents Dargon Law Firm PLLC and Daniel Paul Dargon jointly and severally
15 pay a fine. As of the date of this Statement of Charges, the fine totals \$25,000.
- 15 **4.6** Respondents Dargon Law Firm PLLC and Daniel Paul Dargon jointly and severally
16 pay restitution totaling the amount collected from all consumers for residential
17 mortgage loan modification services related to real property or consumers located in
18 the state of Washington, including at least \$6,940 to at least the five consumers
19 identified in paragraph 1.2 of this Statement of Charges.
- 18 **4.7** Respondents Dargon Law Firm PLLC and Daniel Paul Dargon jointly and severally
19 pay an investigation fee. As of the date of this Statement of Charges, the investigation
20 fee totals \$1,152.
- 20 **4.8** Respondents Dargon Law Firm PLLC and Daniel Paul Dargon maintain records in
21 compliance with the Act and provide the Department with the location of the books,
22 records and other information relating to Respondents' mortgage broker business, and
23 the name, address and telephone number of the individual responsible for maintenance
24 of such records in compliance with the Act.

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 7th day of March, 2012



9 [Redacted signature]

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

14 Presented by:

15 [Redacted signature]

16 MARK T. OLSON
17 Financial Legal Examiner

18 Approved by:

19 [Redacted signature]

20 JAMES R. BRUSSELBACK
21 Enforcement Chief