

ORDER SUMMARY – Case Number: C-12-1048

Name(s): Michael A. Perry; David A. Schmidt; Nick Stanco

Order Number: C-12-1048-13-FO01

Effective Date: July 3, 2013

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Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)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

Not Apply Until: July 3, 2018

Not Eligible Until: July 3, 2018

Prohibition/Ban Until: July 3, 2018

Investigation Costs	\$288	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$3,000	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$1,995	Due:	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:				

Comments:

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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:

No.: C-12-1048-13-FO01

AMERICAN HOME RELIEF FOUNDATION,
INC.; MICHAEL A. PERRY, Principal; DAVID
A. SCHMIDT, Principal; and NICK STANCO,
Principal,

FINAL ORDER
MICHAEL A. PERRY
DAVID A. SCHMIDT
NICK STANCO

Respondent.

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 March 27, 2013, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist Business, Prohibit From Industry, Order, Restitution, Impose Fine, and Collection Investigation Fee (Statement of Charges) against American Home Relief Foundation, Inc., Michael A. Perry, David A. Schmidt, and Nick Stanco (Respondents). 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 March 28, 2013, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondents (collectively, accompanying documents).

On March 28, 2013, the Department served Respondent Michael A. Perry with the Statement of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery. On March 29, 2013, the documents sent by Federal Express overnight delivery were delivered. The

1 documents sent by First-Class mail were not returned to the Department by the United States Postal
2 Service.

3 On March 28, 2013, the Department served Respondent Nick Stanco with the Statement of
4 Charges and accompanying documents by First-Class mail and Federal Express overnight delivery.

5 On April 1, 2013, the documents sent by Federal Express overnight delivery were delivered. The
6 documents sent by First-Class mail were not returned to the Department by the United States Postal
7 Service.

8 On March 28, 2013, the Department served Respondent David A. Schmidt with the Statement
9 of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery.

10 On April 5, 2013, the Department was notified that the documents sent by Federal Express overnight
11 delivery were not delivered by Federal Express. The documents sent by First-Class mail were not
12 returned to the Department by the United States Postal Service.

13 Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco did not request an
14 adjudicative hearing within twenty calendar days after the Department served the Notice of
15 Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

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

- 18 1. Statement of Charges,
- 19 2. Cover letters for Michael A. Perry, David A. Schmidt, and Nick Stanco dated
20 March 28, 2013,
- 21 3. Notices of Opportunity to Defend and Opportunity for Hearing for Michael A.
22 Perry, David A. Schmidt, and Nick Stanco, and
- 23 4. Blank Applications for Adjudicative Hearing for Michael A. Perry, David A.
24 Schmidt, and Nick Stanco, with documentation for service.

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

3 II. FINAL ORDER

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

6 A. IT IS HEREBY ORDERED, That:

- 7 1. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco cease and
8 desist engaging in the business of a mortgage broker or loan originator.
- 9 2. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco are
10 prohibited from participation, in any manner, in the conduct of the affairs of any
11 mortgage broker subject to licensure by the Director for a period of five years.
- 12 3. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco jointly and
13 severally pay restitution to consumer M.U. identified by the Department in
14 paragraph 1.2 of the Statement of Charges in the amount of \$1,995.
- 15 4. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco jointly and
16 severally pay a fine in the amount of \$3,000.
- 17 5. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco jointly and
18 severally pay an investigation fee in the amount of \$288.
- 19 6. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco maintain
20 records in compliance with the Act and provide the Department with the location
21 of the books, records and other information relating to Respondents' provision of
22 residential mortgage loan modification services in Washington, and the name,
23 address and telephone number of the individual responsible for maintenance of
24 such records in compliance with the Act.

19 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents Michael A. Perry, David
20 A. Schmidt, and Nick Stanco have the right to file a Petition for Reconsideration stating the specific
21 grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the
22 Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington
23 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days

1 of service of the Final Order upon Respondents Michael A. Perry, David A. Schmidt, and Nick
2 Stanco. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition
3 for Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

10 D. Judicial Review. Respondents Michael A. Perry, David A. Schmidt, and Nick Stanco
11 have the right to petition the superior court for judicial review of this agency action under the
12 provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see
13 RCW 34.05.510 and sections following.

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

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

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1 DATED this 3rd day of July, 2013



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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DEBORAH BORTNER
Director
Division of Consumer Services

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 AMERICAN HOME RELIEF FOUNDATION,
8 INC.; MICHAEL A. PERRY, Principal; DAVID A
9 SCHMIDT, Principal; and NICK STANCO,
10 Principal,

11 Respondents.

No. C-12-1048-13-SC01

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

19 INTRODUCTION

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

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. American Home Relief Foundation, Inc. (Respondent American Home Relief) 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.

B. Michael A. Perry (Respondent Perry) is or was a principal of American Home Relief
Foundation, Inc. During the relevant time period, Respondent Perry was not licensed by the
Department to conduct business as a mortgage broker or loan originator.

1 in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-006, a
2 person “‘assists a person in obtaining or applying to obtain a residential mortgage loan’ by, among
3 other things, counseling on loan terms (rates, fees, other costs), [and] preparing loan packages....”

4 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), “loan originator” means a
5 natural person who for direct or indirect compensation or gain, or in the expectation of direct or
6 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
7 offers or negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform
8 any of these activities.

9 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
10 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive practice
11 toward any person and obtaining property by fraud or misrepresentation.

12 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
13 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
14 for engaging in the business of a mortgage broker for Washington residents or property without first
15 obtaining a license to do so.

16 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
17 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
18 for engaging in the business of a loan originator without first obtaining and maintaining a license.

19 **2.6 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
20 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
21 location that is on file with and readily available to the Department until at least twenty-five months
22 have elapsed following the effective period to which the books and records relate.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
3 Director may issue orders directing any person subject to the Act to cease and desist from conducting
4 business.

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

9 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
10 restitution against any person subject to the Act for any violation of the Act.

11 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
12 against any person subject to the Act for any violation of the Act.

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

16 **IV. NOTICE OF INTENT TO ENTER ORDER**

17 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
18 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,
19 and RCW 19.146.223. Therefore, it is the Director's intent to ORDER that:

20 **4.1** Respondents cease and desist engaging in the business of a mortgage broker or loan originator.

21 **4.2** Respondents be prohibited from participation, in any manner, in the conduct of the affairs of
22 any mortgage broker subject to licensure by the Director for a period of five years.

23 **4.3** Respondents jointly and severally pay restitution to the one consumer identified by the
24 Department in paragraph 1.2 in the amount set forth therein, and that Respondents jointly and
severally pay restitution to each Washington consumer with whom they entered into a contract
for residential mortgage loan modification services related to real property or consumers

1 located in the state of Washington equal to the amount collected from that Washington
2 consumer for those services in an amount to be determined at hearing.

3 **4.4** Respondents jointly and severally pay a fine, which as of the date of this Statement of Charges
4 totals \$3,000.

5 **4.5** Respondents jointly and severally pay an investigation fee, which as of the date of this
6 Statement of Charges totals \$288.

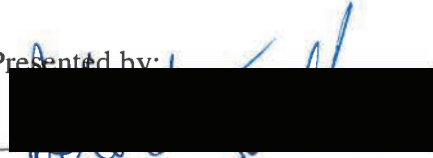
7 **4.6** Respondents maintain records in compliance with the Act and provide the Department with the
8 location of the books, records and other information relating to Respondents' provision of
9 residential mortgage loan modification services in Washington, and the name, address and
10 telephone number of the individual responsible for maintenance of such records in compliance
11 with the Act.


12 **V. AUTHORITY AND PROCEDURE**

13 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
14 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05
15 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as
16 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
17 accompanying this Statement of Charges.

18 Dated this 27th day of March, 2013.

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20 **DEBORAH BORTNER**
21 Director, Division of Consumer Services
22 Department of Financial Institutions

23 Presented by: 
24 **DEBORAH TAEILLIOUS**
25 Financial Legal Examiner

26 Approved by:
27 
28 **CHARLES E. CLARK**
29 Enforcement Chief

