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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

KRISTEN MICHELLE WALDEN,  
Respondent.

NO. C-07-531-08-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), pursuant to RCW 34.05.440(2). On December 17, 2007, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Deny License Application and Prohibit from Industry (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 December 18, 2007, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing. The Department served the Statement of Charges, cover letter dated December 18, 2007, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing on Respondent on December 18, 2007, by first class mail and Federal Express overnight delivery. On January 19, 2007, the documents sent via Federal Express overnight delivery were delivered. The documents sent via first class mail were not returned to the Department by the United States Postal Service.

On December 27, 2007, Respondent filed an Application for Adjudicative Hearing. On January 3, 2008, the Department made a request to the Office of Administrative Hearings (OAH) to

1 assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of  
2 Charges. On January 29, 2008, OAH issued a Notice of Prehearing Conference by Telephone and  
3 assigned ALJ Mary Ellen Goodman (ALJ Goodman) to preside over prehearing and hearing  
4 proceedings and issue an Initial Decision. On March 3, 2008, ALJ Goodman issued a Prehearing Case  
5 Management Order and Notice of Hearing scheduling a Telephone Hearing on Motion for Summary  
6 Judgment on Tuesday, April 29, 2008 at 2:00 p.m. That Order contained the following instruction to  
7 the parties: "If you fail to appear or participate in the hearing or any other scheduled stage of these  
8 proceedings, you may lose your right to a hearing as described in RCW 34.05.440.  
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10 On April 29, 2008, representatives for the Department attended the Motion for Summary  
11 Judgment Hearing before ALJ Goodman; however, Respondent Kirsten Michelle Walden failed to  
12 appear. On May 2, 2008, ALJ Goodman issued an Initial Order Holding the Respondent in Default  
13 and Granting Department's Motion for Summary Judgment.

14 Pursuant to RCW 34.05.440(3), Respondent had seven (7) days from the date of service of the  
15 Order of Default and Initial Order to file a written motion with OAH requesting that the Order of  
16 Default and Initial Order be vacated, and stating the grounds relied upon. Respondent did not make a  
17 request to vacate during the statutory period. Pursuant to RCW 34.05.464 and WAC 10-08-211,  
18 Respondent had twenty (20) days from the date of service of the Order of Default and Initial Order to  
19 file a Petition for Review of the Order of Default and Initial Order with the Director. Respondent did  
20 not file a Petition for Review during the statutory period.  
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22 B. Record Presented. The record presented to the Director for his review and for entry of  
23 a final decision included the following:  
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1. Statement of Charges, cover letter dated December 18, 2007, and Notice of Opportunity to Defend and Opportunity for Hearing, with documentation of service;
2. Application for Adjudicative Hearing;
3. Request to OAH for Assignment of Administrative Law Judge;
4. Order for Telephonic Prehearing Conference and Assignment of ALJ;
5. Department's Motion for Summary Judgment;
6. Initial Order Holding the Respondent in Default and Granting Department's Motion for Summary Judgment.

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

## II. FINAL ORDER

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

A. IT IS HEREBY ORDERED, That:

1. Respondent Kirsten Michelle Walden's application for a loan originator license is denied; and
2. Respondent Kirsten Michelle Walden is banned from participation in the conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, through September 10, 2014.

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

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
2 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

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

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

15  
16 DATED this 12<sup>th</sup> day of June, 2008.



17  
18 STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

19 [Redacted Signature]  
20 SCOTT JARVIS  
21 DIRECTOR

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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING  
the Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

NO. C-07-531-07-SC01

KRISTEN MICHELLE WALDEN,  
  
Respondent.

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO DENY LICENSE APPLICATION  
AND PROHIBIT FROM INDUSTRY

**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 19.146.310, 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 Kristen Michelle Walden (Respondent Walden)** submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Touchstone Lending Group Inc., a mortgage broker licensed under the Act. The on-line application was received by the Department on or about September 10, 2007.

**1.2 Prior Criminal Acts.** On or about February 14, 2001, Respondent Walden was found guilty of [REDACTED] pursuant to Tacoma City Ordinance 8.12.010(16), (equivalent to [REDACTED] pursuant to RCW 9A.56.050, a gross misdemeanor), in the Municipal Court of Tacoma, State of WA, County of Pierce, Case No. WA027101J/B146717.

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<sup>1</sup> RCW 19.146 (Amended 2006; Effective January 1, 2007)

1 **1.3** January 25, 2002, Respondent Walden was found guilty of [REDACTED] pursuant to Tacoma City  
2 Ordinance 8.12.010(16), (equivalent to [REDACTED] pursuant to RCW 9A.56.050, a gross  
3 misdemeanor), in the Municipal Court of Tacoma, State of WA, County of Pierce, Case No. CR048915.

4 **1.4 Responses to Application Questions.** The "Criminal Disclosure" section of the loan originator license  
5 application consists of eight questions, and includes the following instruction:

6 "If the answer to any of the following is "YES", provide complete details of all events or proceedings"  
7 Respondent Walden answered "NO" to the following questions on the "Criminal Disclosure" section of her loan  
8 originator license application:

- 9 • 5 - Have you ever been convicted of or plead guilty or nolo contendere ("no contest") in a  
10 domestic, foreign, or military court to [a] misdemeanor involving: financial services or a  
11 financial services-related business or any fraud, false statements or omissions, theft or any  
12 wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a  
13 conspiracy to commit any of these offenses?
- 14 • 6 - Have you ever been charged with a a misdemeanor specified in 5?

15 Respondent Walden was obligated by statute to answer questions on the loan originator license application  
16 truthfully and to provide the Department with complete details of all events or proceedings.

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

18 **2.1 Requirement of No Prior Convictions.** Based on the Factual Allegations set forth in Section I above,  
19 Respondent Walden fails to meet the requirements of RCW 19.146.310(1)(d) and WAC 208-660-350(2)(c) by  
20 having been convicted of a gross misdemeanor involving dishonesty or financial misconduct or a felony within  
21 seven years of the filing of the present application.

22 **2.2 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondent  
23 Walden is in apparent violation of RCW 19.146.0201(8) and WAC 208-660-500(3)(i) for negligently making  
24 any false statement or willfully making any omission of material fact in connection with any application or any  
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1 information filed by a licensee in connection with any application, examination or investigation conducted by  
2 the Department.

3 **2.3 Requirement to Provide Information on License Application.** Based on the Factual Allegations set  
4 forth in Section I above, Respondent Walden fails to meet the requirements of RCW 19.146.300(1) and (2) and  
5 RCW 19.146.310(1)(b) by failing to provide an accurate and complete license application in the form  
6 prescribed by the Director.

7 **2.4 Requirement to Demonstrate Character and General Fitness.** Based on the Factual Allegations set  
8 forth in Section I above, Respondent Walden fails to meet the requirements of RCW 19.146.310(1)(g) and  
9 WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness such as to command the  
10 confidence of the community and to warrant a belief that the business will be operated honestly and fairly  
11 within the purposes of the Act.

### 12 III. AUTHORITY TO IMPOSE SANCTIONS

13 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW 19.146.220(1), the  
14 Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2) and WAC 208-660-350(7), the  
15 Director shall not issue a loan originator license if the conditions of RCW 19.146.310(1) have not been met by  
16 the applicant, and shall notify the loan originator applicant and any mortgage brokers listed on the application  
17 of the denial.

18 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue  
19 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed  
20 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker  
21 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9).

### 22 IV. NOTICE OF INTENTION TO ENTER ORDER

23 Respondent's violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
24 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis  
25

1 for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.310.

2 Therefore, it is the Director's intention to ORDER that:

3 **4.1** Respondent Kristen Michelle Walden's application for a loan originator license be denied.

4 **4.2** Respondent Kristen Michelle Walden be prohibited from participation in the conduct of the affairs of  
5 any mortgage broker subject to licensure by the Director, in any manner, through September 10, 2014.

6 **V. AUTHORITY AND PROCEDURE**

7 This Statement of Charges and Notice of Intention to Enter an Order to Deny License Application and  
8 Prohibit from Industry (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220,  
9 RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05  
10 RCW (The Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in  
11 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
12 Statement of Charges.

13 Dated this 17<sup>th</sup> day of December, 2007.

14 [Redacted Signature]

15 DEBORAH BÖRTNER  
16 Director  
17 Division of Consumer Services  
18 Department of Financial Institutions

19 Presented by:

20 [Redacted Signature]

21 WILMA M. NEPSUND  
22 Financial Examiner

23 Approved by:

24 [Redacted Signature]

25 FATIMA BATIE  
Financial Legal Examiner Supervisor

