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

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

NO. C-10-304-10-FO01

PATRICK E. MCDERMOTT,

FINAL ORDER

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, pursuant to RCW 34.05.440(1). On September 3, 2010, 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
September 3, 2010, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank
Application for Adjudicative Hearing for Patrick E. McDermott. The Department served the
Statement of Charges, cover letter dated September 3, 2010, Notice of Opportunity to Defend and
Opportunity for Hearing, and blank Application for Adjudicative Hearing for Patrick E. McDermott on
Respondent on September 3, 2010, by First-Class mail and Federal Express overnight delivery. On
September 8, 2010, the documents sent via Federal Express overnight delivery were delivered. The

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

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

6 B. Record Presented. The record presented to the Director's designee for her review and
7 for entry of a final decision included the Statement of Charges, cover letter dated September 3, 2010,
8 Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative
9 Hearing for Patrick E. McDermott, with documentation of service;

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

12 II. FINAL ORDER

13
14 Based upon the foregoing, and the Director's designee having considered the record and
15 being otherwise fully advised, NOW, THEREFORE:

16 A. IT IS HEREBY ORDERED, that:

- 17 1. Respondent Patrick E. McDermott's application for a license to conduct the business
18 of a mortgage loan originator is denied; and
- 19 2. Respondent Patrick E. McDermott is banned from participation in the conduct of the
20 affairs of any consumer lender subject to licensure by the Director, in any manner,
through August 2, 2017.

21 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
22 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
23 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
24 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
25

1 Washington 98504-1200, within ten days of service of the Final Order upon Respondent. The Petition
2 for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a
3 prerequisite for seeking judicial review in this matter.

4 A timely Petition for Reconsideration is deemed denied if, within 20 days from the date the
5 petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written
6 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
8 to 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. Respondent has the right to petition the superior court for judicial
11 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
12 a Petition for Judicial Review, see RCW 34.05.510 and sections following.

13 E. 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.

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17 DATED this 5th day of October, 2010.



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20 STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

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22 DEBORAH BORTNER
23 DIRECTOR
24 DIVISION OF CONSUMER SERVICES

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

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

PATRICK E. MCDERMOTT,

Respondent.

NO. C-10-304-10-SC01

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

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INTRODUCTION

Pursuant to RCW 31.04.165 and RCW 31.04.168, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act)¹. After having conducted an investigation pursuant to RCW 31.04.055 and RCW 31.04.145, 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:

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I. FACTUAL ALLEGATIONS

1.1 Respondent Patrick E. McDermott (Respondent) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a mortgage loan originator license under Guild Mortgage Company, a consumer loan company licensed under the Act. The on-line application was received by the Department on or about August 2, 2010.

1.2 Prior Administrative Action. On or about November 24, 2009, the Department issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Order Restitution, Impose Fine, Collect Investigation Fee, Monitor Trust Account, and

¹ RCW 31.04 (Amended 2009; Effective January 1, 2010)

1 Maintain Records under cause number C-09-202-09-SC01 against Premier Northwest Mortgage and
2 Finance Corporation, d/b/a Premier Mortgage Northwest, Patrick E. McDermott, and Elroy C.
3 McDermott. That action was brought pursuant to the Mortgage Broker Practices Act and was served
4 on Respondent on or about November 25, 2009, by U.S. Mail. On or about December 17, 2009, the
5 Department received Respondent's Application for Administrative Hearing. As of the date of this
6 Statement of Charges, C-09-202-09-SC01 is ongoing.

7
8 **1.3 Responses to Application Questions.** The "Regulatory Action" disclosure section of the
9 mortgage loan originator license application consists of ten questions, and includes the following
10 questions (in relevant part):

11 (I) Has any State or federal regulatory agency or foreign financial regulatory
12 authority ever:

13 ...
14 (2) found you to have been involved in a violation of a financial services-related
15 business regulation(s) or statute(s)?

16 (3) found you to have been a cause of a financial services-related business
17 having its authorization to do business denied, suspended, revoked, or
18 restricted?

19 (4) entered an order against you in connection with a financial services-related
20 activity?

21 (5) revoked your registration or license?

22 (6) denied or suspended your registration or license, disciplined you, or
23 otherwise by order, prevented you from associating with a financial services-
24 related business or restricted your activities?

25 (7) barred you from association with an entity regulated by such commissions,
authority, agency, or officer, or from engaging in a financial services-related
business?

(8) issued a final order against you based on violations of any law or regulations
that prohibit fraudulent, manipulative, or deceptive conduct?

1 ...
2 (L) Are you now the subject of any regulatory action proceeding that could result in a
3 "yes" answer to any part of I...?

4 Respondent answered "no" to each of the questions under section (I), and answered "no" to question
5 (L). Respondent was obligated by statute to answer questions on the mortgage loan originator license
6 application truthfully and to provide the Department with complete details of all events or
7 proceedings.

8 **1.4 Character and General Fitness.** Respondent has not demonstrated character and general
9 fitness as evidenced by Respondent's conduct described in Paragraph 1.2.

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

11 **2.1 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,
12 Respondent is in apparent violation of RCW 31.04.027(8) for negligently making any false statement
13 or knowingly and willfully making any omission of material fact in connection with any reports filed
14 with the department by a licensee or in connection with any investigation conducted by the
15 department.

16
17 **2.2 Requirement to Provide Information on License Application.** Based on the Factual
18 Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW 31.04.241,
19 RCW 31.04.244, and RCW 31.04.247 by failing to provide an accurate and complete license
20 application in the form prescribed by the Director.

21 **2.3 Requirement to Demonstrate Character and General Fitness.** Based on the Factual
22 Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW
23 31.04.247(1)(e) and WAC 208-620-710(4)(a) by failing to demonstrate character and general fitness
24 such as to command the confidence of the community and to warrant a belief that the business will be
25 operated honestly, fairly, and efficiently within the purposes of the Act.

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III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Authority to Deny Application for Mortgage Loan Originator License. Pursuant to RCW 31.04.247(2), the Director may deny licenses to applicants, shall not issue a license if the conditions of RCW 31.04.247(1) have not been met by the applicant, and shall notify the applicant of the denial.

3.2 Authority to Prohibit from Industry. Pursuant to RCW 31.04.093(6)(a), the director may issue an order removing from office or prohibiting from participation in the affairs of any licensee, or both, any officer, principal, employee, or loan originator, or any person subject to this chapter for any violation of RCW 31.04.027.

IV. NOTICE OF INTENTION TO ENTER ORDER

Respondent’s violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis for the entry of an Order under RCW 31.04.055, RCW 31.04.093, RCW 31.04.165, RCW 31.04.168, and 31.04.247. Therefore, it is the Director’s intention to ORDER that:

4.1 Respondent Patrick E. McDermott’s application for a mortgage loan originator license be denied; and

4.2 Respondent Patrick E. McDermott be prohibited from participation in the conduct of the affairs of any consumer loan company subject to licensure by the Director, in any manner, through August 2, 2017.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Deny License
3 Application and Prohibit from Industry (Statement of Charges) is entered pursuant to the provisions of
4 RCW 31.04.093, RCW 31.04.165, RCW 31.04.168, and RCW 31.04.202, and is subject to the
5 provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a
6 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
7 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.
8

9 Dated this 3rd day of September, 2010.



10 

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

15 Presented by:

16 

17 STEVEN C. SHERMAN
18 Financial Legal Examiner

19 Approved by:

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21 

22 FATIMA BATIE
23 Financial Legal Examiner Supervisor
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