

Terms Completed

ORDER SUMMARY – Case Number: C-03-116

Name(s): Lenders Management Group Inc dba Kitsap Lending Group;
dba QPoint Home Mortgage Loans-Waterfront Park
DeAnne M. Gonia
Stephen F. Kafer

Order Number: C-03-116-05-CO01

Effective Date: March 25, 2005

License Number: DFI: 19812 -Lenders
Or NMLS Identifier [U/L] NMLS: 92686 -Gonia
(Revoked, suspended, stayed, application denied or withdrawn)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: n/a

Not Eligible Until: _____

Prohibition/Ban Until: n/a

Investigation Costs	\$764.48	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3.22.05
Fine	\$10,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3.22.05
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$8,826.50	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3.30.05
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
CONSUMER SERVICES DIVISION**

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

NO. C-03-116-05-CO01

LENDERS MANAGEMENT GROUP, INC.,
dba QPOINT HOME MORTGAGE LOANS-
WATERFRONT PARK,
DEANNE M. GONIA, President, Owner and
Designated Broker, and
STEPHEN F. KAFER, Vice-President and Owner,

CONSENT ORDER

Respondents

COMES NOW the Director of the Department of Financial Institutions (Director), through her designee Chuck Cross, Division Director, Division of Consumer Services, and Lenders Management Group, Inc., dba Qpoint Home Mortgage Loans-Waterfront Park, Deanne M. Gonia, President, Owner and Designated Broker, and Stephen F. Kafer, Vice-President and Owner (hereinafter collectively as Respondents) by and through their attorney Steven B. Dixon, and finding that the issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-03-116-03-SC01 (Statement of Charges), entered January 26, 2004, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and further agree that the issues raised in the above captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully

1 resolve the Statement of Charges. The parties agree that the entry of this Consent Order shall not be deemed an
2 admission of the matters alleged in the Statement of Charges.

3 Based upon the foregoing:

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

6 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing before
7 an administrative law judge, and that they have waived their right to a hearing and any and all administrative and
8 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondents agree to
9 dismiss their appeal and to inform the Office of Administrative Hearings in writing of their dismissal.

10 C. **Fine.** It is AGREED that Respondent shall pay to the Department a fine of \$10,000.00, in the form of a
11 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

12 D. **Restitution.** It is AGREED that Respondents shall, within five (5) days of the date of entry of this
13 Consent Order, make restitution to consumers in the amount of \$8,826.50 and provide the Department with written
14 proof of such payment within forty-five (45) days of the date of entry of this Consent Order. If restitution cannot be
15 made to any particular consumer, Respondents shall take the necessary steps to escheat such funds to the State and
16 provide the Department with written proof of such action. The "written proof" at a minimum must consist of copies of
17 the front and back of cancelled checks.

18 E. **Investigation Fee.** It is AGREED that Respondents shall pay to the Department an investigation fee of
19 \$764.48 in the form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this Consent
20 Order.

21 F. **Mortgage Broker Amendment Application.** It is AGREED that, upon the submission of the written
22 dismissal of their appeal to the Office of Administrative Hearings required under paragraph B, and payment to the
23 Department of the sums required under paragraphs C and E above, and the deposit of funds required under paragraph D
24 above with their attorney to be released only to consumers or escheated to the State of Washington, the Department, so

1 long as all the licensing requirements are met, will grant the pending Mortgage Broker Amendment Application of the
2 Respondents.

3 **G. Compliance with the Law.** It is AGREED that Respondents shall comply with the Mortgage Broker
4 Practices Act and the rules adopted thereunder, particularly, the provisions relating to the disclosure of significant
5 developments to the Director and the operation and advertisement under a name other than the one under which a license
6 has been issued without obtaining the written consent of the Director.

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

11 **I. Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted that
12 they have the full power and right to execute this Consent Order on behalf of the parties represented.

13 **J. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into this
14 Consent Order, which is effective when signed by the Director's designee.

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

17 **RESPONDENTS:**

18 **Lenders Management Group, Inc.**

19 By:

20 /S/
Deanne M. Gonia
21 President, Owner and Designated Broker

3/11/05
Date

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24 /S/
Stephen F. Kafer, Vice-President and Owner

3/11/05
Date

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/S/
Deanne M. Gonia, Individually

3/11/05
Date

/S/
Stephen F. Kafer, Individually

3/11/05
Date

/S/
Steven B. Dixon, WSBA No. 11276
Attorney at Law
Attorney for Respondents

3/11/05
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 25th DAY OF March, 2005.

/S/
CHUCK CROSS
Director and Enforcement Chief
Division of Consumer Services
Department of Financial Institutions

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

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

NO. C-03-116-04-SC01

LENDERS MANAGEMENT GROUP, INC.,
dba QPOINT HOME MORTGAGE LOANS-
WATERFRONT PARK,
DEANNE M. GONIA, President, Owner and
Designated Broker, and
STEPHEN F. KAfer, Vice-President and Owner

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO CEASE AND DESIST,
REVOKE LICENSE, IMPOSE FINE, PAY
RESTITUTION, PROHIBIT FROM INDUSTRY,
AND COLLECT INVESTIGATION FEES

Respondents.

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"). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of January 26, 2004 the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents:

A. **Lenders Management Group, Inc., dba Qpoint Home Mortgage Loans-Waterfront Park** ("Respondent LMG") was issued an interim license by the Department of Financial Institutions of the State of Washington ("Department") to conduct business as a Mortgage Broker on September 2, 1997, and a permanent license on November 25, 1997. Respondent LMG has continued to be licensed to date.

B. **DeAnne M. Gonias** ("Respondent Gonias"), President and co-owner of Respondent LMG, was named Designated Broker on September 2, 1997, and has continued as Designated Broker to date.

C. **Stephen F. Kafer** ("Respondent Kafer"), is Vice-President and co-owner of Respondent LMG.

1 **1.2 Licensed Name:** Respondent LMG is licensed to conduct the business of a Mortgage Broker in the
2 State of Washington under the name “Qpoint Home Mortgage Loans-Waterfront Park”. To date, Respondent
3 LMG has neither requested nor received the written consent of the Department to operate or advertise under any
4 name other than the one under which the license is issued.

5 **1.3 Licensed Location:** Respondent LMG is licensed to conduct the business of a Mortgage Broker at:
6 3212 NW Byron Street, Suite 103
7 Silverdale, WA 98383

8 **1.4 Altered License:** On February 3, 2003, the Department received a complaint from New Century
9 Mortgage Corporation (“New Century”), a mortgage company headquartered in Irvine, California, that
10 Respondent LMG had produced a Washington State Mortgage Broker’s License in order to obtain approval as a
11 New Century broker and had been submitting loans originated in Washington to New Century for underwriting
12 review. New Century provided a copy of the Mortgage Broker License purporting to be issued on “January 8,
13 2003” to “Lenders Management Group, Inc. dba Kitsap Lending Group Waterfront Park” as licensee. The
14 license appears to be an altered version of the license previously issued on “November 25, 1997” to “Lenders
15 Management Group, Inc. dba Qpoint Home Mortgage Loans-Waterfront Park” as licensee.

16 **1.5 State Master Business License:** On or around November 16, 2001, Respondent LMG registered
17 “Kitsap Lending Group” as its trade name on its State Master Business License. To date, Respondent LMG has
18 failed to inform the Department of this change.

19 **1.6 Operation Under Unlicensed Name:** In or around December 2003 and January 2004, the Department
20 received the following documentation from New Century, pursuant to a subpoena issued September 15, 2003:

- 21 **a.** Copies of documents submitted to New Century by Respondent LMG in order to obtain
22 approval as a New Century broker. The documents are dated in or around the period from
23 December 2002 through February 2003 and include:
- 24 **i.** Altered Mortgage Broker’s license discussed in 1.4 above;
 - 25 **ii.** Completed broker agreement form for Lenders Management Group listing “Qpoint
Home Mortgage Loans” as the dba and signed by DeAnne M. Gonia;

- 1 iii. Completed Internal Revenue Service Form W-9 for Lenders Management Group listing
2 “Qpoint Home Mortgage Loans” as the dba, “3212 NW Byron St #103” in “Silverdale,
3 WA 98383” and signed by DeAnne M. Gonia;
- 4 iv. Fax cover sheets with “Kitsap Lending Group” headers; and
- 5 v. Form labeled “Wholesale Loan Submission” listing broker name as “Kitsap Lending
6 Group” and broker address as “3212 NW Byron St Suite 103” in “Silverdale, WA
7 98383,” apparently completed by Respondent LMG employee Ann Granlee.
- 8 b. Copies of seven final HUD-1 settlement statements for residential mortgage loans originated in
9 Washington by Respondent LMG on behalf of New Century between February 10, 2003 and
10 August 29, 2003. Six of these settlement statements list processing fees and/or loan origination
11 fees totaling \$8,826.50 paid to “Kitsap Lending Group”.

11 **1.7 Advertisement Under Unlicensed Name:** www.kitsaplendinggroup.com is a website copyrighted by
12 “Kitsap Lending Group” in or around 2001. The site has a “Kitsap Lending Group” heading on each page, lists
13 the physical address as “3212 NW Byron Street, Suite #103” in “Silverdale, WA 98383” and contains such
14 links as “About Us,” “Contact Us,” “Locate Us,” and “Loan Programs.” The “Employees” page lists Dee Gonia
15 and Stephen Kafer as owners and Ann Granlee as a loan processor. The site is registered to “Lenders
16 Management Group, Inc.” at “3212 NW Byron St Ste 103” in “Silverdale, WA 98383.” The site was registered
17 to Respondent LMG on October 17, 2001.

18 **1.8 On-Going Investigation:** The Department’s investigation into the alleged violations of the Act by
19 Respondents continues to date.

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

21 **2.1 Disclosure of Significant Developments:** Based on the Factual Allegations set forth in Section I
22 above, Respondents are in apparent violation of WAC 208-660-150(3)(a) and (e) for failing to notify the
23 Director in writing within five days after a change in name or State master business license.

1 **2.2 Prohibited Acts:** Based on the Factual Allegations set forth in Section I above, Respondents are in
2 apparent violation of RCW 19.146.0201(1) for directly or indirectly employing a scheme, device, or artifice to
3 defraud or mislead borrowers or lenders or defraud any person, and RCW 19.146.0201(2) for engaging in an
4 unfair or deceptive practice toward any person.

5 **2.3 Unlicensed Name:** Based on the Factual Allegations set forth in Section I above, Respondents are in
6 apparent violation of RCW 19.146.250 and WAC 208-660-125(3) for operating and advertising under a name
7 other than the one under which its license was issued without obtaining the written consent of the Director.

8 **2.4 Authority to Issue an Order to Cease and Desist:** Pursuant to RCW 19.146.220(2)(d)(i), the Director
9 may issue an order directing a licensee, its employees or loan originators, or other persons subject to the Act to
10 cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this
chapter.

11 **2.5 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(iv) and WAC 208-660-160(14), the
12 Director may revoke a license for any violation of RCW 19.146.0201(1) through (9) by the licensee, and for any
13 act of misrepresentation or fraud by the licensee in any aspect of the conduct of the mortgage broker business or
14 profession.

15 **2.6 Authority to Impose Fine:** Pursuant to RCW 19.146.220(2)(c)(i) and WAC 208-660-165, the Director
16 may impose fines on a licensee for any violation of RCW 19.146.0201(1) through (9).

17 **2.7 Authority to Issue an Order for Payment of Restitution:** Pursuant to RCW 19.146.220(2)(d)(ii), the
18 Director may issue an order directing a licensee, its employee or loan originator to pay restitution to an injured
19 borrower.

20 **2.8 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i), the Director may
21 prohibit from participation in the conduct of the affairs of a licensed mortgage broker, any officer, principal,
22 employee, or loan originator of any licensed mortgage broker or any person subject to licensing under the Act
for any violation of RCW 19.146.0201(1) through (9).

1 **2.9 Authority to Charge Investigation Fee:** Pursuant to RCW 19.146.228(2), WAC 208-660-060(2) and
2 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee, the Department
3 will furnish to the licensee a billing to cover the cost of the investigation. The investigation charge will be
4 calculated at the rate of forty-seven dollars and seventy-eight cents (\$47.78) per hour that each staff person devoted
5 to the investigation.

6 **III. NOTICE OF INTENTION TO ENTER ORDER**

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

- 11 3.1 Respondents Lenders Management Group, DeAnne M. Gonia and Stephen F. Kafer cease and desist
12 any and all operating and advertising activity under any name other than the one under which its
license to conduct the business of a Mortgage Broker is issued;
- 13 3.2 Respondent Lender Management Group's license to conduct the business of a Mortgage Broker be
14 revoked;
- 15 3.3 Respondents Lenders Management Group, DeAnne M. Gonia and Stephen F. Kafer jointly and
16 severally pay a fine of \$20,000 for employing a scheme, device or artifice to defraud or mislead
borrowers or lenders, and for engaging in an unfair or deceptive practice toward any person, calculated
17 at \$100 per statutory violation per day, for 200 days;
- 18 3.4 Respondents Lenders Management Group, DeAnne M. Gonia and Stephen F. Kafer jointly and
19 severally pay \$8,826.50 in restitution to injured borrowers for loan fees paid for loans originated under
the name "Kitsap Lending Group" through New Century Mortgage;
- 20 3.5 Respondent DeAnne M. Gonia be prohibited from participation in the conduct of the affairs of any
licensed mortgage broker, in any manner, for a period of five (5) years;
- 21 3.6 Respondent Stephen F. Kafer be prohibited from participation in the conduct of the affairs of any
22 licensed mortgage broker, in any manner, for a period of five (5) years;
- 23 3.7 Respondents Lenders Management Group, DeAnne M. Gonia and Stephen F. Kafer jointly and
severally pay an investigation fee in the amount of \$764.48 calculated at \$47.78 per hour for sixteen
(16) staff hours devoted to the investigation; and
- 24 3.8 Respondents Lenders Management Group, DeAnne M. Gonia and Stephen F. Kafer maintain records
in compliance with the Act and provide the Department with the location of the books, records and

1 other information relating to Respondent Management Lender Group's mortgage broker business, and
2 the name, address and telephone number of the individual responsible for maintenance of such records
in compliance with the Act.

3 **IV. AUTHORITY AND PROCEDURE**

4 This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Revoke License,
5 Impose Fine, Pay Restitution, Prohibit from Industry, and Collect Investigation Fees is entered pursuant to the
6 provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to
7 the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written
8 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
9 FOR HEARING accompanying this Statement of Charges and Notice of Intention to Enter an Order to Cease
and Desist, Revoke License, Impose Fine, Pay Restitution, Prohibit from Industry, and Collect Investigation
10 Fees.

11
12 Dated this 26th day of January, 2004

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14 /S/
CHUCK CROSS
15 Acting Director and Enforcement Chief
16 Division of Consumer Services
Department of Financial Institutions