

ORDER SUMMARY – Case Number: C-09-277

Name(s): EQ Group, Inc
Stephen P. Collette

Order Number: C-09-277-10-FO01

Effective Date: September 28, 2010

License Number: [NMLS: 954121] -EQ
Or NMLS Identifier [U/L] [NMLS: 954134] -Collette

(Revoked, suspended, stayed, application denied or withdrawn)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: September 28, 2015

Investigation Costs	\$912	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$75,000	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	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$76,457.00	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Satisfaction of Judgment Filed?	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N			
No. of Victims:				

Comments:

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 EQ GROUP, INC. and
8 STEPHEN P. COLLETTE,
9 Owner,

10 Respondents.

NO. C-09-277-10-FO01

FINAL ORDER

11 I. DIRECTOR'S CONSIDERATION

12 A. Default. This matter has come before the Director of the Department of Financial
13 Institutions of the State of Washington (Director), through his designee, Consumer Services Division
14 Director Deborah Bortner, pursuant to RCW 34.05.440(1). On May 13, 2010, the Director, through
15 Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of
16 Intention to Enter an Order to Prohibit from Industry, impose fine, and collect investigation fee
17 (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by
18 this reference. The Statement of Charges was accompanied by a cover letter dated May 18, 2010, a Notice
19 of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing
20 for EQ Group, Inc. and Stephen P. Collette. The Department served the Statement of Charges, cover letter
21 dated May 18, 2010, Notice of Opportunity to Defend and Opportunity for Hearing, and blank
22 Applications for Adjudicative Hearing for EQ Group, Inc. and Stephen P. Collette on Respondents on
23 August 10, 2010, by ABC Legal Services.

24 Respondents EQ Group, Inc. and Stephen P. Collette did not request an adjudicative hearing
25 within twenty calendar days after the Department served them with the Notice of Opportunity to Defend
and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

1 B. Record Presented. The record presented to the Director's designee for her review and for
2 entry of a final decision included the Statement of Charges, cover letter dated May 18, 2010, Notice of
3 Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for EQ
4 Group, Inc. and Stephen P. Collette, with documentation of service.

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

7 II. FINAL ORDER

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

10 A. IT IS HEREBY ORDERED, that:

- 11 1. Respondent EQ Group, Inc. is prohibited from participation in the conduct of
12 the affairs of any mortgage broker subject to licensure by the Director, in any manner,
13 for a period of five years;
- 14 2. Respondent Stephen P. Collette is prohibited from participation in the conduct
15 of the affairs of any mortgage broker subject to licensure by the Director, in any
16 manner, for a period of five years;
- 17 3. Respondents EQ Group, Inc. and Stephen P. Collette shall jointly and severally
18 pay a fine of \$75,000;
- 19 4. Respondents EQ Group, Inc. and Stephen P. Collette shall jointly and severally
20 pay an investigation fee of \$912, calculated at \$48 per hour for the 19 examiner hours
21 devoted to the investigation to date; and
- 22 5. Respondents EQ Group, Inc. and Stephen P. Collette shall maintain records in
23 compliance with the Act and provide the Department with the location of the books,
24 records and other information relating to Respondents' mortgage broker business, and
25 the name, address and telephone number of the individual responsible for maintenance
of such records in compliance with the Act.

23 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a Petition
24 for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in
25 the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW,

1 Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200,
2 within ten (10) days of service of the Final Order upon Respondents. The Petition for Reconsideration shall
3 not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial
4 review in this matter.

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

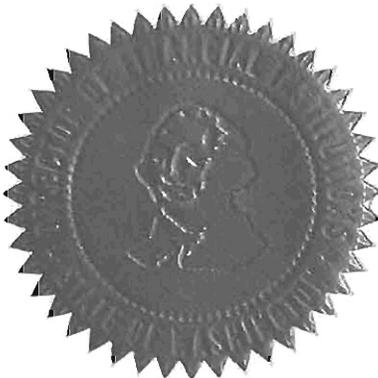
8 C. Stay of Order. The Director's designee has determined not to consider a Petition to Stay the
9 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial
10 Review made under chapter 34.05 RCW and RCW 34.05.550.

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

14 E. Non-compliance with Order. If you do not comply with the financial terms of this order,
15 the Department may seek its enforcement by the Office of Attorney General to include the collection of the
16 fine and fee imposed herein.

17 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
18 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service attached hereto.
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20 DATED this 28th day of September, 2010.



21 STATE OF WASHINGTON
22 DEPARTMENT OF FINANCIAL INSTITUTIONS

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25 DEBORAH BORTNER
DIRECTOR
DIVISION OF CONSUMER SERVICES

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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-09-277-10-SC01

EQ GROUP, INC. and
STEPHEN P. COLLETTE,
Owner,

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO PROHIBIT FROM
INDUSTRY, IMPOSE FINE, AND
COLLECT INVESTIGATION FEE

Respondents.

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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).¹ After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of these 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

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1.1 Respondents.

A. **EQ Group** has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker. Respondent EQ Group is alleged to have conducted business as a mortgage broker from 14111 Freeway Drive, Suite 300, Santa Fe Springs, California.

B. **Stephen P. Collette (Collette)** is known to be licensed in California as a real estate broker and as an attorney, and is alleged to be an owner of EQ Group.

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1.2 Unlicensed Activity. Between at least September 1, 2008, and at least December 31, 2008, Respondents assisted at least 20 borrowers in applying to modify residential mortgage loans on property located in the State of Washington. Respondents received at least \$71,000 in fees for these services.

¹ All referenced to RCW 19.146 are to that version of the Act in effect at the time of the unlicensed activity.

1 **1.3 Failure to Completely and Timely Comply with Director's Authority.** On or about June 23, 2009,
2 the Department served a subpoena on Respondents requiring Respondents to provide certain documents and
3 information more specifically set forth therein on or before July 8, 2009. On July 20, 2009, the Department
4 received a letter dated July 15, 2009, from Respondent Collette's law firm acknowledging receipt of the
5 Department's subpoena and stating that Respondent EQ Group would respond to the subpoena on or before July
6 31, 2009. Respondents, however, did not further respond to the Department's subpoena by that date.

7 On or about August 27, 2009, the Department was compelled to seek enforcement of the June 23, 2009,
8 subpoena by the Attorney General of Washington. On or about September 24, 2009, the Attorney General sent
9 a letter to Respondents notifying Respondents that legal action would be commenced unless Respondents
10 provided the materials responsive to the subpoena on or before October 30, 2009. The Department finally
11 received the subpoenaed materials on October 30, 2009.

12 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
13 Respondents continues to date.

14 II. GROUNDS FOR ENTRY OF ORDER

15 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-006,
16 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
17 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
18 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
19 person in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-006, a person
20 "'assists a person in obtaining or applying to obtain a residential mortgage loan' by, among other things,
21 counseling on loan terms (rates, fees, other costs), [and] preparing loan packages...."

22 **2.2 Requirement to Obtain a Mortgage Broker License.** Based on the Factual Allegations set forth in
23 Section I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the business of a
24 mortgage broker for Washington residents or property without first obtaining a license to do so.

1 **2.3 Requirement to Comply with Director's Authority.** Pursuant to RCW 19.146.235, for the purpose
2 of investigating violations arising from the Act, the Director, either personally or by designee, may subpoena
3 the books, accounts, records, files, and any other documents the Director or designated person deems relevant to
4 the inquiry. No person subject to investigation under the Act may knowingly withhold any books, records, or
5 other information.

6 **III. AUTHORITY TO IMPOSE SANCTIONS**

7 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
8 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
9 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
10 or any person subject to licensing under the Act for any violation of RCW 19.146.200.

11 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), the Director may impose a fine for
12 failing to comply with a subpoena of the Director or for any other violation of the Act.

13 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550, the
14 Department may collect the costs of investigation. The investigation charge will be calculated at the rate of \$48 per
15 hour that each examiner devoted to the investigation.

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

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

21 **4.1** Respondent EQ Group, Inc. be prohibited from participation in the conduct of the affairs of any mortgage
22 broker subject to licensure by the Director, in any manner, for a period of five years;

23 **4.2** Respondent Stephen P. Collette be prohibited from participation in the conduct of the affairs of any
24 mortgage broker subject to licensure by the Director, in any manner, for a period of five years;

25 **4.3** Respondents EQ Group, Inc. and Stephen P. Collette jointly and severally pay a fine which as of the date of
these charges totals \$75,000;

1 **4.4** Respondents EQ Group, Inc. and Stephen P. Collette jointly and severally pay an investigation fee which as
2 of the date of these charges totals \$912, calculated at \$48 per hour for the 19 examiner hours devoted to the
investigation to date; and

3 **4.5** Respondents EQ Group, Inc. and Stephen P. Collette maintain records in compliance with the Act and
4 provide the Department with the location of the books, records and other information relating to
Respondents' mortgage broker business, and the name, address and telephone number of the individual
5 responsible for maintenance of such records in compliance with the Act.

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V. AUTHORITY AND PROCEDURE

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

Dated this 13th day of May, 2010.



DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

STEVEN C. SHERMAN
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief