

ORDER SUMMARY – Case Number: C-12-1075

Name(s): Lynn Marie Eaton

Order Number: C-12-1075-14-CO03

Effective Date: December 1, 2014

License Number: NMLS #49076
Or NMLS Identifier [U/L]

License Effect: See Final Order C-12-1075-13-FO01

Not Apply Until: May 29, 2018

Not Eligible Until: May 29, 2018

Prohibition/Ban Until: May 29, 2018

Investigation Costs	\$405.60	Due	Paid ☒ Y ☐ N	Date 11/26/2014
Fine	\$594.40	Due	Paid ☒ Y ☐ N	Date 11/26/2014
Assessment(s)	\$	Due	Paid ☐ Y ☐ N	Date
Restitution	\$	Due	Paid ☐ Y ☐ N	Date
Judgment	\$	Due	Paid ☐ Y ☐ N	Date
Satisfaction of Judgment Filed?		☐ Y ☐ N		
No. of Victims:				

Comments: Consent Order only resolves financial issues as to Respondent Eaton. See Final Order C-12-1075-13-FO01

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

IN THE MATTER OF DETERMINING
whether there has been a violation of the
Consumer Loan Act of Washington by:

No.: C-12-1075-14-CO03

CONSENT ORDER AS TO
LYNN M. EATON, NMLS #49076

AMERICAHOMEKEY, INC., NMLS #49414,
FRANK CAUGHRON, Director and Owner,
NMLS #49055,
LYNN M. EATON, Director and Owner, NMLS
#49076,
BUDDY L. TERRELL, Director and Owner,
NMLS #49074, and
LANE A. TERRELL, President, Director, and
Owner, NMLS #49062,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Deborah Bortner, Division Director, Division of Consumer Services, and Lynn M. Eaton
(Respondent Eaton), and finding that the issues raised in the above-captioned matter may be
economically and efficiently settled solely as they relate to Respondent Eaton, agree to the entry of
this Consent Order. This Consent Order is entered pursuant to chapter 31.04 of the 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
Respondent Eaton have agreed upon a basis for resolution of the matters alleged in Statement of
Charges No. C-12-1075-13-SC01 (Statement of Charges), entered February 22, 2013, (copy attached
hereto) solely as they relate to Respondent Eaton. Pursuant to chapter 31.04 RCW, the Consumer
Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent Eaton hereby

1 agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the
2 above-captioned matter may be economically and efficiently settled solely as to Respondent Eaton by
3 entry of this Consent Order. Respondent Eaton is agreeing not to contest the Statement of Charges in
4 consideration of the terms of this Consent Order.

5 Based upon the foregoing:

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

8 **B. Waiver of Hearing.** It is AGREED that Respondent Eaton was informed of the right to a
9 hearing before an administrative law judge, and waived her right to a hearing and any and all
10 administrative and judicial review of the issues raised in this matter, or of the resolution reached
11 herein, by failing to timely request a hearing.

12 **C. No Admission of Liability.** It is AGREED that Respondent Eaton does not admit to any
13 wrongdoing by entry of this Consent Order.

14 **D. Fine.** It is AGREED that Respondent Eaton shall pay the Department a fine of \$594.40 in
15 the form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this
16 Consent Order.

17 **E. Investigation Fee.** It is AGREED that Respondent Eaton shall pay to the Department an
18 investigation fee of \$405.60 in the form of a cashier's check made payable to the "Washington State
19 Treasurer" upon entry of this Consent Order. The fine and fee may be paid in the form of a single
20 cashier's check in the amount of \$1,000 made payable to the "Washington State Treasurer."

21 **F. Effect of Final Order C-12-1075-13-FO01.** It is AGREED that all non-financial terms
22 set forth in Final Order C-12-1075-13-FO01 as to Respondent Eaton shall remain in full force and
23 effect and are included in this Consent Order by this reference, and that all financial issues set forth
24 therein are resolved solely as to Respondent Eaton.

1 **G. Non-Compliance with Order.** It is AGREED that Respondent Eaton understands that
2 failure to abide by the terms and conditions of this Consent Order may result in further legal action
3 by the Director. In the event of such legal action, Respondent Eaton may be responsible to reimburse
4 the Director for the cost incurred in pursuing such action, including but not limited to, attorney fees.

5 **H. Voluntarily Entered.** It is AGREED that Respondent Eaton has voluntarily entered into
6 this Consent Order, which is effective when signed by the Director's designee.

7 **I. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Eaton has
8 read this Consent Order in its entirety and fully understands and agrees to all of the same.

9 **RESPONDENT:**

10 [Redacted Signature]

11 Lynn M. Eaton
12 Individually

11/12/14
Date

13 DO NOT WRITE BELOW THIS LINE

14 THIS ORDER ENTERED THIS 1st DAY OF December, 2014.



15 [Redacted Signature]

16 DEBORAH BORTNER
17 Director
18 Division of Consumer Services
19 Department of Financial Institutions

20 Presented by:

21 [Redacted Signature]

22 Steven C. Sherman
23 Financial Legal Examiner Supervisor

24 Approved by:

[Redacted Signature]

Charles E. Clark
Enforcement Chief

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

No.: C-12-1075-13-FO01

AMERICAHOMEKEY, INC., NMLS# 49414,
FRANK CAUGHRON, Director and Owner,
NMLS # 49055,
LYNN M. EATON, Director and Owner, NMLS#
49076,
BUDDY L. TERRELL, Director and Owner,
NMLS # 49074, and
LANE A. TERRELL, President, Director, and
Owner, NMLS #49062,

FINAL ORDER RE:
LYNN M. EATON and
FRANK CAUGHRON

Respondents.

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 February 22, 2013, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, Collect Investigation Fee, File Annual Reports, Pay Annual Assessment, and Maintain Records (Statement of Charges) against AmericaHomeKey, Inc. (Respondent AHK), Frank Caughron (Respondent Caughron), Lynn M. Eaton (Respondent Eaton), Buddy L. Terrell (Respondent B. Terrell), and Lane A. Terrell (Respondent L. Terrell) (collectively, 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 February 22, 2013, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for each Respondent (collectively, accompanying documents).

1 On February 22, 2013, the Department served Respondents with the Statement of Charges and
2 accompanying documents by First-Class mail and Federal Express overnight delivery. On February
3 25, 2013, the documents sent by Federal Express overnight delivery were delivered to Respondent
4 Eaton. The documents sent to Respondent Eaton by First-Class mail were not returned to the
5 Department by the United States Postal Service.

6 On February March 6, 2013, the documents sent by Federal Express overnight delivery to
7 Respondent Caughron were returned as undeliverable. The documents sent to Respondent Caughron
8 by First-Class mail to 12577 Montego Plaza, Dallas, Texas 75230 were not returned to the
9 Department by the United States Postal Service. On April 25, 2013, the Department received
10 confirmation from the R E Price Station Branch Office of the United States Post Office that mail
11 addressed to Respondent Caughron was being delivered to 12577 Montego Plaza, Dallas, Texas
12 75230.

13 Respondents Eaton and Caughron did not request an adjudicative hearing within twenty
14 calendar days after the Department served the Notice of Opportunity to Defend and Opportunity for
15 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, cover letter dated February 22, 2013, Notice of Opportunity
19 to Defend and Opportunity for Hearing, and blank Application for Adjudicative
Hearing for Respondents Eaton and Caughron, with documentation for service.
- 20 2. Post Office Address Verification Request form completed by R E Price Station
21 Branch Office of the United States Post Office received by the Department on
April 25, 2013.

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

1 II. FINAL ORDER

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

4 A. IT IS HEREBY ORDERED, That:

- 5 1. Respondents Lynn M. Eaton and Frank Caughron are prohibited from
6 participation, in any manner, in the conduct of the affairs of any consumer loan
7 company subject to licensure by the Director for a period of five years.
- 8 2. Respondents Lynn M. Eaton and Frank Caughron pay a fine of \$10,000. This fine
9 shall be joint and several with any other Respondents determined to have violated
10 the Act.
- 11 3. Respondents Lynn M. Eaton and Frank Caughron pay an investigation fee of
12 \$655.60. This investigation fee shall be joint and several with any other
Respondents determined to have violated the Act.
- 13 4. Respondents Lynn M. Eaton and Frank Caughron pay an annual assessment of
\$3,605.63. This assessment shall be joint and several with any other Respondents
determined to have violated the Act.

14 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents Eaton and Caughron have
15 the right to file a Petition for Reconsideration stating the specific grounds upon which relief is
16 requested. The Petition must be filed in the Office of the Director of the Department of Financial
17 Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O.
18 Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order
19 upon Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor
is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

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

23 //

24 //

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

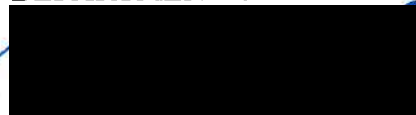
4 D. Judicial Review. Respondents Eaton and Caughron have the right to petition the
5 superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW.
6 For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections
7 following.

8 E. Non-compliance with Order. If Respondents Eaton and Caughron do not comply with
9 the terms of this order, **including payment of any amounts owed within 30 days of receipt of this**
10 **order**, the Department may seek its enforcement by the Office of the Attorney General to include the
11 collection of the fines, assessments, and fees imposed herein. The Department also may assign the
12 amounts owed to a collection agency for collection.

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

16 DATED this 29th day of May, 2013.

17 STATE OF WASHINGTON
18 DEPARTMENT OF FINANCIAL INSTITUTIONS

19 
20 DEBORAH BORTNER
21 Director
22 Division of Consumer Services
23
24



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

IN THE MATTER OF DETERMINING
whether there has been a violation of the
Consumer Loan Act of Washington by:

AMERICAHOMEKEY, INC., NMLS #49414,
FRANK CAUGHNOR, Director and Owner,
NMLS #49055,
LYNN M. EATON, Director and Owner, NMLS
#49076,
BUDDY L. TERRELL, Director and Owner,
NMLS #49074, and
LANE A. TERRELL, President, Director, and
Owner, NMLS #49062

Respondents.

No.: C-12-1075-13-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO REVOKE LICENSE, PROHIBIT
FROM INDUSTRY, IMPOSE FINE,
COLLECT INVESTIGATION FEE, FILE
ANNUAL REPORTS, PAY ANNUAL
ASSESSMENT, AND MAINTAIN
RECORDS

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, 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). After having conducted an investigation pursuant to 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:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **AmericaHomeKey, Inc. (AHK)** is a Texas corporation with its principal place of business located at 3838 Oak Lawn Avenue, Suite 1050, Dallas, Texas 75219. AHK was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Loan Company on or about July 23, 2008, and continues to be licensed to date.

Respondent AHK also does business under the trade names "First Choice Lending Group," "Liberty Star Mortgage," "Mortgage Mentor," "MTH Lending Group," and "www.ahkse.com."

B. **Frank Caughron** is a Director and Owner of Respondent AHK.

C. **Lynn M. Eaton** is a Director and Owner of Respondent AHK.

D. **Buddy L. Terrell** is a Director and Owner of Respondent AHK.

E. **Lane A. Terrell** is the President and a Director and Owner of Respondent AHK.

1.2 Failure to Maintain Surety Bond. On or about April 26, 2012, the Department received notice from Hartford Fire Insurance Company that Respondent AHK's surety bond would be cancelled effective June 18, 2012. On June 18, 2012, Respondent AHK's surety bond was cancelled. As of the date of this Statement of Charges, Respondents have failed to notify the Department of the cancellation of the surety bond, and have failed to provide the required surety bond or an approved alternative.

1.3 Failure to File Annual Reports and Pay Annual Assessment. Respondent AHK's Annual Assessment Report, Consolidated Annual Report, and Annual Assessment Fee for 2011 were due by March 1, 2012. As of the date of this Statement of Charges, Respondents have failed to file the Annual Assessment Report or Consolidated Annual Report and have not paid the Annual Assessment Fee.

1.4 Failure to Notify Department of Significant Developments.

A. **Cancellation of Surety Bond.** Respondents failed to notify the Department within ten days after the receipt of notification from Hartford Fire Insurance Company of the cancellation of Respondent AHK's surety bond.

B. **Revocation of License.** Respondents failed to notify the Department within twenty days after receipt of notification of license revocation procedures against AHK's license. On or

1 about May 17, 2012, California revoked Respondent AHK's Finance Lenders License. On or about
2 June 26, 2012, Wisconsin revoked AHK's Mortgage Banker and Mortgage Broker Licenses. On or
3 about October 8, 2012, North Carolina revoked Respondent AHK's Mortgage Lender License. On or
4 about October 25, 2012, California revoked Respondent AHK's Residential Mortgage Lender
5 License. On or about November 8, 2012, Arkansas revoked Respondent AHK's Mortgage Banker,
6 Mortgage Broker, and Mortgage Servicer License.

7 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
8 Act by Respondents continues to date.

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

10 **2.1 Requirement to Obtain and Maintain a Surety Bond.** Based on the Factual Allegations set
11 forth in Section I above, Respondents are in apparent violation of RCW 31.04.045(6) and RCW
12 31.04.027(2) for failing to maintain a surety bond approved by the Director.

13 **2.2 Requirement to File Annual Reports and Pay Annual Assessment.** Based on the Factual
14 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.04.085,
15 RCW 31.04.155, WAC 208-620-430(1), and WAC 208-620-499(2) for failing to file Annual Reports
16 and pay an Annual Assessment to the Director on or before the first day of March of each year, or
17 within thirty days of closure. Pursuant to WAC 208-620-430(3), if Respondents fail to file the
18 Annual Reports or pay the Annual Assessment by the due date the Department may make a claim for
19 the greater of the assessment fee paid the previous year, the average annual assessment fee paid in the
20 previous two years, or fifteen hundred dollars.

21 **2.3 Requirement to Notify Department of Significant Developments.** Based on the Factual
22 Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-620-
23

1 490(2)(e) and (3)(a) for failing to update Respondent AHK's MU1 record through the NMLSR after
2 the occurrence of a significant development.

3 **2.4 Requirement to Maintain Records.** Pursuant to RCW 31.04.155 and WAC 208-620-520,
4 every licensee shall preserve the books, accounts, records papers, documents, files, and other
5 information relevant to a loan for at least twenty-five months, or the period of time required by
6 federal law, whichever is longer, after making the final entry on the loan at a location approved by
7 the director.

8 **III. AUTHORITY TO IMPOSE SANCTIONS**

9 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3) and WAC 208-620-570, the
10 Director may revoke a license if a licensee has failed to pay a fee due to the Department, been subject
11 to an administrative action issued pursuant to the Act or similar laws of another state, been found in
12 violation of another state's lending laws, securities laws, real estate laws, or insurance laws, or failed
13 to maintain its bond.

14 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 31.04.093(6), the Director may
15 issue orders removing from office or prohibiting from participation in the conduct of the affairs of
16 any licensee, or both, any person subject to this chapter for revocation of a license in this state or
17 another state or a violation of RCW 31.04.027 or RCW 31.04.155.

18 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
19 up to one hundred dollars per day upon the licensee for any violation of the Act.

20 **3.4 Authority to Collect Cost of Investigation.** Pursuant to RCW 31.04.145(3) and WAC 208-
21 620-590, every licensee investigated by the Director or the Director's designee shall pay to the
22 Director the cost of the investigation, calculated at the rate of \$69.01 per hour.

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

2 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
3 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
4 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and
5 RCW 31.04.205. Therefore, it is the Director's intention to ORDER that:

6 **4.1** Respondent AmericaHomeKey, Inc.'s license to conduct business as a consumer loan
7 company be revoked.

8 **4.2** Respondents AmericaHomeKey, Inc., Frank Caughron, Lynn M. Eaton, Buddy L.
9 Terrell, and Lane A. Terrell be prohibited from participation, in any manner, in the
conduct of the affairs of any consumer loan company subject to licensure by the
Director for a period of five years.

10 **4.3** Respondents AmericaHomeKey, Inc., Frank Caughron, Lynn M. Eaton, Buddy L.
11 Terrell, and Lane A. Terrell jointly and severally pay a fine in the amount of \$10,000.

12 **4.4** Respondents AmericaHomeKey, Inc., Frank Caughron, Lynn M. Eaton, Buddy L.
13 Terrell, and Lane A. Terrell jointly and severally pay investigation costs, which total
\$655.60 as of the date of this Statement of Charges.

14 **4.5** Respondents AmericaHomeKey, Inc., Frank Caughron, Lynn M. Eaton, Buddy L.
15 Terrell, and Lane A. Terrell jointly and severally pay the Annual Assessment fee of
\$3,605.63.

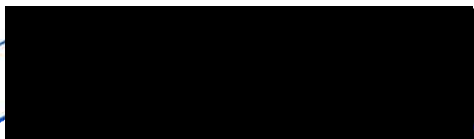
16 **4.6** Respondent AmericaHomeKey, Inc., its officers, employees, and agents maintain records
17 in compliance with the Act and keep the Department apprised of the location of the
books, records and other information relating to Respondent AmericaHomeKey, Inc.'s
18 consumer loan company business, and the name, address and telephone number of the
individual responsible for maintenance of such records in compliance with the Act.

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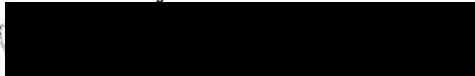
1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License,
3 Prohibit from Industry, Impose Fine, Collect Investigation Fee, File Annual Reports, Pay Annual
4 Assessment, and Maintain Records (Statement of Charges) is entered pursuant to the provisions of
5 RCW 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205, and is subject to the
6 provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a
7 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
8 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

9
10 Dated this 22nd day of February, 2013

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

16 Presented by:

17 
18 DEVON P. PHELPS
19 Financial Legal Examiner

20 Approved by:

21 
22 CHARLES E. CLARK
23 Enforcement Chief

