

ORDER SUMMARY – Case Number: C-14-1516

Name(s):

All-State Legal Network, P.C.

Michael James Fox

Order Number:

C-14-1516-14-CO01

Effective Date:

November 12, 2014

License Number:

Unlicensed

Or NMLS Identifier [U/L]

License Effect:

N/A

Not Apply Until:

Not Eligible Until:

Prohibition/Ban Until:

permanent

Investigation Costs	\$288	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 11/4/2014
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$3,302.18	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 11/4/2014
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:

RECEIVED

NOV 03 2014

DEPT. OF FINANCIAL INSTITUTIONS
OLYMPIA, WASHINGTON

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-14-1516-14-CO01

CONSENT ORDER

ALL-STATE LEGAL NETWORK, P.C., and
MICHAEL JAMES FOX, Principal,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and All-State Legal Network, P.C. (Respondent All-State), and Michael James Fox, principal (Respondent Fox), and finding that the issues raised in the above-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 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 Respondents agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-14-1516-14-SC01 (Statement of Charges), entered September 29, 2014, (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 resolve the Statement of Charges.

Based upon the foregoing:

CONSENT ORDER
C-14-1516-14-CO01
All-State Legal Network, P.C.
and Michael James Fox

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

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

3 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
4 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached
6 herein. Accordingly, Respondents, by their signatures below, withdraw their appeal to the Office of
7 Administrative Hearings.

8 **C. Prohibition from Industry.** It is AGREED that Respondents are permanently prohibited
9 from participating, in any capacity, in the conduct of the affairs of any mortgage broker licensed by
10 the Department or subject to licensure or regulation by the Department.

11 **D. Restitution.** It is AGREED that Respondents have paid restitution to consumer J.E. in the
12 amount of \$3,163.18.

13 **E. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
14 investigation fee of \$288 in the form of a cashier's check made payable to the "Washington State
15 Treasurer" upon entry of this Consent Order.

16 **F. Authority to Execute Order.** It is AGREED that the undersigned have represented and
17 warranted that they have the full power and right to execute this Consent Order on behalf of the
18 parties represented.

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

23 **H. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this
24 Consent Order, which is effective when signed by the Director's designee.

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

3 **RESPONDENTS:**

4 **All-State Legal Network, P.C.**

5 By:

6 [REDACTED]
Michael James Fox
Principal

10/31/2014
Date

7 [REDACTED]
8 [REDACTED]
9 Michael James Fox
Individually

10/31/2014
Date

10 DO NOT WRITE BELOW THIS LINE

11 THIS ORDER ENTERED THIS 12th DAY OF November, 2014.

12 [REDACTED]
13 [REDACTED]
14 DEBORAH BORTNER
Director, Division of Consumer Services
Department of Financial Institutions

15 Presented by:

16 [REDACTED]
17 DEVON P. PHELPS
Financial Legal Examiner

18 Approved by:

19 [REDACTED]
20 [REDACTED]
21 CHARLES E. CLARK
Enforcement Chief



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No. C-14-1516-14-SC01

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

8

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). After having conducted an investigation pursuant to RCW 19.146.235, 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:

5

6

7 **A. All-State Legal Network, P.C. (Respondent All-State)** has never been licensed by the
8 Department of Financial Institutions of the State of Washington (Department) to conduct business as a
9 mortgage broker. Respondent All-State filed paperwork with the California Secretary of State to
10 dissolve the corporation March 28, 2014.

1 **B. Michael James Fox (Respondent Fox)** was president and chief executive officer of
2 Respondent All-State at all times relevant to this Statement of Charges. During the relevant time
3 period, Respondent Fox was not licensed by the Department to conduct business as a mortgage broker
4 or loan originator.

1 **1.2 Unlicensed Activity.** Between at least February and March 2014, Respondents were offering
2 residential mortgage loan modification services to Washington consumers on property located in
3 Washington State. Respondents entered into a contractual relationship with at least one Washington
4 consumer to provide those services and collected an advance fee for the provision of those services.
5 The Department has received at least one complaint from a Washington consumer alleging
6 Respondents provided or offered to provide residential mortgage loan modification services while not
7 licensed by the Department to provide those services. Consumer J.E. paid Respondents \$3,163.18 for
8 loan modification services.

9 **1.3 Misrepresentations and Omissions.** Respondents represented that they were licensed to
10 provide the residential mortgage loan modification services or omitted disclosing that they were not
11 licensed to provide those services.

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

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

15 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14), "Mortgage Broker" means any
16 person who, for compensation or gain, or in the expectation of compensation or gain (a) assists a
17 person in obtaining or applying to obtain a residential mortgage loan or performs a residential
18 mortgage loan modification services or (b) holds himself or herself out as being able to assist a person
19 in obtaining or applying to obtain a residential mortgage loan or provide residential mortgage loan
20 modification services. Pursuant to WAC 208-660-006, a person "'assists a person in obtaining or
21 applying to obtain a residential mortgage loan' by, among other things, counseling on loan terms
22 (rates, fees, other costs), [and] preparing loan packages...."

23 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), "loan originator" means a
24 natural person who for direct or indirect compensation or gain, or in the expectation of direct or

1 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
2 offers or negotiates terms of a mortgage loan; performs residential mortgage loan modification
3 services; or holds themselves out to the public as able to perform any of these activities.

4 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
5 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive practice
6 toward any person and obtaining property by fraud or misrepresentation.

7 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
8 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
9 for engaging in the business of a mortgage broker for Washington residents or property without first
10 obtaining a license to do so.

11 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
12 Allegations set forth in Section I above, Respondent Fox is in apparent violation of RCW
13 19.146.200(1) for engaging in the business of a loan originator without first obtaining and maintaining
14 a license.

15 **2.6 Prohibition Against Taking Advance Fees.** Based on the Factual Allegations set forth in
16 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and 16 CFR 322
17 (MARS Rule) for taking advance fees for loan modification services.

18 **III. AUTHORITY TO IMPOSE SANCTIONS**

19 **3.1 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
20 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker
21 any person subject to licensing under the Act for any violation of the Act.

22 **3.2 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
23 restitution against any person subject to the Act for any violation of the Act.
24

1 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
2 against any person subject to the Act for any violation of the Act.

3 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
4 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time devoted
5 to an investigation of any person subject to the Act.

6 **IV. NOTICE OF INTENT TO ENTER ORDER**

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

10 **4.1** Respondents All-State Legal Network, P.C. and Michael James Fox be prohibited from
11 participation, in any manner, in the conduct of the affairs of any mortgage broker subject to
licensure by the Director for a period of five years.

12 **4.2** Respondents All-State Legal Network, P.C. and Michael James Fox jointly and severally pay
13 restitution to the consumer identified by the Department in paragraph 1.2 in the amount set
14 forth therein, and that Respondents jointly and severally pay restitution to each Washington
15 consumer with whom they entered into a contract for residential mortgage loan modification
services related to real property or consumers located in the state of Washington equal to the
amount collected from that Washington consumer for those services in an amount to be
determined at hearing.

16 **4.3** Respondents All-State Legal Network, P.C. and Michael James Fox jointly and severally pay a
17 fine, which as of the date of this Statement of Charges totals \$3,000.

18 **4.4** Respondents All-State Legal Network, P.C. and Michael James Fox jointly and severally pay
an investigation fee, which as of the date of this Statement of Charges totals \$576.

19 **4.5** Respondent All-State Legal Network, P.C. maintain records in compliance with the Act and
20 provide the Department with the location of the books, records and other information relating
21 to Respondent All-State Legal Network, P.C.'s provision of residential mortgage loan
modification services in Washington, 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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V. AUTHORITY AND PROCEDURE

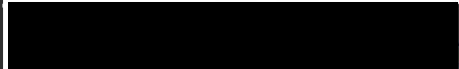
This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 29th day of September, 2014.




DEBORAH BORTNER
Director, Division of Consumer Services
Department of Financial Institutions

Presented by:


DEVON P. PHELPS
Financial Legal Examiner

Approved by:


CHARLES E. CLARK
Enforcement Chief