## Terms Completed

## **ORDER SUMMARY – Case Number: C-16-1987**

Name(s):	Galaxy Lendi	ng Group LLC; Haro	ld Arthur Perki	ns
Order Number:	C-16-1987-17	-CO01		
Effective Date:	October 11, 20	017		
<b>License Numbers</b> : Or <b>NMLS Identifier</b> [U/L]	142766; 2272	98		
License Effect:	None			
Not Apply Until:	n/a			
Not Eligible Until:	n/a			
Prohibition/Ban Until:	n/a			
Investigation Costs	\$576	Due	Paid $\square$ Y $\square$ N	Date: 10/11/17
Financial Literacy	\$5,000	Due	Paid $\square Y \square N$	Date:10/11/17
Assessment(s)	\$	Due	Paid	Date
Refunds	\$10,475	Due	Paid X V N	Date:08/25/17
Judgment	\$	Due	Paid	Date
Satisfaction of Judgment H	filed?	Y N		
	No. of Victims:			

Comments: Withdraws C-16-1987-17-FO01 in its entirety as if it had never been issued.

1 2	STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS DIVISION OF CONSUMER SERVICES			
2	IN THE MATTER OF DETERMINING:	No.: C-16-1987-17-CO01		
4	Whether there has been a violation of the Mortgage Broker Practices Act of Washington by:	CONSENT ORDER WITHDRAWING FINAL ORDER C-16-1987-17-FO01		
5	GALAXY LENDING GROUP, LLC,			
6	NMLS #142766, and			
7	HAROLD ARTHUR PERKINS, President and Designated Broker,			
8	NMLS #227298, Respondents.			
9				
10	On or about September 1, 2017, the Director	or of the Department of Financial Institutions		
11	(Director), through her designee Charles E. Clark, Division Director, Division of Consumer Services			
12	(Department) issued Statement of Charges C-16-1987-17-SC01, and served it upon Respondents on			
13	or about September 6, 2017. Respondents did not	timely request a hearing and default Final Order		
14	C-16-1987-17-FO01was entered on or about Septe	ember 29, 2017. On or about October 5, 2017,		
15	Respondents submitted a Petition for Reconsiderat	tion of the Final Order and provided an		
16	explanation for their failure to timely request a hea	aring. The Director has determined that it is		
17	appropriate under the circumstances to accept Resp	pondents' explanation and enter into this Consent		
18	Order pursuant to chapter 19.146 of the Revised Code of Washington (RCW), and RCW 34.05.060			
19	of the Administrative Procedure Act, based on the following:			
20	AGREEMENT	AND ORDER		
21	The Department and Respondents have agr	reed upon a basis for resolution of the matters		
22	alleged in Statement of Charges No. C-16-1987-17	7-SC01 (Statement of Charges), entered September		
23	1, 2017 (copy attached hereto). Pursuant to chapte	er 19.146 RCW, the Mortgage Broker Practices		
24	CONSENT ORDER 1	DEPARTMENT OF EINANCIAL INSTITUTIONS		

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 abovecaptioned 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. Respondents are agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order. Based upon the foregoing:

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

B. **Waiver of Hearing**. It is AGREED that Respondents have been informed of the right to a hearing before an administrative law judge, and by the signatures below waive their right to a hearing and any and all administrative and judicial review of the issues raised in this matter and the resolution reached herein.

C. Withdrawal of Final Order. It is AGREED that Final Order C-16-1987-17-FO01 is withdrawn in its entirety as if it had never been issued.

D. **Refunds to Borrowers**. It is AGREED that Respondents have provided the Department with sufficient proof of paying refunds of \$4,425 to borrower M.A. and \$6,050 to borrower J.F.

E. **Financial Literacy Payment.** Pursuant to RCW 19.146.218, the Director may accept payments to the Department for purposes of financial literacy and education programs authorized under RCW 43.320.150. Accordingly, it is AGREED that upon entry of this Consent Order Respondents shall pay \$5,000 to the Department for purposes of financial literacy and education programs. It is further AGREED that Respondents shall not advertise the Financial Literacy Payment.

CONSENT ORDER C-16-1987-17-CO01 Galaxy Lending Group, LLC Harold Arthur Perkins

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1	F. Investigation Fee. It is AGREED that Respondents shall pay to the Department an		
2	investigation fee of \$576. The Investigation Fee and Financial Literacy Payment shall be paid		
3	together in one \$5,576 cashier's check made payable to the "Washington State Treasurer" upon		
4	entry of this Consent Order.		
5	G. Authority to Execute Order. It is AGF	REED that Respondent Perkins represents and	
6	warrants that he has the full power and right to execute this Consent Order on behalf of Respondent		
7	Galaxy Lending Group, LLC.		
8	H. Voluntarily Entered. It is AGREED that the undersigned Respondents have voluntarily		
9	entered into this Consent Order, which is effective when signed by the Director's designee.		
10	I. Completely Read, Understood, and Ag	greed. It is AGREED that Respondents have	
11	read this Consent Order in its entirety and fully und	erstand and agree to all of the same.	
12	J. Counterparts. This Consent Order may	be executed by the Respondents in any number	
13	of counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which shall be		
14	deemed to be an original, but all of which, taken together, shall constitute one and the same Consent		
15	Order.		
16	<b>RESPONDENTS:</b> Galaxy Lending Group, LLC		
17	By:		
18	_/s/	_10/6/2017	
19	Harold Arthur Perkins President and Designated Broker	Date	
20			
21	/s/ Harold Arthur Perkins	_10/6/2017 Date	
22	Individually		
23			
24	CONSENT ORDER 3 C-16-1987-17-CO01 Galaxy Lending Group, LLC Harold Arthur Perkins	DEPARTMENT OF FINANCIAL INSTITUTIONS Division of Consumer Services 150 Israel Rd SW PO Box 41200 Olympia, WA 98504-1200 (360) 902-8703	

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2	DO NOT WRITE BELOW THIS LINE			
3	THIS ORDER ENTERED THIS 11 <sup>th</sup> DAY OF October, 2017.			
4				
5	<u>/s/</u> CHARLES E. CLARK			
6	Director Division of Consumer Services			
7	Department of Financial Institutions			
8	Presented by:			
9				
10	_/s/			
11	STEVEN C. SHERMAN Enforcement Chief			
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24	CONSENT ORDER 4 DEPARTMENT OF FINANCIAL INSTITUTIONS C-16-1987-17-CO01 Division of Consumer Services Galaxy Lending Group, LLC 150 Israel Rd SW Harold Arthur Perkins PO Box 41200 Olympia, WA 98504-1200			

(360) 902-8703

1 2	STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS DIVISION OF CONSUMER SERVICES			
3	IN THE MATTER OF DETERMINING Whether there has been a violation of the	No. C-16-1987-17-SC01		
4	Mortgage Broker Practices Act of Washington by:	STATEMENT OF CHARGES and NOTICE OF INTENT TO ENTER AN		
5	GALAXY LENDING GROUP, LLC, NMLS #142766,	ORDER TO SUSPEND LICENSE, PROHIBIT PARTICIPATION, ORDER		
6	and	REFUNDS, IMPOSE FINE, COLLECT		
7	HAROLD ARTHUR PERKINS, President and Designated Broker, NMLS #227298,	INVESTIGATION FEE, and RECOVER COSTS AND EXPENSES		
8	Respondents.			
9	INTROD			
10				
11	Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of			
12	Financial Institutions of the State of Washington (Director) is responsible for the administration of			
13	chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having conducted an			
14	investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this			
15	Statement of Charges, the Director, through her des	ignee, Division of Consumer Services Director		
16	Charles E. Clark, institutes this proceeding and find	s as follows:		
17	I. FACTUAL ALLEGATIONS			
18	1.1 Respondents.			
19	A. Galaxy Lending Group, LLC (Respondent Galaxy) was licensed by the			
20	Department of Financial Institutions of the State of Washington (Department) to conduct business as			
20	a mortgage broker on or about January 25, 2016, and continues to be licensed to date.			
	B. Harold Arthur Perkins (Responde	nt Perkins) is President and Designated Broker		
22	of Respondent Galaxy. Respondent Perkins was named Designated Broker of Respondent Galaxy on			
23	or about January 25, 2016, and continues to be Designated Broker to date.			
24	STATEMENT OF CHARGES 1 C-16-1987-17-SC01	DEPARTMENT OF FINANCIAL INSTITUTIONS Division of Consumer Services		

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1 1.2 **Examination.** Between May 18, 2016, and May 23, 2016, the Department conducted an off-2 site examination of Respondents business practices for the period of January 25, 2016, through April 3 30, 2016. The Department reviewed four residential mortgage loan files and identified violations of 4 the Act which include those set forth below. 5 1.3 Unlicensed Activity. From at least November 10, 2015, to January 24, 2016, Respondents 6 conducted business in Washington requiring a license under the Act in at least two residential 7 mortgage loans before Respondent Galaxy's license was approved. 8 Unfair or Deceptive Advertising. 1.4 9 A. Respondents failed to include Respondent Galaxy's license number on at least four internet advertisements. 10 Respondents used the term "best" in reference to its loans and its rates. 11 **B**. 12 1.5 Failure to Maintain Funds in Trust. At the time of initial licensure, Respondent Perkins 13 provided the Department with a notarized "Mortgage Broker Trust Monies Alternative Certificate of 14 Compliance" containing the following language: 15 "I, the undersigned, designated broker of the above listed entity, an applicant for licensing under chapter 19.146 RCW, The Mortgage Broker Practices Act (the "Act"), certify that I have read and understand RCW 19.146.050 and WAC 208-660-410, containing the 16 requirements for the management of borrowers' funds. I realize that any violation of this section of the Act is a Class C Felony. 17 18 I further warrant that the above company and its principals, mortgage brokers, employees, loan originators, and independent contractors will not, at any time, up to and including the 19 closing of a loan and disbursement of any monies associated with the loan, accept monies from a borrower, or from a third-party (e.g., an escrow agent) on behalf of a borrower, for the 20 purposes of payment for services (e.g., an appraisal or credit report) provided by third parties." 21 In three of the four loans reviewed, however, Respondents received trust funds from or on behalf of 22 borrowers for the payment of credit report or appraisal fees and deposited these trust funds into 23 Respondent Galaxy's general account; thereby commingling trust funds with operating funds. 24 STATEMENT OF CHARGES 2 DEPARTMENT OF FINANCIAL INSTITUTIONS C-16-1987-17-SC01 Division of Consumer Services Galaxy Lending Group, LLC P.O. Box 41200

> Olympia, WA 98504-1200 (360) 902-8703

Harold Arthur Perkins

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

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

**2.1 Responsibility for Conduct of Loan Originators**. Pursuant to RCW 19.146.245, a licensed mortgage broker is liable for any conduct violating the Act by the designated broker, a loan originator, or other licensed mortgage broker while employed or engaged by the licensed mortgage broker.

8 2.2 Responsibility of Designated Broker. Pursuant to RCW 19.146.200(3), a designated broker,
9 principal, or owner who has supervisory authority over a mortgage broker is responsible for a
10 licensee's, employee's, or independent contractor's violations of the Act if the designated broker,
11 principal, or owner who has supervisory authority over the licensed mortgage broker knows or by the
12 exercise of reasonable care and inquiry should have known of the conduct, at a time when its
13 consequences can be avoided or mitigated and fails to take reasonable remedial action.

14 2.3 Requirement to Obtain and Maintain Mortgage Broker License. Based on the Factual
 15 Allegations set forth in Section I above, Respondents are in apparent violation of RCW

16 19.146.0201(2) and RCW 19.146.200(1) for engaging in the business of a mortgage broker without
17 first obtaining and maintaining a license under the Act.

18 2.4 Requirement to Refrain from Unfair and Deceptive Advertising. Based on the Factual
19 Allegations set forth in Section I above, Respondents are in apparent violation of RCW
20 19.146.0201(2) and (7), WAC 208-660-350(23), WAC 208-660-440(7), and WAC 208-66021 446(4)(a) for failing to include Respondent Galaxy's license number in advertisements and for using

22 || the term "best" to describe loans and rates.

**2.5** Requirement to Maintain Funds from Borrower for Payment of Third-Party Providers

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 in Trust. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent

 STATEMENT OF CHARGES
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 C-16-1987-17-SC01
 DEPARTMENT OF FINANCIAL INSTITUTIONS

 Galaxy Lending Group, LLC
 P.O. Box 41200

 Harold Arthur Perkins
 Olympia, WA 98504-1200

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1 violation of RCW 19.146.0201(2) and (15), RCW 19.146.050(1), and WAC 208-660-410(3) for 2 failing to deposit funds received form a borrower or on behalf of a borrower for payment of third-3 party provider services in a trust account of a federally insured financial institution located in this state, prior to the end of the third business day following receipt of such monies, and for 4 5 commingling operating funds with trust account funds.

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## **III. AUTHORITY TO IMPOSE SANCTIONS**

3.1 Authority to Suspend Licenses. Pursuant to RCW 19.146.220(2)(e), the Director may suspend licenses any violation of the Act.

9 3.2 Authority to Prohibit Participation. Pursuant to RCW 19.146.220(4)(a), the Director may 10 prohibit any officer, principal, employee, or loan originator of any licensed mortgage broker from participating in the conduct of the affairs of a licensed mortgage broker for any violation of the Act.

12 3.3 Authority to Order Refunds. Pursuant to RCW 19.146.220(2)(e), the Director may order 13 refunds against licensees for any violation of the Act.

14 3.4 Authority to Impose Fines. Pursuant to RCW 19.146.220(2)(e), the Director may impose 15 fines against licensees for any violation of the Act.

3.5 16 Authority to Collect Investigation Fee. Pursuant to RCW 19.146.228(2), WAC 208-660-17 520(9) and (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per 18 hour for an examiner's time devoted to an investigation.

19 3.6 Authority to Recover Costs and Expenses. Pursuant to RCW 19.146.221(2), the Director 20 may recover the state's costs and expenses for prosecuting violations of the Act.

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STATEMENT OF CHARGES C-16-1987-17-SC01 Galaxy Lending Group, LLC Harold Arthur Perkins

1 IV. NOTICE OF INTENT TO ENTER ORDER 2 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose 3 4 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and 5 RCW 19.146.223. Therefore, it is the Director's intent to ORDER that: 6 4.1 Respondent Galaxy Lending Group, LLC's license to conduct the business of a 7 mortgage broker be suspended for a period of six months. 8 4.2 Respondent Harold Arthur Perkins be prohibited participation in the conduct of the affairs of Respondent Galaxy Lending Group, LLC, in any manner, for a period of six 9 months. 4.3 Respondent Galaxy Lending Group, LLC refund \$4,425 to borrower M.A. and refund 10 \$6,050 to borrower J.F. 11 4.4 Respondents Galaxy Lending Group, LLC and Harold Arthur Perkins jointly and severally pay a fine. As of the date of this Statement of Charges, the fine totals 12 \$25,000. 13 4.5 Respondents Galaxy Lending Group, LLC and Harold Arthur Perkins jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the 14 investigation fee totals \$576. 15 4.6 Respondents Galaxy Lending Group, LLC and Harold Arthur Perkins jointly and severally pay the Department's costs and expenses for prosecuting violations of the 16 Act in an amount to be determined at hearing or by declaration with supporting documentation in event of default by either or both Respondents. 17 18 // 19 // 20 // // 21 22 // 23 // 24 DEPARTMENT OF FINANCIAL INSTITUTIONS STATEMENT OF CHARGES 5 C-16-1987-17-SC01 Division of Consumer Services Galaxy Lending Group, LLC P.O. Box 41200 Harold Arthur Perkins Olympia, WA 98504-1200 (360) 902-8703

1	V. AUTHORITY AND PROCEDURE	
2	This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW	
3	19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter	
4	34.05 RCW (the Administrative Procedure Act). Respondents may make a written request for a	
5	hearing as set forth in the NOTICE OF OPPORTUNITY FOR ADJUDICATIVE HEARING AND	
6	TO DEFEND accompanying this Statement of Charges.	
7		
8	Dated this 1 <sup>st</sup> day of September, 2017.	
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10	<u>/s/</u> CHARLES E. CLARK	
11	Director Division of Consumer Services	
12	Division of Consumer Services Department of Financial Institutions	
13	Presented by:	
14	Presented by:	
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16	STEVEN C. SHERMAN Enforcement Chief	
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24	STATEMENT OF CHARGES6DEPARTMENT OF FINANCIAL INSTITUTIONSC-16-1987-17-SC01Division of Consumer ServicesGalaxy Lending Group, LLCP.O. Box 41200Harold Arthur PerkinsOlympia, WA 98504-1200	

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