

ORDER SUMMARY – Case Number: C-20-2982-21-CO01

Name(s): Apex Lending, Inc.
Tony Mao-Ling Chang
Arthur Ming-Hua Tsai

Order Number: C-20-2982-21-CO01

Effective Date: 9/24/2021

License Number: Apex 1617789, Chang 652814, Tsai 586971
Or NMLS Identifier [U/L]

License Effect: Surrendered

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: 9/24/2026

Investigation Costs	\$ 855		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 9/20/2021
Fine	\$ 10,000	Due Stayed	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date Stayed
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
Financial Literacy and Education	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

Comments: R's also paid \$6500 in late fees and annual assessment via the bond claim process.

1 **1.2** Respondent Chang was the President, Direct Owner, and Executive Officer of Respondent
2 Apex.

3 **1.3** Respondent Tsai was the CFO, Direct Owner, and Executive Officer of Respondent Apex.

4 **1.4** Respondent Apex failed to file its 2019 Consumer Loan Annual Assessment Report (AAR)
5 and assessment fee by the March 1, 2020, deadline.

6 **1.5** The Department sent Respondent Apex a Late Letter on or about March 13, 2020, which
7 notified Respondent Apex of daily late fees accruing, and gave Respondent Apex until April 2, 2020,
8 to provide the AAR and assessment fee in order to avoid license expiration. The Department did not
9 receive a response.

10 **1.6** The Department sent Respondent Apex a Notice of Pending License Expiration on or about
11 April 3, 2020, which notified Respondent Apex that if Respondent Apex did not provide the AAR
12 and assessment fee by April 19, 2020, Respondent Apex's license would expire. The Department did
13 not receive a response.

14 **1.7** The Department's Enforcement Unit sent Respondents Apex, Chang, and Tsai a Directive on
15 or about May 20, 2020, which required Respondents Apex, Chang, and Tsai to provide the AAR,
16 assessment fee, and if closed, surrender Respondent Apex's license, and pay any closing assessment,
17 before June 5, 2020.

18 **1.8** On or about May 28, 2020, the Department received a response from Frank C. Lin, Esq. (Mr.
19 Lin) on behalf of Respondents Apex, Chang, and Tsai. Mr. Lin stated Respondent Apex ceased
20 doing business in December 2019 after Respondents Chang and Tsai discovered the CEO of
21 Respondent Apex, Mike Monti aka Amir Montezaran (Mr. Monti), embezzled funds from
22 Respondent Apex. Mr. Lin represented that Mr. Monti was "primarily responsible for all filings
23

1 (including its 2019 Consumer Loan Annual Assessment Report) and directed and controlled Apex's
2 daily business operation since its inception in 2017."

3 **1.9** The Department sent Mr. Lin a follow up Directive on or about June 12, 2020, which required
4 Respondents Chang and Tsai to provide additional information regarding the circumstances leading
5 up to Respondent Apex's closure, filing of Respondent Apex's AAR, payment of the late fee, and
6 submission of closure paperwork.

7 **1.10** On or about July 13, 2020, Respondents Apex, Chang, and Tsai submitted a request seeking a
8 waiver of the late fee.

9 **1.11** On or about July 15, 2020, Respondents Apex, Chang, and Tsai submitted a partial response
10 to the Department. Respondents Apex, Chang, and Tsai made the following representations:

- 11 A. Respondents Chang and Tsai hired Mr. Monti to run Respondent Apex as Respondent
12 Apex's CEO.
- 13 B. Respondents Chang and Tsai did not conduct a background check on Mr. Monti.
- 14 C. Respondents Chang and Tsai allowed Mr. Monti to use their mortgage loan originator
15 licenses because Mr. Monti was unable to attain one.
- 16 D. Mr. Monti was responsible for all of Respondent Apex's NMLS filings.
- 17 E. Respondents Apex, Chang, and Tsai hired a new CEO Gerard Mier (Mr. Mier) in
18 August 2019.
- 19 F. Respondents Apex, Chang, and Tsai hired Amy Love Spencer (Ms. Spencer) as
20 controller/human resources director in September 2019.
- 21 G. Respondents Chang and Tsai discovered Mr. Monti embezzled over \$1,000,000.00 in
22 company funds from Respondent Apex in September 2019.

1 H. Respondents Chang and Tsai believed Mr. Monti took Respondent Apex's documents
2 and records after Respondents Chang and Tsai discovered the embezzlement.

3 I. Respondent Apex ceased originating loans on January 2, 2020.

4 J. Respondent Apex had loans in process when Respondent Apex ceased operations.

5 **1.12** Review of Respondent Apex's NMLS record showed the following:

6 A. Respondents Apex, Chang and Tsai failed to identify Mr. Monti as Respondent
7 Apex's CEO in NMLS. Respondent Apex's NMLS record listed Respondent Chang
8 as CEO.

9 B. Respondents Apex, Chang and Tsai failed to update Respondent Apex's NMLS
10 record to identify Mr. Mier as Respondent Apex's new CEO.

11 C. Respondent Apex's California license was revoked on or about April 3, 2020.

12 D. Respondent Apex's Virginia license was revoked on or about April 30, 2020.

13 E. Respondents Apex and Chang entered a Consent Order with the North Carolina
14 Commissioner of Banks on or about April 23, 2020.

15 F. Respondents Apex, Chang and Tsai updated Respondent Apex's NMLS record on
16 July 14, 2020, but failed to update Respondent Apex's disclosure questions to reflect
17 the above actions.

18 **1.13** Respondents Apex, Chang and Tsai failed to notify the Department of the embezzlement in
19 September 2019.

20 **1.14** Respondents Apex, Chang and Tsai failed to notify the Department of Respondent Apex's
21 closure on January 2, 2020, and submit closure paperwork.

22 **1.15** Based upon the circumstances, the Department chose not to waive the late fee and issued a
23 bond claim to recover the late fee and annual assessment fee.

1 **1.16** Between approximately February 18, 2021, and May 4, 2021, Ms. Spencer, Mr. Lin, and Mr.
2 Bobak requested that the Department cancel the bond claim. However, based upon the circumstances
3 the Department's position remained unchanged.

4 **1.17** On or about May 19, 2021, the Department received the late fee and annual assessment fee of
5 \$6,500.00.

6 **1.18** On or about May 20, 2021, the Department notified Respondent Apex's bond company to
7 cancel the Department's bond claim.

8 **CONCLUSIONS OF LAW**

9 **2.1** Based upon the above Findings of Fact, Respondents Apex, Chang and Tsai repeatedly
10 violated RCW 31.04.027(1)(b) by directly or indirectly engaging in any unfair or deceptive practice
11 toward any person.

12 **2.2** Based upon the above Findings of Fact, Respondents Apex, Chang and Tsai repeatedly
13 violated RCW 31.04.027(1)(h) by negligently making any false statement or knowingly and willfully
14 making any omission of material fact in connection with any reports filed with the department by a
15 licensee or in connection with any investigation conducted by the department.

16 **2.3** Based upon the above Findings of Fact, Respondents Apex, Chang and Tsai violated RCW
17 31.04.165 and WAC 208-620-430(1) by failing to file an AAR and assessment fee by the due date.

18 **2.4** Based upon the above Findings of Fact, Respondents Apex, Chang and Tsai violated RCW
19 31.04.165 and WAC 208-620-520 by failing to maintain documents, records, and other information
20 as required by this section.

21 **2.5** Based upon the above Findings of Fact, Respondents Apex, Chang and Tsai repeatedly
22 violated RCW 31.04.165 and WAC 208-620-490 by failing to notify the Department of significant
23 changes.

1 **2.6** Based upon the above Findings of Fact, Respondents Apex, Chang and Tsai repeatedly
2 violated RCW 31.04.165 and WAC 208-620-505 by failing to comply with all federal and state laws,
3 regulations and programs that apply to lending or brokering loans.

4 **AGREEMENT AND ORDER**

5 The Department and Respondents Apex, Chang and Tsai have agreed upon a basis for
6 resolution of the Findings of Fact and Conclusions of Law identified in this Consent Order. Pursuant
7 to RCW 31.04.093(7) and RCW 34.05.060, Respondents Apex, Chang and Tsai and the Department
8 agree to entry of this Consent Order and further agree that the matters alleged herein may be
9 economically and efficiently settled by the entry of this Consent Order. Respondents Apex, Chang
10 and Tsai hereby admit the Findings of Fact and Conclusions of Law identified in this Consent Order.

11 Based upon the foregoing:

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

14 **B. Waiver of Hearing.** It is AGREED that Respondents Apex, Chang and Tsai hereby waive any
15 right they have to a hearing and any and all administrative and judicial review of the issues raised in this
16 matter or the resolution reached herein.

17 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the matters
18 alleged herein and agree that Respondents Apex, Chang, and Tsai neither admit nor deny any
19 wrongdoing by its entry.

20 **D. Consumer Loan License Surrendered.** It is AGREED that Respondent Apex's Consumer
21 Loan license is surrendered as of the date of entry of this Consent Order.

1 **E. Prohibition.** It is AGREED that Respondents Apex, Chang and Tsai are prohibited from
2 engaging in the business of any consumer loan company or mortgage broker licensed by the
3 Department for a period of five years from the date of entry of this Consent Order.

4 **F. Fine and Stayed Fine.** It is AGREED and ORDERED that Respondents Apex, Chang and
5 Tsai shall jointly and severally pay a fine to the Department in the amount of \$10,000.00. It is
6 FURTHER AGREED that \$10,000.00 of the fine shall be stayed (Stayed Fine) for two years
7 following entry of this Consent Order contingent upon Respondents Apex, Chang and Tsai's
8 compliance with this Consent Order. It is FURTHER AGREED that the stay may be lifted and the
9 Stayed Fine imposed in accordance with the terms stated in Paragraph G.

10 **G. Lifting of Stay and Imposing Stayed Fine.** It is AGREED that:

- 11 1. If the Department determines that Respondents Apex, Chang and Tsai
12 have not complied with the terms of this Consent Order, and the
13 Department accordingly seeks to lift the stay and impose the Stayed Fine
set forth in Paragraph F above, the Department will first notify
Respondents Apex, Chang and Tsai in writing of its determination.
- 14 2. The Department's notification will include:
 - 15 a) A description of the alleged noncompliance;
 - 16 b) A statement that because of the noncompliance, the Department
17 seeks to lift the stay and impose the Stayed Fine;
 - 18 c) The opportunity for Respondents Apex, Chang and Tsai to
19 contest the Department's determination of noncompliance in an
administrative hearing before an Administrative Law Judge (ALJ)
of the Office of Administrative Hearings (OAH); and
 - 20 d) A copy of this Consent Order. The notification and hearing
21 process provided in this Consent Order applies only to this
22 Consent Order. It is solely provided in the event Respondents
Apex, Chang and Tsai choose to contest the Department's
determination of noncompliance.
- 23 3. Respondents Apex, Chang and Tsai will be afforded twenty (20) business
24 days from the date of receipt of the Department's notification to submit a

1 written request to the Department for an administrative hearing to be held
2 before an ALJ from the OAH.

- 3 4. Respondents Apex, Chang and Tsai, in addition to a request for hearing,
4 may provide a written response to include any information pertaining to
5 the alleged noncompliance.
- 6 5. The scope and issues of the hearing are limited solely to whether or not
7 Respondents Apex, Chang and Tsai are in violation of the terms of this
8 Consent Order.
- 9 6. At the conclusion of the hearing, the ALJ will issue an initial decision.
10 Either party may file a Petition for Review with the Director of the
11 Department.
- 12 7. If Respondents Apex, Chang and Tsai do not request the hearing within
13 the stated time, the Department will impose the Stayed Fine and pursue
14 whatever action it deems necessary to enforce the Stayed Fine.

15 **H. Investigation Fee.** It is AGREED and ORDERED that Respondents Apex, Chang and Tsai
16 shall jointly and severally pay an investigation fee to the Department in the amount of \$855.00 in the
17 form of a cashier's check made payable to the "Washington State Treasurer" upon delivery of this
18 Consent Order to the Department, properly dated and signed.

19 **I. Records Retention.** It is AGREED that Respondents Apex, Chang and Tsai, its officers,
20 employees, and agents shall maintain records in compliance with the Act and provide the Director
21 with the location of the books, records and other information relating to Respondent Apex, Chang
22 and Tsai's consumer loan business conducted prior to licensure, and the name, address and telephone
23 number of the individual responsible for maintenance of such records in compliance with the Act.

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

1 **K. Voluntarily Entered.** It is AGREED that Respondents Apex, Chang and Tsai have
2 voluntarily entered into this Consent Order, which is effective when signed by the Director's
3 designee.

4 **L. Completely Read, Understood, and Agreed.** It is AGREED that Respondents Apex, Chang
5 and Tsai have read this Consent Order in its entirety and fully understand and agree to all of the
6 same.

7 **M. Authority to Execute Order.** It is AGREED that the undersigned authorized representative
8 has represented and warranted that he has the full power and right to execute this Consent Order on
9 behalf of Respondents Apex, Chang and Tsai.

10 **P. Counterparts.** This Consent Order may be executed by the Respondents Apex, Chang and Tsai
11 in any number of counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which
12 shall be deemed to be an original, but all of which, taken together, shall constitute one and the same
13 Consent Order.

14 **RESPONDENTS:**

14 Apex Lending, Inc.,
15 Tony Mao-Ling Chang, and
15 Arthur Ming-Hua Tsai

16 By:

17
18 _____/s/_____
19 Tony Mao-Ling Chang
19 President, Direct Owner and Executive Officer

_____9/8/21_____
Date

20
21 _____/s/_____
22 Arthur Ming-Hua Tsai
22 Direct Owner and Executive Officer

_____9/8/21_____
Date

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_____/s/_____
Tony Mao-Ling Chang
Individually

_____/9/8/21_____
Date

_____/s/_____
Arthur Ming-Hua Tsai
Individually

_____/9/8/21_____
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 24th DAY OF September, 2021.

_____/s/_____
LUCINDA FAZIO, Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

_____/s/_____
AMANDA B. STARNES
Financial Legal Examiner