

Terms Completed

ORDER SUMMARY – Case Number: C-09-081-12-CO01

Name(s): Cathy Marie Prevost ; Pioneer Financial LLC; Joseph Brian Prevost ;

Order Number: C-09-081-12-CO01

Effective Date: May 18, 2012

License Number: DFI Main Office #28031, Joseph Prevost #28032, Cathy Prevost n/a
 NMLS Company #111618, Joseph Prevost #114619,
 Cathy Prevost #114623

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: None

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$691.20	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date May 15, 2012
Fine	\$1,808.80	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date May 15, 2012
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	\$	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: Cooperation with the Department regarding activities of Gil Pelegrin and / or Escrow USA.

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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-09-081-12-CO01

PIONEER FINANCIAL, LLC,
JOSEPH PREVOST, 50% Owner and Managing
Member, and
CATHY PREVOST, 50% Owner and Managing
Member,

CONSENT ORDER

Respondents.

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COME NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Pioneer Financial, LLC (Respondent Pioneer Financial), Joseph Prevost, 50% Owner and Managing Member (Respondent Joseph Prevost), and Cathy Prevost, 50% Owner and Managing Member (Respondent Cathy Prevost), 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:

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AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-09-081-SC-09 (Statement of Charges), entered December 29, 2011, (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

1 economically and efficiently settled by entry of this Consent Order. The parties intend this Consent
2 Order to fully resolve the Statement of Charges. Respondents are agreeing not to contest the
3 Statement of Charges in consideration of the terms of this Consent Order.

4 Based upon the foregoing:

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

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

12 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the
13 Statement of Charges and agree that Respondents do not admit to any wrongdoing by its entry.

14 **D. Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of
15 \$1,808.80, in the form of a cashier's check made payable to the "Washington State Treasurer," upon
16 entry of this Consent Order.

17 **E. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
18 investigation fee of \$691.20, 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 Investigation Fee may be paid together
20 in one \$2,500 cashier's check made payable to the "Washington State Treasurer."

21 **F. Complete Cooperation with the Department (Statements).** It is AGREED that, upon
22 written request by the Department, Respondents shall provide the Department truthful and complete
23 sworn statements outlining their activities with respect to Gil Pelegrin, and with respect to Escrow

1 USA and any and all persons involved or in any way associated with Escrow USA, including but not
2 limited to owners, employees, independent contractors, agents, businesses and persons with whom
3 Escrow USA dealt, communicated, or otherwise related. The “sworn statements” may take the form
4 of affidavits, declarations, or deposition testimony, at the Department’s discretion. A failure to
5 cooperate fully, truthfully, and completely is a breach of this Consent Order.

6 **G. Complete Cooperation with the Department.** In addition to providing the sworn
7 statements as described in Paragraph F, it is AGREED that, upon written request by the Department,
8 Respondents shall cooperate fully, truthfully, and completely with the Department and provide any
9 and all information known to them relating in any manner to Gil Pelegrin, and to Escrow USA and
10 any and all persons involved or in any way associated with Escrow USA, including but not limited to
11 owners, employees, independent contractors, agents, businesses and persons with whom Escrow USA
12 dealt, communicated, or otherwise related. It is further AGREED that, upon written request by the
13 Department, Respondents shall provide any and all documents, writings or materials, or objects or
14 things of any kind in their possession or under their care, custody, or control that they are authorized
15 to possess, obtain, or distribute relating directly or indirectly to all areas of inquiry and investigation.
16 It is further AGREED that Respondents shall testify fully, truthfully, and completely at any and all
17 proceedings related to any Department investigation or enforcement action or both related to any and
18 all persons involved or in any way associated with Gil Pelegrin and Escrow USA, and any
19 respondents named therein. A failure to cooperate fully, truthfully, and completely is a breach of this
20 Consent Order.

21 **H. Authority to Execute Order.** It is AGREED that the undersigned have represented and
22 warranted that they have the full power and right to execute this Consent Order on behalf of the
23 parties represented.

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

5 J. **Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily
6 entered into this Consent Order, which is effective when signed by the Director's designee.

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

9 **RESPONDENTS:**

10 **Pioneer Financial, LLC**

11 Bv:

12 _____
13 ~~Joseph~~ Prevest
50% Owner and Managing Member

5-11-2012

Date

14 _____
15 Cathy Prevest
50% Owner and Managing Member

5/11/2012

Date

16 _____
17 ~~Joseph~~ Prevest
Individually

5-11-2012

Date

18 _____
19 ~~Cathy~~ Prevest
Individually

5/11/2012

Date

20 **DO NOT WRITE BELOW THIS LINE**

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1 THIS ORDER ENTERED THIS 18th DAY OF May, 2012



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DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

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Shana L. Oliver
Financial Legal Examiner

Approved by:

Charles Clark
Enforcement Chief

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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:

PIONEER FINANCIAL, LLC,
JOSEPH PREVOST, 50% Owner and Managing
Member, and
CATHY PREVOST, 50% Owner and Managing
Member,

Respondents.

No. C-09-081-09-SC01

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

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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)¹. 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:

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I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Pioneer Financial LLC, (Respondent Pioneer)** was licensed by the Department of
Financial Institutions of the State of Washington (Department) to conduct business as a mortgage
broker on or about May 25, 2005, and continues to be licensed to date. Respondent Pioneer is
licensed to conduct the business of a mortgage broker at the following location:

20270 Front Street NE, Suite 101, Poulsbo, Washington 98370

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¹ RCW 19.146 (2006)

1 **B. Joseph Prevost (Respondent Joseph Prevost)** is 50% Owner and Designated Broker
2 of Respondent Pioneer. Respondent Joseph Prevost was named Designated Broker of Respondent
3 Pioneer on May 25, 2005, and continues to be Designated Broker to date.

4 **C. Cathy Prevost (Respondent Cathy Prevost)** is 50% Owner of Respondent Pioneer
5 and has never been licensed by the Department.

6 **1.2 Unlicensed Activity at Respondent Pioneer's Branch Office.** In addition to its main office,
7 Respondent Pioneer maintained a branch office located at 6131 Rainier Road Southeast in Lacey,
8 Washington. This branch office was originally licensed by the Department on or about March 11,
9 2008. On or about December 31, 2008, the branch office license expired for failure to renew.
10 Respondent Pioneer did not submit its branch office license renewal to the Department until on or
11 about February 25, 2009. Accordingly, Respondent Pioneer's branch office was unlicensed from
12 January 1, 2009, through February 24, 2009. During the unlicensed period, Respondent Pioneer
13 continued to conduct the business of a mortgage broker branch office without a license as required by
14 the Act. Respondent Pioneer's branch office closed on or about August 31, 2009.

15 **1.3 Failure to Comply with Department Directives.** The Department issued a subpoena to
16 Respondents Pioneer and Joseph Prevost on or about November 3, 2009. The subpoena compelled
17 production of documents for any and all loans originated at Respondent Pioneer's branch office
18 between January 1, 2009, and February 24, 2009. The Department specifically requested "all
19 versions of the HUD1 or HUD1A closing statements." The Department received three loan files
20 from Respondent Joseph Prevost on or about November 23, 2009. Respondent Joseph Prevost also
21 included a letter of explanation, in which he indicated that only one of the originated loans had closed
22 (customer DM). However, the "loan file" produced by Respondent Joseph Prevost did not include a
23 copy of the HUD1 or HUD1A for customer DM's loan.

1 **1.4 On-Going Investigation.** The Department’s investigation into the alleged violations of the
2 Act by Respondents continues to date.

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

4 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
5 “Mortgage broker” means any person who, for compensation or gain, or in the expectation of
6 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage
7 loan or (b) holds himself or herself out as being able to assist a person in obtaining or applying to
8 obtain a residential mortgage loan.

9 **2.2 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
10 are in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a
11 scheme, device or artifice to defraud or mislead borrowers or lenders or any person, for engaging in
12 an unfair or deceptive practice toward any person, and for obtaining property by fraud or
13 misrepresentation.

14 **2.3 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth
15 in Section I above, Respondents are in apparent violation of RCW 19.146.200(1) and WAC 208-660-
16 155 for engaging in the business of a mortgage broker without first obtaining and maintaining a
17 license under the Act.

18 **2.4 Requirement to Timely Renew License and Refrain from Conducting Business.** Based
19 on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of
20 WAC 208-660-163(16), (17), and (18) for continuing to conduct the business of a mortgage broker
21 after failing to timely renew a license under the Act.

1 **2.5 Requirement to Respond to Directives.** Based on the Factual Allegations set forth in
2 Section I above, Respondents are in apparent violation of RCW 19.146.235 and WAC 208-620-570
3 for failing to comply with the requirements of the Department.

4 III. AUTHORITY TO IMPOSE SANCTIONS

5 **3.1 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
6 against a licensee or other persons subject to the Act for violations of RCW 19.146.200 and for
7 failure to comply with any directive or order of the Director.

8 **3.2 Authority to Order Restitution.** Pursuant to RCW 19.146.220(d)(ii), the Director may issue
9 orders directing a licensee, its employee or loan originator, or other person subject to the Act to pay
10 restitution to an injured borrower.

11 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
12 520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour
13 for an examiner's time devoted to an investigation of a licensee or other person subject to the Act.

14 IV. NOTICE OF INTENTION TO ENTER ORDER

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

19 **4.1** Respondents Pioneer Financial, LLC, Joseph Prevost, and Cathy Prevost jointly and severally
20 pay a fine of \$6,850 and;

21 **4.2** Respondents Pioneer Financial, LLC, Joseph Prevost, and Cathy Prevost jointly and severally
22 pay restitution to consumer DM;

23 **4.3** Respondents Pioneer Financial, LLC, Joseph Prevost, and Cathy Prevost jointly and severally
24 pay an investigation fee. As of the date of this Statement of Charges, the investigation fee
totals \$691.20, calculated at \$48 per hour for the 14.4 staff hours devoted to the investigation.

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 TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

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8 Dated this 29th day of December, 2011.



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

15 Presented by:

16 SHANA L. OLIVER
17 Financial Legal Examiner

18 Approved by:

19 JAMES R. BRUSSELBACK
20 Enforcement Chief