



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

VINNY KAHLON,

Respondent.

NO. C-09-340-10-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On October 30, 2009, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose Fine, Collect Investigation Fee, and Order Restitution (Statement of Charges). 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 October 30, 2009, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Vinny Kahlon. The Department served the Statement of Charges, cover letter dated October 30, 2009, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Vinny Kahlon on Respondent, on November 2, 2009 by First-Class mail and Federal Express overnight delivery.

On November 16, 2009, Respondent filed an Application for Adjudicative Hearing. On January 29, 2010, the Department made a request to the Office of Administrative Hearings (OAH) to

1 assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of
2 Charges. OAH assigning ALJ Mary Ellen Goodwin (ALJ Goodwin) to preside over prehearing and
3 hearing proceedings and issue an Initial Decision. On February 5, 2010, ALJ Goodwin issued a Notice
4 of Prehearing Conference by Telephone scheduling a prehearing conference on Friday, March 5, 2010,
5 at 2:30 p.m.

6 On March 5, 2010, Assistant Attorney General Kate Reynolds, on behalf of the Department,
7 attended the telephonic prehearing conference. The Respondent, representing himself, attended the
8 prehearing conference. On March 9, 2010, ALJ Goodwin issued a Prehearing Case Management
9 Order and Notice of Hearing scheduling a telephonic status hearing on Tuesday, May 25, 2010, at 9:00
10 a.m.

11 On May 25, 2010, Assistant Attorney General Kate Reynolds, on behalf of the Department,
12 attended the telephonic status hearing. The Respondent did not attend the status hearing. On May 26,
13 2010, ALJ Goodwin issued an Initial Order of Default. On May 26, 2010, the Office of
14 Administrative Hearings mailed the Initial Order of Default to Respondent.

15 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent had twenty (20) days from the
16 date of service of the Initial Order of Default to file a Petition for Review of the Initial Order of
17 Default. Respondent did not file a Petition for Review during the statutory period.

18 B. Record Presented. The record presented to the Director for his review and for entry of
19 a final decision included the following:

- 20 1. Statement of Charges, cover letter dated October 30, 2010, and Notice of Opportunity
21 to Defend and Opportunity for Hearing, with documentation of service;
- 22 2. Application for Adjudicative Hearing for Vinny Kahlon;

- 1 3. Request to OAH for Assignment of Administrative Law Judge;
- 2 4. Notice of Prehearing Conference by Telephone dated February 5, 2010, with
- 3 documentation of service;
- 4 5. Prehearing Case Management Order and Notice of Hearing dated March 9, 2010, with
- 5 documentation of service;
- 6 6. Initial Order of Default dated March 26, 2010, with documentation of service;

7 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director
8 hereby adopts the Statement of Charges, which is attached hereto.

9 II. FINAL ORDER

10 Based upon the foregoing, and the Director having considered the record and being
11 otherwise fully advised, NOW, THEREFORE:

12 A. IT IS HEREBY ORDERED, That:

- 13 1. Respondent Vinny Kahlon is prohibited from participation in the conduct of the
- 14 affairs of any mortgage broker subject to licensure by the Director, in any manner, for
- 15 a period of 5 years;
- 16 2. Respondent Vinny Kahlon pay a fine of \$2,000;
- 17 3. Respondent Vinny Kahlon pay an investigation fee of \$240.

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

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

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

7 D. Judicial Review. Respondent has the right to petition the superior court for judicial
8 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
9 a Petition for Judicial Review, see RCW 34.05.510 and sections following.

10 E. Non-compliance with Order. If you do not comply with the terms of this order, the
11 Department may seek its enforcement by the Office of Attorney General to include the collection of the
12 fines and fees imposed herein.

13 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
14 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
15 attached hereto.
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17 DATED this 28th day of June, 2010.



18 STATE OF WASHINGTON
19 DEPARTMENT OF FINANCIAL INSTITUTIONS

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21
22 SCOTT JARVIS
23 DIRECTOR

A handwritten signature in blue ink, appearing to read "Scott Jarvis", is written over a horizontal line. The signature is stylized and extends to the right of the line.

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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:

VINNY KAHLON, Unlicensed Loan Originator,

Respondent.

NO. C-09-340-09-SC01

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

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 (Act)¹. After having conducted an investigation pursuant to RCW 19.146.235 and .310, and based upon the facts available as 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 Respondent Vinny Kahlon (Respondent Kahlon) worked for American Lending Group, Inc.² as a loan originator at all times relevant to this Statement of Charges. Respondent Kahlon has never applied for a loan originator license with the Department.

1.2 Loan Originator License. In order to conduct business as a loan originator in 2008, Respondent Kahlon was required to obtain and maintain a loan originator license before January 1, 2008. Respondent Kahlon did not obtain a loan originator license and as a result could not conduct the business of a loan originator.

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¹ RCW 19.146 (2006).

² The Department has issued a Statement of Charges (C-09-162-09-SC01) against American Lending Group Inc. that includes an allegation of allowing Respondent Kohlon to originate loans while not licensed.

1 **1.3 Unlicensed Loan Originator Activity.** Respondent Kahlon conducted the business of a loan
2 originator from 22 Richmond Center Ct. St. Peters, Missouri, when he originated at least 4 residential mortgage
3 loans³ between May 1, 2008, and June 27, 2008, for borrowers with property located in the state of Washington.

4 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
5 Respondent continues to date.

6 II. GROUNDS FOR ENTRY OF ORDER

7 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010 (12) and WAC 208-660-006,
8 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
9 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
10 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
11 person in obtaining or applying to obtain a residential mortgage loan.

12 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010 (10), "Loan Originator" means a natural
13 person who (a) takes a residential mortgage loan application for a mortgage broker, or (b) offers or negotiates
14 terms of a mortgage loan, for direct or indirect compensation or gain, or in the expectation of direct or indirect
15 compensation or gain.

16 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010 (3) and WAC 208-660-006, a "Borrower" is
17 defined as any person who consults with or retains a mortgage broker or loan originator in an effort to obtain or
18 seek advice or information on obtaining or applying to obtain a residential mortgage loan for himself, herself, or
19 persons including himself or herself, regardless of whether the person actually obtains such a loan.

20 **2.4 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent Kahlon is
21 in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device
22 or artifice to defraud or mislead borrowers or lenders or any person, for engaging in an unfair or deceptive
23 practice toward any person, and for obtaining property by fraud or misrepresentation.

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³ Loan numbers 3000656287 (1st and 2nd), 21855, and ALG21902.

1 **2.5 Requirement to Obtain and Maintain License.** Based on the Factual Allegations set forth in Section
2 I above, Respondent Kahlon is in apparent violation of RCW 19.146.200 for engaging in the business of a loan
3 originator without first obtaining and maintaining a license under the Act.

4 III. AUTHORITY TO IMPOSE SANCTIONS

5 **3.1 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may issue
6 orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed
7 mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker
8 or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) and
9 RCW 19.146.200.

10 **3.2 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(e), and (3)(a), the Director may impose
11 fines on a licensee, employee or loan originator of the licensee, or other person subject to the Act for any
12 violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.030 through RCW 19.146.080, RCW
13 19.146.200, RCW 19.146.205(4), or RCW 19.146.265, or any violation of the Act.

14 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228 (2), WAC 208-660-520, and
15 WAC 208-660-550(5), upon completion of any investigation of the books and records of a licensee or other person
16 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to cover
17 the cost of the investigation. The investigation charge will be calculated at the rate of \$48 per hour that each staff
18 person devoted to the investigation.

19 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220 (2)(e), the Director may issue orders
20 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution for any
21 violation of the Act.

22 IV. NOTICE OF INTENTION TO ENTER ORDER

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

- 1 4.1 Respondent Vinny Kahlon be prohibited from participation in the conduct of the affairs of any
mortgage broker subject to licensure by the Director, in any manner, for a period of five years;
- 2
- 3 4.2 Respondent Vinny Kahlon pay a fine of \$2,000;
- 4 4.3 Respondent Vinny Kahlon pay an investigation fee, which as of the date of these charges is \$240
calculated at \$48 per hour for 5 staff hours devoted to the investigation; and
- 5 4.4 Respondent Vinny Kahlon pay restitution in an amount to be determined at hearing.

6 **V. AUTHORITY AND PROCEDURE**

7 This Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Industry, Impose
8 Fine, Collect Investigation Fee, and Order Restitution (Statement of Charges) is entered pursuant to the
9 provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to
10 the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make a written
11 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
12 FOR HEARING accompanying this Statement of Charges.

13 Dated this 30th day of October, 2009.

14 

15 DEBORAH BORTNER
16 Director Division of Consumer Services
Department of Financial Institutions

17 Presented by:

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19 _____
20 WILLIAM HALSTEAD
Financial Legal Examiner

21 Approved by:

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23 _____
24 JAMES R. BRUSSELBACK
Enforcement Chief

