

## ORDER SUMMARY – Case Number: C-15-1629

**Names:** Partners for Payment Relief DE III d/b/a Partners for Payment Relief LLC, David Van Horn, John Edward Sweeney, Robert Mark Paulus

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**Order Number:** C-15-1629-18-CO01

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**Effective Date:** 3/14/18

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**License Number:** David Alexious Van Horn, NMLS No. 1393824  
 John Edward Sweeney, NMLS No. 1367381  
 Robert Mark Paulus, NMLS No. 1391021

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**Or NMLS Identifier [U/L]**

**License Effect:** Not Licensed in Washington

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**Not Apply Until:**

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**Not Eligible Until:**

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**Prohibition/Ban Until:**

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<b>Investigation Costs</b>	\$ 3,985.33	Due 3/14/18	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3/14/18
<hr/>				
<b>Fine and Financial Literacy Payment</b>	\$ 135,000.00	Due 3/14/18	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 3/14/18
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<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
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<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
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<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
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<b>Satisfaction of Judgment Filed?</b>		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

**Comments:**

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1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **DIVISION OF CONSUMER SERVICES**

4 IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Consumer Loan Act of Washington by:

No.: C-15-1629-18-CO01

CONSENT ORDER

5 PARTNERS FOR PAYMENT RELIEF DE III  
6 D/B/A PARTNERS FOR PAYMENT RELIEF  
7 LLC, and  
8 DAVID ALEXIOUS VAN HORN, President,  
9 NMLS No. 1393824, and  
10 JOHN EDWARD SWEENEY, Vice-President,  
11 NMLS No. 1367381, and  
12 ROBERT MARK PAULUS, Director of  
13 Borrower Management,  
14 NMLS No. 1391021,

Respondents.

15 COMES NOW the Director of the Department of Financial Institutions (Director), through  
16 her designee Charles E. Clark, Division Director, Division of Consumer Services, and Partners for  
17 Payment Relief DE III d/b/a Partners for Payment Relief LLC (Respondent Partners for Payment  
18 Relief); David Alexious Van Horn (Respondent Van Horn); John Edward Sweeney (Respondent  
19 Sweeney); and Robert Mark Paulus (Respondent Paulus) (collectively, "Respondents"), and finding  
20 that the issues raised in the above-captioned matter may be economically and efficiently settled,  
21 agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 31.04 of  
22 the Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act,  
23 based on the following:

24 **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-15-1629-17-SC01 (Statement of Charges), entered November 22, 2017, (copy attached

1 hereto). Pursuant to RCW 31.04, the Consumer Loan ACT (Act) and RCW 34.05.060 of the  
2 Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent  
3 Order and further agree that the issues raised in the above-captioned matter may be economically  
4 and efficiently settled by entry of this Consent Order.

5 Based upon the foregoing:

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

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

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

15 **D. Cease and Desist.** It is AGREED that Respondents shall refrain from engaging in  
16 any activities that violate the provisions of the Act.

17 **E. License Required.** It is AGREED that Respondents shall not engage in the business  
18 of mortgage loan servicing in the State of Washington or for properties located in the State of  
19 Washington until such time as Respondents obtain a license in accordance with the Act.

20 **F. Affirmative Action.** It is AGREED that Respondents shall, within 60 days following  
21 execution of this Consent Order, transfer the servicing duties of any and all Washington residential  
22 mortgage loans administered on behalf of Respondent Partners for Payment Relief to a loan  
23 servicing entity that is either licensed or determined exempt by the Department. Respondents shall  
24 notify the Department once the servicing duties have been transferred.

1           **G. Fine.** It is AGREED that Respondents shall pay a fine to the Department in the  
2 amount of \$100,000.00 upon entry of this Consent Order.

3           **H. Financial Literacy Payment.** Pursuant to RCW 31.04.093(7), the Director may  
4 accept payments to the Department for purposes of financial literacy and education programs  
5 authorized under RCW 43.320.150. Accordingly, in further compromise and in consideration of the  
6 additional terms set forth herein, it is AGREED that upon entry of this Consent Order Respondents  
7 shall pay \$35,000.00 to the Department for purposes of financial literacy and education programs  
8 (the “Financial Literacy Payment”). It is FURTHER AGREED and ORDERED that Respondents  
9 shall not advertise the Financial Literacy Payment.

10           **I. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an  
11 investigation fee of \$3,985.33, in the form of a cashier’s check made payable to the “Washington  
12 State Treasurer,” upon entry of this Consent Order. The Fine, Investigation Fee, and Financial  
13 Literacy Payment may be paid together in one \$138,985.33 cashier’s check made payable to the  
14 “Washington State Treasurer.”

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

19           **K. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into  
20 this Consent Order, which is effective when signed by the Director’s designee.

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

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1 **RESPONDENTS:**

2 Partners for Payment Relief *et al.*

3 By:

4  
5 /s/  
John Edward Sweeney  
6 Vice-President

3-12-2018  
Date

7  
8 /s/  
John Edward Sweeney  
9 Individually

3-12-2018  
Date

10  
11 /s/  
David Van Horn  
12 Individually

3-12-2018  
Date

13  
14 /s/  
Robert Mark Paulus  
15 Individually

3-12-2018  
Date

16  
17 Approved for Entry:

18  
19 /s/  
Mark Bartlett, WSBA No.15672  
20 Davis Wright and Tremaine LLP  
Attorney for Respondents

March 12, 2018  
Date

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**DO NOT WRITE BELOW THIS LINE**

THIS ORDER ENTERED THIS 14<sup>th</sup> DAY OF March, 2018.

/s/ \_\_\_\_\_  
CHARLES E. CLARK  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

/s/ \_\_\_\_\_  
IGOR VOLOSHIN  
Financial Legal Examiner

Approved by:

/s/ \_\_\_\_\_  
STEVEN C. SHERMAN  
Enforcement Chief

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **DIVISION OF CONSUMER SERVICES**

4 IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Consumer Loan Act of Washington by:

5 PARTNERS FOR PAYMENT RELIEF DE III  
D/B/A PARTNERS FOR PAYMENT RELIEF  
6 LLC, and  
DAVID ALEXIOUS VAN HORN, President,  
7 NMLS No. 1393824, and  
JOHN EDWARD SWEENEY, Vice-President,  
8 NMLS No. 1367381, and  
ROBERT MARK PAULUS, Director of  
9 Borrower Management,  
NMLS No. 1391021,

10 Respondents.

No. C-15-1629-17-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO CEASE AND DESIST, TAKE  
AFFIRMATIVE ACTION, PROHIBIT  
FROM THE INDUSTRY, IMPOSE FINE,  
COLLECT INVESTIGATION FEE, and  
RECOVER COSTS AND EXPENSES

11  
12 **INTRODUCTION**

13 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of  
14 Financial Institutions of the State of Washington (Director) is responsible for the administration of  
15 chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation  
16 pursuant to RCW 31.04.145, and based upon the facts available as of the date of this Statement of  
17 Charges, the Director, through her designee, Division of Consumer Services Director Charles E.  
18 Clark, institutes this proceeding and finds as follows:

19 **I. FACTUAL ALLEGATIONS**

20 **1.1 Respondents.**

21 **A. Respondent Partners for Payment Relief DE III d/b/a Partners for Payment**  
22 **Relief, LLC (Respondent PPR)** has never been licensed by the Department of Financial Institutions  
23 of the State of Washington (Department) to conduct business as a consumer loan company.

24 //

1           **B.     Respondent David Alexious Van Horn (Respondent Van Horn)** is the President of  
2 Respondent PPR. Respondent Van Horn has never been licensed by the Department.

3           **C.     Respondent John Edward Sweeney (Respondent Sweeney)** is the Vice-President  
4 of Respondent PPR. Respondent Sweeney has never been licensed by the Department.

5           **D.     Respondent Robert Mark Paulus (Respondent Paulus)** is the Director of Borrower  
6 Management of Respondent PPR. Respondent Paulus has never been licensed by the Department

7 **1.2     Unlicensed Residential Mortgage Loan Servicing.** Respondents are in the business of  
8 purchasing residential mortgage loans (*e.g.*, junior position deeds of trust secured by residential real  
9 property). This business model includes, assessing interest and other fees on the purchased  
10 residential mortgage loans, collecting funds for payment of principal and interest on residential  
11 mortgage loans, directly or indirectly contacting Washington State borrowers to modify residential  
12 mortgage loan terms on loans owned by Respondent PPR's, and initiating foreclosure proceedings  
13 against borrowers.

14           **A.**     At various times from at least July 2010, to the present, Respondents serviced  
15 approximately 78 residential mortgage loans.

16           **B.**     On at least one occasion, Respondents attempted to modify or in fact modified  
17 residential mortgage terms for a Washington State borrower.

18           **C.**     On at least two occasions, Respondents initiated foreclosure proceedings against  
19 Washington State borrowers. In one of those circumstances, Respondents recorded a Notice of  
20 Trustee Sale for an owner-occupied property on 2814 SW 315th St., Federal Way, WA 98023 less  
21 than 90 days before the sale date.

22 **1.3     Unfair or Deceptive Acts or Practices.** On or about April 18, 2013, Respondents, through  
23 authorized delegates, recorded a Notice of Trustee Sale (instrument No. 4962912 located in Clark  
24 County Auditor's Office) for a residential real property located at 1812 E 38<sup>th</sup> Loop, Vancouver, WA



1 98663 that was owner-occupied by a Washington State borrower, R.S.G. On or about December 15,  
2 2013, a third party recorded a Trustee's Deed Upon Sale in the Clark County Auditor's Officer  
3 (instrument No. 5038085). The apparent effect of the Trustee's Deed Upon Sale was to extinguish  
4 Respondents' mortgage on the subject property and transfer ownership of the subject property to  
5 Respondents. On or about April 22, 2014, Respondents sent R.S.G. an offer to purportedly modify  
6 the extinguished mortgage. The terms of the offer included the following provisions:

7       **A.**        "[R]einstate any delinquency by changing the existing term of the Note (your  
8 previously executed home loan obligation . . . ) - which this letter supersedes . . . [;]"

9       **B.**        "Borrower acknowledges that he/she/they defaulted under the terms of the Note . . .  
10 and PPR has concluded a foreclosure and is now the owner of the Property. Borrower hereby waives  
11 any claims or defenses to the foreclosure it has or may have had in consideration of PPR's  
12 agreement to enter into this Agreement[;]"

13       **C.**        A "new principal balance" and set of payment terms.

14 **1.4 Failure to Comply with the Foreclosure Fairness Act.** Since 2011, Respondents have  
15 neither deposited \$250.00 to the Foreclosure Fairness Act account per notice of trustee sale recorded  
16 in Washington State with the Washington State Department of Commerce (Commerce) nor filed a  
17 certified exemption form with Commerce.

18 **1.5 Failure to Comply with the Department's Investigative Authority.**

19       **A.**        On January 16, 2015, the Department issued a Subpoena to Respondent PPR. The  
20 Subpoena contained a deadline, February 2, 2015, and method for response. Respondent PPR did  
21 not respond to the Department's Subpoena within the time specified. The Department, through the  
22 Washington State Attorney General's Office, enforced the Subpoena through Thurston County  
23 Superior Court. On February 29, 2016, the Department received Respondent PPR's response.  
24



1 amounts due . . . [c]ollecting fees due to the servicer for the servicing activities . . . [w]orking with  
2 the borrower to collect data and make decisions necessary to modify certain terms of those  
3 obligations either temporarily or permanently . . . or [o]therwise finalizing collection through the  
4 foreclosure process.”

5 **2.2 Unlicensed Residential Mortgage Loan Servicer.** Based on the Factual Allegations set  
6 forth in Section I above, Respondents are in apparent violation of RCW 31.04.035(1) for engaging in  
7 the business of a consumer loan company by servicing Washington residential mortgage loans  
8 without obtaining the proper Department-issued license or an exemption.

9 **2.3 Responsibility and Liability for Violations.** Pursuant to WAC 208-620-378, in addition to  
10 ensuring they each have sufficient understanding of the law to comply with the Act and rules, the  
11 Respondents are each responsible for ensuring their employees have sufficient understanding of the  
12 law to comply with the Act and rules. Furthermore, pursuant to WAC 208-620-372, Respondents  
13 are liable for any violations of the Act or rules by their employees.

14 **2.4 Unfair or Deceptive Acts or Practices.** Based on the Factual Allegations set forth in  
15 Section I above, Respondents are in apparent violation of RCW 31.04.027(2) and (3) directly or  
16 indirectly engaging in any unfair or deceptive practice toward any person, and directly or indirectly  
17 obtaining property by fraud or misrepresentation. *See also* WAC 208-620-551(1)(b).

18 **2.5 Requirement to Comply with Applicable State Law.** Based on the Factual Allegations set  
19 forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(13) for failing to  
20 comply with applicable Washington State law by failing to comply with RCW 61.24.030 and RCW  
21 61.24.173.

22 **2.6 Requirement to Comply with the Department’s Investigative Authority.** Based on the  
23 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
24 31.04.145(1)(c) for failing to comply with the Department’s subpoena authority.

1                               **III.    AUTHORITY TO IMPOSE SANCTIONS**

2   **3.1    Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the  
3 Director may issue orders directing any person subject to the Act to cease and desist from  
4 conducting business in a manner that is injurious to the public or violates any provision of the Act.

5   **3.2    Authority to Order Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the Director  
6 may issue an order directing any person subject to the Act to take such affirmative action as is  
7 necessary to comply with the Act.

8   **3.3    Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director  
9 may issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,  
10 employee, mortgage loan originator, or any other person subject to the Act for failure to comply with  
11 any Order issued under this chapter or failure to obtain a license for activity that requires a license.

12   **3.4    Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
13 up to one hundred dollars per day, per violation, upon any person subject to the Act for any violation  
14 of the Act or failure to comply with any order or subpoena issued by the Director under the Act.

15   **3.5    Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3), RCW  
16 31.04.015(12), and WAC 208-620-610(7), licensees and every person who fails to obtain a license as  
17 required by the chapter who is investigated by the Director or the Director’s designee shall pay for  
18 the cost of the investigation, calculated at the rate of \$69.01 per staff hour devoted to the  
19 investigation.

20   **3.6    Recordkeeping Requirement.** Pursuant to RCW 31.04.155 and RCW 31.04.015(12),  
21 licensees and every person who fails to obtain a license as required by the chapter shall preserve  
22 accounts, records, papers, documents, files, and other information relevant to a loan for at least three  
23 years after making the final entry on any loan.  
24

1 **3.7 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director  
2 may recover the state's costs and expenses for prosecuting violations of the Act.

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

4 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,  
5 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose  
6 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW  
7 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

- 8 **4.1** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David  
9 Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus immediately  
10 cease and desist from servicing any and all residential mortgage loans for any and all  
11 investors who receive such services, and that Respondents cease desist from this  
12 activity until such time that Respondent Payment Relief De III d/b/a Partners for  
13 Payment Relief LLC either obtains proper licensure through the Department or is  
14 approved for an exemption under the Act.
- 15 **4.2** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David  
16 Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus take affirmative  
17 action to transfer the servicing of all residential mortgage loans secured by property  
18 in Washington State that Respondent Payment Relief De III d/b/a Partners for  
19 Payment Relief LLC is currently servicing to a residential mortgage loan servicer that  
20 is licensed as a consumer loan company or exempt from licensure in Washington  
21 State, within thirty days of entry of any Final Order issued in this matter.
- 22 **4.3** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David  
23 Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus comply with all  
24 applicable provisions of the Washington State Deeds of Trust Act, RCW 61.24.
- 4.4** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David  
Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus be prohibited  
from participation in the conduct of the affairs of any consumer loan company subject  
to licensure by the Director, in any manner, for a period of five years.
- 4.5** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David  
Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus jointly and  
severally pay a fine. As of the date of this Statement of Charges, the fine totals  
\$250,000.00.
- 4.6** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David  
Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus jointly and  
severally pay an investigation fee. As of the date of this Statement of Charges, the  
investigation fee totals \$2,846.66.

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**4.7** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to consumer loan business of Respondent Payment Relief De III d/b/a Partners for Payment Relief LLC, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

**4.8** Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus pay the Department’s costs and expenses for prosecuting violations of the Act in an amount to be determined at hearing or by declaration with supporting documentation in event of default by Respondents Payment Relief De III d/b/a Partners for Payment Relief LLC, David Alexious Van Horn, John Edward Sweeney, and Robert Mark Paulus.

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**V. AUTHORITY AND PROCEDURE**

This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Take Affirmative Action, Prohibit from the Industry Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, 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 FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying this Statement of Charges.

Dated this 22<sup>nd</sup> day of November, 2018.

\_\_\_\_\_  
/s/  
CHARLES E. CLARK  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

\_\_\_\_\_  
/s/  
IGOR VOLOSHIN  
Financial Legal Examiner

Approved by:

\_\_\_\_\_  
/s/  
STEVEN C. SHERMAN  
Enforcement Chief