

ORDER SUMMARY – Case Number: C-15-1719

Names: Jones & Associates Lawgroup, LLC and Ken Jones

Order Number: C-15-1719-17-FO02

Effective Date: 2/20/2018

License Number: U/L
Or NMLS Identifier _____

License Effect: N/A

Not Apply Until: 2/20/2028

Not Eligible Until: 2/20/2028

Prohibition/Ban Until: 2/20/2028

Investigation Costs	\$3,472.80	Due in 30 days	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$210,000.00	Due in 30 days	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Refunds	\$185,885	Due in 30 days	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Prosecution Costs	\$2,542.96	Due in 30 days	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N			
	No. of Victims:	81		

Comments: Investigation costs, fine, and refunds payable jointly and severally with Respondent Carlos P. Grey Jr., NMLS # 1625694



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:

JONES & ASSOCIATES LAWGROUP, LLC
d/b/a JONES & ASSOCIATES LAW GROUP,
LLC; KEN JONES, Owner; CARLOS P. GRAY,
JR., Manager.

No.: C-15-1719-17-FO02

FINAL ORDER RE:

JONES & ASSOCIATES LAWGROUP, LLC
and
KEN JONES

I. DIRECTOR'S CONSIDERATION

Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington ("Director"), pursuant to RCW 34.05.440(2). On January 31, 2017, the Director, through her designee, Consumer Services Division Director Charles E. Clark, issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist from Business, Prohibit from Industry, Order Refunds, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses of Prosecution ("Statement of Charges") against Jones & Associates Lawgroup, LLC and Ken Jones ("Respondents Jones & Associates and Jones"). On February 1, 2017, the Department of Financial Institution ("Department") served Ken Jones with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. The Statement of Charges was accompanied by a cover letter dated February 1, 2017, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent Ken Jones. On April 7, 2017, the Department of Financial Institution ("Department") served Jones & Associates Lawgroup, LLC with the Statement of Charges

1 and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. The
2 Statement of Charges was accompanied by a cover letter dated April 7, 2017, a Notice of Opportunity
3 to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for
4 Respondent Jones & Associates Lawgroup, LLC.¹ On February 8, 2017, Respondents Jones &
5 Associates and Jones filed an Application for Adjudicative Hearing. On May 8, 2017, the Department
6 made a request to the Office of Administrative Hearings (“OAH”) to assign an Administrative Law
7 Judge (“ALJ”) to schedule and conduct a hearing on the Statement of Charges.

8 On May 19, 2017, ALJ Terry A. Schuh (“ALJ Schuh”) issued a Notice of Prehearing
9 Conference scheduling a prehearing conference on Tuesday, June 6, 2017, at 9:00 a.m. The Notice
10 stated: “You must call into the conference. If you fail to call in, the administrative law judge may
11 hold you in default and dismiss your appeal.”

12 On June 6, 2017, the prehearing conference was convened by ALJ Schuh at 9:00 a.m. The
13 Department’s counsel attended the telephonic prehearing conference. Respondents Jones &
14 Associates and Jones failed to appear and the Department moved for an order of default dismissing
15 the administrative appeal. On June 13, 2017, ALJ Schuh issued an Order Dismissing Appeal (“Order
16 of Dismissal”) dismissing Respondents administrative appeal and sent the Order of Dismissal to
17 Respondents Jones & Associates and Jones via First-Class mail.

18 On or about June 15, 2017, OAH received a letter from Respondents Jones & Associates and
19 Jones dated June 9, 2017. ALJ Schuh treated the letter as a timely Petition to Vacate the Order of
20 Dismissal. On June 16, 2017, Judge Schuh issued Notice of Motion Hearing scheduling a motion
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24 ¹ The address on the envelope containing the Statement of Charges and accompanying documents served on February 1,
2017, contained a scrivener’s error. For that reason, the Department re-served the Statement of Charges and
accompanying documents on April 7, 2017.

1 hearing on Thursday, August 3, 2017, at 2:00 p.m. The purpose of the hearing was to hear oral
2 arguments on Respondents Jones & Associates' and Jones's Petition to Vacate.

3 On August 3, 2017, the motion hearing was convened by ALJ Schuh at 2:00 p.m. The
4 Department's counsel attended the telephonic hearing. Respondents Jones & Associates and Jones
5 failed to appear and ALJ Schuh denied their Petition to Vacate. On August 10, 2017, ALJ Schuh
6 issued an Order Denying Respondents' Motion to Vacate the Default Order.

7 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents Jones & Associates and
8 Jones had twenty (20) days from the date of service of the Order of Dismissal to file a Petition for
9 Review of the Order of Dismissal. Respondents Jones & Associates and Jones did not file a Petition
10 for Review during the statutory period.

11 A. Record Presented. The record presented to the Director for his review and for entry of
12 a final decision included the following:

- 13 1. Statement of Charges, cover letter dated February 1, 2017, cover letter dated April
14 7, 2017, and Notice of Opportunity to Defend and Opportunity for Hearing, with
documentation of service.
- 15 2. Application for Adjudicative Hearing for Ken Jones
- 16 3. Request to OAH for Assignment of Administrative Law Judge.
- 17 4. Notice of Prehearing Conference dated May 19, 2017, with documentation of
18 service.
- 19 5. Order Dismissing Appeal, dated June 13, 2017, with documentation of service.
- 20 6. Letter from Respondents Jones & Associate and Jones dated June 9, 2017.
- 21 7. Notice of Motion Hearing, dated June 16, 2017, with documentation of service.
- 22 8. Order Denying Respondents' Motion to Vacate the Default Order, dated August
23 10, 2017, with documentation of service.
- 24 9. Declaration of Amanda Herndon dated November 2, 2017.

1 B. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(2), the Director
2 hereby adopts the Statement of Charges, which is attached hereto.

3 II. FINAL ORDER

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

6 A. IT IS HEREBY ORDERED, That:

- 7 1. Respondents Jones & Associates Lawgroup, LLC and Ken Jones cease and desist
8 engaging in the business of a mortgage broker and loan originator.
- 9 2. Respondents Jones & Associates Lawgroup, LLC and Ken Jones are prohibited
10 from participation, in any manner, in the conduct of the affairs of any mortgage
11 broker subject to licensure by the Director for a period of ten years.
- 12 3. Respondents Jones & Associates Lawgroup, LLC and Ken Jones pay refunds,
13 jointly and severally with Respondent Carlos P. Gray Jr.² to the consumers
14 identified in Appendix A to the Statement of Charges in the amount set forth
15 therein, and to each Washington State consumer with whom Jones & Associates
16 Lawgroup, LLC and Ken Jones entered into a contract for residential mortgage
17 loan modification services related to real property in Washington State equal to the
18 amount collected from those consumers for those services.
- 19 4. Respondents Jones & Associates Lawgroup, LLC and Ken Jones pay a fine of
20 \$210,000.00 jointly and severally with Respondent Carlos P. Gray Jr.
- 21 5. Respondent Jones & Associates Lawgroup, LLC and Ken Jones pay an
22 investigation fee of \$3,472.80 jointly and severally with Respondent Carlos P.
23 Gray Jr.
- 24 6. Respondents Jones & Associates Lawgroup, LLC and Ken Jones and their agents
maintain records in compliance with chapter 19.146 RCW, the Mortgage Broker
Practices Act (Act) and provide the Director with the location of the books,
records and other information relating to Jones & Associates Lawgroup, LLC's
and Ken Jones's business, and the name, address and telephone number of the
individual responsible for maintenance of such records in compliance with the Act.

² A Final Order Re: Carlos P. Gray Jr. ("Gray Final Order") was entered on April 18, 2017. The Gray Final Order required Carlos P. Gray Jr. to pay refunds to the consumers identified in Appendix A of the Statement of Charges in the amount set forth therein, a fine of \$210,000.00, and an investigation fee of \$3,472.80, jointly and severally with any other respondent or respondents against whom an order to pay refunds, fine, and investigation fee was ordered.

1 7. Respondents Jones & Associates Lawgroup, LLC and Ken Jones pay the
2 Department's costs and expenses for prosecuting violation of the Act in the
amount of \$2,542.96.

3 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents Jones & Associates
4 Lawgroup, LLC and Ken Jones have the right to file a Petition for Reconsideration stating the
5 specific grounds upon which relief is requested. The Petition must be filed in the Office of the
6 Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater,
7 Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within
8 ten (10) days of service of the Final Order upon Respondents Jones & Associates Lawgroup, LLC
9 and Ken Jones. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a
10 Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

17 D. Judicial Review. Respondents Jones & Associates Lawgroup, LLC and Ken Jones
18 have the right to petition the superior court for judicial review of this agency action under the
19 provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see
20 RCW 34.05.510 and sections following.

21 E. Non-compliance with Order. If Respondents Jones & Associates Lawgroup, LLC and
22 Ken Jones do not comply with the terms of this order, including payment of any amounts owed
23 within thirty (30) days of receipt of this order, the Department may seek its enforcement by the

24 Office of the Attorney General to include the collection of the fines, assessments, late penalties, fees,

1 and refunds imposed herein. The Department also may assign the amounts owed to a collection
2 agency for collection.

3 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
4 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
5 attached hereto.

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7 DATED this 20th day of February, 2018.

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9 STATE OF WASHINGTON
10 DEPARTMENT OF FINANCIAL INSTITUTIONS

11 /s/
12 _____
13 GLORIA PAPIEZ
14 Director
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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
Mortgage Broker Practices Act of Washington by:

5 JONES & ASSOCIATES LAWGROUP, LLC
6 d/b/a JONES & ASSOCIATES LAW GROUP,
LLC; KEN JONES, Owner; CARLOS P. GRAY,
7 JR., Manager,

8 Respondents.

No. C-15-1719-16-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST
BUSINESS, PROHIBIT FROM
INDUSTRY, ORDER REFUNDS, IMPOSE
FINE, COLLECT INVESTIGATION FEE,
and RECOVER COSTS AND EXPENSES
OF PROSECUTION

9 INTRODUCTION

10 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Acting Director of the Department of
11 Financial Institutions of the State of Washington (Acting Director) is responsible for the
12 administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act). After having
13 conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the
14 date of this Statement of Charges, the Acting Director, through her designee, Division of Consumer
15 Services Director Charles E. Clark, institutes this proceeding and finds as follows:

16 I. FACTUAL ALLEGATIONS

17 1.1 Respondents.

18 A. Jones & Associates Lawgroup, LLC d/b/a Jones & Associates Law Group, LLC
19 (Jones & Associates) has never been licensed by the Department of Financial Institutions of the State
20 of Washington (Department) to conduct business as a mortgage broker.

21 B. Ken Jones is the owner of Jones & Associates. During the relevant time period, Ken Jones
22 was not licensed by the Department to conduct business as a mortgage broker or loan originator.

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1 indirect compensation or gain performs residential mortgage loan modification services or holds
2 himself or herself out as being able to perform residential mortgage loan modification services.

3 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
4 are in apparent violation of RCW 19.146.0201(2) and (3) for engaging in an unfair or deceptive
5 practice toward any person and obtaining property by fraud or misrepresentation.

6 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
8 for engaging in the business of a mortgage broker for Washington residents or property without first
9 obtaining a license to do so.

10 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
11 Allegations set forth in Section I above, Ken Jones and Carlos P. Gray, Jr. are in apparent violation of
12 RCW 19.146.200(1) for engaging in the business of a loan originator without first obtaining and
13 maintaining a license.

14 **2.6 Prohibition against Taking Advance Fees.** Based on the Factual Allegations set forth in
15 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and 12 C.F.R. §
16 1015.5 for taking advance fees for loan modification services.

17 III. AUTHORITY TO IMPOSE SANCTIONS

18 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(3), the
19 Director may issue orders directing any person subject to the Act to cease and desist from conducting
20 business.

21 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(4), the Director may
22 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker
23 any person subject to licensing under the Act for any violation of the Act.

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1 **3.3 Authority to Order Refunds.** Pursuant to RCW 19.146.220(2), the Director may order
2 refunds against any person subject to the Act for any violation of the Act.

3 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
4 against any person subject to the Act for any violation of the Act.

5 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-
6 550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time devoted to
7 an investigation of any person subject to the Act.

8 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director
9 may recover the state's costs and expenses for prosecuting violations of the Act.

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

11 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
12 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,
13 and RCW 19.146.223. Therefore, it is the Acting Director's intent to ORDER that:

14 **4.1** Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. cease and
15 desist engaging in the business of a mortgage broker or loan originator.

16 **4.2** Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. be
17 prohibited from participation, in any manner, in the conduct of the affairs of any mortgage
18 broker subject to licensure by the Director for a period of ten years.

19 **4.3** Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. jointly
20 and severally pay refunds to the consumers identified Appendix A to this Statement of Charges
21 in the amount set forth therein, and to each Washington State consumer with whom
22 Respondents entered into a contract for residential mortgage loan modification services and
23 each consumer with whom they entered into a contract for residential mortgage loan
24 modification services related to real property in State Washington equal to the amount
collected from those consumer for those services in an amount to be determined at hearing.

4.4 Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. jointly
and severally pay a fine, which as of the date of this Statement of Charges totals \$210,000.

4.5 Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. jointly
and severally pay an investigation fee, which as of the date of this Statement of Charges totals
\$3,472.80.

1 **4.6** Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. maintain
2 records in compliance with the Act and provide the Department with the location of the books,
3 records and other information relating to Respondents' provision of residential mortgage loan
4 modification services in Washington, and the name, address and telephone number of the
5 individual responsible for maintenance of such records in compliance with the Act.

6 **4.7** Respondents Jones & Associates Lawgroup, LLC, Ken Jones, and Carlos P. Gray, Jr. jointly
7 and severally pay the Department's costs and expenses for prosecuting violations of the Act in
8 an amount to be determined at hearing or by declaration with supporting documentation in
9 event of default by Respondents.

10 **V. AUTHORITY AND PROCEDURE**

11 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
12 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05
13 RCW (the Administrative Procedures Act). Respondents may make a written request for a hearing as
14 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
15 accompanying this Statement of Charges.

16 Dated this 31st day of January, 2017.

17 /s/ _____
18 CHARLES E. CLARK
19 Director, Division of Consumer Services
20 Department of Financial Institutions

21 Presented by:

22 /s/ _____
23 AMANDA J. HERNDON
24 Financial Legal Examiner

Approved by:

_____/s/ _____
STEVEN C. SHERMAN
Enforcement Chief

APPENDIX A

<u>Consumer(s)</u>	<u>Fee Paid</u>
R.A.	\$900.00
D.B.	\$3,700.00
E.B.	\$2,700.00
J.B. & G.B.	\$1,500.00
J.B. & P.B.	\$4,500.00
B.B.	\$3,000.00
C.B. & E.C.	\$500.00
P.B.	\$3,500.00
H.C.	\$2,850.00
V.C.	\$3,550.00
N.C.	\$900.00
T.C.	\$1,500.00
J.C. & J.C.	\$2,700.00
D.C.	\$3,000.00
K.C.	\$3,000.00
M.C.	\$4,500.00
A.C.	\$3,450.00
R.C.	\$2,000.00
C.C.	\$5,250.00
L.D.	\$1,200.00
T.D.	\$750.00
J.D.	\$3,000.00
V.D.	\$950.00

L.E.	\$3,000.00
R.E & T.E.	\$1,000.00
B.F.	\$4,880.00
D.H.	\$2,500.00
L.H.	\$3,000.00
C.H. & T.H.	\$3,000.00
E.K.	\$3,600.00
R.K.	\$4,500.00
L.L.	\$4,500.00
M.M.	\$3,000.00
A.M.	\$4,000.00
M.M.	\$4,200.00
K.M.	\$4,100.00
M.M. & T.M.	\$3,950.00
L.M.	\$2,700.00
S.M.	\$1,200.00
B.M.	\$3,000.00
M.M.	\$3,600.00
L.M.	\$3,600.00
P.M.	\$1,500.00
K.M.	\$2,400.00
N.N.	\$900.00
C.N.	\$3,000.00
M.O.	\$2,000.00

T.O. & K.O.	\$3,480.00
H.B.	\$3,000.00
B.P. & M.M.	\$3,300.00
A.P.	\$2,400.00
T.P.	\$1,000.00
E.P.	TBD
D.P.	\$3,000.00
M.R.	TBD
S.S. & Y.S.	\$3,600.00
D.S. & H.S.	\$1,500.00
S.S.	\$2,675.00
M.S.	\$4,100.00
O.S. & O.S.	\$600.00
F.S.	\$3,600.00
L.T.	\$1,150.00
D.H.	\$3,000.00
J.W.	\$2,850.00
P.W.	\$3,000.00
W.W.	\$2,850.00
M.W.	\$1,250.00
T.Y.	\$4,500.00
C.Z.	\$3,000.00