

ORDER SUMMARY – Case Number: C-15-1719

Name: Carlos P Gray Jr.

Order Number: C-15-1719-17-FO01

Effective Date: 4/18/2017

License Number: U/L
Or NMLS Identifier NMLS: 1625694

License Effect: N/A

Not Apply Until: 4/18/2027

Not Eligible Until: 4/18/2027

Prohibition/Ban Until: 4/18/2027

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
Judgment	\$	Due	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 other Respondent or Respondents against whom an order for investigation costs, fine, and refunds is ordered.

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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

No.: C-15-1719-17-FO01

FINAL ORDER RE:

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

CARLOS P. GRAY JR.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through her designee, Consumer Services Division Director Charles E. Clark (Director's designee), pursuant to RCW 34.05.440(1). On January 31, 2017, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention 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 (Statement of Charges) against Carlos P. Gray, Jr. (Respondent Gray). 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 February 1, 2017, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent Gray (collectively, accompanying documents).

On February 1, 2017, the Department served Respondent Gray with the Statement of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery. On February 2, 2017, the documents sent by Federal Express overnight delivery were delivered. The

1 documents sent by First-Class mail were not returned to the Department by the United States Postal
2 Service.

3 Respondent Gray did not request an adjudicative hearing within twenty calendar days after the
4 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for
5 in WAC 208-08-050(2).

6 B. Record Presented. The record presented to the Director's designee for his review and
7 for entry of a final decision included the following:

- 8 1. Statement of Charges, cover letter dated February 1, 2017, Notice of Opportunity
9 to Defend and Opportunity for Hearing, and blank Application for Adjudicative
10 Hearing for Respondent Gray, with documentation for service.
- 11 2. Post Office Address Verification Request form completed by Sprayberry Branch
12 Office of the United States Post Office received by the Department on April 4,
13 2017.
- 14 3. FedEx proof of delivery dated February 2, 2017.
- 15 4. Declaration of Amanda Herndon dated April 12, 2017.

16 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
17 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

18 II. FINAL ORDER

19 Based upon the foregoing, and the Director's designee having considered the record and being
20 otherwise fully advised, NOW, THEREFORE:

21 A. IT IS HEREBY ORDERED, That:

- 22 1. Respondent Carlos P. Gray, Jr. cease and desist engaging in the business of a
23 mortgage broker and loan originator.
- 24 2. Respondent Carlos P. Gray, Jr. is prohibited from participation, in any manner, in
the conduct of the affairs of any mortgage broker subject to licensure by the
Director for a period of ten years.

- 1 3. Respondent Carlos P. Gray, Jr. pay refunds, jointly and severally with any other
2 Respondent or Respondents against whom refunds are ordered, to the consumers
3 identified in Appendix A to the Statement of Charges in the amount set forth
4 therein, and to each Washington State consumer with whom Respondent Gray or
5 Jones & Associates Lawgroup, LLC entered into a contract for residential
6 mortgage loan modification services related to real property in Washington State
7 equal to the amount collected from those consumers for those services.
- 8 4. Respondent Carlos P. Gray, Jr. pay a fine of \$210,000.00 jointly and severally
9 with any other Respondent or Respondents against whom an order to pay fines is
10 entered.
- 11 5. Respondent Carlos P. Gray, Jr. pay an investigation fee of \$3,472.80 jointly and
12 severally with any other Respondent or Respondents against whom an order to pay
13 an investigation fee is entered.
- 14 6. Respondent Carlos P. Gray, Jr., and his agents maintain records in compliance
15 with chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and provide
16 the Director with the location of the books, records and other information relating
17 to Respondent Gray's business, and the name, address and telephone number of
18 the individual responsible for maintenance of such records in compliance with the
19 Act.
- 20 7. Respondent Carlos P. Gray, Jr. pay the Department's costs and expenses for
21 prosecuting violation of the Act in the amount of \$288.71.

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

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

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

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

7 E. Non-compliance with Order. If Respondent Gray does not comply with the terms of
8 this order, **including payment of any amounts owed within thirty days of receipt of this order**,
9 the Department may seek its enforcement by the Office of the Attorney General to include the
10 collection of the restitution, fine, fees, and costs imposed herein. The Department also may assign
11 the amounts owed to a collection agency for collection.

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

15 DATED this 18th day of April, 2017.

16 STATE OF WASHINGTON
17 DEPARTMENT OF FINANCIAL INSTITUTIONS

18 /s/ _____
19 CHARLES E. CLARK
20 Director
21 Division of Consumer Services

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 **C. Carlos P. Gray, Jr.** is a manager at Jones & Associates. During the relevant time period,
2 Carlos P. Gray, Jr. was not licensed by the Department to conduct business as a mortgage broker or
3 loan originator.

4 **1.2 Unlicensed Activity.** Between at least October 1, 2014, and December 29, 2016, Respondents
5 were offering residential mortgage loan modification services to Washington State consumers related
6 to property located in Washington State. Respondents provided or offered to provide loan
7 modification services to over eighty Washington State consumers and collected advanced fees for
8 those services. A list of Washington State consumers with whom Respondents conducted business as
9 a mortgage broker or loan originator, and the amount paid by each is appended hereto and
10 incorporated herein by reference (Appendix A).

11 **1.3 Misrepresentations and Omissions.** Respondents represented that they were licensed to
12 provide the residential mortgage loan modification services or omitted disclosing that they were not
13 licensed to provide those services.

14 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the
15 Act by Respondents continues to date.

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

17 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14), "Mortgage broker" means any
18 person who for direct or indirect compensation or gain, or in the expectation of direct or indirect
19 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage loan
20 or performs residential mortgage loan modification services or (b) holds himself or herself out as
21 being able to assist a person in obtaining or applying to obtain a residential mortgage loan or provide
22 residential mortgage loan modification services.

23 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11)(b), "Loan originator" means a
24 natural person who for direct or indirect compensation or gain or in the expectation of direct or

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

22 Presented by:

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

27 Approved by:

28 _____
29 /s/
30 STEVEN C. SHERMAN
31 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