

TERMS COMPLETE

CONSENT ORDER SUMMARY – Case Number C-15-1733

Respondent Name:	Julie McMillin Lee
NMLS Number:	5662
Order Number:	C-15-1733-16-CO01.
Effective Date:	June 22, 2016
License Effect:	

Not Apply Until:	June 23, 2021
Not Eligible Until:	N/A
Prohibition/Ban Until:	N/A

Investigation Costs	\$500	Due:	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date:
Fine	\$500	Due:	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date:
Assessment(s)	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date

Comments:

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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
Consumer Loan Act of Washington by:

No: C-15-1733-16-CO01

CONSENT ORDER

JULIE McMILLIN LEE, NMLS No. 5662,
Respondent.

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COME NOW the Director of the Department of Financial Institutions (Director), through his designee Charles E. Clark, Division Director, Division of Consumer Services, and Julie McMillin Lee (Respondent Julie Lee), by and through her attorney, J. Steven Lovejoy, 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 31.04 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

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The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent Julie Lee have agreed upon a basis for resolution of the matters alleged in the attached Statement of Charges No. C-15-1733-16-SC01 (Statement of Charges), entered February 17, 2016. Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent Julie Lee hereby agrees to the Department's entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

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Based upon the foregoing:

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

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B. Waiver of Hearing. It is AGREED that Respondent Julie Lee has been informed of the right to a hearing before an administrative law judge, and hereby waives her right to a hearing and all administrative and judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, by her

1 signature below, and by the signature of her authorized representative below, Respondent Julie Lee withdraws
2 her appeal to the Office of Administrative Hearings.

3 **C. No Admission or Denial of Violations.** It is AGREED that Respondent Julie Lee neither admits
4 nor denies the Factual Allegations in the Statement of Charges. It is further AGREED that Respondent Julie
5 Lee will not take any action or make or permit to be made any public statement creating the impression that
6 this Consent Order is without factual basis, and that nothing in this paragraph affects Respondent Julie Lee's
7 right to take legal or factual positions in defense of litigation.

8 **D. Application for License.** It is AGREED that, for a period of five years from the date of entry of
9 this Consent Order, Respondent Julie Lee shall not apply to the Department for a mortgage loan originator
10 license under any name. It is further AGREED that should Respondent Julie Lee apply to the Department for
11 a mortgage loan originator license under any name at any time later than five years from the date of entry of
12 this Consent Order, Respondent Julie Lee shall be required to meet all application requirements then in effect.

13 **E. Fine.** It is AGREED that Respondent Julie Lee shall pay a fine to the Department in the amount of
14 \$500.00 upon entry of this Consent Order.

15 **F. Investigation Fee.** It is AGREED that Respondent Julie Lee shall pay to the Department an
16 investigation fee of \$500 upon entry of this Consent Order. The Fine and Investigation Fee shall be paid
17 together in one \$1,000 cashier's check made payable to the "Washington State Treasurer."

18 **G. Non-Compliance with Order.** It is AGREED that Respondent Julie Lee understands that failure
19 to abide by the terms and conditions of this Consent Order may result in further legal action by the Director.
20 In the event of such legal action, Respondent Julie Lee may be responsible to reimburse the Director for the
21 cost incurred in pursuing such action, including attorney fees.

22 **H. Voluntarily Entered.** It is AGREED that Respondent Julie Lee has voluntarily entered into this
23 Consent Order, which is effective when signed by the Director's designee.

24 **I. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Julie Lee has read
25 this Consent Order in its entirety and fully understands and agrees to all of the same.

1 **BY RESPONDENT:**

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3 /s/
Julie McMillin Lee, NMLS No. 5662

6/20/16
Date

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5 **Approved for Entry:**

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7 /s/
8 J. Steven Lovejoy, Esq.
9 Shumaker & Williams, P.C.
Attorneys for Respondent Derrick William Krout

6/20/16
Date

10 **DO NOT WRITE BELOW THIS LINE**

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12 THIS ORDER ENTERED THIS 22nd DAY OF JUNE, 2016.

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14 /s/
15 CHARLES E. CLARK
16 Director, Division of Consumer Services
17 Department of Financial Institutions

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19 Presented by:

Approved by:

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21 /s/
22 ANTHONY W. CARTER
23 Senior Financial Legal Examiner

/s/
STEVEN C. SHERMAN
Chief of Enforcement

1 NMLS Testing Rules of Conduct Disclosures; (2) if applicable, provide NMLS with a detailed event
2 explanation as to each 'yes' answer; and (3) e-mail the Department a detailed written explanation
3 relating to having other persons take her Continuing Education (CE) tests on her behalf while
4 employed at New Day Financial, LLC (New Day), a Department-licensed consumer loan company
5 headquartered in Fulton, Maryland. The Department placed Respondent Lee's MLO license renewal
6 request on hold pending a response to the above items, but never received a response. As a
7 consequence, Respondent Lee is not currently licensed as a MLO with the Department.

8 **1.3 Employment with New Day Financial, LLC:** Respondent Lee began working for New Day
9 as a MLO in 2002. She was promoted to lead New Day's retail division in 2007, becoming the
10 branch manager of New Day's headquarters branch in Fulton, Maryland. Respondent Lee helped
11 create a reverse mortgage division, and in 2011 was promoted to President of that new division.

12 **1.4 Multi-State Investigation:** On April 13, 2015, the Department entered into a Settlement
13 Agreement and Consent Order with New Day in resolution of an investigation into allegations that
14 New Day had allowed owners, managers, and employees to cheat on state and federal CE
15 requirements established by NMLS. The Settlement Agreement and Consent Order recites that in
16 violation of state and federal law, New Day's owners, managers, and employees had engaged
17 employees working for New Day's Compliance Department to sit through CE programs and take the
18 associated CE tests. In settlement of the matter, New Day agreed to pay more than five million
19 dollars in civil penalties, reform its business practices with respect to CE compliance, and terminate
20 certain key personnel. New Day further represented that Respondent Lee, head of its reverse
21 mortgage division, had resigned.

22 **1.5 Delaware Investigation:** During July, 2014, examiners with the Maryland State Department of
23 Labor, Licensing, and Regulations reviewed New Day's internal investigation. The examiners
24 confirmed that Respondent Lee had resigned effective November 14, 2013, and had entered into a

1 Separation Agreement and Release with New Day after New Day completed its investigation. The
2 examiners reported that New Day's CEO had decided against terminating Respondent Lee, and had
3 instead accepted her resignation and immediately re-hired her at a reduced salary as the president of
4 reverse lending for New Day's parent company, Chrysalis Holdings LLC. The examiners reported
5 that during New Day's internal investigation the company learned that that one of the Compliance
6 Department employees had directly solicited Respondent Lee to take her CE test for her.

7 **1.6 Washington Investigation.** On July 16, 2015, the Department requested that New Day
8 identify whether Respondent Lee had been terminated, had a reduction in pay, or had any other
9 disciplinary action taken against her due to her knowledge of, or participation in, the conduct at issue
10 in the Settlement Agreement and Consent Order. In response, on September 18, 2015, New Day
11 provided the Department a list indicating that Respondent Lee had been terminated by New Day.

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

13 **2.1 Definition of Mortgage Loan Originator.** Pursuant to RCW 31.45.015(17)(a) and
14 WAC 208-620-010, "Mortgage Loan Originator" means in part an individual who for compensation
15 or gain (i) takes a residential mortgage loan application, or (ii) offers or negotiates terms of a
16 residential mortgage loan.

17 **2.2 Continuing Education Requirements.** Pursuant to RCW 31.45.267, a licensed MLO must
18 annually complete a minimum of eight hours of continuing education approved by NMLS.

19 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondent is
20 in apparent violation of RCW 31.04.027(1), for directly or indirectly employing any scheme, device,
21 or artifice to defraud or mislead any person; (2), for directly or indirectly engaging in any unfair or
22 deceptive practice toward any person; and (13), for violating any applicable state or federal law
23 relating to the activities governed by the Act.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Prohibit from Industry.** Pursuant to RCW 31.04.093(6), the Director may issue
3 an order prohibiting from participation in the affairs of any licensee any person subject to the Act for
4 any violation of RCW 31.04.027.

5 **3.2 Authority to Collect Investigation Fees.** Pursuant to RCW 31.04.145(3), every licensee
6 investigated by the Director or the Director’s designee must pay to the Director the cost of the
7 investigation as determined by rule. Pursuant to WAC 208-620-590, the investigation fee is
8 calculated at the rate of \$69.01 per staff hour devoted to the investigation.

9 **3.3 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director may
10 recover the state's costs and expenses for prosecuting violations of the Act, including for staff time
11 spent preparing for and attending administrative hearings, and reasonable attorneys' fees.

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

13 Respondent’s violations of the Act as set forth in the above Factual Allegations, Grounds for
14 Entry of Order, and Authority to Impose Sanctions, constitute a basis for the entry of an Order under
15 the Act. Therefore, it is the Director’s intent to ORDER that:

16 **4.1** Respondent Julie McMillin Lee be prohibited from participating in the
17 affairs of any licensee, or any person subject to the Act, for a period of
ten (10) years;

18 **4.2** Respondent Julie McMillin Lee pay the Department the investigation
19 fees incurred in investigating this matter, which as of the date of this
Statement of Charges totals \$175.53; and

20 **4.3** Respondent Julie McMillin Lee pay the Department's costs and
21 expenses for prosecuting this matter in an amount to be determined at
hearing.

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