

TERMS COMPLETE

**ORDER SUMMARY – Case Number: C-15-1827**

**Respondents:** Hometown Financial Group, LLC, d/b/a K Loans  
Luisito “Louie” Flores, Designated broker and MLO  
Joseph Thomas Kelly, MLO

**Order Number:** C-15-1827-19-CO01

**Effective Date:** February 6, 2019

**NMLS Numbers:** Hometown Financial Group, LLC: NMLS No. 1028232  
Luisito Flores: NMLS No. 1009422  
Joseph Kelly: NMLS No. 90356

**License Effect:** Mortgage broker license of Hometown Financial Group, LLC, and the MLO licenses of Luisito Flores and Joseph Kelly are revoked, with the revocations stayed for two years subject to contingencies.

**Prohibitions:** Luisito Flores and Joseph Kelly are prohibited from the industry, with the prohibitions stayed for two years subject to contingencies.

<b>Investigation Costs</b>	\$ 10,000.00	Due: Upon delivery of signed CO to DFI	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 2/4/19
<b>Fine</b> (\$25,000 paid, and \$25,000 stayed.)	\$ 50,000.00	Due: Upon delivery of signed CO to DFI	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 2/4/19
<b>Examination Fee</b> ( <i>paid outside of CO</i> )	\$ 7,337.91	Due: 1/11/19	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 1/7/19

**Comments:** The Department accepted Respondents’ representations that they have ceased from engaging in the conduct giving rise to the Charges, including failing to comply with RESPA.

It is agreed and ordered that Respondents shall henceforth comply with the MBPA and RESPA when engaged in any mortgage broker activities subject to the MBPA.

It is agreed and ordered that Respondents shall retain an independent auditor pursuant to the CO.

It is agreed and ordered that within 18 months of entry of the CO, at the Department’s convenience and at Respondents’ cost, Respondent Hometown Financial Group, LLC, shall be subject to a full-scope on-site compliance examination. Depending on the assigned risk rating, the stayed sanctions may be imposed pursuant to the Consent Order.

If the stayed sanctions are not imposed within the two-year stay, they shall not be imposed by the Department and shall expire without further notice.

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1 Act (Act), and RCW 34.05.060 of the APA, Respondents hereby agree to the Department's entry of this  
2 Order. The parties intend this Order to fully resolve the Charges, and agree that Respondents do not  
3 admit to any wrongdoing by its entry.

4 **Based upon the foregoing:**

5 **A. Jurisdiction.** It is AGREED that the Department has jurisdiction over Respondents and the  
6 subject matter of the activities alleged in the Charges and resolved herein.

7 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing  
8 before an administrative law judge, and hereby waive their right to a hearing and any and all  
9 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

10 Accordingly, Respondent HFG, by the signatures of its authorized agents, Respondent Flores and  
11 Respondent Kelly (authorized agents), and Respondent Flores and Respondent Kelly, by their  
12 signatures, withdraw their appeal of the Charges to the Office of Administrative Hearings.

13 **C. Cease and Desist.** It is AGREED that the Department accepts Respondents' representations that  
14 they have ceased and desisted from engaging in the conduct that gave rise to the Charges, including but  
15 not limited to failing to comply with the Real Estate Settlement Procedures Act (RESPA).

16 **D. Future Compliance.** It is AGREED and ORDERED that Respondents shall henceforth comply  
17 with the Act and RESPA when engaged in any mortgage broker activities subject to the Act.

18 **E. Revocations (Stayed).** It is AGREED and ORDERED that the mortgage broker license of  
19 Respondent HFG, the mortgage loan originator license of Respondent Flores, and the mortgage loan  
20 originator license of Respondent Kelly, are hereby revoked. It is FURTHER AGREED that these  
21 revocations are STAYED for two years contingent on compliance with the Act, this Order, and the  
22 results of the Examination described below. If not imposed within that time, the Department shall not  
23 impose the stayed Revocations, which shall expire without further notice.

1 **F. Prohibition from Industry (Stayed).** It is AGREED and ORDERED that Respondent Flores and  
2 Respondent Kelly are prohibited from participating, in any capacity, in the conduct of the affairs of any  
3 mortgage broker licensed by, or subject to licensure or regulation by, the Department. It is FURTHER  
4 AGREED that these prohibitions are stayed for two years contingent on compliance with the Act, this  
5 Order, and the results of the Examination described below. If not imposed within that time, the  
6 Department shall not impose the stayed Prohibitions, which shall expire without further notice.

7 **G. Fine (Partially Stayed).** It is AGREED and ORDERED that Respondents shall pay a fine of  
8 \$50,000 to the Department, with \$25,000 paid to the Department pursuant to Paragraph L, and the  
9 \$25,000 balance stayed for two years contingent on compliance with the Act, this Order, and the results  
10 of the Examination described below. If not imposed within that time, the Department shall not impose  
11 the stayed Fine, which shall expire without further notice.

12 **H. Investigation Fees.** It is AGREED and ORDERED that Respondents shall pay an investigation  
13 fee of \$10,000 to the Department pursuant to Paragraph L.

14 **I. Affirmative Remedial Actions.** It is AGREED and ORDERED that Respondent shall take the  
15 following affirmative remedial actions to prevent future violations of the Act:

16 **1. Outside Auditor.** Within three (3) months of entry of this Order, Respondents shall retain  
17 an independent auditor (Auditor) not objectionable to the Department to conduct an  
18 independent analysis and compliance review of Respondent HFG's compliance with  
19 RESPA and advertising, origination, processing, and back-office residential mortgage loan  
20 activities. Within six (6) months of entry of this Order, the Auditor shall file a report of its  
21 findings with Respondent HFG's authorized agents and the Department. The report shall  
22 note any deficiencies and make recommendations for new compliance policies and  
23 procedures designed to detect, correct, and prevent future deficiencies.

**2. Implementation of Auditor's Recommendations.** Within three (3) months of receipt of  
the Auditor's report of its findings, Respondent HFG shall implement all of the Auditor's  
recommendations for new compliance policies and procedures.

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1 **J. Examination.** It is AGREED and ORDERED that, within 18 months of the entry of this Order,  
2 subject to the Department's availability and at Respondents' cost, Respondent HFG shall be subject to a  
3 full-scope on-site examination by the Department to determine compliance with the Act, RESPA, and  
4 this Order. Failure to cooperate fully with the examination, or to timely pay the examination invoice, is a  
5 violation of this Order and may result in imposition of some or all of the stayed sanctions.

6 It is FURTHER AGREED and ORDERED that a Report of Examination (ROE) Risk Rating of 1  
7 or 2 *will* result in no further action by the Department; that a ROE Risk Rating of 3 *may* result in the  
8 lifting of some or all of the stays and imposition of some or all of the stayed sanctions; and that a ROE  
9 Risk Rating of 4 or 5 *will* result in the lifting of all of the stays and imposition of all the stayed sanctions  
10 by the Department, and *may* result in the issuance of new Charges against Respondents to obtain  
11 compliance with the Act, this Order, and for the protection of the public.

12 **K. Lifting of Stays: Revocations, Prohibitions, and Fine.** It is AGREED and ORDERED that:

- 13 1. If the Department determines that any Respondent has not complied with the Act or this  
14 Order; has not fully complied with the examination or timely paid the examination invoice;  
15 or if Respondent HFG received a ROE Risk Rating of 3, 4, or 5, and the Department  
16 accordingly seeks to lift some or all of the stays and impose any or all of the stayed  
17 sanctions, the Department will first notify Respondents in writing of its determination.
- 18 2. The Department's notification will include:
- 19 a) A description of the alleged noncompliance;
  - 20 b) A statement that because of the noncompliance, the Department seeks to lift some or  
21 all of the stays and impose any or all of the stayed sanctions;
  - 22 c) The opportunity for any Respondent to contest the Department's determination of  
23 noncompliance in an adjudicative hearing; and
  - d) A copy of this Order. The notification and hearing process provided in this section  
applies only to this Order, and only in the event any Respondent chooses to contest  
the Department's determination of noncompliance.
3. Respondents will be afforded twenty (20) days from the date of service of the Department's  
notification to submit to the Department a written request for an adjudicative hearing.

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- 1       **4.** The scope and issues of the hearing will be limited solely to whether any Respondent has  
2       not complied with the Act, RESPA, or this Order; has not fully complied with the  
3       compliance examination or timely paid the examination invoice; or whether Respondent  
4       HFG received a ROE Risk Rating of 3, 4, or 5.
- 5       **5.** The Administrative Law Judge (ALJ) will issue an initial decision at the conclusion of the  
6       hearing. Any party may file a Petition for Review of the ALJ's initial decision with the  
7       Director of the Department.
- 8       **6.** In lieu of requesting an adjudicative hearing, within twenty (20) days from the date of  
9       service of the Department's notification, any Respondent may submit a written response to  
10      the notification for consideration by the Department. The response must include that  
11      Respondent's waiver of the right to an adjudicative hearing, may address the Department's  
12      determination of noncompliance, and may seek an alternative resolution to the matter as to  
13      that Respondent.
- 14      **7. Default:** If any Respondent does not timely request an adjudicative hearing or submit a  
15      written response to the notification for consideration by the Department, as to that  
16      Respondent, the Department will impose the stayed sanctions and pursue whatever action  
17      it deems necessary to enforce the Act, the Order, and to protect the public without further  
18      notice.

19      **L. Payment.** It is AGREED and ORDERED that upon delivery to the Department of this Order,  
20      signed by Respondents and approved for entry by their counsel, Respondents shall pay to the  
21      Department the \$25,000 fine, plus the \$10,000 investigation fee, in the form of a \$35,000 cashier's check  
22      made payable to the "Washington State Treasurer."

23      **M. Authority to Execute Order.** It is AGREED that Respondent Flores and Respondent Kelly have  
24      represented and warranted that they have the full authority, power, and right to execute this Order on  
25      behalf of Respondent HFG.

26      **N. Non-Compliance with Order.** It is AGREED that Respondent Flores and Respondent Kelly,  
27      individually and as the authorized agents of Respondent HFG, understand that failure to abide by the  
28      terms and conditions of this Order may result in further legal action by the Director. In the event of such  
29      legal action, Respondents may be liable to reimburse the Director for examination, investigation, and/or  
30      attorney fees, as well as the state's costs and expenses pursuant to RCW 19.146.221(2).



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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 6th DAY OF FEBRUARY 2019.

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

Presented by:

Approved by:

/s/  
ANTHONY W. CARTER  
Senior Legal Examiner  
Department of Financial Institutions  
Division of Consumer Services

/s/  
STEVEN C. SHERMAN  
Enforcement Chief  
Department of Financial Institutions  
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 HOMETOWN FINANCIAL GROUP, LLC,  
d/b/a K Loans, NMLS No. 1028232;  
6 LUISITO FLORES III, Sole Owner and  
Designated Broker, NMLS No.1009422; and  
7 JOSEPH THOMAS KELLY, Mortgage Loan  
Originator, NMLS No. 90356,

8 Respondents.

No. C-15-1827-16-SC01

STATEMENT OF CHARGES and NOTICE  
OF INTENT TO ENTER AN ORDER TO  
REVOKE LICENSES, PROHIBIT FROM  
INDUSTRY, IMPOSE FINES, COLLECT  
EXAMINATION and INVESTIGATION  
FEES, and RECOVER COSTS AND  
EXPENSES

9  
10 **INTRODUCTION**

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

17 **I. FACTUAL ALLEGATIONS**

18 **1.1 Respondents.**

19 **A. Hometown Financial Group, LLC, d/b/a K Loans** (Respondent HFG) was formed on or  
20 about January 11, 2013, was licensed by the Washington State Department of Financial Institutions  
21 (Department) to conduct business as a mortgage broker on or about February 13, 2013, and continues to  
22 be licensed to date. Respondent HFG was 100% owned by Respondent Luisito Flores III until October  
23 30, 2015, when ownership was transferred to Respondent Joseph Thomas Kelly. Accordingly, the  
24 relevant time period for this matter is between January 11, 2013, and October 30, 2015, and at all times

1 relevant to this matter Respondent HFG conducted its licensed mortgage broker business in Spokane,  
2 Washington, operating from offices inside Kelly Right Real Estate of Spokane, LLC, a real estate  
3 brokerage owned or controlled by Respondent Joseph Thomas Kelly.

4 **B. Luisito Flores III** (Respondent Flores) was, at all times relevant to this matter, the sole owner  
5 and Designated Broker of Respondent HFG. Respondent Flores was licensed by the Department to  
6 conduct business as a mortgage loan originator (MLO) for Respondent HFG on or about February 14,  
7 2013, and continues to be licensed to date. Respondent HFG requested sponsorship of Respondent  
8 Flores as its Designated Broker on or about December 12, 2012, which was approved by the Department  
9 on or about February 19, 2013.<sup>1</sup>

10 **C. Joseph Thomas Kelly** (Respondent Kelly) was, at all times relevant to this matter, a licensed  
11 MLO sponsored by Respondent HFG. Respondent Kelly was first licensed by the Department as a MLO  
12 on or about December 26, 2008, and continues to be licensed to date. Respondent HFG requested  
13 sponsorship of Respondent Kelly as a MLO on or about May 15, 2013, which was approved by the  
14 Department the next day.

15 At all times relevant to this matter Respondent Kelly owned and operated, through Kelly Right  
16 International, Inc., a number of real estate brokerages located in Washington, Oregon, and Idaho,  
17 including Kelly Right Real Estate of Spokane, LLC. At all times relevant to this matter Respondent  
18 Kelly was licensed by the Real Estate Division of the Washington State Department of Licensing as a  
19 Real Estate Managing Broker, with an endorsement as a Designated Broker.

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23 <sup>1</sup> Respondent HFG named Respondent Flores as its Designated Broker *before* it applied for licensure as a Mortgage  
24 Broker, and *before* Respondent Flores applied for licensure as a MLO. The Department did not approve Respondent  
Flores as Respondent HFG's Designated Broker until *after* Respondent HFG and Respondent Flores had been approved  
for licensure as a Mortgage Broker and MLO, respectively.

1 **1.2 Referral Fee Agreements.** During the relevant time period, Respondent HFG, Respondent Flores,  
2 and Respondent Kelly (herinafter Respondents) entered into and conducted business under two referral  
3 fee agreements:

4 **A. 2013-2014 Referral Fee Agreement.** On or about January 1, 2013, Respondents entered  
5 into a referral fee agreement whereby Respondent HFG and Respondent Flores agreed to  
6 give, and gave, Respondent Kelly 50% of Respondent HFG's mortgage brokerage  
7 revenue as referral fees in exchange for residential mortgage loan referrals. Respondent  
8 Kelly accepted the referral fees from Respondent HFG and Respondent Flores.

9 **B. 2014-2015 Referral Fee Agreement.** On or about February 1, 2014, Respondents  
10 modified their referral fee agreement whereby Respondent HFG and Respondent Flores  
11 agreed to give, and gave, Respondent Kelly 100% of Respondent HFG's residential  
12 mortgage brokerage revenue as referral fees in exchange for continued residential  
13 mortgage loan referrals. Respondent Kelly accepted the referral fees from Respondent  
14 HFG and Respondent Flores.

15 **1.3 Examination.** In 2015 the Department investigated a complaint alleging Respondents were  
16 violating the Real Estate Settlement Procedures Act (RESPA). During the investigation Respondent  
17 Flores provided the Department with information and documents substantiating violations of both the  
18 Act and RESPA. Between November 30<sup>th</sup> and December 4, 2015, the Examination Unit conducted an  
19 on-site examination of the books and records of Respondent HFG. During the examination Respondent  
20 Flores provided admissions detailing the above-referenced referral fee agreements, the referral fees  
21 given by Respondent HFG and Respondent Flores to Respondent Kelly for the referral of residential  
22 mortgage loans, and the acceptance of those referral fees by Respondent Kelly.

23 **1.4 Failure to Provide Affiliated Business Arrangement Disclosure Statements.** Pursuant to the  
24 referral fee agreements, Respondent Kelly, through either Kelly Right Real Estate of Spokane, LLC, or  
its holding company, Kelly Right International, Inc., paid all of Respondent HFG's operating expenses,  
including all rent, utilities, and costs for computer hardware and software; a salary for Respondent  
Flores and one of his employees; and fees associated with joint marketing expenses in print and  
electronic media. Though Respondents had an established business relationship, they did not provide

1 Washington borrowers with an Affiliated Business Arrangement Disclosure Statement disclosing the  
2 business relationship between Respondents, or that Respondent Kelly would receive a financial or other  
3 benefit for making residential mortgage loan referrals, in all 16 of the 16 loan files reviewed.

4 **1.5 Unearned Fees.** After accepting the referral fees given to him by Respondent HFG and  
5 Respondent Flores, Respondent Kelly did not perform any bona fide settlement services in connection  
6 with the residential mortgage loan referrals made by him to Respondent HFG and Respondent Flores.

7 **1.6 Failure to Disclose Privacy Policy and Rate Lock Agreements.** Respondent HFG and  
8 Respondent Flores failed to disclose Respondent HFG's Privacy Policy in 11 of the 16 loan files  
9 reviewed, and failed to make timely rate-lock disclosures in seven of the 16 loan files reviewed.

10 **1.7 Failure to Pay Examination Fees.** On or about January 4, 2015, the Department sent Respondent  
11 Flores an initial billing invoice for the Department's examination fees from the examination referenced  
12 in paragraph 1.3, above. The invoice included a due date of February 3, 2016. When the invoice went  
13 unpaid, the Department sent additional invoices seeking payment of the examination fees. As of August  
14 1, 2016, the examination fee owed to the Department has not been paid.

15 **1.8 False and Deceptive Advertising.** Respondent HFG and Respondent Flores advertised their  
16 services on a number of Internet web sites, and in numerous instances advertised that Respondent HFG  
17 provided borrowers with the "best rate and fee structure," an express claim they could not substantiate.  
18 In addition, Respondent HFG and Respondent Flores failed to disclose in advertisements Respondent  
19 HFG's license name on file with the Department; failed to disclose in advertisements Respondent HFG's  
20 NMLS license number; failed to provide in Internet advertisements a link to the NMLS Consumer  
21 Access page; and in some advertisements containing credit disclosure triggering terms, failed to make  
22 the additional credit disclosures required by the Truth in Lending Act (TILA).

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

2 **2.1 Liability of Mortgage Broker.** Pursuant to RCW 19.146.245, a licensed mortgage broker is  
3 liable for any conduct violating the Act by the designated broker or any mortgage loan originator while  
4 employed by the licensed mortgage broker.

5 **2.2 Liability of Designated Broker.** Pursuant to RCW 19.146.200(4), every licensed mortgage  
6 broker must have a designated broker responsible for all activities of the mortgage broker. If the  
7 designated broker, principal, or owner directs or instructs licensees or employees to violate the Act, or,  
8 with knowledge of the specific conduct which violates the Act, approves or allows the conduct, the  
9 designated broker, principal, or owner is liable for those violations of the Act.

10 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are  
11 in apparent violation of RCW 19.146.0201(1), (2), (3), and (6) for directly or indirectly employing a  
12 scheme, device or artifice to defraud or mislead borrowers, lenders, or any person; for engaging in an  
13 unfair or deceptive practice toward any person, and for not disclosing Respondent HFG’s privacy policy  
14 to borrowers as required by WAC 208-660-470; for obtaining property by fraud or misrepresentation;  
15 and for failing to timely make rate lock disclosures to loan applicants as required by RCW 19.146.030.

16 **2.4 Requirement to Comply with Applicable Federal Laws.** Based on the Factual Allegations set  
17 forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) by giving and  
18 accepting referral fees, and by failing to disclose the affiliated business arrangement between  
19 Respondents in violation of RESPA, 12 U.S.C. §2601, and Regulation X, 12 CFR §1024, and by  
20 advertising triggering terms without making the additional credit disclosures required by TILA, 12  
21 U.S.C. §1601, and Regulation Z, 12 CFR 1026.

22 **2.5 Requirement to Pay Examination Fees.** Based on the Factual Allegations set forth in Section I  
23 above, Respondent HFG and Respondent Flores are in apparent violation of RCW 19.146.228(2), WAC  
24 208-660-510(8)(c), and WAC 208-660-550(3) and (4)(a) for failing to pay examination fees.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Revoke Licenses.** Pursuant to RCW 19.146.220(2), the Director may revoke  
3 mortgage broker and mortgage loan originator licenses for any violation of the Act.

4 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(4), the Director may issue  
5 orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker any  
6 officer, principal, employee, or mortgage loan originator of any licensed mortgage broker for any  
7 violation of the Act.

8 **3.3 Authority to Impose Fines.** Pursuant to RCW 19.146.220(2), the Director may impose fines  
9 against a mortgage broker or mortgage loan originator for any violation of the Act.

10 **3.4 Authority to Collect Examination Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-  
11 510(8)(c), and WAC 208-660-550(3) and (4)(a), the Department will charge forty-eight dollars per hour  
12 for an examiner’s time devoted to an examination of a mortgage broker or mortgage loan originator.  
13 Pursuant to RCW 43.17.240, unpaid examination fees accrue interest at the rate of 1% per month  
14 starting when the debt becomes past due.

15 **3.5 Authority to Collect Investigation Fees.** Pursuant to RCW 19.146.228(2), WAC 208-660-520(9)  
16 and (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per hour for an  
17 examiner’s time devoted to an investigation of a mortgage broker or mortgage loan originator.

18 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director may  
19 recover the state’s costs and expenses for prosecuting violations of the Act.

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

21 Respondents’ violations of the provisions of chapter 19.146 RCW as set forth in the above Factual  
22 Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions constitute a basis for the  
23 entry of an Order under RCW 19.146.220, RCW 19.146.221, and RCW 19.146.223. Therefore, it is the  
24 Director’s intent to ORDER that:

- 1           **4.1**    Respondent Hometown Financial Group, LLC’s license to conduct the business of a  
2 mortgage broker under the Act be revoked.
- 3           **4.2**    Respondent Luisito Flores III’s license to conduct the business of a mortgage loan  
4 originator under the Act be revoked.
- 5           **4.3**    Respondent Luisito Flores III be prohibited from participation in the conduct of the  
6 affairs of any mortgage broker subject to licensure by the Director, in any manner, for  
7 a period of 10 years.
- 8           **4.4**    Respondent Joseph Thomas Kelly’s license to conduct the business of a mortgage  
9 loan originator under the Act be revoked.
- 10          **4.5**    Respondent Joseph Thomas Kelly be prohibited from participation in the conduct of  
11 the affairs of any mortgage broker subject to licensure by the Director, in any manner,  
12 for a period of 10 years.
- 13          **4.6**    Respondents Hometown Financial Group, LLC, Luisito Flores III, and Joseph  
14 Thomas Kelly jointly and severally pay a fine, which as of the date of this Statement  
15 of Charges totals \$100,000.
- 16          **4.7**    Respondents Hometown Financial Group, LLC and Luisito Flores III jointly and  
17 severally pay the examination fee plus all accrued interest, which as of the date of this  
18 Statement of Charges totals \$5,759.06.
- 19          **4.8**    Respondents Hometown Financial Group, LLC, Luisito Flores III, and Joseph  
20 Thomas Kelly jointly and severally pay an investigation fee. As of the date of this  
21 Statement of Charges, the investigation fee totals \$3,091.20.
- 22          **4.9**    Respondents Hometown Financial Group, LLC, Luisito Flores III, and Joseph  
23 Thomas Kelly jointly and severally pay the state’s costs and expenses for prosecuting  
24 violations of the Act in an amount to be determined at hearing or, in event of default  
by any Respondent, in an amount to be determined by declaration.
- 4.10** Respondents Hometown Financial Group, LLC and Joseph Thomas Kelly maintain  
records in compliance with the Act and provide the Department with the location of  
the books, records and other information relating to mortgage broker business, and  
the name, address and telephone number of the individual responsible for  
maintenance of such records in compliance with the Act.

#### **AUTHORITY AND PROCEDURE**

          This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220,  
RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter  
34.05 RCW (the Administrative Procedure Act). Respondents may make a written request for a hearing

1 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
2 accompanying this Statement of Charges.

3 Dated this 12<sup>th</sup> day of August, 2016.

4 /s/  
5 CHARLES E. CLARK  
6 Director, Division of Consumer Services  
7 Department of Financial Institutions

8  
9 Presented by:

Approved by:

10  
11 /s/  
12 ANTHONY W. CARTER  
13 Senior Legal Examiner

14 /s/  
15 STEVEN C. SHERMAN  
16 Enforcement Chief