

Terms Completed

ORDER SUMMARY – Case Number: C-16-1987

Name(s): Galaxy Lending Group LLC; Harold Arthur Perkins

Order Number: C-16-1987-17-CO01

Effective Date: October 11, 2017

License Numbers: 142766; 227298
Or NMLS Identifier [U/L] _____

License Effect: None

Not Apply Until: n/a

Not Eligible Until: n/a

Prohibition/Ban Until: n/a

Investigation Costs	\$576	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 10/11/17
Financial Literacy	\$5,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 10/11/17
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Refunds	\$10,475	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 08/25/17
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: Withdraws C-16-1987-17-FO01 in its entirety as if it had never been issued.

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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-16-1987-17-CO01

CONSENT ORDER WITHDRAWING
FINAL ORDER C-16-1987-17-FO01

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GALAXY LENDING GROUP, LLC,
NMLS #142766,
and
HAROLD ARTHUR PERKINS,
President and Designated Broker,
NMLS #227298,
Respondents.

On or about September 1, 2017, the Director of the Department of Financial Institutions (Director), through her designee Charles E. Clark, Division Director, Division of Consumer Services (Department) issued Statement of Charges C-16-1987-17-SC01, and served it upon Respondents on or about September 6, 2017. Respondents did not timely request a hearing and default Final Order C-16-1987-17-FO01 was entered on or about September 29, 2017. On or about October 5, 2017, Respondents submitted a Petition for Reconsideration of the Final Order and provided an explanation for their failure to timely request a hearing. The Director has determined that it is appropriate under the circumstances to accept Respondents' explanation and enter into this Consent Order pursuant to chapter 19.146 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-16-1987-17-SC01 (Statement of Charges), entered September 1, 2017 (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices

1 Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to
2 the Department's entry of this Consent Order and further agree that the issues raised in the above-
3 captioned matter may be economically and efficiently settled by entry of this Consent Order. The
4 parties intend this Consent Order to fully resolve the Statement of Charges. Respondents are
5 agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

6 Based upon the foregoing:

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

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

13 C. **Withdrawal of Final Order.** It is AGREED that Final Order C-16-1987-17-FO01 is
14 withdrawn in its entirety as if it had never been issued.

15 D. **Refunds to Borrowers.** It is AGREED that Respondents have provided the Department
16 with sufficient proof of paying refunds of \$4,425 to borrower M.A. and \$6,050 to borrower J.F.

17 E. **Financial Literacy Payment.** Pursuant to RCW 19.146.218, the Director may accept
18 payments to the Department for purposes of financial literacy and education programs authorized
19 under RCW 43.320.150. Accordingly, it is AGREED that upon entry of this Consent Order
20 Respondents shall pay \$5,000 to the Department for purposes of financial literacy and education
21 programs. It is further AGREED that Respondents shall not advertise the Financial Literacy
22 Payment.

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 11th DAY OF October, 2017.

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

Presented by:

/s/ _____
STEVEN C. SHERMAN
Enforcement Chief

1 **1.2 Examination.** Between May 18, 2016, and May 23, 2016, the Department conducted an off-
2 site examination of Respondents business practices for the period of January 25, 2016, through April
3 30, 2016. The Department reviewed four residential mortgage loan files and identified violations of
4 the Act which include those set forth below.

5 **1.3 Unlicensed Activity.** From at least November 10, 2015, to January 24, 2016, Respondents
6 conducted business in Washington requiring a license under the Act in at least two residential
7 mortgage loans before Respondent Galaxy's license was approved.

8 **1.4 Unfair or Deceptive Advertising.**

9 **A.** Respondents failed to include Respondent Galaxy's license number on at least four
10 internet advertisements.

11 **B.** Respondents used the term "best" in reference to its loans and its rates.

12 **1.5 Failure to Maintain Funds in Trust.** At the time of initial licensure, Respondent Perkins
13 provided the Department with a notarized "Mortgage Broker Trust Monies Alternative Certificate of
14 Compliance" containing the following language:

15 "I, the undersigned, designated broker of the above listed entity, an applicant for licensing
16 under chapter 19.146 RCW, The Mortgage Broker Practices Act (the "Act"), certify that I
17 have read and understand RCW 19.146.050 and WAC 208-660-410, containing the
requirements for the management of borrowers' funds. I realize that any violation of this
section of the Act is a Class C Felony.

18 I further warrant that the above company and its principals, mortgage brokers, employees,
19 loan originators, and independent contractors will not, at any time, up to and including the
closing of a loan and disbursement of any monies associated with the loan, accept monies
20 from a borrower, or from a third-party (e.g., an escrow agent) on behalf of a borrower, for the
purposes of payment for services (e.g., an appraisal or credit report) provided by third
parties."

21 In three of the four loans reviewed, however, Respondents received trust funds from or on behalf of
22 borrowers for the payment of credit report or appraisal fees and deposited these trust funds into
23 Respondent Galaxy's general account; thereby commingling trust funds with operating funds.
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1 **1.6 On-Going Investigation.** The Department’s investigation into the alleged violations of the
2 Act by Respondents continues to date.

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

4 **2.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed
5 mortgage broker is liable for any conduct violating the Act by the designated broker, a loan
6 originator, or other licensed mortgage broker while employed or engaged by the licensed mortgage
7 broker.

8 **2.2 Responsibility of Designated Broker.** Pursuant to RCW 19.146.200(3), a designated broker,
9 principal, or owner who has supervisory authority over a mortgage broker is responsible for a
10 licensee’s, employee’s, or independent contractor’s violations of the Act if the designated broker,
11 principal, or owner who has supervisory authority over the licensed mortgage broker knows or by the
12 exercise of reasonable care and inquiry should have known of the conduct, at a time when its
13 consequences can be avoided or mitigated and fails to take reasonable remedial action.

14 **2.3 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
15 Allegations set forth in Section I above, Respondents are in apparent violation of RCW
16 19.146.0201(2) and RCW 19.146.200(1) for engaging in the business of a mortgage broker without
17 first obtaining and maintaining a license under the Act.

18 **2.4 Requirement to Refrain from Unfair and Deceptive Advertising.** Based on the Factual
19 Allegations set forth in Section I above, Respondents are in apparent violation of RCW
20 19.146.0201(2) and (7), WAC 208-660-350(23), WAC 208-660-440(7), and WAC 208-660-
21 446(4)(a) for failing to include Respondent Galaxy’s license number in advertisements and for using
22 the term “best” to describe loans and rates.

23 **2.5 Requirement to Maintain Funds from Borrower for Payment of Third-Party Providers**
24 **in Trust.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent

1 violation of RCW 19.146.0201(2) and (15), RCW 19.146.050(1), and WAC 208-660-410(3) for
2 failing to deposit funds received from a borrower or on behalf of a borrower for payment of third-
3 party provider services in a trust account of a federally insured financial institution located in this
4 state, prior to the end of the third business day following receipt of such monies, and for
5 commingling operating funds with trust account funds.

6 **III. AUTHORITY TO IMPOSE SANCTIONS**

7 **3.1 Authority to Suspend Licenses.** Pursuant to RCW 19.146.220(2)(e), the Director may
8 suspend licenses any violation of the Act.

9 **3.2 Authority to Prohibit Participation.** Pursuant to RCW 19.146.220(4)(a), the Director may
10 prohibit any officer, principal, employee, or loan originator of any licensed mortgage broker from
11 participating in the conduct of the affairs of a licensed mortgage broker for any violation of the Act.

12 **3.3 Authority to Order Refunds.** Pursuant to RCW 19.146.220(2)(e), the Director may order
13 refunds against licensees for any violation of the Act.

14 **3.4 Authority to Impose Fines.** Pursuant to RCW 19.146.220(2)(e), the Director may impose
15 fines against licensees for any violation of the Act.

16 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-
17 520(9) and (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per
18 hour for an examiner's time devoted to an investigation.

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

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

2 Respondents’ violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC,
3 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
4 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
5 RCW 19.146.223. Therefore, it is the Director’s intent to ORDER that:

6 **4.1** Respondent Galaxy Lending Group, LLC’s license to conduct the business of a
7 mortgage broker be suspended for a period of six months.

8 **4.2** Respondent Harold Arthur Perkins be prohibited participation in the conduct of the
9 affairs of Respondent Galaxy Lending Group, LLC, in any manner, for a period of six
months.

10 **4.3** Respondent Galaxy Lending Group, LLC refund \$4,425 to borrower M.A. and refund
11 \$6,050 to borrower J.F.

12 **4.4** Respondents Galaxy Lending Group, LLC and Harold Arthur Perkins jointly and
severally pay a fine. As of the date of this Statement of Charges, the fine totals
13 \$25,000.

14 **4.5** Respondents Galaxy Lending Group, LLC and Harold Arthur Perkins jointly and
severally pay an investigation fee. As of the date of this Statement of Charges, the
15 investigation fee totals \$576.

16 **4.6** Respondents Galaxy Lending Group, LLC and Harold Arthur Perkins jointly and
severally pay the Department’s costs and expenses for prosecuting violations of the
17 Act in an amount to be determined at hearing or by declaration with supporting
documentation in event of default by either or both Respondents.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (the Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY FOR ADJUDICATIVE HEARING AND
6 TO DEFEND accompanying this Statement of Charges.

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8 Dated this 1st day of September, 2017.

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10 /s/ _____
11 CHARLES E. CLARK
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:

16 /s/ _____
17 STEVEN C. SHERMAN
18 Enforcement Chief