

Terms Completed

ORDER SUMMARY – Case Number: C-16-2101

Name: Skyline Financial Corp.

Order Number: C-16-2101-18-CO01

Effective Date: 5/24/2018

License Number: 12072

License Effect: N/A

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

Investigation Costs	\$ 2,636.18		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 5/23/18
Fine	\$ 20,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 5/23/18
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Financial Literacy and Education	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

Comments: Skyline Financial Corp. agreed to cooperate in the Department’s prosecution of co-respondent Freeman Sawyer, NMLS # 263767. Skyline Financial Corp.’s consumer loan company license was subject to revocation until the Department entered a final order or consent order against Mr. Sawyer. The Department entered consent orders against Skyline Financial Corp. and Mr. Sawyer on the same day, resulting in no stayed revocation of Skyline’s license.

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
Consumer Loan Act of Washington by:

5 SKYLINE FINANCIAL CORP. d/b/a SKYLINE
HOME LOANS, NMLS #12072,
6 and
7 FREEMAN TODD SAWYER, Branch Manager
and Mortgage Loan Originator, NMLS # 263767,

8 Respondents.

No.: C-16-2101-18-CO01

9 **CONSENT ORDER AS TO SKYLINE**
10 **FINANCIAL CORP D/B/A SKYLINE**
11 **HOME LOANS, NMLS #12072**

12 COMES NOW the Director of the Department of Financial Institutions (Director), through
13 her designee Charles E. Clark, Division Director, Division of Consumer Services, and Skyline
14 Financial Corp d/b/a Skyline Home Loans (Respondent Skyline), and finding that the issues raised in
15 the above-captioned matter may be economically and efficiently settled, agree to the entry of this
16 Consent Order. This Consent Order is entered pursuant to chapter 31.04 of the Revised Code of
17 Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the
18 following:

19 **AGREEMENT AND ORDER**

20 The Department of Financial Institutions, Division of Consumer Services (Department) and
21 Respondent Skyline have agreed upon a basis for resolution of the matters alleged in Statement of
22 Charges No. C-16-2101-17-SC01 (Statement of Charges), entered December 19, 2017 (copy attached
23 hereto) solely as they apply to Respondent Skyline. Pursuant to chapter 31.04 RCW, the Consumer
24 Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent Skyline
hereby agrees to the Department's entry of this Consent Order and further agrees that the issues
raised in the above-captioned matter solely as they apply to Respondent Skyline, may be

1 economically and efficiently settled by entry of this Consent Order. The Department and Respondent
2 Skyline intend this Consent Order to fully resolve the Statement of Charges solely as to Respondent
3 Skyline.

4 Based upon the foregoing:

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

7 B. **Waiver of Hearing.** It is AGREED that Respondent Skyline has been informed of the
8 right to a hearing before an administrative law judge, and hereby waives its right to a hearing and any
9 and all administrative and judicial review of the issues raised in this matter, or of the resolution
10 reached herein. Accordingly, Respondent Skyline, by the signatures of its representatives below,
11 withdraws its appeal to the Office of Administrative Hearings.

12 C. **License Revocation.** It is AGREED that Respondent Skyline's license to conduct
13 business in Washington as a consumer loan company is subject to revocation by the Department
14 during the pendency of the Department's prosecution of Freeman Todd Sawyer (Respondent
15 Sawyer), NMLS # 263767, for the violations alleged in the Statement of Charges. It is further
16 AGREED that the revocation of Respondent Skyline's consumer loan company license is STAYED
17 contingent on Respondent Skyline's compliance with the terms of this Consent Order and that
18 Respondent Skyline's consumer loan company license is no longer subject to revocation upon entry
19 of a consent order or final order against Respondent Sawyer.

20 D. **Fine.** It is AGREED that Respondent Skyline shall pay a fine to the Department in the
21 amount of \$20,000, in the form of a cashier's check made payable to the "Washington State
22 Treasurer," upon entry of this Consent Order.

1 **E. Investigation Fee.** It is AGREED that Respondent Skyline shall pay to the Department
2 an investigation fee of \$2,636.18 in the form of a cashier's check made payable to the "Washington
3 State Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid
4 together in one \$22,636.18 cashier's check made payable to the "Washington State Treasurer."

5 **F. Complete Cooperation with the Department.** It is AGREED that Respondent Skyline shall
6 cooperate fully, truthfully, and completely with the Department's investigation of Respondent Sawyer
7 as detailed herein. It is AGREED that, upon request from the Department, Respondent Skyline shall
8 provide any and all information as follows:

- 9 1. Respondent Skyline AGREES to provide all information known to it relating in any
10 manner to Respondent Sawyer, any and all persons involved or in any way associated
11 with Respondent Sawyer including, but not limited to, employees, businesses, and
12 persons with whom Respondent Sawyer dealt, communicated, or otherwise related, and
13 all areas of inquiry and investigation of Respondent Sawyer to the extent such
14 information is not otherwise protected by attorney-client privilege.
- 15 2. Respondent Skyline further AGREES to provide any and all documents, writings,
16 materials, objects, or things of any kind in its possession or under its care, custody, or
17 control, and not otherwise protected by attorney-client privilege, relating in any manner
18 to Respondent Sawyer, any and all persons involved or in any way associated with
19 Respondent Sawyer including, but not limited to, employees, businesses, and persons
20 with whom Respondent Sawyer dealt, communicated, or otherwise related, and all areas
21 of inquiry and investigation of Respondent Sawyer.
- 22 3. Respondent Skyline further AGREES that it shall provide the Department with a sworn
23 statement by a corporate officer or other employee with speaking authority, and that such
24 officer or employee shall fully, truthfully, and completely answer any and all questions
 the Department asks about Respondent Sawyer, any and all persons involved or in any
 way associated with Respondent Sawyer, and relating directly or indirectly to all areas of
 inquiry and investigation of Respondent Sawyer, and Respondent Skyline shall further
 make such officer or employee available for testimony upon the Department's request
 and that such officer or employee shall fully, truthfully, and completely testify at any
 proceeding related to the Department's investigation of Respondent Sawyer and future
 enforcement actions of Freeman Sawyer.
4. Respondent Skyline AGREES that any failure to cooperate fully, truthfully, and
 completely, as outlined fully in paragraphs F.1 through F.4 of the Consent Order, with
 the Department's investigation of Freeman Sawyer is a breach of this Consent Order.

1 **G. Lifting of Stay.** It is AGREED that:

- 2 1. If the Department determines Respondent Skyline has not complied with this
3 Consent Order and seeks to lift the stay and revoke Respondent Skyline’s consumer
4 loan company license, the Department will first serve Respondent Skyline with a
5 written notice of noncompliance.
- 6 2. The notice of noncompliance will include:
- 7 a. A description of the alleged noncompliance;
- 8 b. A statement that the Department seeks to lift the stay and revoke
9 Respondent Skyline’s consumer loan company license and impose the
10 stayed fine;
- 11 c. Notice that Respondent Skyline can contest the allegations of
12 noncompliance by either requesting an adjudicative hearing in writing or
13 by submitting a written response to the allegations of noncompliance; and
- 14 d. Notice that the process for lifting the stay applies only to this Consent
15 Order.
- 16 3. Respondent Skyline will be afforded twenty business days from the date of service
17 of the notice of noncompliance to submit to the Department either a written request
18 for an adjudicative hearing or a written response to the allegations of
19 noncompliance.
- 20 4. If requested, the adjudicative hearing will be held as soon thereafter as can be
21 scheduled by the Office of Administrative Hearings. The parties will accommodate
22 the prompt scheduling and holding of the hearing.
- 23 5. The scope and issues of the adjudicative hearing are limited solely to whether or not
24 Respondent Skyline failed to comply with the terms of this Consent Order.
- 25 6. At the conclusion of the adjudicative hearing the Administrative Law Judge will
26 issue an initial decision. Either party may subsequently file a Petition for Review
27 with the Director of the Department.
- 28 7. **Default.** If Respondent Skyline does not timely request an adjudicative hearing or
29 submit a written response to the notice of noncompliance, the Department may lift
30 the stay and revoke Respondent Skyline’s consumer loan company license without
31 further notice.

1 **H. Authority to Execute Order.** It is AGREED that the undersigned have represented and
2 warranted that they have the full power and right to execute this Consent Order on behalf of the party
3 represented.

4 **I. Non-Compliance with Order.** It is AGREED that Respondent Skyline understands that
5 failure to abide by the terms and conditions of this Consent Order may result in further legal action
6 by the Director. In the event of such legal action, Respondent Skyline may be responsible to
7 reimburse the Director for the cost incurred in pursuing such action, including but not limited to,
8 attorney fees.

9 **J. Voluntarily Entered.** It is AGREED that Respondent Skyline has voluntarily entered
10 into this Consent Order, which is effective when signed by the Director's designee.

11 **K. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Skyline
12 has read this Consent Order in its entirety and fully understand and agree to all of the same.

13 **L. Counterparts.** This Consent Order may be executed by the Respondent in any number of
14 counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which shall be deemed
15 to be an original, but all of which, taken together, shall constitute one and the same Consent Order.

16 **RESPONDENT:**
17 Skyline Financial Corp.
18 By:

19 /s/
Jerry Pitschmann
Chief Financial Officer

May 18, 2018
Date

20 Approved for Entry:

21
22 /s/
Hadyn J. Richards
23 Bradley Arant Boulton Cummings LLP
Attorney for Respondent

May 18, 2018
Date

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 24th DAY OF May, 2018.

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

Presented by:

/s/
AMANDA J. HERNDON
Financial Legal Examiner

Approved by:

/s/
STEVEN C. SHERMAN
Enforcement Chief

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
Consumer Loan Act of Washington by:

5 SKYLINE FINANCIAL CORP. d/b/a SKYLINE
HOME LOANS, NMLS #12072,
6 and
7 FREEMAN TODD SAWYER, Branch Manager
and Mortgage Loan Originator, NMLS # 263767,

8 Respondents.

No. C-16-2101-17-SC01

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

9 **INTRODUCTION**

10 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
11 Institutions of the State of Washington (Director) is responsible for the administration of chapter
12 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to
13 RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the
14 Director, through her designee, Division of Consumer Services Director Charles E. Clark, institutes
15 this proceeding and finds as follows:

16 **I. FACTUAL ALLEGATIONS**

17 **1.1 Respondents.**

18 **A. Skyline Financial Corp. d/b/a Skyline Home Loans (Skyline)** was licensed by the
19 Department of Financial Institutions of the State of Washington (Department) to conduct business as
20 a consumer loan company on or about May 19, 2015, and continues to be licensed to date.

21 **B. Freeman Todd Sawyer** is a branch manager and mortgage loan originator (MLO)
22 sponsored by Skyline. Mr. Sawyer has managed the Skyline branch located at 5999 Summerside
23 Drive, Suite 100, Dallas, Texas, since at least January 18, 2016. Mr. Sawyer was licensed by the

1 Department to conduct business as an MLO on or about January 28, 2016, and continues to be
2 licensed to date.

3 **1.2 Unlicensed Mortgage Loan Originators.** Between approximately May 25, 2016, and
4 approximately August 30, 2016, at least two individuals who worked for Skyline at the branch
5 managed by Mr. Sawyer assisted at least three borrowers in applying for residential mortgage loans
6 for properties located in Washington State. At Mr. Sawyer's direction, these individuals assisted the
7 borrowers by taking their applications, offering or negotiating terms, or holding themselves out as
8 able to take applications or offer or negotiate terms. The individuals were not licensed with the
9 Department at the time of the activity.

10 **1.3 Misleading and Deceptive Activity.** Certain documents used to originate residential
11 mortgage loans contain blank fields where an MLO's name, NMLS number, contact information, and
12 signature may be entered. In at least three loans originated by unlicensed individuals, those fields
13 contained Mr. Sawyer's name, NMLS number, contact information, or apparent signature. By
14 allowing those fields to contain Mr. Sawyer's information rather than the unlicensed individuals'
15 information, Skyline and Mr. Sawyer held out at least three loans as being originated by Mr. Sawyer
16 when unlicensed individuals had in fact originated the loans. Moreover, Mr. Sawyer knew or should
17 have known that these unlicensed individuals were acting as MLOs without a Washington license by
18 originating at least three loans using loan documents bearing his name, NMLS number, contact
19 information, or signature.

20 **1.4 False Statement to Department.** On or about October 14, 2016, the Department issued a
21 directive to Mr. Sawyer asking whether it was true that unlicensed individuals originated residential
22 mortgage loans related to property in Washington State that were assigned to Mr. Sawyer. The
23 Department received Mr. Sawyer's response on or about October 31, 2016, stating that the allegation

1 was untrue. However, Mr. Sawyer knew or should have known that unlicensed individuals had
2 originated residential mortgage loans in Mr. Sawyer's name.

3 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
4 Act by Respondents continues to date.

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

6 **2.1 Responsibility for Conduct of Employees.** Pursuant to RCW 31.04.027(2), RCW
7 31.04.165, and WAC 208-620-372, a consumer loan company is responsible for any conduct
8 violating the Act or chapter 208-620 WAC by any person employed or engaged as an independent
9 contractor to work in the business covered by a consumer loan company license.

10 **2.2 Employing Scheme, Device, or Artifice to Defraud or Mislead.** Based on the Factual
11 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(1)
12 for directly or indirectly employing any scheme, device, or artifice to defraud or mislead any
13 borrower, to defraud or mislead any lender, or to defraud or mislead any person.

14 **2.3 Unfair or Deceptive Practice.** Based on the Factual Allegations set forth in Section I above,
15 Respondents are in apparent violation of RCW 31.04.027(2) for directly or indirectly engaging in any
16 unfair or deceptive practice toward any person.

17 **2.4 False Statement to Department.** Based on the Factual Allegations set forth in Section I
18 above, Respondents are in apparent violation of RCW 31.04.027(8) for negligently making a false
19 statement in connection with any investigation conducted by the Department.

20 **2.5 Unlicensed Loan Originators.** Based on the Factual Allegations set forth in Section I above,
21 Skyline is in apparent violation of RCW 31.04.027(2), RCW 31.04.035, and RCW 31.04.221 for
22 engaging in the business of a consumer loan company using individuals to originate loans who were
23 not licensed by the Department as mortgage loan originators.

1 **2.6 Aiding and Abetting Unlawful Mortgage Loan Originator Activity.** Based on the Factual
2 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(2)
3 and RCW 31.04.175 for aiding and abetting unlawful mortgage loan originator activity.

4 **III. AUTHORITY TO IMPOSE SANCTIONS**

5 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3), the Director may revoke a
6 license for knowingly or without the exercise of due care, violations any provision of the Act or if a
7 fact or condition exists that, if it had existed at the time of the original application for the license,
8 clearly would have allowed the director to deny the application for the original license.

9 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may
10 issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,
11 employee, or any other person subject to the Act for a violation of RCW 31.04.027 of failure to
12 obtain a license for activity that requires a license.

13 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
14 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or
15 any other person subject to the Act for any violation of the Act.

16 **3.4 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-
17 590, every licensee investigated by the Director or the Director's designee shall pay for the cost of
18 the investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation.

19 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
20 may recover the state's costs and expenses for prosecuting violations of the Act.

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

22 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
23 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
24

1 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
2 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

3 **4.1** Respondent Skyline Financial Corp.'s license to conduct the business of a consumer
4 loan company be revoked.

5 **4.2** Respondent Freeman Todd Sawyer's license to conduct the business of a mortgage
6 loan originator be revoked.

7 **4.3** Respondents Skyline Financial Corp. and Freeman Todd Sawyer be prohibited from
8 participation in the conduct of the affairs of any consumer loan company subject to
9 licensure by the Director, in any manner, for a period of five years.

10 **4.4** Respondents Skyline Financial Corp. and Freeman Todd Sawyer jointly and severally
11 pay a fine. As of the date of this Statement of Charges, the fine totals \$30,000.

12 **4.5** Respondents Skyline Financial Corp. and Freeman Todd Sawyer jointly and severally
13 pay an investigation fee. As of the date of this Statement of Charges, the investigation
14 fee totals \$2,636.18.

15 **4.6** Respondents Skyline Financial Corp. and Freeman Todd Sawyer pay the Department's
16 costs and expenses for prosecuting violations of the Act in an amount to be determined
17 at hearing or by declaration with supporting documentation in event of default by
18 Respondents.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Revoke Licenses,
3 Prohibit from Industry, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses
4 (Statement of Charges) is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165,
5 RCW 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The
6 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in
7 the NOTICE OF OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND
8 accompanying this Statement of Charges.

9
10 Dated this 19th day of December, 2017.

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

16 Presented by:

17 /s/
18 AMANDA J. HERNDON
19 Financial Legal Examiner

20 Approved by:

21 /s/
22 STEVEN C. SHERMAN
23 Enforcement Chief