

**ORDER SUMMARY – Case Number: C-18-2382**

**Name(s):** Providence Advocates Law Center  
Jack Howard Karpeles

**Order Number:** C-18-2382-20-FO01

**Effective Date:** 4/17/2020

**License Number:** U/L NMLS ID Providence 1998645, Karpeles 1998625  
**Or NMLS Identifier [U/L]**

**License Effect:** N/A

**Not Apply Until:**

**Not Eligible Until:**

**Prohibition/Ban Until:** 4/17/2025

<b>Investigation Costs</b>	\$ 19,398.87		Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Fine</b>	\$ 24,100.00	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Refunds</b>	\$9,684.29	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Financial Literacy and Education</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

**Comments:**  
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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS**

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

PROVIDENCE ADVOCATES LAW CENTER,  
JACK HOWARD KARPELES, President,  
  
Respondents.

No.: C-18-2382-20-FO01

FINAL ORDER RE:  
Providence Advocates Law Center  
Jack Howard Karpeles

**I. DIRECTOR'S CONSIDERATION**

Procedural History. This matter has come before the Deputy Director of the Department of Financial Institutions of the State of Washington acting in her delegated capacity ("Deputy Director"), pursuant to RCW 34.05.440(2). On February 28, 2019, former Director Gloria Papiez, through her designee, former Consumer Services Division Director Charles E. Clark<sup>1</sup>, issued a Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Require Affirmative Action, Prohibit from Industry, Order Refunds, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses ("Statement of Charges") against Providence Advocates Law Center and Jack Howard Karpeles ("Respondents"). On March 1, 2018, the Department of Financial Institutions ("Department") served Respondents with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. The Statement of Charges was accompanied by a cover letter dated March 1, 2019, a Notice of Opportunity to Defend and Opportunity for Hearing, and two blank Applications for Adjudicative Hearing for Respondents.

<sup>1</sup> Mr. Clark has since been appointed as Director of the Department of Financial Institutions and has delegated Deputy Director Catherine Mele Hetter to issue this Final Order.

1 On March 20, 2019, Respondents filed an Application for Adjudicative Hearing, but did not  
2 request a hearing.<sup>2</sup> On May 14, 2019, the Department made a request to the Office of Administrative  
3 Hearings (“OAH”) to assign an Administrative Law Judge (“ALJ”) to schedule and conduct a hearing  
4 on the Statement of Charges. On May 22, 2019, OAH issued a Notice of Prehearing Conference  
5 scheduling a prehearing conference on June 10, 2019, at 2:00 p.m., and served the Notice on  
6 Respondents at the address provided in the Application for Adjudicative Hearing.

7 On June 10, 2019, a representative for the Department and Respondent Jack Howard  
8 Karpeles, appearing and representing himself and Respondent Providence Advocates Law Center,  
9 attended a telephonic prehearing conference. On June 14, 2019, ALJ Debra Pierce (ALJ Pierce)  
10 issued a Prehearing Conference Order and Notice of Hearing scheduling a hearing from November  
11 12, 2019, through November 14, 2019, at 9:00 a.m. each day.

12 On July 15, 2019, Respondents filed a Notice of Related Actions and Notice of Existence of  
13 Local Counsel. On July 22, 2019, Respondents filed a Motion to Dismiss Entire Action Based Upon  
14 Existence of Local Counsel and Other Matters. On August 12, 2019, a representative for the  
15 Department filed the Department’s Response to Respondents’ Motion to Dismiss. On August 17,  
16 2019, Respondents filed a Reply to Department’s Response to Respondents’ Motion to Dismiss  
17 Entire Action Based Upon Existence of Local Counsel and Other Matters.

18 On July 29, 2019, a representative for the Department filed a Motion for Summary Judgment.  
19 On August 10, 2019, Respondents filed an Opposition to the Department’s Motion for Summary  
20 Judgment. On August 19, 2019, a representative of the Department filed the Department’s Reply to  
21 Respondents’ Response.

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<sup>2</sup> One Application for Adjudicative Hearing was received by the Department on behalf of both Respondents.

1 On December 18, 2019, ALJ Pierce issued an Initial Order on Summary Judgment Motion  
2 and Motion to Dismiss (Initial Order) and caused it to be mailed to Respondents. This Initial Order  
3 made findings of fact for purpose of summary judgment and conclusions of law, granted the  
4 Department's Motion for Summary Judgment, affirmed the Department's Statement of Charges, and  
5 denied Respondents' Motion to Dismiss.

6 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from  
7 the date of service of the Initial Order to file a Petition for Review of the Initial Order. On January  
8 24, 2020, Respondents filed an Objection to All Documentary Evidence Filed by Jong Lee, AAG  
9 Office of the Attorney General and/or Steven C. Sherman Department of Financial Institutions  
10 Division of Consumer Services for Failure to Serve Providence Advocates Law Center, APC or Jack  
11 H. Karpeles in a Timely Manner.

12 On January 30, 2020, ALJ Pierce issued a Supplemental Initial Order Awarding Costs and  
13 Expenses (Supplemental Initial Order). On January 30, 2020, ALJ Pierce mailed the Supplemental  
14 Order to Respondents. This Supplemental Order made supplemental findings of fact and conclusions  
15 of law, awarded the Department recovery of costs and expenses, and overruled Respondents'  
16 objections to documents and affidavits.

17 Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondents had twenty (20) days from  
18 the date of service of the Supplemental Initial Order to file a Petition for Review of the Supplemental  
19 Initial Order. Respondents did not file a Petition for Review during the statutory period.

20 A. Record Presented. The record presented to the Deputy Director for her review and for  
21 entry of a final decision included the following:

- 22 1. Statement of Charges, cover letter dated March 1, 2019, and Notice of Opportunity  
23 to Defend and Opportunity for Hearing, with documentation of service.
- 24 2. Application for Adjudicative Hearing for Respondents Providence Advocates Law  
Center and Jack Howard Karpeles.

- 1 3. Request to OAH for Assignment of Administrative Law Judge.
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- 3 4. Notice of Prehearing Conference dated May 22, 2019, with documentation of
- 4 service.
- 5 5. Prehearing Conference Order and Notice of Hearing dated June 14, 2019, with
- 6 documentation of service.
- 7 6. Notice of Related Actions and Notice of Existence of Local Counsel dated July 14,
- 8 2019.
- 9 7. Respondents Providence Advocates Law Center and Jack Howard Karpeles's
- 10 Motion to Dismiss Entire Action Based Upon Existence of Local Counsel and
- 11 Other Matters dated July 22, 2019.
- 12 8. Department's Motion for Summary Judgement dated July 29, 2019, with
- 13 documentation of service.
- 14 9. Respondents Providence Advocates Law Center and Jack Howard Karpeles's
- 15 Opposition to the Department's Motion for Summary Judgment dated August 10,
- 16 2019.
- 17 10. Department's Response to Respondents' Motion to Dismiss dated August 12,
- 18 2019, with documentation of service.
- 19 11. Respondents Providence Advocates Law Center and Jack Howard Karpeles's
- 20 Reply to Department's Response to Respondents' Motion to Dismiss Entire Action
- 21 Based Upon Existence of Local Counsel and Other Matters dated August 17, 2019
- 22 12. Department's Reply to Respondents' Response dated August 19, 2019, with
- 23 documentation of service.
- 24 13. Department's Witness List dated September 23, 2019, with documentation of
- Service.
14. Initial Order on Summary Judgment Motion and Motion to Dismiss dated
- December 18, 2019, with documentation of service.
15. Respondents Providence Advocates Law Center and Jack Howard Karpeles's
- Objection to all Documentary Evidence Filed by Jong Lee, AAG Office of the
- Attorney General and/or Steven C. Sherman Department of Financial Institutions
- Division of Consumer Services for Failure to Serve Providence Advocates Law
- Center, APC or Jack H. Karpeles in a Timely Manner dated January 24, 2020.
16. Supplemental Initial Order Awarding Costs and Expenses dated January 30, 2020,
- with documentation of service.

1 B. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.461, the Deputy  
2 Director hereby adopts the Initial Order on Summary Judgment Motion and Motion to Dismiss and  
3 Supplemental Initial Order Awarding Costs and Expenses, which are attached hereto.

4 II. FINAL ORDER

5 Based upon the foregoing, and the Deputy Director having considered the record and being  
6 otherwise fully advised, NOW, THEREFORE:

7 A. IT IS HEREBY ORDERED, That:

- 8 1. Respondent Providence Advocates Law Center and Respondent Jack Howard  
9 Karpeles shall *each* cease and desist engaging in the business of a mortgage broker  
10 or loan originator.
- 11 2. Respondent Providence Advocates Law Center and Respondent Jack Howard  
12 Karpeles shall provide the Department with a list detailing all residential mortgage  
13 loan modification services transactions with Washington consumers, including the  
14 name, address, and phone numbers of the consumers, the transaction date, and fees  
15 collected by Respondent Providence Advocates Law Center and Respondent Jack  
16 Howard Karpeles for the provision of those services.
- 17 3. Respondent Providence Advocates Law Center and Respondent Jack Howard  
18 Karpeles are *each* prohibited from participation, in any manner, in the conduct of  
19 the affairs of any mortgage broker subject to the licensure by the Director for a  
20 period of five (5) years.
- 21 4. Respondent Providence Advocates Law Center and Respondent Jack Howard  
22 Karpeles *jointly and severally* pay refunds in the amount of Nine Thousand Six  
23 Hundred and Eighty-Four Dollars and Twenty-Nine Cents (\$9,684.29) to the  
24 Washington consumers as identified in the Statement of Charges, and that  
Respondents shall be *jointly and severally* liable for and shall pay refunds to each  
Washington consumer with whom they entered into a contract for residential  
mortgage loan modification services, as proposed in the Statement of Charges.
5. Respondent Providence Advocates Law Center and Respondent Jack Howard  
Karpeles shall be *jointly and severally* liable for and shall pay a fine of Twenty  
Four Thousand One Hundred Dollars (\$24,100.00).
6. Respondent Providence Advocates Law Center and Respondent Jack Howard  
Karpeles shall be *jointly and severally* liable for and shall pay investigative fees  
and costs in the total amount of Nineteen Thousand Three Hundred and Ninety-  
Eight Dollars and Eighty-Seven Cents (\$19,398.87).

1           7. Respondent Providence Advocates Law Center and Respondent Jack Howard  
2           Karpeles maintain records in compliance with the Act and provide the Department  
3           with the location of the books, records, and other information relating to  
4           Respondents' provision of residential mortgage loan modification services in  
5           Washington, and the name, address, and telephone number of the individual  
6           responsible for maintenance of such records in compliance with the Act.

7           B.     Reconsideration. Pursuant to RCW 34.05.470, Respondents Providence Advocates  
8           Law Center and Jack Howard Karpeles have the right to file a Petition for Reconsideration stating the  
9           specific grounds upon which relief is requested. The Petition must be filed in the Office of the  
10          Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater,  
11          Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within  
12          ten (10) days of service of the Final Order upon Respondents Providence Advocates Law Center and  
13          Jack Howard Karpeles. The Petition for Reconsideration shall not stay the effectiveness of this order  
14          nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

15          A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the  
16          date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a  
17          written notice specifying the date by which it will act on a petition.

18          C.     Stay of Order. The Deputy Director has determined not to consider a Petition to Stay  
19          the effectiveness of this order. Any such requests should be made in connection with a Petition for  
20          Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

21          D.     Judicial Review. Respondents Providence Advocates Law Center and Jack Howard  
22          Karpeles have the right to petition the superior court for judicial review of this agency action under  
23          the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review,  
24          see RCW 34.05.510 and sections following.

          E.     Non-compliance with Order. If you do not comply with the terms of this order,  
          including payment of any amounts owed within thirty (30) days of receipt of this order, the

1 Department may seek its enforcement by the Office of the Attorney General to include the collection  
2 of the fines, late penalties, fees, and refunds imposed herein. The Department also may assign the  
3 amounts owed to a collection agency for collection.

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

7 DATED this 17th day of April, 2020.

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9 STATE OF WASHINGTON  
10 DEPARTMENT OF FINANCIAL INSTITUTIONS

11 /s/  
12 \_\_\_\_\_  
13 CATHERINE MELE HETTER  
14 Deputy Director  
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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:

PROVIDENCE ADVOCATES LAW CENTER,  
JACK HOWARD KARPELES, President,

Respondents.

No. C-18-2382-18-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO CEASE AND DESIST,  
REQUIRE AFFIRMATIVE ACTION,  
PROHIBIT FROM INDUSTRY, ORDER  
REFUNDS, IMPOSE FINE, COLLECT  
INVESTIGATION FEE, and RECOVER  
COSTS AND EXPENSES

**INTRODUCTION**

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

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

**A. Respondent Providence Advocates Law Center (Respondent PALC)** has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker.

**B. Respondent Jack Howard Karpeles (Respondent Karpeles)** is President of Respondent PALC. During the relevant time period, Respondent Karpeles was not licensed by the Department to conduct business as a mortgage broker or loan originator.

1 **1.2 Unlicensed Activity.** Between at least June 2017 and September 2017, Respondents were  
2 offering residential mortgage loan modification services to Washington consumers on property located  
3 in Washington State. Respondents entered into a contractual relationship with at least two Washington  
4 consumers to provide those services and collected an advance fee for the provision of those services.  
5 Consumer SM paid \$4,750.65 and consumer NA paid \$4,933.67 to Respondents, totaling at least  
6 \$9,684.29 for loan modification services.

7 **1.3 Misrepresentations and Omissions.** Respondents represented that they were licensed to  
8 provide the residential mortgage loan modification services or omitted disclosing that they were not  
9 licensed to provide those services.

10 **1.4 Failed to comply with the Department's Investigative Authority.** On or around July 9,  
11 2018, the Department issued a Subpoena to Provide Documents and Explanation (Subpoena) to  
12 Respondents. The Department identified specific items to be produced and a specific date on which to  
13 produce those documents. Respondents provided a response to the Department on or around August 6,  
14 2018, however, Respondents failed to provide the required documents. To date, Respondents have not  
15 submitted a complete response to the Department's Subpoena.

16 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the  
17 Act by Respondents continues to date.

## 18 **II. GROUNDS FOR ENTRY OF ORDER**

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

1 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11)(b), "Loan originator" means a  
2 natural person who for direct or indirect compensation or gain or in the expectation of direct or  
3 indirect compensation or gain performs residential mortgage loan modification services or holds  
4 himself or herself out as being able to perform residential mortgage loan modification services.

5 **2.3 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual  
6 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)  
7 for engaging in the business of a mortgage broker for Washington residents or property without first  
8 obtaining a license to do so.

9 **2.4 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual  
10 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)  
11 for engaging in the business of a loan originator without first obtaining and maintaining a license.

12 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents  
13 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive practice  
14 toward any person and obtaining property by fraud or misrepresentation.

15 **2.6 Prohibition against Taking Advance Fees.** Based on the Factual Allegations set forth in  
16 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and 12 CFR 1015  
17 (Regulation O) for taking advance fees for loan modification services.

18 **2.7 Requirement to Comply with the Department's Investigative Authority.** Based on the  
19 Factual Allegations set forth in Section I above, Respondents are in apparent violation of  
20 RCW 19.146.235(2) for failing to comply with the Department's investigative authority.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(3), the  
3 Director may issue orders directing any person subject to the Act to cease and desist from conducting  
4 business.

5 **3.2 Authority to Require Affirmative Action.** Pursuant to RCW 19.146.220(3), “the director  
6 may issue orders directing [any] person subject to this chapter to . . . take such other affirmative  
7 action as is necessary to comply with this chapter.”

8 **3.3 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(4)(a) and (d), the  
9 Director may issue orders prohibiting from participation in the conduct of the affairs of a licensed  
10 mortgage broker any person subject to licensing under the Act for any violation of the Act, and for  
11 failure to comply with any directive, order, or subpoena of the director.

12 **3.4 Authority to Order Refunds.** Pursuant to RCW 19.146.220(2)(e), the Director may order  
13 refunds against any person subject to the Act for any violation of the Act.

14 **3.5 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(d) and (e), the Director may  
15 impose fines against any person subject to the Act for failure to comply with any directive, order, or  
16 subpoena of the director, and any violation of the Act.

17 **3.6 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-  
18 550(4)(a), the Department will charge \$48 per hour for an examiner’s time devoted to an investigation  
19 of any person subject to the Act.

20 **3.7 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director  
21 may recover the state’s costs and expenses for prosecuting violations of the Act.

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

2 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as  
3 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,  
4 and RCW 19.146.223. Therefore, it is the Director's intent to ORDER that:

- 5 **4.1** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
6 cease and desist engaging in the business of a mortgage broker or loan originator.
- 7 **4.2** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
8 provide the Department with a list detailing all residential mortgage loan modification  
9 services transactions with Washington consumers, include the name, address, and  
10 phone numbers of the consumers, the transaction date, and fees collected by  
11 Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
12 for the provision of those services.
- 13 **4.3** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles be  
14 prohibited from participation, in any manner, in the conduct of the affairs of any mortgage  
15 broker subject to the licensure by the Director for a period of five years.
- 16 **4.4** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
17 jointly and severally pay refunds in the amount of \$9,684.29 to the consumers  
18 identified by the Department in paragraph 1.2 in the amount set forth therein, and that  
19 Respondents jointly and severally pay refunds to each Washington consumer with  
20 whom they entered into a contract for residential mortgage loan modification services  
21 related to real property or consumers located in the state of Washington equal to the  
22 amount collected from that Washington consumer for those services in an amount to be  
23 determined at hearing.
- 24 **4.5** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
jointly and severally pay a fine, which as of the date of this Statement of Charges totals  
\$24,100.00
- 4.6** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
jointly and severally pay an investigation fee, which as of the date of this Statement of  
Charges totals \$1,344.00
- 4.7** Respondent Providence Advocates Law Center and Respondent Jack Howard Karpeles  
maintain records in compliance with the Act and provide the Department with the  
location of the books, records, and other information relating to Respondents' provision  
of residential mortgage loan modification services in Washington, and the name,  
address, and telephone number of the individual responsible for maintenance of such  
records in compliance with the Act.

