

ORDER SUMMARY – Case Number: C-19-2675

Name(s): ADK Bancorp Inc;
 Andrew Phan; Katelyne Pham Nguyen; Dien Ngoc Nguyen

Order Number: C-19-2675-20-FO01

Effective Date: 6/3/20

License Number: ADK – 328715; Andrew Phan – 539999; Katelyne Pham Nguyen – 328410; Dien Ngoc Nguyen - 396633

Or NMLS Identifier [U/L]

License Effect: Revoked

Not Apply Until:

Not Eligible Until:

Prohibition/Ban Until: 6/3/2025

Investigation Costs	\$ 1,514.76		Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$ 10,000.00	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s)	\$6,500.00	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Restitution	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Financial Literacy and Education	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:	n/a		

Comments:

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Consumer Loan Act of Washington by:

No.: C-19-2675-20-FO01

7 ADK BANCORP, INC., NMLS #328715;
8 KATELYNE PHAM NGUYEN AKA TU NGOC
9 NGUYEN, Director of Operations, Executive
10 Officer, NMLS #328410;
11 ANDREW PHAN, Director of Operations,
12 Executive Officer, NMLS #539999; and
13 DIEN NGOC NGUYEN, Director of Operations,
14 Executive Officer, NMLS #396633,

FINAL ORDER

15 Respondents.

16 I. DIRECTOR'S CONSIDERATION

17 A. Default. This matter has come before the Director of the Department of Financial
18 Institutions of the State of Washington (Director), through his designee, Consumer Services Division
19 Director Lucinda Fazio (Director's designee), pursuant to RCW 34.05.440(1). On March 11, 2020,
20 the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention
21 to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, File Annual Reports,
22 Collect Annual Assessments, Assess Late Penalties, Collection Investigation Fee, and Recover
23 Prosecution Costs and Expenses (Statement of Charges) against ADK Bancorp, Inc., Andrew Phan,
24 Katelyne Pham Nguyen, and Dien Ngoc Nguyen (Respondents). A copy of the Statement of Charges
is attached and incorporated into this order by this reference. The Statement of Charges was
accompanied by a cover letter dated March 17, 2020, a Notice of Opportunity to Defend and
Opportunity for Hearing, and a blank Application for Adjudicative Hearing for each Respondent
(collectively, accompanying documents).

1 On March 18, 2020, the documents sent via Federal Express overnight delivery were
2 delivered. The documents sent via First-Class mail were not returned to the Department by the
3 United States Postal Service.

4 Respondents did not request an adjudicative hearing within twenty calendar days after the
5 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for
6 in WAC 208-08-050(2).

7 B. Record Presented. The record presented to the Director's designee for her review and
8 for entry of a final decision included the following:

- 9
- 10 • Statement of Charges, cover letter dated March 17, 2020, Notice of Opportunity to
11 Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing
12 for each Respondent, with documentation for service.

11 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
12 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

13 II. FINAL ORDER

14 Based upon the foregoing, and the Director's designee having considered the record and being
15 otherwise fully advised, NOW, THEREFORE:

16 A. IT IS HEREBY ORDERED, That:

- 17
- 18 1. Respondents ADK Bancorp Inc., Andrew Phan, Katelyne Pham Nguyen, and
19 Dien Ngoc Nguyen's license to conduct business of a consumer loan company is
20 revoked.
 - 21 2. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien
22 Ngoc Nguyen are prohibited from participation in the conduct of the affairs of any
23 consumer loan company subject to licensure by the Director, in any manner, for a
24 period of five years.
 3. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien
Ngoc Nguyen jointly and severally pay a fine of \$10,000.

- 1 4. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien
2 Ngoc Nguyen provide the Department with a complete CAR and a complete AAR,
3 including all required supporting documentation, for the 2018 calendar year and for
4 the calendar year in which Respondent ADK Bancorp, Inc., ceased operations.
- 5 5. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien
6 Ngoc Nguyen jointly and severally pay an annual assessment for the 2018 calendar
7 year and for the calendar year in which Respondents ADK Bancorp, Inc., Katelyne
8 Pham Nguyen, Andrew Phan, and Dien Ngoc Nguyen closed, as calculated in
9 accordance with the instructions for the AAR for each of those years, plus all accrued
10 interest, or in an amount to be determined by declaration with supporting
11 documentation in the event of default by Respondents.
- 12 6. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien
13 Ngoc Nguyen jointly and severally pay a \$6,500 penalty for failing to timely file a
14 CAR and an AAR for the 2018 calendar year, and failing to file a closing CAR and
15 AAR within 30 days of ceasing operations.
- 16 7. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien
17 Ngoc Nguyen jointly and severally pay the Department an investigation fee of
18 \$1,514.76.
- 19 8. Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, Dien Ngoc
20 Nguyen, its officers, employees, and agents maintain records in compliance with
21 the Act and provide the Department with the location of the books, records and
22 other information relating to Respondents' consumer loan business, and the name,
23 address, and telephone number of the individual responsible for maintenance of
24 such records in compliance with the Act.

B. Reconsideration. Pursuant to RCW 34.05.470, each Respondent has the right to file a
Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
must be filed in the Office of the Director of the Department of Financial Institutions by courier at
150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
Reconsideration a prerequisite for seeking judicial review in this matter.

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

4 C. Stay of Order. The Director's designee has determined not to consider a Petition to
5 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
6 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

7 D. Judicial Review. Respondents have the right to petition the superior court for judicial
8 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
9 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

10 E. Non-compliance with Order. If you do not comply with the terms of this order,
11 **including payment of any amounts owed within 30 days of receipt of this order**, the Department
12 may seek its enforcement by the Office of the Attorney General to include the collection of the fines,
13 assessments, late penalties, and fees, imposed herein. The Department also may assign the amounts
14 owed to a collection agency for collection.

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

18 DATED this 3rd day of June, 2020.

19
20 STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

21
22 /s/
Lucinda Fazio, Director
23 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
5 there has been a violation of the Consumer Loan
6 Act of Washington by:

7 ADK BANCORP, INC., NMLS #328715;
8 KATELYNE PHAM NGUYEN AKA TU NGOC
9 NGUYEN, Director of Operations, Executive
10 Officer, NMLS #328410; and,
11 ANDREW PHAN, Director of Operations,
12 Executive Officer, NMLS #539999; and,
13 Dien Ngoc Nguyen, Director of Operations,
14 Executive Officer, NMLS #396633

15 Respondents.

No.: C-19-2675-20-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO REVOKE LICENSE, PROHIBIT
FROM INDUSTRY, IMPOSE FINE, FILE
ANNUAL REPORTS, COLLECT ANNUAL
ASSESSMENTS, ASSESS LATE
PENALTIES, COLLECT INVESTIGATION
FEE, and RECOVER PROSECUTION
COSTS AND EXPENSES

16 **INTRODUCTION**

17 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial
18 Institutions of the State of Washington (Director) is responsible for the administration of chapter
19 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to
20 31.04.145, and based on the facts available as of the date of this Statement of Charges, the Director,
21 through his designee, Division of Consumer Services Director Lucinda Fazio, institutes this
22 proceeding and finds as follows:

23 **I. FACTUAL ALLEGATIONS**

24 **1.1 Respondents.**

A. Respondent ADK Bancorp, Inc., was licensed by the Department of Financial
Institutions of the State of Washington (Department) to conduct business as a consumer loan
company on or about August 25, 2014. On or about April 22, 2019, ADK Bancorp Inc.'s license
status was Terminated-Expired after it failed to renew its license.

1 **B. Respondent Katelyne Pham Nguyen** is known to be a Director of Operations and
2 Executive Officer of Respondent ADK Bancorp, Inc.

3 **C. Respondent Andrew Phan** is known to be a Director of Operations and Executive
4 Officer of Respondent ADK Bancorp, Inc.

5 **D. Respondent Kien Ngoc Nguyen aka Darren Nguyen** is known to be a Director of
6 Operations and Executive Officer of Respondent ADK Bancorp, Inc.

7 **1.2 Failure to Maintain Bond.** On or about June 20, 2018, the Department received a notice that
8 Respondents' surety bond from International Fidelity Insurance Company would be canceled
9 effective forty-five days after the Department's receipt of the notice. From about August 5, 2018,
10 through the date of this Statement of Charges, Respondents have not maintained a surety bond or
11 permitted substitute.

12 **1.3 Failure to Respond to Department's Directives.**

13 **A.** On or about July 24, 2018, the Department's Licensing Unit contacted Respondents by
14 telephone and email regarding the bond cancellation notice received by the Department. The
15 Department gave Respondents until August 5, 2018, to respond. Respondents did not provide a
16 response. Again, on or about January 30, 2019, the Department's Licensing Unit Supervisor
17 contacted Respondents by email regarding the bond cancellation notice received by the Department.
18 Respondents did not provide a response.

19 On or about April 24, 2019, the Department's Enforcement Unit issued, via First-Class Mail
20 and FedEx, a Directive to Respondents' last known business address: 14615 Magnolia Street,
21 Westminster, California 92683. Also on or about April 24, 2019, the Department's Enforcement Unit
22 delivered, via First-Class mail and FedEx, a Directive to Respondents' last known residential address
23 for Andrew Pham and Katelyne Phan Nguyen: 11811 Loara Street, Garden Grove, California 92840.

1 The Department gave Respondents until May 9, 2019, to respond. Respondents did not provide a
2 response.

3 **1.4 Failure to File Reports.**

4 **A.** A Consolidated Annual Report (CAR) and an Annual Assessment Report (AAR),
5 concerning the business and operations of each licensed place of business for business conducted
6 during the preceding calendar year, are due to the Department on or before March 1 of each year or
7 within thirty days of ceasing operations. As of the date of the Statement of Charges, Respondents
8 have not filed a CAR or an AAR for 2018, which were due to the Department on or before March 1,
9 2019. If Respondents have closed, they did not file a closing CAR and AAR within thirty days of
10 closure.

11 **1.5 Failure to Pay Annual Assessment.** Payment of an annual assessment, as calculated in the
12 AAR, is due to the Department on or before March 1 of each year or within thirty days of closure. As
13 of the date of this Statement of Charges, Respondents have not paid the annual assessment for 2018.
14 If Respondents have closed, they did not pay a closing annual assessment within thirty days of
15 closure.

16 **1.6 Failure to Notify Department of Significant Developments.** As discussed in paragraph 1.2,
17 Respondents' surety bond was cancelled on or about August 5, 2018. As of the date of this Statement
18 of Charges, Respondents have not notified the Department of Respondents' surety bond cancellation.
19 If Respondents have closed, Respondents have not notified the Department of the closure as of the
20 date of this Statement of Charges.

21 **1.7 On-Going Investigation.** The Department's investigation into the alleged violations of the
22 Act by Respondents continues to date.

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

2 **2.1 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in
3 Section I above, Respondents are in apparent violation of RCW 31.04.045(4) for failing to maintain
4 in effect a surety bond or permitted substitute.

5 **2.2 Requirement to Respond to Department’s Directive.** Based on the Factual Allegations set
6 forth in Section I above, Respondents are in apparent violation of RCW 31.04.145 for failing to
7 respond to the Department Directives.

8 **2.3 Requirement to File Reports.** Based on the Factual Allegations set forth in Section I above,
9 Respondents are in apparent violation of RCW 31.04.155, WAC 208-620-430(1), WAC 208-620-
10 460(1), and WAC 208-620-499(2) for failing to file a CAR and an AAR on or before March 1, 2019,
11 or within thirty days of closure.

12 **2.4 Requirement to Pay Annual Assessment.** Based on the Factual Allegations set forth in
13 Section I above, Respondents are in apparent violation of RCW 31.04.085, WAC 208-620-430(1),
14 WAC 208-620-460(1), and WAC 208-620-499(2) for failing to pay an annual assessment, as
15 calculated on the AAR, to the Director on or before March 1, 2019, or within thirty days of closure.

16 **2.5 Requirement to Report Significant Developments.** Based on the Factual Allegations set
17 forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(1) and WAC 208-
18 620-490(2)(c) for failing to notify the Department in NMLS at least ten days prior to closure, and
19 RCW 31.04.027(1) and WAC 208-620-490(3)(d) for failing to notify the Department in writing
20 within ten days of receipt of a notification of Respondents’ surety bond cancellation.

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3) and (b), the Director may revoke
3 a license for failure to pay any fee due to the state of Washington, failure to maintain the required surety
4 bond, failure to comply with any specific order or demand, or failure to comply with any directive,
5 order, or subpoena issued by the Director under the Act.

6 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may
7 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
8 licensee, any officer, principal, employee, or any person subject to licensing under the Act for any
9 violation of RCW 31.04.155.

10 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
11 up to \$100 per day per violation upon the licensee, its employee, or any person subject to the Act for
12 any violation of the Act.

13 **3.4 Authority to Order Affirmative Action.** Pursuant to RCW 31.04.093(5), the Director may
14 issue an order directing the licensee, its employee or loan originator, or other person subject to the
15 Act, to take such affirmative action as is necessary to comply with the Act.

16 **3.5 Authority to Collect Annual Assessment.** Pursuant to RCW 31.04.085 and WAC 208-620-
17 430, every licensee shall pay to the Director, on or before the first day of each March or within thirty
18 days of ceasing Washington operations, an annual assessment for the previous calendar year if the
19 licensee had a license for any time during the preceding calendar year. Pursuant to RCW 43.17.240,
20 interest at the rate of one percent per month, or fraction thereof, shall accrue on debts owed to the state,
21 starting on the date the debts become past due.

22 **3.6 Authority to Assess Late Report Penalties.** Pursuant to RCW 31.04.155 and WAC 208-620-
23 430(2), a licensee that fails to file a report that is required to be filed by the Act, within the time frame

1 required under the Act, is subject to a penalty of \$50 per item for each day of delay. The maximum late
2 penalty that will be assessed is \$5,000 per year.

3 **3.7 Authority to Charge an Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-
4 620-610, every licensee investigated by the Director or the Director's designee shall pay to the Director
5 the costs of the investigation, calculated at the rate of \$69.01 per staff hour spent on the investigation.

6 **3.8 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
7 may recover the state's costs and expenses for prosecuting violations of the Act.

8 **IV. NOTICE OF INTENTION TO ENTER ORDER**

9 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set
10 forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions,
11 constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW
12 31.04.205. Therefore, it is the Director's intention to ORDER that:

13 **4.1** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
14 Nguyen license to conduct the business of a consumer loan company be revoked.

15 **4.2** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
16 Nguyen be prohibited from participation in the conduct of the affairs of any consumer
loan company subject to licensure by the Director, in any manner, for a period of five
years.

17 **4.3** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
18 Nguyen jointly and severally pay a fine, which as of the date of this Statement of Charges
totals \$10,000.

19 **4.4** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
20 Nguyen provide the Department with a complete CAR and a complete AAR, including
all required supporting documentation, for the 2018 calendar year and for the calendar
21 year in which Respondent ADK Bancorp, Inc., ceased operations.

1 **4.5** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
2 Nguyen jointly and severally pay an annual assessment for the 2018 calendar year and
3 for the calendar year in which Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen,
4 Andrew Phan, and Dien Ngoc Nguyen closed, as calculated in accordance with the
 instructions for the AAR for each of those years, plus all accrued interest, or in an
 amount to be determined by declaration with supporting documentation in the event of
 default by Respondents.

5 **4.6** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
6 Nguyen jointly and severally pay a \$6,500 penalty for failing to timely file a CAR and
7 an AAR for the 2018 calendar year, and failing to file a closing CAR and AAR within 30
 days of ceasing operations.

8 **4.7** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
9 Nguyen jointly and severally pay the Department an investigation fee. As of the date of
10 this Statement of Charges, the investigation fee totals \$1,514.76.

11 **4.8** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
12 Nguyen jointly and severally pay the Department’s costs and expenses for prosecuting
13 violations of the Act in an amount to be determined at hearing or by Declaration with
14 supporting documentation in event of default by Respondents.

15 **4.9** Respondents ADK Bancorp, Inc., Katelyne Pham Nguyen, Andrew Phan, and Dien Ngoc
16 Nguyen maintain records in compliance with the Act and provide the Department with
17 the location of the books, records and other information relating to Respondents’
18 consumer loan business, and the name, address, and telephone number of the
19 individual responsible for maintenance of such records in compliance with the Act.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement Of Charges and Notice Of Intention To Enter An Order To Revoke License,
3 Prohibit From Industry, Impose Fine, File Annual Reports, Collect Annual Assessments, Assess Late
4 Penalties, Collect Investigation Costs, and Recover Prosecution Costs and Expenses (Statement of
5 Charges) is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202,
6 and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative
7 Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE
8 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
9 Statement of Charges.

10 Dated this 11th day of March, 2020.

11
12 /s/
13 LUCINDA FAZIO
14 Director
15 Division of Consumer Services
16 Department of Financial
17 Institutions

18 Presented by:

19 /s/
20 WILMA M. COLWELL
21 Financial Examiner

22 Approved by:

23 /s/
24 STEVEN C. SHERMAN
Enforcement Chief