

**ORDER SUMMARY – Case Number: C-19-2759**Names: First California Mortgage Company, Christopher K HartOrder Number: C-19-2759-20-CO01Effective Date: 7/28/2020License Number: 24055  
Or NMLS Identifier [U/L]License Effect: SurrenderedNot Apply Until: 7/28/2025

Not Eligible Until: \_\_\_\_\_

Prohibition/Ban Until: 7/28/2025

<b>Investigation Costs</b>	\$ 835		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 7/28/20
<b>Fine</b>	\$ 9,000	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Assessment</b>	\$6,450.71	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Interest</b>	\$1,354.65	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 7/28/20
<b>Late Filing Fee</b>	\$5,000	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

Comments: Respondents are making installment payments of the fine/assessment/late fee according to the schedule in the Consent Order. Investigation fee and interest paid in full, \$1,810.35 of the late penalty paid. Fine of \$9,000 is non-stayed portion; total fine is \$15,750.

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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  
Consumer Loan Act of Washington by:

No.: C-19-2759-20-CO01

CONSENT ORDER

FIRST CALIFORNIA MORTGAGE  
COMPANY, NMLS #24055, and  
CHRISTOPHER K HART, President, CEO,  
NMLS #28542,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Lucinda Fazio, Division of Consumer Services Director, and First California Mortgage  
Company (Respondent FCMC), and Christopher K. Hart (Respondent Hart), and finding that the  
issues raised in the above-captioned matter may be economically and efficiently settled, agree to the  
entry of this Consent Order. This Consent Order is entered pursuant to chapter 31.04 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 of Financial Institutions, Division of Consumer Services (Department) and  
Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges  
No. C-19-2759-19-SC01 (Statement of Charges), entered December 12, 2019, (copy attached hereto).  
Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the  
Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent  
Order and further agree that the issues raised in the above-captioned matter may be economically and  
efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully

1 resolve the Statement of Charges. Respondents are agreeing to not contest the Statement of Charges  
2 in consideration of the terms of this Consent Order.

3 Based upon the foregoing:

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

6 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a  
7 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all  
8 administrative and judicial review of the issues raised in this matter, or of the resolution reached  
9 herein. Accordingly, Respondents, by their signatures and the signatures of their representatives  
10 below, withdraw their appeal to the Office of Administrative Hearings.

11 **C. Consumer Loan Company License Surrender.** It is AGREED that Respondent  
12 FCMC's Washington consumer loan company license is surrendered.

13 **D. Limitation on Participation in Industry.** It is AGREED that, for a period of five (5)  
14 years from the date of entry of this Consent Order, Respondent Hart shall refrain from obtaining an  
15 industry position that directly oversees, influences, or makes decisions for the regulatory or licensing  
16 affairs in any company which does business in Washington and is licensed under either the Mortgage  
17 Broker Practices Act or the Act.

18 **E. Application for License.** It is AGREED that, for a period of five (5) years from the date  
19 of entry of this Consent Order, Respondents shall not apply to the Department for any license under  
20 any name. It is further AGREED that, should Respondents apply to the Department for any license  
21 under any name at any time later than five (5) years from the date of entry of this Consent Order,  
22 such applying Respondents shall be required to meet any and all application requirements in effect at  
23 that time.

1           **F. Annual Assessment Payment and Interest.** It is AGREED that Respondents shall pay to  
2 the Department \$6,450.71 for Respondent FCMC's Annual Assessment Report (AAR) filed with the  
3 Department for calendar year 2017. It is further AGREED that Respondents shall pay to the  
4 Department interest in the amount of \$1,354.65 due to the late filing of the AAR.

5           **G. Late Filing Fee.** It is AGREED that Respondents shall pay to the Department a late filing  
6 fee of \$5,000 based on the late filing of Respondent FCMC's AAR for calendar year 2017.

7           **H. Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of  
8 \$15,750. It is further AGREED that the Department will stay \$6,750 of the fine for a period of five  
9 (5) years from the date of entry of this Consent Order, at which point the stayed portion of the fine  
10 shall be withdrawn, unless the stay is lifted pursuant to Paragraph I prior to the end of the five-year  
11 period.

12           **I. Lifting the Stay and Imposing the Fine.** It is AGREED that:

- 13           i. If the Department determines that Respondents have not complied with the terms of  
14 this Consent Order to a degree sufficient to warrant imposition of the full amount of  
15 the fine, and the Department accordingly seeks to lift the stay and impose the full  
16 amount of the fine set forth in Paragraph H above, the Department will first notify  
17 Respondents in writing of its determination.
- 18           ii. 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 the  
21 stay and impose the full amount of the fine;
- 22           c. The opportunity for Respondents to contest the Department's determination of  
23 noncompliance in an administrative hearing before an Administrative Law Judge  
(ALJ) of the Office of Administrative Hearings (OAH); and
- 24           d. A copy of this Consent Order. The notification and hearing process provided in  
this Consent Order applies only to this Consent Order. It is solely provided in the  
event Respondents choose to contest the Department's determination of  
noncompliance.

- 1           iii. Respondents will be afforded twenty (20) business days from the date of receipt of the  
2           Department's notification to submit a written request to the Department for an  
3           administrative hearing to be held before an ALJ from the OAH.
- 4           iv. The scope and issues of the hearing are limited solely to whether or not Respondents  
5           are in violation of the terms of this Consent Order to a degree sufficient to warrant  
6           imposition of the full amount of the fine.
- 7           v. At the conclusion of the hearing, the ALJ will issue an initial decision. Either party  
8           may file a Petition for Review with the Director of the Department.

9           **J. Investigation Costs.** It is AGREED that Respondents shall pay to the Department its  
10          investigation costs of \$835.

11          **K. Payment of AAR Fee, Interest, Late Fee, Fine, and Investigation Fee.** It is AGREED  
12          that Respondents shall pay the total amount due of \$22,640.36 in the form of installment payments to  
13          the Department according to the following schedule:

- 14           i. \$4,000 shall be paid upon delivery of this Consent Order, properly dated and signed;
- 15           ii. \$2,000 shall be paid on or before the last day of each month, beginning August 1, 2020,  
16           until December 31, 2020; and
- 17           iii. \$8,460.36 shall be paid on or before January 31, 2021.

18          Respondents shall make each payment to the Department in the form of a cashier's check made  
19          payable to the "Washington State Treasurer." Respondents may, at any time prior to January 31,  
20          2021, pay the entire remaining balance of the sum owed to the Department.

21          **L. Authority to Execute Order.** It is AGREED that the undersigned have represented and  
22          warranted that they have the full power and right to execute this Consent Order on behalf of the  
23          parties represented.

24          **M. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to  
25          abide by the terms and conditions of this Consent Order may result in further legal action by the

1 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director  
2 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

3 **N. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this  
4 Consent Order, which is effective when signed by the Director's designee.

5 **O. Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read  
6 this Consent Order in its entirety and fully understand and agree to all of the same.

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1 **RESPONDENTS:**

2 First California Mortgage Company

3 By:

4 /s/\_\_\_\_\_

5 Christopher K. Hart  
6 President & CEO

7/17/20\_\_\_\_\_

Date

7 /s/\_\_\_\_\_

8 Christopher K. Hart  
9 Individually

7/17/20\_\_\_\_\_

Date

10 Approved for Entry:

11 /s/\_\_\_\_\_

12 Douglas G. Murken, # 87929  
13 Attorney at Law  
14 Seifer, Murken, Despina, James & Teichman, ALC  
15 Attorneys for Respondents

7/20/20\_\_\_\_\_

Date

16 **DO NOT WRITE BELOW THIS LINE**

17 THIS ORDER ENTERED THIS 28th DAY OF July, 2020.

18 /s/\_\_\_\_\_

19 Lucinda Fazio, Director  
20 Division of Consumer Services  
21 Department of Financial Institutions

22 Presented by:

23 /s/\_\_\_\_\_

24 BRETT CARNAHAN  
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  
5 Whether there has been a violation of the  
6 Consumer Loan Act of Washington by:

7 FIRST CALIFORNIA MORTGAGE  
8 COMPANY, NMLS #24055, and  
9 CHRISTOPHER K. HART, President, CEO,  
10 NMLS #28542,

11 Respondents.

No. C-19-2759-19-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO REVOKE LICENSE, PROHIBIT  
FROM INDUSTRY, REQUIRE  
AFFIRMATIVE ACTION, COLLECT  
ANNUAL ASSESSMENT FEES, ASSESS  
LATE PENALTIES, IMPOSE FINE,  
COLLECT INVESTIGATION COSTS, and  
RECOVER COSTS AND EXPENSES

12 **INTRODUCTION**

13 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial  
14 Institutions of the State of Washington (Director) is responsible for the administration of chapter  
15 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to  
16 RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the  
17 Director, through his designee, Division of Consumer Services Acting Director Richard St. Onge,  
18 institutes this proceeding and finds as follows:

19 **I. FACTUAL ALLEGATIONS**

20 **1.1 Respondents.**

21 **A. First California Mortgage Company (Respondent FCMC)** was licensed by the  
22 Department of Financial Institutions of the State of Washington (Department) to conduct business as  
23 a consumer loan company on or about December 19, 2008, and continued to be licensed until its  
24 license expired on March 1, 2018. Respondent FCMC reportedly ceased Washington operations  
around the time of its license surrender request.

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1           **B. Christopher K. Hart (Respondent Hart)** is a mortgage loan originator and has been  
2 President and CEO of FCMC since February 2016 until the apparent Respondent FCMC closure.  
3 Respondent Hart has never been licensed with the Department.

4 **1.2 Annual Reports.** Each licensee is required to submit to the Department an annual assessment  
5 report (AAR) and consolidated annual report (CAR), as well as pay an annual assessment fee on or  
6 before the first day of March each year, concerning the business and operations conducted during the  
7 previous calendar year if the licensee had a license for any time during the preceding calendar year.  
8 Respondent FCMC maintained its Washington license throughout 2017, but it did not submit either  
9 its AAR or CAR for that year, nor did it pay its annual assessment fee for business conducted in  
10 Washington in 2017 by the statutory deadline of March 1, 2018. Additionally, Respondent FCMC  
11 was required to submit reports for 2018 within 30 days of closure and pay an assessment for 2018 as  
12 well. As of the date of this statement of charges, Respondent FCMC has not submitted any of these  
13 reports or payments to the Department.

14 **1.3 Incomplete License Surrender.** Every licensee is required to submit its surrender closure  
15 forms within five business days of the date of that the licensee files its surrender request in the  
16 NMLS. Respondent FCMC submitted a license surrender request in the NMLS on January 12, 2018.  
17 As of the date of this statement of charges, Respondent FCMC has not submitted required surrender  
18 documentation to the Department.

19 **1.4 Notification of Canceled Surety Bond.** Every licensee is required to notify the Department  
20 of a cancellation of the licensee's surety bond within ten days of receipt of notification of the  
21 cancellation. Respondent FCMC's surety notified the Department on or about March 6, 2018, of the  
22 pending cancellation of Respondent FCMC's surety bond. As of the date of this statement of charges,  
23 Respondent FCMC has not reported the bond cancellation to the Department, either directly or  
24 through the NMLS.

1 **1.5 Maintain Surety Bond.** Every licensee is required to maintain a continuous surety bond, or  
2 permitted substitute, while holding an active license. As stated in paragraph 1.4, Respondent FCMC's  
3 surety notified the Department on March 6, 2018, of the bond's cancellation, with an effective  
4 cancellation date on or about April 20, 2018 (45 days after notice was received by the Department).  
5 Since that date, Respondent FCMC has not maintained either a surety bond or a permitted substitute  
6 while its license surrender status remained pending.

7 **1.6 On-Going Investigation.** The Department's investigation into the alleged violations of the  
8 Act by Respondents continues to date.

## 9 II. GROUNDS FOR ENTRY OF ORDER

10 **2.1 Failure to File Annual Reports.** Based on the Factual Allegations set forth in Section I  
11 above, Respondents are in apparent violation of RCW 31.04.155, WAC 208-620-430(1), WAC 208-  
12 620-460(1), and WAC 208-620-499(2) for failing to file Respondent FCMC's CAR and AAR or  
13 before March 1, 2018 for calendar year 2017, and for failing to file Respondent FCMC's CAR and  
14 AAR within thirty days of closure for calendar year 2018.

15 **2.2 Failure to Pay Annual Assessment Fees.** Based on the Factual Allegations set forth in  
16 Section I above, Respondents are in apparent violation of RCW 31.04.085, WAC 208-620-430(1),  
17 WAC 208-620-460(1), and WAC 208-620-499(2) for failing to pay the annual assessment fees for  
18 2017 and 2018 by the statutory deadlines set forth in paragraph 2.1.

19 **2.3 Failure to File Reports to the Department.** Based on the Factual Allegations set forth in  
20 Section I above, Respondents are in apparent violation of RCW 31.04.155, WAC 208-620-499, and  
21 WAC 208-620-490(3)(d)<sup>1</sup> for failing to file the required closure form and worksheet with the

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22 <sup>1</sup> At the time of Respondent FCMC's surety bond cancellation, the applicable section of the WAC was 208-620-  
23 490(2)(e), which required updating Respondent FCMC's *NMLS record* upon notification of cancellation. Such  
24 requirement was amended effective September 1, 2018, and now requires notification directly to the Department of the  
bond cancellation.

1 Department following request for surrender of Respondent FCMC's license and for failing to notify  
2 the Department, either through NMLS or directly, of Respondent FCMC's surety bond cancellation  
3 within the required ten day time frame.

4 **2.4 Failure to Maintain a Surety Bond.** Based on the Factual Allegations set forth in Section I  
5 above, Respondents are in apparent violation of RCW 31.04.045(4) for failing to maintain  
6 Respondent FCMC's surety bond while Respondent FCMC's license surrender was still pending.

### 7 **III. AUTHORITY TO IMPOSE SANCTIONS**

8 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3)(a) and (b), the Director may  
9 revoke a license for a licensee's failure to either pay any fee due to the state of Washington or  
10 maintain the required surety bond, or the licensee, either knowingly or without exercise of due care,  
11 violates any provision of the Act or any rule adopted under the Act.

12 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6)(e), the Director  
13 may issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,  
14 employee, mortgage loan originator, or any other person subject to the Act for a violation of RCW  
15 31.04.155.

16 **3.3 Authority to Require Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the Director  
17 may issue an order directing the licensee, its employee or loan originator, or other person subject to  
18 the Act to take such affirmative action as is necessary to comply with the Act.

19 **3.4 Authority to Collect Annual Assessment Fees.** Pursuant to RCW 31.04.085 and WAC 208-  
20 620-430, every licensee shall pay to the Director, on or before the first day of each March or within  
21 thirty days of ceasing Washington operations, an annual assessment for the previous calendar year if  
22 the licensee has a license for any time during the preceding calendar year. Pursuant to RCW  
23 43.17.240, interest at the rate of one percent per month, or fraction thereof, shall accrue on debts  
24 owed to the state, starting on the date the debts become past due.

1 **3.5 Authority to Collect Late Penalties.** Pursuant to RCW 31.04.155 and WAC 208-620-430(2),  
2 a licensee that fails to file a report that is required to be filed under the Act within the time frame  
3 imposed by the Act is subject to a penalty of \$50 for each item for each day of delay, with a  
4 maximum late penalty of \$5,000 per reporting year.

5 **3.6 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
6 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or  
7 any other person subject to the Act for any violation of the Act or failure to comply with any order or  
8 subpoena issued by the Director under the Act.

9 **3.7 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-  
10 590, WAC 208-620-610(7), every licensee examined or investigated by the Director or the Director's  
11 designee shall pay for the cost of the examination or investigation, calculated at the rate of \$69.01 per  
12 staff hour devoted to the examination or investigation, and shall pay travel costs if the licensee  
13 maintains its records outside the state.

14 **3.8 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director  
15 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 31.04 RCW and chapter 208-620 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 31.04.093, RCW 31.04.165, RCW  
5 34.04.202, and RCW 31.04.205. Therefore, it is the Director’s intent to ORDER that:

- 6 **4.1** Respondent First California Mortgage Company’s license to conduct the business of a  
7 consumer loan company be revoked.
- 8 **4.2** Respondents First California Mortgage Company and Christopher K. Hart be  
9 prohibited from participation in the conduct of the affairs of any consumer loan  
10 company subject to licensure by the Director, in any manner, for a period of five  
11 years.
- 12 **4.3** Respondents First California Mortgage Company and Christopher K. Hart provide to  
13 the Department a completed AAR and CAR, including all required supporting  
14 documentation, for both calendar years 2017 and 2018 (the year in which Respondent  
15 First California Mortgage Company ceased Washington operations).
- 16 **4.4** Respondents First California Mortgage Company and Christopher K. Hart pay an  
17 annual assessment fee for both calendar years 2017 and 2018, as calculated in  
18 accordance with the instructions for the AAR for each of those years, plus all accrued  
19 interest.
- 20 **4.5** Respondents First California Mortgage Company and Christopher K. Hart jointly and  
21 severally pay a \$5,000 late penalty for failing to file a CAR and AAR for the 2017  
22 calendar year.
- 23 **4.6** Respondents First California Mortgage Company and Christopher K. Hart jointly and  
24 severally pay a \$5,000 late penalty for failing to file a 2018 closing CAR and AAR  
within 30 days of ceasing Washington operations.
- 4.7** Respondents First California Mortgage Company and Christopher K. Hart jointly and  
severally pay a fine. As of the date of this Statement of Charges, the fine totals  
\$15,750.
- 4.8** Respondents First California Mortgage Company and Christopher K. Hart jointly and  
severally pay an investigation fee. As of the date of this Statement of Charges, the  
investigation fee totals \$835.
- 4.9** Respondents First California Mortgage Company and Christopher K. Hart jointly and  
severally pay the Department’s costs and expenses for prosecuting violations of the

Act in an amount to be determined at hearing or by declaration with supporting documentation in event of default by 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 License, Prohibit  
3 from Industry, Require Affirmative Action, Collect Annual Assessment Fees, Assess Late Penalties,  
4 Impose Fine, Collect Investigation Costs, and Recover Costs and Expenses (Statement of Charges) is  
5 entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW  
6 31.04.205, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure  
7 Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF  
8 OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying this  
9 Statement of Charges.

10 Dated this 12th day of December, 2019.

11 /s/  
12 **RICHARD ST. ONGE**  
13 Acting Director  
14 Division of Consumer Services  
15 Department of Financial Institutions

14 Presented by:

15 /s/  
16 **BRETT CARNAHAN**  
17 Financial Legal Examiner

17 Approved by:

18 /s/  
19 **STEVEN C. SHERMAN**  
20 Enforcement Chief