

Terms Completed

ORDER SUMMARY – Case Number: C-19-2779

Name(s): Hometown Lenders, Inc.

Order Number: C-19-2779-19-CO01

Effective Date: December 17, 2019

License Number: NMLS #65084
Or NMLS Identifier [U/L]

License Effect: N/A

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

Investigation Costs	\$ 2,400		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 12/17/19
Fine	\$ 15,000	Due 12/17/19	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 12/17/19
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: _____

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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

HOMETOWN LENDERS, INC., NMLS #65084,
and KATHLENE MAE COLKITT, Loan
Originator, NMLS #73055,

Respondents.

No.: C-19-2779-19-CO01

CONSENT ORDER AS TO HOMETOWN
LENDERS, INC.

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Richard St. Onge, Division of Consumer Services Acting Division Director, and Hometown
Lenders, Inc. (Respondent Hometown), 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
Respondent Hometown have agreed upon a basis for resolution of the matters alleged in Statement of
Charges No. C-19-2779-19-SC01 (Statement of Charges), entered October 10, 2019, (copy attached
hereto) solely as related to Respondent Hometown. Pursuant to chapter 31.04 RCW, the Consumer
Loan Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent Hometown
hereby agrees 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 solely as related to Respondent Hometown.

Based upon the foregoing:

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

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

8 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the
9 Statement of Charges as to Respondent Hometown and agree that Respondent Hometown does not
10 admit or deny any wrongdoing by its entry.

11 **D. Cease and Desist.** It is AGREED that Respondent Hometown will cease and desist from
12 engaging in all conduct in violation of the Act, including engaging in loan origination activity from
13 unlicensed locations, through individuals without active licenses, or while using an unapproved trade
14 name.

15 **E. Affirmative Remedial Action.** It is AGREED that Respondent Hometown has
16 represented and warranted to the Department, through counsel, that Respondent Hometown has taken
17 significant affirmative remedial actions necessary to comply with the Act going forward, including
18 by developing and implementing a transition team, as well as procedures and protocols designed to
19 detect and prevent future violations of the Act, including those violations of the Act addressed in the
20 Statement of Charges. It is FURTHER AGREED that Respondent Hometown has represented and
21 warranted to the Department, through counsel, that Respondent Hometown is actively committing
22 funds and implementing corrective measures to prevent future violations of the Act, including those
23 violations of the Act addressed in the Statement of Charges.

1 **F. Fine.** It is AGREED that Respondent Hometown shall pay a fine to the Department in the
2 amount of \$15,000, in the form of a cashier’s check made payable to the “Washington State
3 Treasurer,” upon entry of this Consent Order.

4 **G. Investigation Fee.** It is AGREED that Respondent Hometown shall pay to the
5 Department an investigation fee of \$2,400, in the form of a cashier’s check made payable to the
6 “Washington State Treasurer,” upon entry of this Consent Order. The Fine and Investigation Fee may
7 be paid together in one \$17,400 cashier’s check made payable to the “Washington State Treasurer.”

8 **H. Complete Cooperation with the Department.** It is AGREED that, upon written request
9 by the Department, Respondent Hometown shall provide the Department truthful and complete sworn
10 statements outlining Respondent Hometown’s and its agents’ activities with respect to Kathlene Mae
11 Colkitt and any and all persons involved or in any way associated with Kathlene Mae Colkitt,
12 including but not limited to owners, employees, independent contractors, agents, businesses and
13 persons with whom Kathlene Mae Colkitt dealt, communicated, or otherwise related. The “sworn
14 statements” may take the form of affidavits, declarations, or deposition testimony, at the
15 Department’s discretion. A failure to cooperate fully, truthfully, and completely is a breach of this
16 Consent Order. In addition to providing sworn statements, it is AGREED that, upon written request
17 by the Department, Respondent Hometown shall cooperate fully, truthfully, and completely with the
18 Department and provide any and all information known to its agents relating in any manner to
19 Kathlene Mae Colkitt and any and all persons involved or in any way associated with Kathlene Mae
20 Colkitt, including but not limited to owners, employees, independent contractors, agents, businesses
21 and persons with whom Kathlene Mae Colkitt dealt, communicated, or otherwise related. It is further
22 AGREED that, upon written request by the Department, Respondent Hometown shall provide any
23 and all documents, writings or materials, or objects or things of any kind in its possession or under its

1 care, custody, or control that it is authorized to possess, obtain, or distribute relating directly or
2 indirectly to all areas of inquiry and investigation. It is further AGREED that a representative of
3 Respondent Hometown shall testify fully, truthfully, and completely at any and all proceedings
4 related to any Department investigation or enforcement action or both related to any and all persons
5 involved or in any way associated with Kathlene Mae Colkitt, and any respondents named therein. A
6 failure to cooperate fully, truthfully, and completely is a breach of this Consent Order.

7 **I. Authority to Execute Order.** It is AGREED that the undersigned have represented and
8 warranted that they have the full power and right to execute this Consent Order on behalf of the
9 parties represented.

10 **J. Non-Compliance with Order.** It is AGREED that Respondent Hometown understands
11 that failure to abide by the terms and conditions of this Consent Order may result in further legal
12 action by the Director. In the event of such legal action, Respondent Hometown may be responsible
13 to reimburse the Director for the cost incurred in pursuing such action, including but not limited to,
14 attorney fees.

15 **K. Voluntarily Entered.** It is AGREED that Respondent Hometown has voluntarily entered
16 into this Consent Order, which is effective when signed by the Director's designee.

17 **L. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Hometown
18 has read this Consent Order in its entirety and fully understands and agrees to all of the same.

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

23 //

1 **RESPONDENT:**

Hometown Lenders, Inc.

2 By:

3
4 /s/
Kenneth Joe Wilson, Jr.
5 General Counsel

12-10-19
Date

6 Approved for Entry:

7
8 /s/
Huong Lam, WSBA No. 39727
9 Attorney at Law
Williams Kastner & Gibbs, PLLC
10 Attorney for Respondents

12-6-19
Date

11 **DO NOT WRITE BELOW THIS LINE**

12 THIS ORDER ENTERED THIS 17th DAY OF December, 2019.

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

17 Presented by:

18
19 /s/
DREW STILLMAN
20 Financial Legal Examiner

21 Approved by:

22
23 /s/
STEVEN C. SHERMAN
Enforcement Chief

1 license was inactive from April 16, 2019, through April 28, 2019. During that time, Respondent
2 Colkitt was associated with an office in Spokane Valley, Washington. Respondent Hometown did not
3 have a license for this office until April 29, 2019. On or about August 7, 2019, Respondent
4 Hometown terminated Respondent Colkitt's employment after allegations were made that accused
5 Respondent Colkitt of violating statute(s), regulation(s), rule(s), or industry standards of conduct.

6 **1.2 Conducted Loan Origination Business with Inactive License.** In at least April 2019,
7 Respondent Colkitt conducted business as a loan originator and held herself out as a loan originator
8 while her loan originator license was inactive.

9 **1.3 Conducted Loan Origination Business from Unlicensed Location.** In at least April 2019,
10 Respondents conducted loan origination business from at least one unlicensed location.

11 **1.4 Used Unapproved Trade Name.** In at least April 2019, Respondents conducted loan
12 origination business using at least one trade name that was not approved by the Department.

13 **1.5 Failed to Timely Amend NMLS and False Statement.** Starting on or about August 21,
14 2019, Respondent Colkitt failed to timely and accurately amend her response to a Termination
15 Disclosure Question in the Nationwide Multistate Licensing System & Registry (NMLS). On at least
16 August 21, 2019, Respondent Colkitt also falsely attested that her response of "No" to the following
17 Termination Disclosure Question was "current, true, accurate and complete":

18 (Q) Have you ever voluntarily resigned, been discharged, or permitted to resign after
19 allegations were made that accused you of:

20 (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?

21 **1.6 On-Going Investigation.** The Department's investigation into the alleged violations of the
22 Act by Respondents continues to date.

23 //

24 //

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

2 **2.1 Conducted Loan Origination Business with Inactive License.** Based on the Factual
3 Allegations set forth in Section I above, Respondent Colkitt is in apparent violation of RCW
4 31.04.027(1)(b) and WAC 208-620-710(11) for conducting the activities of a loan originator and
5 holding herself out as a licensed loan originator.

6 **2.2 Conducted Loan Origination Business from Unlicensed Location.** Based on the Factual
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW
8 31.04.027(1)(b) and (n), RCW 31.04.075, WAC 208-620-250, WAC 208-620-300, and WAC 208-
9 620-700(1) for conducting loan origination business from an unlicensed location.

10 **2.3 Used Unapproved Trade Name.** Based on the Factual Allegations set forth in Section I
11 above, Respondents are in apparent violation of RCW 31.04.027(1)(b) and WAC 208-620-420 for
12 using at least one trade name that was not approved by the Department.

13 **2.4 Failed to Timely Amend NMLS and False Statement.** Based on the Factual Allegations set
14 forth in Section I above, Respondent Colkitt is in apparent violation of RCW 31.04.027(1)(b) and (h),
15 WAC 208-620-550(6), and WAC 208-620-710(27), by negligently making any false statement or
16 willfully making any omission of material fact in connection with any application or any information
17 filed in connection with any application, examination or investigation conducted by the Department,
18 and by failing to notify the Director through amendment to the NMLS within ten business days to a
19 change of: (a) Answers to the NMLS generated disclosure questions; (b) Sponsorship status; (c)
20 Residence address; (d) Any change in the information supplied to the Director in an original
21 application; or (e) A change to a response to a disclosure question within NMLS.

22 **2.5 Responsibility for Conduct of Employees.** Pursuant to RCW 31.04.027(1)(b), RCW
23 31.04.165, and WAC 208-620-372, a consumer loan company is responsible for any conduct
24 violating the Act or these rules by any person employed or engaged as an independent contractor to

1 work in the business covered by its license.

2 III. AUTHORITY TO IMPOSE SANCTIONS

3 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the
4 Director may issue orders directing a licensee, its employee, loan originator, or other person subject
5 to the Act to cease and desist from conducting business in a manner that is injurious to the public or
6 violates any provision of the Act.

7 **3.2 Authority to Revoke Licenses.** Pursuant to RCW 31.04.093(3), the Director may revoke a
8 license if the Director finds that a licensee, either knowingly or without the exercise of due care, has
9 violated any provision of the Act or any rule adopted under the Act, or that a fact or condition exists
10 that, if it had existed at the time of the original application for the license, clearly would have allowed
11 the Director to deny the application for the original license.

12 **3.3 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6), the Director may
13 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 31.04.027, RCW 31.04.102, RCW 31.04.155, or RCW 31.04.221, or for failure to obtain a license for
16 activity that requires a license.

17 **3.4 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of
18 up to one hundred dollars per day, per violation, upon the licensee, its employee or loan originator, or
19 any other person subject to the Act for any violation of the Act or failure to comply with any order or
20 subpoena issued by the Director under the Act.

21 **3.5 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-
22 610(7), every licensee investigated by the Director or the Director's designee shall pay for the cost of
23 the investigation, calculated at the rate of \$69.01 per staff hour devoted to the investigation.

1 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director
2 may recover the state's costs and expenses for prosecuting violations of the Act.

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

4 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,
5 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
6 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW
7 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

- 8 **4.1** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt cease and desist from
9 engaging in all conduct in violation of the Act, including engaging in loan origination
10 activity from unlicensed locations, through individuals without active licenses, or while
11 using an unapproved trade name.
- 12 **4.2** Respondent Hometown Lenders, Inc.'s license to conduct the business of a consumer
13 loan company be revoked.
- 14 **4.3** Respondent Kathlene Mae Colkitt's license to conduct the business of a loan originator
15 be revoked.
- 16 **4.4** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt be prohibited from
17 participation in the conduct of the affairs of any consumer loan company subject to
18 licensure by the Director, in any manner, for a period of seven years.
- 19 **4.5** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt jointly and severally
20 pay a fine. As of the date of this Statement of Charges, the fine totals \$15,000.
- 21 **4.6** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt jointly and severally
22 pay an investigation fee. As of the date of this Statement of Charges, the investigation
23 fee totals \$2,400.
- 24 **4.7** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt 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 a
Respondent.

21 //
22 //
23 //
24 //

1 **V. AUTHORITY AND PROCEDURE**

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

9
10 Dated this 10th day of October, 2019.

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

17 Presented by:

18 /s/
19 DREW STILLMAN
20 Financial Legal Examiner

21 Approved by:

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