

Terms Complete
ORDER SUMMARY – Case Number: C-19-2779

Name(s): Kathlene Mae Colkitt

Order Number: C-19-2779-19-CO02

Effective Date: January 3, 2020

License Number: NMLS #73055
Or NMLS Identifier [U/L]

License Effect: Stayed Revocation

Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: Stayed Prohibition

| | | | | |
|---|--------------------|-----|--|------|
| Investigation Costs | \$ 1,200 | | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date |
| | | | | |
| Fine | \$ 5,000 | Due | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date |
| | | | | |
| 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:

**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-CO02

CONSENT ORDER AS TO KATHLENE
MAE COLKITT

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Lucinda Fazio, Division of Consumer Services Division Director, and Kathlene Mae Colkitt
(Respondent Colkitt), 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 Colkitt 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 Colkitt. Pursuant to chapter 31.04 RCW, the Consumer Loan
Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent Colkitt hereby
agrees to the Department's entry of this Consent Order and further agrees 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 Colkitt.

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 Colkitt has been informed of the
4 right to a hearing before an administrative law judge, and hereby waives her right to a hearing and
5 any and all administrative and judicial review of the issues raised in this matter, or of the resolution
6 reached herein. Accordingly, Respondent Colkitt, by her signature below, withdraws her appeal to the
7 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 Colkitt and agree that Respondent Colkitt does not admit or
10 deny any wrongdoing by its entry.

11 **D. Cease and Desist.** It is AGREED that Respondent Colkitt 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, without an active license, or while using an unapproved trade name.

14 **E. Mortgage Loan Originator License Revocation (Stayed).** It is AGREED that
15 Respondent Colkitt's Washington mortgage loan originator license is revoked. It is FURTHER
16 AGREED that contingent upon Respondent Colkitt's compliance with this Consent Order the
17 revocation shall be stayed (Stayed Revocation) for two years unless lifted pursuant to Paragraph I. If
18 the Department does not seek to lift the stay and impose the Stayed Revocation pursuant to Paragraph
19 I, the Stayed Revocation shall expire without further notice or action by the Department.

20 **F. Prohibition from Industry (Stayed).** It is AGREED that, for a period of seven years
21 from the date of entry of this Consent Order, Respondent Colkitt is prohibited from participating, in
22 any capacity, in the conduct of the affairs of any consumer loan company or mortgage broker
23 licensed by the Department or subject to licensure or regulation by the Department. It is FURTHER

1 AGREED that, contingent upon Respondent Colkitt's compliance with this Consent Order, the
2 prohibition shall be stayed (Stayed Prohibition) for two years unless lifted pursuant to Paragraph I. If
3 the Department does not seek to lift the stay and impose the Stayed Prohibition pursuant to Paragraph
4 I, the Stayed Prohibition shall expire without further notice or action by the Department.

5 **G. Fine.** It is AGREED that Respondent Colkitt shall pay a fine to the Department in the
6 amount of \$5,000, in the form of a cashier's check made payable to the "Washington State
7 Treasurer," upon entry of this Consent Order.

8 **H. Investigation Fee.** It is AGREED that Respondent Colkitt shall pay to the Department an
9 investigation fee of \$1,200, in the form of a cashier's check made payable to the "Washington State
10 Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid together in
11 one \$6,200 cashier's check made payable to the "Washington State Treasurer."

12 **I. Lifting of Stays and Imposition of Stayed Revocation and Prohibition.** It is AGREED
13 that:

- 14 1. If, during the two-year stays, the Department determines that Respondent Colkitt has
15 not complied with this Consent Order and the Department seeks to lift the stays and
16 impose the Stayed Revocation and Stayed Prohibition, the Department will first serve
17 Respondent with a written notice of alleged noncompliance.
- 18 2. The notice will include:
 - 19 i. A description of the alleged noncompliance;
 - 20 ii. A statement that the Department seeks to lift the stays and impose the Stayed
21 Revocation and Stayed Prohibition;
 - 22 iii. Notice that Respondent Colkitt can contest the notice of alleged
23 noncompliance by either requesting an adjudicative hearing before an

administrative law judge (ALJ) from the Office of Administrative Hearings or by submitting a written response to the Department contesting the alleged noncompliance; and

iv. Notice that the process for lifting the stays applies only to this Consent Order.

3. Respondent Colkitt has 20 days from the date of service of the notice of alleged noncompliance to submit a written request to the Department for an adjudicative hearing.

4. The scope and issues of the adjudicative hearing are limited solely to whether or not Respondent Colkitt is in violation of the terms of this Consent Order.

5. At the conclusion of the adjudicative hearing, the ALJ will issue an initial decision. Any party may file a Petition for Review of that initial decision with the Director of the Department.

6. DEFAULT. If Respondent Colkitt does not timely request an adjudicative hearing or submit a written response contesting the notice of alleged noncompliance, the Department may lift the stays and impose the Stayed Revocation and Stayed Prohibition without further notice.

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

K. Non-Compliance with Order. It is AGREED that Respondent Colkitt understands that failure to abide by the terms and conditions of this Consent Order may result in further legal action by the Director. In the event of such legal action, Respondent Colkitt may be responsible to

reimburse the Director for the cost incurred in pursuing such action, including but not limited to, attorney fees.

L. Voluntarily Entered. It is AGREED that Respondent Colkitt has voluntarily entered into this Consent Order, which is effective when signed by the Director's designee.

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

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

RESPONDENT:
Kathlene Mae Colkitt

By:

/s/
Kathlene Mae Colkitt

12-20-19
Date

Approved for Entry:

/s/
Jessica Creager, WSBA No. 42183
Attorney at Law
Seattle Litigation Group, PLLC
Attorney for Respondent Colkitt

12-23-19
Date

DO NOT WRITE BELOW THIS LINE

1 THIS ORDER ENTERED THIS 3rd DAY OF January, 2020.

2
3 /s/
LUCINDA FAZIO
4 Director
5 Division of Consumer Services
6 Department of Financial Institutions

7 Presented by:

8 /s/
DREW STILLMAN
9 Financial Legal Examiner

10 Approved by:

11 /s/
12 STEVEN C. SHERMAN
Enforcement Chief

**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-SC01

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

INTRODUCTION

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

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Hometown Lenders, Inc. (Respondent Hometown) 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 July 26, 2018, and continues to be licensed to date.

B. Kathlene Mae Colkitt (Respondent Colkitt) was a loan originator and branch manager for Respondent Hometown from approximately April 16, 2019, to August 7, 2019. Respondent Colkitt was licensed by the Department to conduct business as a loan originator on or about January 26, 2007, and continues to be licensed to date. Respondent Colkitt's loan originator

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

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

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

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

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

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

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

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

//

//

II. GROUNDS FOR ENTRY OF ORDER

2.1 Conducted Loan Origination Business with Inactive License. Based on the Factual

Allegations set forth in Section I above, Respondent Colkitt is in apparent violation of RCW 31.04.027(1)(b) and WAC 208-620-710(11) for conducting the activities of a loan originator and holding herself out as a licensed loan originator.

2.2 Conducted Loan Origination Business from Unlicensed Location. Based on the Factual

Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.04.027(1)(b) and (n), RCW 31.04.075, WAC 208-620-250, WAC 208-620-300, and WAC 208-620-700(1) for conducting loan origination business from an unlicensed location.

2.3 Used Unapproved Trade Name. Based on the Factual Allegations set forth in Section I

above, Respondents are in apparent violation of RCW 31.04.027(1)(b) and WAC 208-620-420 for using at least one trade name that was not approved by the Department.

2.4 Failed to Timely Amend NMLS and False Statement. Based on the Factual Allegations set

forth in Section I above, Respondent Colkitt is in apparent violation of RCW 31.04.027(1)(b) and (h), WAC 208-620-550(6), and WAC 208-620-710(27), by negligently making any false statement or willfully making any omission of material fact in connection with any application or any information filed in connection with any application, examination or investigation conducted by the Department, and by failing to notify the Director through amendment to the NMLS within ten business days to a change of: (a) Answers to the NMLS generated disclosure questions; (b) Sponsorship status; (c) Residence address; (d) Any change in the information supplied to the Director in an original application; or (e) A change to a response to a disclosure question within NMLS.

2.5 Responsibility for Conduct of Employees. Pursuant to RCW 31.04.027(1)(b), RCW

31.04.165, and WAC 208-620-372, a consumer loan company is responsible for any conduct

violating the Act or these rules by any person employed or engaged as an independent contractor to

work in the business covered by its license.

III. AUTHORITY TO IMPOSE SANCTIONS

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

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

3.3 Authority to Prohibit from the Industry. Pursuant to RCW 31.04.093(6), the Director may issue an order prohibiting from participation in the affairs of any licensee, any officer, principal, employee, mortgage loan originator, or any other person subject to the Act for a violation of RCW 31.04.027, RCW 31.04.102, RCW 31.04.155, or RCW 31.04.221, or for failure to obtain a license for activity that requires a license.

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

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

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

IV. NOTICE OF INTENT TO ENTER ORDER

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

- 4.1** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt cease and desist from engaging in all conduct in violation of the Act, including engaging in loan origination activity from unlicensed locations, through individuals without active licenses, or while using an unapproved trade name.
- 4.2** Respondent Hometown Lenders, Inc.'s license to conduct the business of a consumer loan company be revoked.
- 4.3** Respondent Kathlene Mae Colkitt's license to conduct the business of a loan originator be revoked.
- 4.4** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt 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 seven years.
- 4.5** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt jointly and severally pay a fine. As of the date of this Statement of Charges, the fine totals \$15,000.
- 4.6** Respondents Hometown Lenders, Inc. and Kathlene Mae Colkitt jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the investigation fee totals \$2,400.
- 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.

//

//

//

//

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
Division of Consumer Services
Department of Financial Institutions

15 Presented by:

16 /s/
17 DREW STILLMAN
18 Financial Legal Examiner

19 Approved by:

20 /s/
21 STEVEN C. SHERMAN
Enforcement Chief