

## ORDER SUMMARY – Case Number: C-22-3362

**Name(s):** McLaughlin Lending Services LLC

**Order Number:** C-22-3362-22-CO01

**Effective Date:** June 7, 2022

**License Number:** 112521

**Or NMLS Identifier [U/L]** \_\_\_\_\_

**License Effect:** \_\_\_\_\_

**Not Apply Until:** \_\_\_\_\_

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

**Prohibition/Ban Until:** \_\_\_\_\_

<b>Investigation Costs</b>	\$750		Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Fine</b>	\$10,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input 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:** Respondent will cease and desist from conducting business in a manner that is injurious to the public or violates any provision of the Act. Respondent will take affirmative action necessary to conduct business in a manner that complies with the Act.

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**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:

No.: C-22-3362-22-CO01

CONSENT ORDER

McLaughlin Lending Services, LLC, NMLS No.  
112521,

Respondent.

COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Lucinda Fazio, Division of Consumer Services Director, and McLaughlin Lending Services,  
LLC, 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 have agreed upon a basis for resolution of the matters alleged in Statement of Charges  
No. C-22-3362-22-SC01 (Statement of Charges), entered April 5, 2022, (copy attached hereto).  
Pursuant to chapter 31.04 RCW, the Consumer Loan Act (Act), and RCW 34.05.060 of the  
Administrative Procedure Act, Respondent 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. The parties intend this Consent Order to fully  
resolve the Statement of Charges.

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

8           **C. Cease and Desist and Affirmative Action.** It is AGREED that Respondent will cease  
9 and desist from conducting business in a manner that is injurious to the public or violates any  
10 provision of the Act. It is further AGREED that Respondent will take affirmative action necessary to  
11 conduct business in a manner that complies with the Act.

12           **D. Fine.** It is AGREED that Respondent shall pay a fine to the Department in the amount of  
13 \$10,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon  
14 delivery of this Consent Order to the Department, properly dated and signed.

15           **E. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an  
16 investigation fee of \$750, in the form of a cashier's check made payable to the "Washington State  
17 Treasurer," upon delivery of this Consent Order to the Department, properly dated and signed. The  
18 Fine and Investigation Fee shall be paid together in one \$10,750 cashier's check made payable to the  
19 "Washington State Treasurer."

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

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

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

7           **I. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read  
8 this Consent Order in its entirety and fully understand and agree to all of the same.

9           **J. Counterparts and Signatures.** It is AGREED that this Order may be executed in one or  
10 more separate counterparts, each of which when so executed shall be deemed an original. Such  
11 counterparts shall together constitute a single document. An electronic signature, or a faxed,  
12 photocopied, or scanned copy of an original signature, shall be deemed the same as an original  
13 signature.

14 **RESPONDENT:**

15 McLaughlin Lending Services, LLC, by:

16  
17 \_\_\_\_\_  
18 /s/  
19 Robert McLaughlin  
20 President

\_\_\_\_\_ 5/24/2022  
Date

Approved for Entry:

21 \_\_\_\_\_  
22 /s/  
23 Joseph Harper, WSBA No. 34297  
Harper Law Offices, Inc. P.S.  
Attorney for Respondent

\_\_\_\_\_ 05/24/2022  
Date

**DO NOT WRITE BELOW THIS LINE**

1 THIS ORDER ENTERED THIS 7th DAY OF June, 2022.

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

8 Presented by:

9 /s/  
10 \_\_\_\_\_  
11 DREW STILLMAN  
12 Financial Legal Examiner

13 Approved by:

14 /s/  
15 \_\_\_\_\_  
16 JACK McCLELLAN  
17 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 McLaughlin Lending Services, LLC, NMLS No.  
8 112521,

9 Respondent.

No. C-22-3362-22-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER AN  
ORDER TO CEASE AND DESIST,  
SUSPEND LICENSE, TAKE AFFIRMATIVE  
ACTION, IMPOSE FINE, COLLECT  
INVESTIGATION FEE and RECOVER  
COSTS AND EXPENSES

10 **INTRODUCTION**

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

17 **I. FACTUAL ALLEGATIONS**

18 **1.1 Respondent.** McLaughlin Lending Services, LLC (Respondent) was licensed by the  
19 Department of Financial Institutions of the State of Washington (Department) to conduct business as  
20 a consumer loan company on or about January 1, 2010, and continues to be licensed to date.

21 **1.2 Examinations.** To date, the Department has conducted approximately seven examinations of  
22 Respondent. The two most recent of these examinations were a compliance examination conducted in  
23 2020 and a supervisory watch examination conducted in 2021.<sup>1</sup> The Department conducted the  
24 supervisory watch examination from approximately November 1, 2021, to November 4, 2021. During

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<sup>1</sup> A "supervisory watch examination" is an examination the Department conducts to determine whether a licensee has taken action to correct violations cited in a prior Report of Examination.

1 the supervisory watch examination, the Department reviewed a loan sample taken from loans  
2 originated from November 1, 2020, through July 31, 2021.

3 **1.3 Repeat Violations.** The Department’s supervisory watch examination revealed that  
4 Respondent engaged in the following violations, which the Department determined to be the same or  
5 substantially similar to violations the Department identified in previous examinations:

6 **A. Failed to Display Required Information on Webpages.** On at least five webpages,  
7 Respondent, its branches, or its loan originators, failed to provide one or more of the following:  
8 Respondent’s name as entered in the Nationwide Multistate Licensing System & Registry (NMLS),  
9 Respondent’s license number, and a link to Respondent’s NMLS consumer access webpage.

10 **B. Failed to Adhere to Tolerance Limits.** On at least two occasions, Respondents  
11 provided inaccurate Loan Estimates, which disclosed lower charges than were actually incurred by  
12 the borrowers. On each occasion, this resulted in total charges for certain required settlement services  
13 that exceeded the disclosed charges by more than 10%.

14 **C. Failed to Provide Complete and Accurate Closing Disclosures.** On at least four  
15 occasions, Respondent failed to provide borrowers with complete and accurate closing disclosures.  
16 On each occasion, Respondent failed to include all seller-paid fees as required in the closing  
17 disclosure.

18 **1.3 On-Going Investigation.** The Department’s investigation into the alleged violations of the  
19 Act by Respondent continues to date.

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

21 **2.1 Responsibility for Conduct of Employees.** Pursuant to RCW 31.04.027(1)(b), RCW  
22 31.04.165, and WAC 208-620-372, a consumer loan company is responsible for any conduct  
23 violating the Act or the rules adopted under the Act by any person employed, or engaged as an  
24 independent contractor, to work in the business covered by its license.

1 **2.2 Requirement to Display Certain Information on Webpages.** Based on the Factual  
2 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 31.04.027(1)(b)  
3 and WAC 208-620-622(1) for failing to display required information on webpages.

4 **2.3 Requirement to Adhere to Tolerance Limits.** Based on the Factual Allegations set forth in  
5 Section I above, Respondent is in apparent violation of RCW 31.04.027(1)(b), RCW  
6 31.04.027(1)(m), RCW 31.04.102, WAC 208-620-505, and 12 C.F.R § 1026.19(e) for failing to  
7 provide accurate Loan Estimates that adhered to tolerance limits.

8 **2.4 Requirement to Provide Complete and Accurate Closing Disclosures.** Based on the  
9 Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW  
10 31.04.027(1)(b), RCW 31.04.027(1)(m), RCW 31.04.102, WAC 208-620-505, and 12 C.F.R §  
11 1026.38, including 12 C.F.R § 1026.38(f), (g), and (t)(5)(v), for failing to provide complete and  
12 accurate closing disclosures.

### 13 III. AUTHORITY TO IMPOSE SANCTIONS

14 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the  
15 Director may issue orders directing a licensee to cease and desist from conducting business in a  
16 manner that is injurious to the public or violates any provision of the Act.

17 **3.2 Authority to Suspend License.** Pursuant to RCW 31.04.093(3)(b), the Director may suspend  
18 a license if the licensee, either knowingly or without the exercise of due care, violated any provision  
19 of the Act or any rule adopted under the Act.

20 **3.3 Authority to Order Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the Director  
21 may issue an order directing a licensee to take such affirmative action as is necessary to comply with  
22 the Act.

23 **3.4 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
24 up to one hundred dollars per day, per violation, upon the licensee for any violation of the Act.



1 **3.5 Authority to Charge Examination Fee and Investigation Fee.** Pursuant to RCW  
2 31.04.145(3) and WAC 208-620-610(7), every licensee investigated by the Director or the Director's  
3 designee shall pay for the cost of the investigation, calculated at the rate of \$69.01 per staff hour  
4 devoted to the investigation.

5 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director  
6 may recover the state's costs and expenses for prosecuting violations of the Act.

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

8 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC,  
9 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose  
10 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, RCW  
11 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intent to ORDER that:

- 12 **4.1** Respondent McLaughlin Lending Services, LLC cease and desist from conducting  
13 business in a manner that is injurious to the public or violates any provision of the Act.
- 14 **4.2** Respondent McLaughlin Lending Services, LLC's license to conduct the business of a  
15 consumer loan company be suspended for a period of six months.
- 16 **4.3** Respondent McLaughlin Lending Services, LLC take affirmative action necessary to  
17 conduct business in a manner that complies with the Act.
- 18 **4.4** Respondent McLaughlin Lending Services, LLC pay a fine. As of the date of this  
19 Statement of Charges, the fine totals \$18,000.
- 20 **4.5** Respondent McLaughlin Lending Services, LLC pay an investigation fee. As of the  
21 date of this Statement of Charges, the investigation fee totals \$750.
- 22 **4.6** Respondent McLaughlin Lending Services, LLC pay the Department's costs and  
23 expenses for prosecuting violations of the Act in an amount to be determined at  
24 hearing or by declaration with supporting documentation in event of default by  
Respondent.

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