

Terms Completed

ORDER SUMMARY – Case Number: C-08-406

Name(s): Terrence Starare Pate

Order Number: C-08-406-10-CO02

Effective Date: April 22, 2010

License Number: DFI:34219 510-LO-34219

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
If applicable, you must specifically note the ending dates of terms.

License Effect: n/a

Not Apply Until: n/a

Not Eligible Until: n/a

Prohibition/Ban Until: n/a

| | | | | |
|--|-------|---|--|-------------------|
| Investigation Costs | \$300 | Due: 0 | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date: April 23/10 |
| Fine | \$300 | Due: 0 | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date: April 23/10 |
| 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 |
| Judgment | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Satisfaction of Judgment Filed? | | <input type="checkbox"/> Y <input type="checkbox"/> N | | |
| No. of Victims: | | | | |

Comments: _____

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-08-406-10-CO02

LENOX FINANCIAL MORTGAGE LLC, JAMES
JOSEPH DEAN, Designated Broker, TERRENCE
STARARE PATE, loan originator, BENJAMIN
JOHN GOODSELL, loan originator, MATTHEW
HAMILTON HANGER, Loan Originator, DAVID
HENRY ECK II, Loan Originator, and SHERLUND
DAVIS LUCKE, Loan Originator,

CONSENT ORDER

TERRENCE STARARE PATE

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Terrence Starare Pate (Respondent), Loan Originator, and finding that the issues raised in the above-captioned matter as related to Respondent may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of 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 as related to Respondent alleged in Statement of Charges No. C-08-406-09-SC01 (Statement of Charges), entered May 27, 2009, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices 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 as related to Respondent may be economically and efficiently

CONSENT ORDER
C-08-406-10-CO02
TERRENCE STARARE PATE

1

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

1 settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of
2 Charges as related to Respondent.

3 Based upon the foregoing:

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

6 **B. Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing
7 before an administrative law judge, and that he waived his right to a hearing and any and all administrative and
8 judicial review of the issues raised in this matter, or of the resolution reached herein.

9 **C. Final Order Superseded.** It is AGREED that the Final Order (C-08-406-10-FO01) issued against
10 Respondent on or about January 27, 2010, is hereby superseded and vacated by this Consent Order.

11 **D. Fine.** It is AGREED that Respondent shall pay to the Department a fine of \$300, in the form of a
12 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

13 **E. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee
14 of \$300, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this
15 Consent Order. Payment of the fine and investigation fees may be made in one cashier's check..

16 **F. Authority to Execute Order.** It is AGREED that the undersigned Respondent has represented and
17 warranted that he has the full power and right to execute this Consent Order.

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

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

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

3 **RESPONDENT:**

4 **TERRENCE STARARE PATE**

5 By:

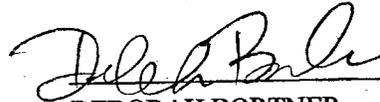
6 

7 **TERRENCE STARARE PATE**

4-17-10
Date

8
9 **DO NOT WRITE BELOW THIS LINE**

10 THIS ORDER ENTERED THIS 22nd DAY OF April, 2010.

11 

12 **DEBORAH BORTNER**

13 Director

14 Division of Consumer Services

15 Department of Financial Institutions

16 Presented by:



17 **MARNIE SHEERAN**

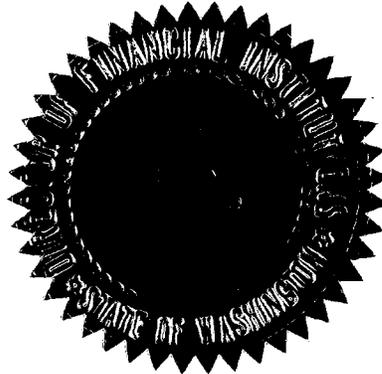
18 Financial Legal Examiner

19 Approved by:



20 **JAMES R. BRUSSELBACK**

21 Enforcement Chief



22
23
24
25
CONSENT ORDER
C-08-406-10-CO02
TERRENCE STARARE PATE

1
2
3
4
5
6
7
8
9
10
11

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Mortgage Broker Practices Act of Washington by:

NO. C-08-406-09-SC01

LENOX FINANCIAL MORTGAGE LLC,
JAMES JOSEPH DEAN, Designated Broker,
TERRENCE STARARE PATE, loan originator,
BENJAMIN JOHN GOODSSELL, loan originator,
MATTHEW HAMILTON HANGER, Loan
Originator, DAVID HENRY ECK II, Loan
Originator, and SHERLUND DAVIS LUCKE,
Loan Originator,

STATEMENT OF CHARGES and NOTICE OF
INTENTION REVOKE OR SUSPEND MORTGAGE
BROKER LICENSE and LOAN ORIGINATOR
LICENSE, PROHIBIT FROM INDUSTRY, IMPOSE
FINE, ORDER RESTITUTION, COLLECT
INVESTIGATION FEE AND COLLECT
EXAMINATION FEE AND TRAVEL COSTS

Respondents.

12
13
14
15
16
17
18

INTRODUCTION

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act)¹. After having conducted an investigation pursuant to RCW 19.146.210 and RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

19
20
21
22
23
24
25

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Lenox Financial Mortgage LLC (Respondent Lenox) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on January 26, 2006, and continues to be licensed to date. Respondent Lenox is licensed to conduct the business of a mortgage broker at one location in Atlanta, Georgia.

¹ RCW 19.146 (2007)

1 B. James Joseph Dean (Respondent Dean) became the Designated Broker of Respondent Lenox
2 on or about January 26, 2006 and continues as the Designated Broker to date.

3 C. Terrence Starare Pate (Respondent Pate) acted as a loan originator for Respondent Lenox between
4 at least December 1, 2006 and May 1, 2008.

5 D. Benjamin John Goodsell (Respondent Goodsell) acted as a loan originator for Respondent Lenox
6 between at least December 1, 2006 and July 1, 2008.

7 E. Matthew Hamilton Hanger (Respondent Hanger) acted as a loan originator for Respondent Lenox
8 between at least April 1, 2008 and September 1, 2008.

9 F. David Henry Eck II (Respondent Eck) acted as a loan originator for Respondent Lenox between at
10 least December 1, 2007 and March 1, 2008.

11 G. Sherlund Davis Lucke (Respondent Lucke) acted as a loan originator for Respondent Lenox
12 between at least August 1, 2007 and August 4, 2008.

13 **1.2 Unlicensed Activity.** Respondent Pate conducted the business of a loan originator for Respondent
14 Lenox between at least December 1, 2006 and May 1, 2008. Respondent Pate obtained a license to engage in the
15 business of a loan originator license from the Department on or about August 27, 2007. Respondent Pate
16 continued to be licensed until his license expired on December 31, 2007. To date, the Department has not
17 renewed or issued a new license to Respondent Pate to conduct the business of a loan originator from any
18 location.

19 **1.3** Between March 1, 2008 and May 1, 2008, Respondent Pate assisted at least one (1) borrower in
20 applying to obtain or obtaining residential mortgage loans on property located in the State of Washington from
21 Respondent Lenox's office.

22 **1.4** Respondent Goodsell conducted the business of a loan originator for Respondent Lenox between at
23 least December 1, 2006 and July 1, 2008. Respondent Goodsell obtained a license to engage in the business of a
24 loan originator from the Department on or about February 23, 2007. Respondent Goodsell continued to be
25

1 licensed until his license expired on December 31, 2007. To date, the Department has not renewed or issued a
2 new license to Respondent Goodsell to conduct the business of a loan originator from any location.

3 **1.5** Between May 1, 2008 and August 1, 2008, Respondent Goodsell assisted at least one (1) borrower in
4 applying to obtain or obtaining residential mortgage loans on property located in the State of Washington from
5 Respondent Lenox's office

6 **1.6** Respondent Hanger conducted the business of a loan originator for Respondent Lenox between at least
7 May 1, 2008 and September 1, 2008. Respondent Hanger applied for a loan originator's license with the
8 Department on or about June 23, 2008. The Department rejected Respondent Hanger's application as incomplete.
9 Respondent Hanger reapplied for a loan originator's license with the Department on or about July 25, 2008, and the
10 Department issued a license to Respondent Hanger on or about August 15, 2008. Respondent Hanger continues to
11 be licensed to date.

12 **1.7** Between April 1, 2008 and June 30, 2008, Respondent Hanger assisted at least one (1) borrower in
13 applying to obtain or obtaining a residential mortgage loan on property located in the State of Washington from
14 Respondent Lenox's office.

15 **1.8** Respondent Eck conducted the business of a loan originator for Respondent Lenox between at least
16 December 1, 2007 and March 1, 2008. Respondent Eck applied for a loan originator's license with the Department
17 on or about January 14, 2008. The Department issued a loan originator's license to Respondent Eck on or about
18 February 22, 2008. Respondent Eck continues to be licensed to date.

19 **1.9** Between December 1, 2007 and February 22, 2008, Respondent Eck assisted at least one (1) borrower
20 in apply to obtain or obtaining a residential mortgage loan on property located in the State of Washington from
21 Respondent Lenox's office.

22 **1.10** Respondent Lucke conducted the business of a loan originator for Respondent Lenox between at least
23 between at least August 1, 2007 and August 4, 2008. Respondent Lucke applied for a loan originator's license with
24 the Department on or about June 24, 2008. The Department issued a loan originator's license to Respondent Lucke
25

1 on or about August 4, 2008. Respondent Lucke continued to be licensed until his license expired on December
2 31, 2008.

3 **1.11** Between July 1, 2007 and September 1, 2007, Respondent Lucke assisted at least one (1) borrower in
4 apply to obtain or obtaining a residential mortgage loan on property located in the State of Washington from
5 Respondent Lenox's office.

6 **1.12 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
7 Respondents continues to date.

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

9 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-006,
10 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
11 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
12 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
13 person in obtaining or applying to obtain a residential mortgage loan.

14 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(10) and WAC 208-660-006, "Loan
15 Originator" means a natural person who (a) takes a residential mortgage loan application for a mortgage broker,
16 or (b) offers or negotiates terms of a mortgage loan, for direct or indirect compensation or gain, or in
17 expectation of direct or indirect compensation or gain. "Loan Originator" also includes a person who holds
18 themselves out to the public as able to perform any of these activities.

19 **2.3 Definition of Borrower.** Pursuant to RCW 19.146.010(2), a "Borrower" is defined as any person who
20 consults with or retains a mortgage broker or loan originator in an effort to obtain or seek advice or information
21 on obtaining or applying to obtain a residential mortgage loan for himself, herself, or persons including himself
22 or herself, regardless of whether the person actually obtains such a loan.

23 **2.4 Requirement to Obtain or Maintain Loan Originator License.** Based on the Factual Allegations set
24 forth in Section I above, Respondents Pate, Goodsell, Hanger, Eck and Lucke are in apparent violation of RCW

25

1 19.146.0201(2) and (3), RCW 19.146.200(1), and WAC 208-660-350(3) for engaging in the business of a loan
2 originator without first obtaining and maintaining a license under the Act.

3 **2.5 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245 and WAC 208-660-
4 155(3), a licensed mortgage broker is liable for any conduct violating the Act by the designated broker or loan
5 originator employed or engaged by the licensed mortgage broker. Pursuant to RCW 19.146.200(4)(a) and (b), a
6 designated broker or principal of a licensed mortgage broker is liable for an employee's violations of the act if
7 the designated broker or principal directs or instructs the conduct or with knowledge of the specific conduct
8 approves or allows the conduct, or knows or by the exercise of reasonable care and inquiry should have known
9 of the conduct at the time when its consequences can be avoided or mitigated and fails to take reasonable
10 remedial action.

11 **2.6 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
12 apparent violation of RCW 19.146.0201(1) and (2) for directly or indirectly employing a scheme, device or
13 artifice to defraud or mislead borrowers or lenders or any person or engaging in an unfair or deceptive practice
14 toward any person.

15 III. AUTHORITY TO IMPOSE SANCTIONS

16 **3.1 Authority to Revoke or Suspend License.** Pursuant to RCW 19.146.220(2)(b),(d), and (e), the
17 Director may revoke or suspend a license for any violation of chapter 19.146 RCW.

18 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(5)(a),(b) and (d), the Director
19 may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
20 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage
21 broker or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
22 (13), RCW 19.146.030 through RCW 19.146.080, RCW 19.146.200, RCW 19.146.205(4), or RCW 19.146.265.

23 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(b),(d) and (e) and RCW 19.146.220(3) (a)
24 and (b), the Director may impose fines on a licensee, employee or loan originator of the licensee, or other

25

1 person subject to the Act for any violations of RCW 19.146.0201(1) through (9) or (13), RCW 19.146.200,
2 RCW 19.146.205(4), RCW 19.146.265, failure to comply with a directive or order of the Director or any
3 violation of Chapter 19.146 RCW..

4 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(b),(d) and (e), the Director may issue
5 orders directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution.

6 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550(5),
7 upon completion of any investigation of the books and records of a licensee or other person subject to the Act,
8 the Department will furnish to the licensee or other person subject to the Act a billing to cover the cost of the
9 investigation. The investigation charge will be calculated at the rate of forty-eight dollars (\$48) per hour that
10 each staff person devoted to the investigation.

11 **3.6 Authority to Collect Examination Fee and Travel Expenses.** Pursuant to RCW 19.146.228(2), WAC
12 208-660-510(9)(a) and (b) and WAC 208-660-550(4), (5) and (6), upon completion of any investigation of the
13 books and records of a licensee or other person subject to the Act, the Department will furnish to the licensee or
14 other person subject to the Act a billing to cover the cost of Examination and Travel Costs. The Examination
15 charge will be calculated at the rate of forty-eight dollars (\$48) per hour that each staff person devoted to the
16 Examination.

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

18 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
19 in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
20 for the entry of an Order under RCW 19.146.210, RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223.

21 Therefore, it is the Director's intention to ORDER that:

- 22 **4.1** Respondent Lenox's license to conduct the business of a mortgage broker be revoked or suspended; and
23 **4.2** Respondent James J. Dean's license to conduct the business of a loan originator and designated broker
24 be revoked or suspended; and

- 1 **4.3** Respondents Terrence S. Pate, Benjamin J. Goodsell, Matthew H. Hanger, David H. Eck II, and Sherlund D. Lucke's license to conduct the business of a loan originator be revoked or suspended; and
- 2
- 3 **4.4** Respondents Lenox Financial Mortgage LLC, , James J. Dean, Terrence S. Pate, Benjamin J. Goodsell, Matthew H. Hanger, David H. Eck II, and Sherlund D. Lucke be prohibited from participation in the
- 4 conduct of the affairs of any mortgage broker subject to licensure by the Director, in any manner, for a
- 5 period of five (5) years; and
- 6
- 7 **4.5** Respondents Lenox Financial Mortgage LLC, James J. Dean, Respondents Terrence S. Pate, Benjamin J. Goodsell, Matthew H. Hanger, David H. Eck II, and Sherlund D. Lucke jointly and severally pay a fine,
- 8 which as of the date of these charges totals \$15,000; and
- 9
- 10 **4.6** Respondents Lenox Financial Mortgage LLC, James J. Dean, Respondents Terrence S. Pate, Benjamin J. Goodsell, Matthew H. Hanger, David H. Eck II, and Sherlund D. Lucke jointly and severally refund all
- 11 fees that inured to Respondents' benefit to the borrowers referenced in paragraphs 1.2 through 1.11; and
- 12
- 13 **4.7** Respondents Lenox Financial Mortgage LLC, James J. Dean, Respondents Terrence S. Pate, Benjamin J. Goodsell, Matthew H. Hanger, David H. Eck II, and Sherlund D. Lucke jointly and severally pay an
- 14 investigation fee in the amount of \$1,248 calculated at \$48 per hour for the twenty-six (26) staff hours, as
- 15 of the date of this Statement of Charges, devoted to the investigation; and
- 16
- 17 **4.8** Respondents Lenox Financial Mortgage LLC, James J. Dean, Respondents Terrence S. Pate, Benjamin J. Goodsell, Matthew H. Hanger, David H. Eck II, and Sherlund D. Lucke jointly and severally pay an
- 18 examination fee and travel costs in the amount of \$18,678.73, which consists of \$10,512 in examination
- 19 fees calculated at \$48 per hour for the two hundred nineteen (219) staff hours, and \$8,166.73 in travel
- 20 expenses; and
- 21
- 22 **4.9** Respondents maintain records in compliance with the Act and provide the Department with the location of
- 23 the books, records and other information relating to Respondent Lenox Financial Mortgage LLC's
- 24 mortgage broker business, and the name, address and telephone number of the individual responsible for
- 25 maintenance of such records in compliance with the Act.

//
//
//

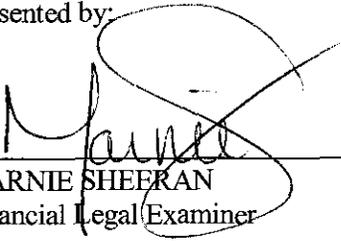
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

V. AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 27th day of May, 2009.


DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

MARNIE SHEERAN
Financial Legal Examiner



Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief