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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:

WINNPOINTE CORPORATION, d/b/a
INTERACTIVE MORTGAGE, NMLS No. 302352, and
EVETTE W. DeLONG, Owner, President, CEO, and
Mortgage Loan Originator, NMLS No. 1234956,

Respondents.

No. C-16-1864-16-SC01

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

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Washington State Department of
Financial Institutions (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan
Act (Act). 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
Director Charles E. Clark, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent Winnpointe Corporation (Respondent Winnpointe) was licensed by the Washington State
Department of Financial Institutions (Department) to conduct business in Washington as a consumer loan company
on or about April 27, 2015, and continues to be licensed to date.

1.2 Respondent Evette Wendy DeLong (Respondent DeLong) has been the Owner, President, and CEO of
Respondent Winnpointe since about October 19, 2014. Respondent DeLong was licensed by the Department as a
mortgage loan originator sponsored by Respondent Winnpointe on or about April 27, 2015, and continues to be
licensed to date. During all times relevant to this matter Respondent DeLong, as Owner, President, and CEO of
Respondent Winnpointe, was responsible for marketing and compliance for Respondent Winnpointe.

1 **1.3 Unfair, Deceptive, and Misleading Advertising.**

2 **A. Direct Mail Solicitations.** Between about May and September, 2015, Respondent Winnpointe and
3 Respondent DeLong (hereinafter Respondents) distributed some 245,000 direct mail solicitations offering a
4 “RateSaver Refinance” residential mortgage loan to Washington consumers. The solicitations failed to clearly and
5 conspicuously disclose the loan period and terms of repayment; failed to disclose whether the advertised mortgage
6 payment included amounts for taxes, insurance, or other products; and failed to provide recipients with the name of
7 the source of recipients’ current loan information included in the solicitation.

8 **B. Internet Advertising.** During 2015, and continuing through the date of this Statement of Charges,
9 Respondents have advertised on the Internet that Respondent Winnpointe offers “the lowest fees and rates, in the
10 industry.”

11 **1.4 Failure to Comply with Investigation Authority.** On or about September 23, 2015, the Department issued
12 a Complaint Directive (Directive) to Respondent Winnpointe requesting explanations and documents relating to the
13 above-referenced solicitation. Respondent Winnpointe failed to respond to the Directive by not providing full and
14 complete written explanations as requested; by not furnishing records as requested; and by not producing any
15 advertising records required to be maintained pursuant to WAC 208-620-550(5).

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

17 **2.1 Legislative Findings.** Pursuant to the Act, the Legislature has found that the activities of mortgage lenders
18 and MLOs have a direct, valuable, and immediate impact upon Washington's consumers, economy, and real estate
19 industry. The Legislature therefore declared that the Act is necessary to encourage responsible lending, to protect
20 borrowers, and to preserve access to credit in the residential real estate lending market.

21 **2.2 Unfair or Deceptive Practices.** Based on the Factual Allegations set forth in Section I above, Respondents
22 are in apparent violation of RCW 31.04.027(2) for directly or indirectly engaging in any unfair or deceptive
23 practice toward any person, and by being in apparent violation of WAC 208-620-550(5); WAC 208-620-550(9);
24 WAC 208-620-610(5); WAC 208-620-630(2); WAC 208-620-630(7); and WAC 208-620-640.

1 **2.3 False or Deceptive Statements or Representations.** Based on the Factual Allegations set forth in Section I
2 above, Respondents are apparent violation of RCW 31.04.027(7) for making, in any manner, any false or deceptive
3 statement or representation with regard to the rates, points, or other financing terms for a residential mortgage loan,
4 and by being in apparent violation of WAC 208-620-550(5) and WAC 208-620-640.

5 **2.4 False, Misleading, or Deceptive Advertisements or Promotions.** Based on the Factual Allegations set
6 forth in Section I above, Respondents are in apparent violation of RCW 31.04.135 for advertising, in any manner
7 whatsoever, any statement or representation with regard to the rates, terms, or conditions for the lending of money
8 that is false, misleading, or deceptive, and by being in apparent violation of WAC 208-620-550(5).

9 **2.5 Violations of Applicable Federal Law.** Based on the Factual Allegations set forth in Section I above,
10 Respondents are in apparent violation of RCW 31.04.027(13) for violating any applicable federal laws relating to
11 the activities governed by the Act, including the advertising prohibitions contained in the Federal Trade
12 Commission Act, 15 U.S.C. §§ 41-58; the Truth in Lending Act, 15 U.S.C. § 1601 and Regulation Z, 12 C.F.R. §
13 1026; and the Mortgage Acts and Practices – Advertising (MAP) rule, Regulation N, 12 C.F.R. § 1014.

14 **2.6 Requirement to Comply with Investigation Authority.** Based on the Factual Allegations set forth in
15 Section I above, Respondents are in apparent violation of RCW 31.04.145 for failing to comply with the
16 Department’s investigation authority.

17 **III. AUTHORITY TO IMPOSE SANCTIONS**

18 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the Director may
19 issue an Order directing a licensee to cease and desist from conducting business in a manner that is injurious to the
20 public or violates any provision of the Act.

21 **3.2 Authority to Order Affirmative Action.** Pursuant to RCW 31.04.093(5)(b), the Director may issue an
22 Order directing a licensee to take such affirmative action as is necessary to comply with the Act.

23 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to one
24 hundred dollars per day, per violation, upon a licensee for any violation of the Act.

1 **3.4 Authority to Charge Investigation Fee.** Pursuant to RCW 31.04.145(3) and WAC 208-620-590, every
2 licensee investigated by the Director shall pay for the cost of the investigation calculated at the rate of \$69.01 per
3 staff hour devoted to the investigation.

4 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 31.04.205(2), the Director may recover the
5 Department's costs and expenses for prosecuting violations of the Act.

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

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

11 **4.1** Respondents Winnpointe Corporation and Evette Wendy DeLong cease and desist directly or
12 indirectly engaging in any unfair or deceptive practice toward any person; advertising on the
13 Internet that Respondent Winnpointe offers "the lowest fees and rates in the industry," or
14 words to that effect; failing to comply with the Department's investigative authority; and
15 distributing in Washington any false, deceptive, or misleading advertising offering
16 Washington consumers residential mortgage loans until such time as they are able to
17 demonstrate, to the Department's satisfaction, that Respondent Winnpointe Corporation has
18 in place written compliance policies, procedures, and testing systems reasonably designed to
19 detect and prevent the distribution of false, deceptive, or misleading advertising in
20 Washington.

17 **4.2** Respondent Winnpointe Corporation and Respondent Evette Wendy DeLong take remedial
affirmative action as is necessary to comply with the Act, including:

18 a. Within 30 days of the entry of a Final Order in this matter, develop and adopt written
19 compliance policies, procedures, and testing systems reasonably designed to detect
20 and prevent the distribution of false, deceptive, or misleading advertising in
Washington; and

21 b. Within 60 days of the entry of a Final Order in this matter, provide the Department
with a copy of Respondent Winnpointe's written advertising compliance policies.

22 **4.3** Respondent Winnpointe Corporation and Respondent Evette Wendy DeLong jointly and
23 severally pay a fine. As of the date of this Statement of Charges the fine totals \$100,000.

24 **4.4** Respondent Winnpointe Corporation and Respondent Evette Wendy DeLong jointly and
25 severally pay the Department's costs of the investigation. As of the date of this Statement of
Charges the investigation fee totals \$2,760.40.

1 4.5 Respondent Winnpointe Corporation and Respondent DeLong jointly and severally pay the
2 Department's costs and expenses for prosecuting violations of the Act in an amount to be
3 determined at hearing, or, in event of default by Respondents, by declaration with supporting
4 documentation.

5 **V. AUTHORITY AND PROCEDURE**

6 This Statement of Charges is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW
7 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW, the Administrative
8 Procedure Act. Respondents may each make a written request for a hearing as set forth in the NOTICE OF
9 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

10 Dated this 13th day of October, 2016.



11 [Redacted Signature]
12 CHARLES E. CLARK
13 Director, Division of Consumer Services
14 Department of Financial Institutions

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16
17 Presented by:

18 [Redacted Signature]
19 ANTHONY W. CARTER
20 Senior Legal Examiner

Approved by:

21 [Redacted Signature]
22 STEVEN C. SHERMAN
23 Enforcement Chief