

Terms Completed

ORDER SUMMARY – Case Number: C-06-116

Name(s): Freestand Financial Holding Corp
Jesse A. Gee

Order Number: C-06-116-07-CO01

Effective Date: April 9, 2007

License Number: DFI: 26224 -Freestand
Or NMLS Identifier [U/L] DFI: 26550 -Gee
(Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: Surrendered

Not Apply Until: April 9, 2010

Not Eligible Until: _____

Prohibition/Ban Until: April 9, 2010

Investigation Costs	\$1,120.44	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 4.9.07
Fine	\$13,400	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 4.9.07
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$12,350	Due	Paid <input checked="" 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: Respondents must pay \$10,400 directly to A-1 Appraisals in Moses Lake, and \$1,950 directly to Cutter Company Appraisal in Vancouver.

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

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

NO. C-06-116-07-CO01

FREESTAND FINANCIAL HOLDING CORP.,
and **JESSE A. GEE**, President and Designated
Broker, and **DONALD PARKER**, Employee and
Branch Manager.

CONSENT ORDER

FREESTAND FINANCIAL HOLDING CORP., and
JESSE A. GEE, President and Designated Broker

Respondents

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Freestand Financial Holding Corp. and Jesse A. Gee (hereinafter collectively as Respondents), by and through their attorney Peter J. Muckelstone, and finding that the issues raised in the captioned matter may be economically and efficiently settled, agrees 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 Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-06-116-07-SC07 (Statement of Charges), entered August 1, 2006, (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, Respondents hereby agree 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. The parties intend

CONSENT ORDER
NO. C-06-116-07-CO01
FREESTAND FINANCIAL HOLDING CORP.,
and JESSE A. GEE, President and Designated
Broker

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Inland Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8795

1 this Consent Order to fully resolve the Statement of Charges entered August 1, 2006, as it relates to the
2 undersigned Respondents, and all complaints filed with the Department as of March 2, 2007.

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 Respondents have been informed of the right to a hearing
7 before an administrative law judge, and that they have waived their right to such hearing; and to any and all
8 administrative and judicial review of the issues raised in this matter or of the resolution reached herein.

9 C. **Mortgage Broker License.** It is AGREED that Respondents shall immediately surrender their
10 mortgage broker license. It is further AGREED that Respondents shall immediately provide the Department with
11 a fully completed "Mortgage Broker Office Closure/License Surrender Form."

12 D. **Application for License.** It is AGREED that Respondents shall not apply to the Department for any
13 license under any name for a period of three (3) years from the entry of this Consent Order.

14 E. **Prohibition from Industry.** It is AGREED that Respondents shall be prohibited from participating
15 in the conduct of the affairs of any mortgage broker licensed by the Department or any mortgage broker exempt
16 from Washington law under RCW 19.146.020(1)(d) or (f) for three (3) years from the date of entry of this Consent
17 Order in any capacity, including but not limited to: (1) any financial capacity whether active or passive, (2) as an
18 officer, director, principal, designated broker, employee, or loan originator, (3) any management, control,
19 oversight, or maintenance of any trust account(s) in any way related to any residential mortgage transaction, and
20 (4) receiving, disbursing, managing, or controlling in any way, consumer trust funds in any way related to any
21 residential mortgage transaction. This prohibition shall apply to all properties and consumers within the
22 jurisdiction of the state of Washington.

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24 CONSENT ORDER
NO. C-06-116-07-CO01
25 FREESTAND FINANCIAL HOLDING CORP.,
and JESSE A. GEE, President and Designated
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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41290
Olympia, WA 98504-1200
(360) 902-8795

1 F. Fine. It is AGREED that Respondents shall pay to the Department a fine of \$13,400.00 in the form
2 of a cashier's check made payable to the "Washington State Treasurer."

3 G. Investigation Fee. It is AGREED that Respondents shall pay to the Department an investigation fee
4 of \$1,120.44 in the form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this
5 order. One cashier's check will be acceptable for the combined total of the fine and investigation fee.

6 H. Resolution of Third-Party Service Provider Complaints. It is AGREED that Respondents shall
7 promptly pay the sum of \$10,400.00 directly to A-1 Appraisals, 10870 Farmers Drive, Moses Lake, WA 98837, to
8 resolve the issues raised in complaint 21187 related to unpaid appraisal fees, and shall provide the Department
9 with proof of payment within 30 days of entry of this Consent Order. It is further AGREED that Respondents
10 shall promptly pay the sum of \$1,950.00 directly to Cutter Company Appraisal, 6400 NE Hwy. 99, Suite G, PMB
11 #104, Vancouver, WA 98665, to resolve the issues raised in Complaint 20765 related to unpaid appraisal fees,
12 and shall provide the Department with proof of payment within 30 days of entry of this Consent Order.

13 I. Complete Cooperation with the Department and the Office of the Attorney General. It is
14 AGREED that Respondents shall cooperate fully, truthfully, and completely with the Department and the Office
15 of the Attorney General, and provide upon request any and all information known relating in any manner to Co-
16 Respondent Donald Parker. It is further AGREED that upon request of the Department or the Office of the
17 Attorney General, Respondents shall provide any and all documents, writings, materials, objects, or things of any
18 kind in their possession or under their care, custody, or control relating directly or indirectly to all areas of inquiry
19 and investigation concerning Co-Respondent Donald Parker. It is further AGREED that upon request of the
20 Department or the Office of the Attorney General, Respondents shall testify fully, truthfully, and completely at
21 any proceeding related to the Department's investigation and enforcement actions related to this matter, including,
22 but not limited to any proceeding related to Co-Respondent Donald Parker. It is further AGREED that upon
23 request of the Department or the Office of the Attorney General, Respondent will provide sworn statements

24 CONSENT ORDER
NO. C-06-116-07-CO01
25 FREESTAND FINANCIAL HOLDING CORP.,
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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
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(360) 902-8795

1 related to any and all matters referenced in this subsection. A failure to cooperate fully, truthfully, and completely
2 will be a breach of this Consent Order.

3 J. Non-Compliance with Order. It is AGREED that Respondents understand that failure to comply
4 with and abide by the terms and conditions of this Consent Order may result in further legal action by the
5 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director for the
6 cost incurred in pursuing such action, including but not limited to, attorney fees.

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

9 L. Voluntarily Entered. It is AGREED that the undersigned Respondents have voluntarily entered into
10 this Consent Order, which is effective when signed by the Director's designee.

11 M. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read this
12 Consent Order in its entirety and fully understand and agree to all of the same.

13 **RESPONDENTS:**

14
15 **FREESTAND FINANCIAL HOLDING CORP.**

16 By:

17 
18 **JESSE A. GEE**
19 **President and Designated Broker**

3/20/07
Date

20 
21 **JESSE A. GEE, Individually**

3/20/07
Date

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24 **CONSENT ORDER**
25 **NO. C-06-116-07-CO01**
FREESTAND FINANCIAL HOLDING CORP.,
and JESSE A. GEE, President and Designated
Broker

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
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Olympia, WA 98504-1200
(360) 902-8795

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Approved for Entry By:

Peter J. Mucklestone
PETER J. MUCKLESTONE
WSBA #11913
Attorney for Respondents

April 5, 2007
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 9th DAY OF April, 2007.



Deborah Bortner
DEBORAH BORTNER
Division Director
Division of Consumer Services
Department of Financial Institutions

CONSENT ORDER
NO. C-06-116-07-C001
FRESSTAND FINANCIAL HOLDING CORP.,
and JESSE A. GEE, President and Designated
Broker

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Laurel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 962-8795

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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
Mortgage Broker Practices Act of Washington by:

NO. C-06-116-06-SC01

FREESTAND FINANCIAL HOLDING
CORP., and JESSE A. GEE, President and
Designated Broker, and DONALD PARKER,
Employee and Branch Manager.

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, IMPOSE FINE,
ORDER RESTITUTION, PROHIBIT FROM
INDUSTRY, AND COLLECT INVESTIGATION FEE

Respondents.

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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). After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of July 26, 2006, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Respondent Freestand Financial Holding Corp. (Freestand) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on July 14, 2004, and has continued to be licensed to date. Respondent Freestand is licensed to conduct the business of a mortgage broker at 3200 N. Central Ave., Phoenix, AZ. Respondent Freestand maintained two (2) branch offices in Washington State at 2310 130th Ave NE, Ste B-100, Bellevue, WA, and 2320 130th Ave. NE ste E-104, Bellevue, WA. Both of these branch offices closed on March 23, 2006.

1 B. Respondent Jesse A. Gee (Gee) is the President and Designated Broker of Respondent
2 Freestand. Respondent Gee was named Designated Broker of Respondent Freestand on July 14, 2004, and has
3 continued as Designated Broker to date.

4 C. Respondent Donald Parker (Parker) is employed as a branch manager for Respondent Freestand.

5 **1.2 Unlicensed Location.** Since at least March 7, 2006, Respondents are known to have conducted the
6 business of a mortgage broker from the following location: 413 Sharon Ave. East, Moses Lake, WA 98837.
7 To date, Respondents have never applied for or received a license from the Department to conduct the business
8 of a mortgage broker from this location. To date, the Department has not issued a license to any person to
9 conduct the business of a mortgage broker from this location.

10 **1.3 Unlicensed Activity.** Between March 7, 2006, and July 7, 2006, Respondents assisted at least seven
11 (7) borrowers in applying to obtain residential mortgage loans on property located in the State of Washington
12 from the unlicensed location discussed in paragraph 1.2. Respondents assisted at least six (6) of these
13 borrowers in obtaining residential mortgage loans. The borrowers involved in these residential mortgage loans
14 paid fees to Respondent Freestand totaling \$ 20,204.77 as follows:

Borrower Botelo	\$ 4,589.00
Borrower Spurrier	\$ 2,416.40
Borrower Torres	\$ 2,722.50
Borrower Lindsey	\$ 2,465.40
Borrower Ringer	\$ 3,364.67
Borrower Schwabauer	\$ 1,730.40
<u>Borrower Orona</u>	<u>\$ 2,916.40</u>
Total	\$ 20,204.77

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20 **1.4 Operating and Advertising Under Unlicensed Name.** Respondent Freestand is licensed to conduct
21 the business of a Mortgage Broker in the State of Washington under the name "Freestand Financial Holding
22 Corp." and the d/b/a "Northstar Lending." To date, Respondents have neither requested nor received the
23 written consent of the Director to operate under any name other than the one under which the license is issued,
24 or the d/b/a "Northstar Lending."
25

1 A. **Operating Under Unlicensed Name.** Since at least March 7, 2006, Respondents have
2 operated under the name "Basin Brokerage." Respondents have done so by representing themselves to
3 prospective borrowers as Basin Brokerage. Respondents' local telephone listing is under the name Basin
4 Brokerage. Respondents are listed with the Moses Lake Chamber of Commerce as Basin Brokerage.

5 B. **Advertising Under Unlicensed Name.** Since at least March 7, 2006, Respondents have
6 advertised under the name Basin Brokerage. Respondents have maintained a web site in the name of Basin
7 Brokerage, and Respondents have placed advertisements in local print media under the name Basin Brokerage.

8 **1.5 Prohibited Acts.** Respondents have engaged in prohibited acts by making a knowingly false statement
9 to the Department, by obtaining property by fraud or misrepresentation, by employing a scheme or artifice to
10 defraud or mislead borrowers or lenders, and by engaging in an unfair or deceptive practice.

11 A. On May 2, 2006, Respondent Parker called the Department and spoke with a staff person. He
12 asserted that he had submitted a branch license application in March. To date, the Department
13 has not received a branch application from the Respondents. The Department's only March
14 2006 contacts with Respondent Parker were via telephone and e-mail. On June 14, 2006,
15 Respondent Parker called a Department staff person. During his conversation with this staff
16 person, Mr. Parker asserted that the name Basin Brokerage had only been used on the web
17 site. Department staff directly asked Mr. Parker to confirm that the term Basin Brokerage had
18 not been used in any other context. Mr. Parker specifically denied that the name had been
19 used in any context aside from the web site. In fact, Mr. Parker had used the name Basin
20 Brokerage in print advertisements and telephone directory listings.

21 B. In a March 7, 2006, e-mail communication, the Department advised Mr. Parker that he could
22 not hold himself out as being able to offer the services of a mortgage broker from the Moses
23 Lake location without first obtaining a license for that location. In a June 14, 2006, telephone
24 call, the Department reiterated this requirement. Respondent continues to date to engage in
25 the business of a mortgage broker.

1 C. Respondents have originated (7) loans that have closed since March 7, 2006, from the
2 unlicensed Moses Lake location. Respondents have utilized their main-office license to
3 originate each of these loans.

4 **1.6 Failure to Respond Timely to Directive.** Respondent Parker failed to respond to an April 20, 2006,
5 directive issued in connection with the investigation of this matter. The directive required a response on or
6 before May 5, 2006 (15 days after issuance of the directive). The Department did not receive a response. As a
7 result, the Department was forced to issue a subpoena on May 12, 2006. Respondent Parker provided the
8 Department with a partial response to the subpoena on May 25, 2006, and completed his response on May 30,
9 2006.

10 **1.7 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
11 Respondents continues to date.

12 13 **II. GROUNDS FOR ENTRY OF ORDER**

14 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(12) and WAC 208-660-010(29),
15 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of compensation or
16 gain (a) makes a residential mortgage loan or assists a person in obtaining or applying to obtain a residential
17 mortgage loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
18 person in obtaining or applying to obtain a residential mortgage loan.

19 **2.2 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 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents are in
24 apparent violation of RCW 19.146.0201(1), (2), (3), and (8) for directly or indirectly employing any scheme,
25 device, or artifice to defraud or mislead borrowers or lenders, engaging in an unfair or deceptive practice toward

1 any person, obtaining property by fraud or misrepresentation, and negligently making a false statement in
2 connection with an investigation conducted by the Department.

3 **2.4 Requirement to Obtain and Maintain Branch License.** Based on the Factual Allegations set forth in
4 Section I above, Respondents are in apparent violation of RCW 19.146.265 for engaging in the business of a
5 mortgage broker from a fixed physical location without first obtaining and maintaining a branch license for that
6 fixed physical location under the Act.

7 **2.5 Operating and Advertising Under Unlicensed Name.** Based on the Factual Allegations set forth in
8 Section I above, Respondents are in apparent violation of RCW 19.146.250 and WAC 208-660-125(3) for
9 operating and advertising under a name other than the one under which the license is issued without obtaining
10 the written consent of the Director.

11 **2.6 Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(iv) and WAC 208-660-160, the
12 Director may revoke a license for any violation of RCW 19.146.0201(1) through (9) or (12), RCW 19.146.265,
13 or failure to comply with any directive or order of the Director.

14 **2.7 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) and (ii) and WAC 208-660-165, the
15 Director may impose fines on a licensee, employee or loan originator of the licensee, or other person subject to
16 the Act for any violation of RCW 19.146.0201(1) through (9) or (12), RCW 19.146.265, or failure to comply
17 with a directive or order of the Director.

18 **2.8 Authority to Order Restitution.** Pursuant to RCW 19.146.220(d)(ii), the Director may issue orders
19 directing a licensee, its employee or loan originator, or other person subject to the Act to pay restitution to an
20 injured borrower.

21 **2.9 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the Director
22 may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
23 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage
24 broker or any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
25 (12), RCW 19.146.265, or failure to comply with a directive or order of the Director.

1 **2.10 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4), and
2 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee or other person
3 subject to the Act, the Department will furnish to the licensee or other person subject to the Act a billing to
4 cover the cost of the investigation. The investigation charge will be calculated at the rate of forty-seven dollars
5 and seventy-eight cents (\$47.78) per hour that each staff person devoted to the investigation.

6 **III. NOTICE OF INTENTION TO ENTER ORDER**

7 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth
8 in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under
9 RCW 19.146.220, RCW 19.146.221, and RCW 19.146.223. Therefore, it is the Director's intention to ORDER
10 that:


- 11 **3.1** Respondent Freestand Financial Holding Corp.'s license to conduct the business of a mortgage broker be
12 revoked; and
- 13 **3.2** Respondents Freestand Financial Corp., Jesse Gee, and Donald Parker jointly and severally pay a fine of
14 \$35,400 for:
15 **a.** Violating RCW 19.146.0201 (1), (2), and (8), calculated at \$100 per day for 30 days, per loan; and
b. Violating RCW 19.146.200 and RCW 19.146.265, calculated at \$100 per day for 134 days; and
c. Failing to comply with a directive of the director, calculated at \$100 per day for 10 days; and
- 16 **3.3** Respondents Freestand Financial Corp., Jesse Gee, and Donald Parker jointly and severally pay restitution
17 to all borrowers injured by Respondents' illegal mortgage broker practice of originating residential
mortgage loans without a license, in an amount to be determined at an adjudicative hearing; and
- 18 **3.4** Respondent Donald Parker be prohibited from participation in the conduct of the affairs of any mortgage
19 broker subject to licensure by the Director, in any manner, for a period of five (5) years; and
- 20 **3.5** Respondents Freestand Financial Corp., Jesse Gee, and Donald Parker jointly and severally pay an
21 investigation fee in the amount of \$1,120.44 calculated at \$47.78 per hour for the 23.45 staff hours devoted
22 to the investigation.

23 **IV. AUTHORITY AND PROCEDURE**

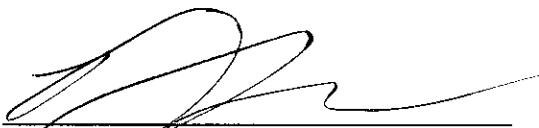
24 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Order
25 Restitution, Prohibit from Industry, and Collect Investigation Fee (Statement of Charges) is entered pursuant to
the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject

1 to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written
2 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
3 FOR HEARING accompanying this Statement of Charges.

4
5 Dated this 15th day of August, 2006.

6
7 
8 **CHUCK CROSS**
9 Director
10 Division of Consumer Services
11 Department of Financial Institutions

12 Presented by:

13 
14 **DAVID SØRENSEN**
15 Financial Legal Examiner



16 Approved by:

17 
18 **JAMES R. BRUSSELBACK**
19 Enforcement Chief