

ORDER SUMMARY – Case Number: C-11-0866

Name(s): H & R Financial Services, Inc.
 William “John” Heckler
 Richard Ruegsegger

Order Number: C-11-0866-13-FO01

Effective Date: September 17, 2013

License Number: Unlicensed

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(Revoked, suspended, stayed, application denied or withdrawn)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: Prohibited/Banned

Not Apply Until: September 17, 2018

Not Eligible Until: September 17, 2018

Prohibition/Ban Until: September 17, 2018

Investigation Costs	\$1,375.20	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$3,000	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s) n/a	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$2,400	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Judgment n/a	\$0	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input checked="" type="checkbox"/> N		
No. of Victims:		1		

Comments:

1. Respondents cease and desist engaging in the business of a mortgage broker or loan originator.
2. Respondents are prohibited from participation, in any manner, in the conduct of the affairs of any mortgage broker subject to licensure by the Director for a period of five years.
3. Respondents shall jointly and severally pay restitution to consumer K.B. in the amount of \$2,400.
4. Respondents shall jointly and severally pay a fine in the amount of \$3,000.
5. Respondents shall jointly and severally pay an investigation fee in the amount of \$1,375.20.
6. Respondents maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to Respondents' provision of residential mortgage loan modification services in Washington, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

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 Mortgage Broker Practices Act of Washington
7 by:

8 H & R FINANCIAL SERVICES, INC.;
9 WILLIAM HECKLER, President; and
10 RICHARD RUEGSEGGER, Secretary and
11 Treasurer,

12 Respondents.

No.: C-11-0866-13-FO01

FINAL ORDER

13 I. DIRECTOR'S CONSIDERATION

14 A. Default. This matter has come before the Director of the Department of Financial
15 Institutions of the State of Washington (Director), through his designee, Consumer Services Division
16 Director Deborah Bortner (Director's designee), pursuant to RCW 34.05.440(1). On March 27, 2013,
17 the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention
18 to Enter an Order to Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose
19 Fine, and Collect Investigation Fee (Statement of Charges) against H & R Financial Services, Inc.;
20 William Heckler, President; and Richard Ruegsegger, Secretary and Treasurer (Respondents). A
21 copy of the Statement of Charges is attached and incorporated into this order by this reference. The
22 Statement of Charges was accompanied by a cover letter dated April 3, 2013, a Notice of Opportunity
23 to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for
24 Respondents (collectively, accompanying documents).

On April 3, 2013, the Department served Respondents with the Statement of Charges and
accompanying documents by First-Class mail and Federal Express overnight delivery to the
Respondents' last known address: 6411 Puma Place, Rancho Cucamonga, California 91737. Also on

1 April 3, 2013, the Department served Respondents' Registered Agent, William Heckler by First-
2 Class mail and Federal Express overnight delivery at 9804 Aspen Ct NE, Albuquerque, New Mexico
3 87112.

4 On April 9, 2013, the documents sent via Federal Express overnight delivery to Respondents
5 at the Rancho Cucamonga address were returned by Federal Express. The label on the front of the
6 Federal Express envelope listed the reason for return as: "Refused" and on the adjoined line was a
7 hand-written note which stated: "Don't want." The documents sent by First-Class mail were
8 returned to the Department by the United States Postal Service with a hand-written note stating
9 "return to sender not at address" and United States Postal Service label stating "Return to Send
10 Unable to Forward." On June 24, 2013, however, the Department received verification from the
11 Rancho Cucamonga, California Branch Office of the United States Post Office that mail addressed to
12 Respondents was still being delivered to 6411 Puma Place, Rancho Cucamonga, California 91737.

13 On April 16, 2013, the documents sent via Federal Express overnight delivery to
14 Respondents' Registered Agent William Heckler at the Albuquerque, New Mexico, address were
15 returned by Federal Express, however, the documents sent by First-Class mail were not returned by
16 the United States Postal Service.

17 Respondents did not request an adjudicative hearing within twenty calendar days after the
18 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for
19 in WAC 208-08-050(2).

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1 B. Record Presented. The record presented to the Director's designee for her review and
2 for entry of a final decision included the following:

- 3 1. Statement of Charges, cover letter dated April 3, 2013, Notice of Opportunity to
4 Defend and Opportunity for Hearing, and blank Application for Adjudicative
5 Hearing for Respondent, with documentation for service.
- 6 2. Post Office Address Verification Request form completed by Rancho Cucamonga,
7 California Office of the United States Post Office received by the Department of
8 June 24, 2013.

9 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
10 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

11 II. FINAL ORDER

12 Based upon the foregoing, and the Director's designee having considered the record and being
13 otherwise fully advised, NOW, THEREFORE:

14 A. IT IS HEREBY ORDERED, That:

- 15 1. Respondents cease and desist engaging in the business of a mortgage broker or
16 loan originator.
- 17 2. Respondents are prohibited from participation, in any manner, in the conduct of
18 the affairs of any mortgage broker subject to licensure by the Director for a period
19 of five years.
- 20 3. Respondents shall jointly and severally pay restitution to consumer K.B. in the
21 amount of \$2,400.
- 22 4. Respondents shall jointly and severally pay a fine in the amount of \$3,000.
- 23 5. Respondents shall jointly and severally pay an investigation fee in the amount of
24 \$1,375.20.
6. Respondents maintain records in compliance with the Act and provide the
Department with the location of the books, records and other information relating
to Respondents' provision of residential mortgage loan modification services in
Washington, and the name, address and telephone number of the individual
responsible for maintenance of such records in compliance with the Act.

1 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
2 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
3 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
4 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
5 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
6 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
7 Reconsideration a prerequisite for seeking judicial review in this matter.

8 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the
9 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a
10 written notice specifying the date by which it will act on a petition.

11 C. Stay of Order. The Director's designee has determined not to consider a Petition to
12 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
13 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

14 D. Judicial Review. Respondents have the right to petition the superior court for judicial
15 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
16 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

17 E. Non-compliance with Order. If you do not comply with the terms of this order, the
18 Department may seek its enforcement by the Office of the Attorney General to include the collection
19 of the fines, fees, and restitution imposed herein. The Department also may assign the amounts owed
20 to a collection agency for collection.

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1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
2 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
3 attached hereto.

4 DATED this 17th day of September, 2013.

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6 STATE OF WASHINGTON
7 DEPARTMENT OF FINANCIAL INSTITUTIONS

8 /S/ _____
9 DEBORAH BORTNER
10 Director
11 Division of Consumer Services
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1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

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

5 H & R FINANCIAL SERVICES, INC.;
6 WILLIAM HECKLER, President; and
RICHARD RUEGSEGGER, Secretary and Treasurer,

7 Respondents.

No. C-11-0866-13-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST
BUSINESS, PROHIBIT FROM
INDUSTRY, ORDER RESTITUTION,
IMPOSE FINE, AND COLLECT
INVESTIGATION FEE

8 INTRODUCTION

9 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial
10 Institutions of the State of Washington (Director) is responsible for the administration of chapter
11 19.146 RCW, the Mortgage Broker Practices (Act). After having conducted an investigation pursuant
12 to RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the
13 Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes
14 this proceeding and finds as follows:

15 I. FACTUAL ALLEGATIONS

16 1.1 Respondents.

17 A. H & R Financial Services, Inc. (Respondent H & R Financial Services) has never been
18 licensed by the Department of Financial Institutions of the State of Washington (Department) to
19 conduct business as a mortgage broker or loan originator.

20 B. William Heckler (Respondent Heckler) is President of H & R Financial Services. During
21 the relevant time period, Respondent Heckler was not licensed by the Department to conduct business
22 as a mortgage broker or loan originator.

1 **C. Richard C. Ruegsegger (Respondent Ruegsegger)** is Secretary and Treasurer of H & R
2 Financial Services. Respondent Ruegsegger was not licensed by the Department to conduct business
3 as a mortgage broker or loan originator.

4 **1.2 Unlicensed Activity.** Between at least October 6, 2010, and the date of this Statement of
5 Charges, Respondents were offering residential mortgage loan modification services to Washington
6 consumers on property located in Washington State. Respondents entered into a contractual
7 relationship with at least one Washington consumer to provide those services and collected an advance
8 fee for the provision of those services. The Department has received at least one complaint from a
9 Washington consumer alleging Respondents provided or offered to provide residential mortgage loan
10 modification services while not licensed by the Department to provide those services. The consumer,
11 K.B., paid Respondents a fee of \$2,400.

12 **1.3 Misrepresentations and Omissions.** Respondents represented that they were licensed to
13 provide the residential mortgage loan modification services or omitted disclosing that they were not
14 licensed to provide those services.

15 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the
16 Act by Respondents continues to date.

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

18 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
19 “Mortgage Broker” means any person who, for compensation or gain, or in the expectation of
20 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage loan
21 or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a person
22 in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-006, a
23 person ““assists a person in obtaining or applying to obtain a residential mortgage loan’ by, among
24 other things, counseling on loan terms (rates, fees, other costs), [and] preparing loan packages...”

1 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), “loan originator” means a
2 natural person who for direct or indirect compensation or gain, or in the expectation of direct or
3 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
4 offers or negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform
5 any of these activities.

6 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
7 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive practice
8 toward any person and obtaining property by fraud or misrepresentation.

9 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
10 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
11 for engaging in the business of a mortgage broker for Washington residents or property without first
12 obtaining a license to do so.

13 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
14 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
15 for engaging in the business of a loan originator without first obtaining and maintaining a license.

16 **2.6 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
17 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
18 location that is on file with and readily available to the Department until at least twenty-five months
19 have elapsed following the effective period to which the books and records relate.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the
3 Director may issue orders directing any person subject to the Act to cease and desist from conducting
4 business.

5 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), the Director may
6 issue orders prohibiting from participation in the conduct of the affairs of a licensed mortgage broker
7 any person subject to licensing under the Act for any violation of RCW 19.146.0201(1) through (9) or
8 (13), or RCW 19.146.200.

9 **3.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
10 restitution against any person subject to the Act for any violation of the Act.

11 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
12 against any person subject to the Act for any violation of the Act.

13 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
14 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time devoted
15 to an investigation of any person subject to the Act.

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

17 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
18 set forth above constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221,
19 and RCW 19.146.223. Therefore, it is the Director's intent to ORDER that:

20 **4.1** Respondents cease and desist engaging in the business of a mortgage broker or loan originator.

21 **4.2** Respondents be prohibited from participation, in any manner, in the conduct of the affairs of
22 any mortgage broker subject to licensure by the Director for a period of five years.

1 **4.3** Respondents jointly and severally pay restitution to the consumers identified by the
2 Department in paragraph 1.2 in the amount set forth therein, and that Respondents jointly and
3 severally pay restitution to each Washington consumer with whom they entered into a contract
4 for residential mortgage loan modification services related to real property or consumers
5 located in the state of Washington equal to the amount collected from that Washington
6 consumer for those services in an amount to be determined at hearing.

7 **4.4** Respondents jointly and severally pay a fine, which as of the date of this Statement of Charges
8 totals \$3,000.

9 **4.5** Respondents jointly and severally pay an investigation fee, which as of the date of this
10 Statement of Charges totals \$1,375.20.

11 **4.6** Respondents maintain records in compliance with the Act and provide the Department with the
12 location of the books, records and other information relating to Respondents' provision of
13 residential mortgage loan modification services in Washington, and the name, address and
14 telephone number of the individual responsible for maintenance of such records in compliance
15 with the Act.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05
4 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as
5 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
6 accompanying this Statement of Charges.

7 Dated this 27th day of March, 2013.

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9 /S/
10 DEBORAH BORTNER
11 Director, Division of Consumer Services
Department of Financial Institutions

12 Presented by:

13 /S/
14 WILMA M. COLWELL
15 Financial Examiner

16 Approved by:

17 /S/
18 CHARLES E. CLARK
Enforcement Chief