

Terms Completed

ORDER SUMMARY – Case Number: C-17-2166-18-CO01

Name & NMLS Number:	Bruce P. “Phil” Hills, NMLS No. 353177
Order Number:	C-17-2166-18-CO01
Effective Date:	May 14, 2018
License Effect:	None.

Investigation Costs	\$ 500	Upon delivery	Paid: <input checked="" type="checkbox"/> Yes	Date: 05/07/18
Fine	\$ 5,000	Upon delivery	Paid: <input checked="" type="checkbox"/> Yes	Date: 05/07/18

Comments: This Consent Order completely resolves, solely as to Respondent Bruce P. “Phil” Hills, all Charges in C-17-2166-17-SC01.

See Consent Order C-17-2166-18-CO02 for the resolution of this matter solely as to Respondents Seattle Mortgage Brokers, LLC, Steven R. Gilbert, and Michael J. Gilbert.

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
5 Mortgage Broker Practices Act of Washington by:

6 SEATTLE MORTGAGE BROKERS, LLC., d/b/a Seattle
Mortgage Brokers NW and Clear Choice Lending,
NMLS No. 761615;
7 STEVEN R. GILBERT, Owner, President, Designated
Broker, and Mortgage Loan Originator, NMLS No. 305371;
8 MICHAEL J. GILBERT, Owner, Chief Financial Officer, and
Loan Originator, NMLS No. 294452; and
9 BRUCE P. "PHIL" HILLS, Mortgage Loan Originator,
NMLS No. 353177,

10 Respondents.

No. C-17-2166-18-CO01

CONSENT ORDER SOLELY AS TO
RESPONDENT BRUCE P. "PHIL" HILLS

11 COME NOW the Director of the Department of Financial Institutions (Director), through her designee
12 Charles E. Clark, Division Director, Division of Consumer Services, and Bruce P. "Phil" Hills (Respondent Hills),
13 and finding that the issues raised in the above-captioned matter may be economically and efficiently settled, agree
14 to the entry of this Consent Order solely as to Respondent Hills. This Consent Order is entered pursuant to chapter
15 19.146 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act,
16 based on the following:

17 **AGREEMENT AND ORDER**

18 The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent
19 Hills have agreed upon a basis for resolution of the matters alleged in the attached Statement of Charges,
20 No. C-17-2166-17-SC01 (Charges), entered November 22, 2017, solely as to Respondent Hills. Pursuant to
21 chapter RCW 19.146, the Mortgage Broker Practices Act (Act), and RCW 34.05.060 of the Administrative
22 Procedure Act, Respondent Hills hereby agrees to the Department's entry of this Consent Order. The parties
23 intend this Consent Order to fully resolve the Charges solely as to Respondent Hills, and agree that the Respondent
24 Hills does not admit any wrongdoing by its entry. Respondent Hills is agreeing not to contest the Charges in
25 consideration of the terms of this Consent Order.

1 **Based upon the foregoing:**

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

4 **B. Waiver of Hearing.** It is AGREED that Respondent Hills has been informed of the right to a hearing
5 before an administrative law judge, and hereby waive his right to a hearing and to any and all administrative and
6 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondent
7 Hills, by his signature below, withdraws his appeal to the Office of Administrative Hearings.

8 **C. Fine.** It is AGREED that Respondent Hills shall pay a \$5,000 fine to the Department.

9 **D. Investigation Fee.** It is AGREED that Respondent Hills shall pay an investigation fee of \$500 to the
10 Department.

11 **E. Payment.** It is AGREED that the Fine and Investigation Fee shall be paid in one \$5,500 cashier's check
12 made payable to the "Washington State Treasurer" delivered to the Department with Respondent Hills' executed
13 copy of this Consent Order.

14 **F. Non-Compliance with Order.** It is AGREED that Respondent Hills understands that failure to abide by
15 the terms and conditions of this consent Order may result in further legal action by the director. In the event of
16 such legal action, Respondent may be responsible to reimburse the Director for the state's costs and expenses in
17 pursuing such action, including attorney fees.

18 **G. Voluntarily Entered.** It is AGREED that Respondent Hills has voluntarily entered into this Consent
19 Order, which is effective when signed by the Director's designee.

20 **H. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Hills has read this
21 Consent Order in its entirety and fully understands and agrees to all of the same.

22 **RESPONDENT:**

23
24 /s/
Bruce P. "Phil" Hills

5/2/18
Date

25 **DO NOT WRITE BELOW THIS LINE**

1 THIS ORDER ENTERED THIS 14th DAY OF MAY 2018.

2
3
4 /s/ _____
5 CHARLES E. CLARK, Director
6 Division of Consumer Services
7 Department of Financial Institutions
8

9 Presented by:

Approved by:

10
11 /s/ _____
12 ANTHONY W. CARTER
13 Senior Legal Examiner
14 Consumer Services Enforcement Unit
15 Department of Financial Institutions
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/s/ _____
STEVEN C. SHERMAN
Enforcement Chief
Consumer Services Enforcement Unit
Department of Financial Institutions

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

4 IN THE MATTER OF DETERMINING
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7 SEATTLE MORTGAGE BROKERS, LLC., d/b/a Seattle
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10 STEVEN R. GILBERT, Owner, President, Designated
11 Broker, and Mortgage Loan Originator, NMLS No. 305371;
12 MICHAEL J. GILBERT, Owner, Chief Financial Officer, and
13 Loan Originator, NMLS No. 294452; and
14 BRUCE P. "PHIL" HILLS, Mortgage Loan Originator,
15 NMLS No. 353177,

16 Respondents.

No. C-17-2166-17-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENT TO ENTER AN ORDER TO CEASE
AND DESIST, ORDER REFUNDS, IMPOSE
FINES, COLLECT INVESTIGATION FEES,
and RECOVER COSTS AND EXPENSES OF
PROSECUTION

17 INTRODUCTION

18 Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Washington State Department of
19 Financial Institutions (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker
20 Practices Act (Act). Having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts
21 available as of the date of this Statement of Charges (Charges), the Director, through her designee, Division of
22 Consumer Services Director Charles E. Clark, institutes this proceeding and finds as follows:

23 I. FACTUAL ALLEGATIONS

24 1.1 Respondents.

- 25 A. **Seattle Mortgage Brokers, LLC (Respondent Seattle)**, d/b/a Seattle Mortgage Brokers NW and
26 Clear Choice Lending, was licensed by the Department of Financial Institutions (Department) to
conduct business as a mortgage broker from its Burien, Washington, location, on or about August 31,
2011, and continues to be licensed to date. Respondent Seattle has never applied for or been approved
by the Department to conduct business as a mortgage broker from any branch office locations.
- B. **Steven Robert Gilbert (Respondent Steve Gilbert)**, President, Designated Broker, and a 50% owner
of Respondent Seattle, was licensed to conduct business as a mortgage loan originator on or about July
13, 2010, and named Respondent Seattle's Designated Broker on or about August 31, 2011. He
continues to be licensed to date.
- C. **Michael Joseph Gilbert (Respondent Mike Gilbert)**, Chief Financial Officer and a 50% owner of
Respondent Seattle, was licensed by the Department to conduct business as a mortgage loan originator
on or about June 4, 2010, and continues to be licensed to date.

1 **D. Bruce Phillip (Phil) Hills (Respondent Hills)**, a former mortgage loan originator for Respondent
2 Seattle, was licensed by the Department to conduct business as a mortgage loan originator on or about
3 January 23, 2015, and continues to be licensed to date. Respondent Hill conducted business as a
4 mortgage loan originator for Respondent Seattle at all times relevant to the violations attributed to him
5 herein.

6 **1.2 Examination.** From February 6 through 9, 2017, the Department conducted an examination of Respondent
7 Seattle’s business practices occurring from October 1, 2014, through December 31, 2016 (the relevant period). The
8 Department reviewed 13 residential mortgage loan files and found the violations of the Act detailed below.

9 **1.3 Violations.** The below-listed violations of the Act, related rules (*see* WAC 208-660 *et seq.*), and applicable
10 federal laws and regulations occurred during the relevant period:

- 11 **A. Conducting Business from Unlicensed Locations.** Respondent Hills conducted the business of a
12 mortgage loan originator from at least two unlicensed branch office locations.
- 13 **B. Trade Names.** Respondent Hills conducted the business of a mortgage loan originator using trade names
14 that were not approved by the Department.
- 15 **C. Aiding and Abetting.** Respondent Seattle, Respondent Steve Gilbert, and Respondent Mike Gilbert
16 (collectively, Respondents SMB) aided and abetted unlicensed activity by permitting Respondent Hills to
17 conduct the business of a mortgage loan originator from at least two unlicensed branch office locations,
18 including by brokering loans for borrowers whose loans were originated by Respondent Hills from the
19 unlicensed branch office locations.
- 20 **D. Surety Bond.** After exceeding funding limits in 2015, Respondents SMB failed to increase the amount of
21 coverage under Respondent Seattle’s surety bond for the years 2016 and 2017.¹
- 22 **E. Mortgage Call Reports.** Respondents SMB failed to file with the Department accurate, complete, or
23 timely quarterly Mortgage Call Reports.
- 24 **F. Financial Condition Reports.** Respondents SMB failed to file with the Department accurate, complete,
25 or timely annual Financial Condition Reports.
- 26 **G. Advertising.** Respondents SMB failed to disclose required information on at least four Internet websites:
1. On the website seattle-mortgage-brokers.com, which features Respondent Steve Gilbert, Respondent
Seattle, Respondent Steve Gilbert, and Respondent Mike Gilbert did not disclose a link the NMLS
Consumer Access web site page for Respondent Seattle, and on the “Team Members” page, did not
disclose, in close proximity Respondent Steve Gilbert’s name, his mortgage loan originator license
number.
 2. On the website ClearChoiceLending.com, which features Respondent Mike Gilbert, Respondent
Seattle, Respondent Steve Gilbert, and Respondent Mike Gilbert did not disclose the NMLS license
number or a link the NMLS Consumer Access web site page for Respondent Seattle, and on the

¹ On or about July 1, 2017, Respondent Seattle increased its mortgage broker surety bond to the required amount.

1 “Staff Profiles” page, did not disclose, in close proximity to the named mortgage loan originators,
2 the NMLS license numbers of the named mortgage loan originators.

- 3 3. Respondent Seattle’s Yelp page, <https://www.yelp.com/biz/seattle-mortgage-brokers-burien>, did not
4 disclose the NMLS license number of Respondent Seattle.
- 5 4. Respondent Steve Gilbert’s LinkedIn page, <https://www.linkedin.com/in/steve-gilbert-a6115469/>,
6 did not disclose in close proximity his name his mortgage loan originator license number, and further
7 failed to disclose the NMLS license number of Respondent Seattle.
- 8 5. Respondent Mike Gilbert’s LinkedIn page, <https://www.linkedin.com/in/mike-gilbert-1b8514b/>, did
9 not disclose in close proximity his name his mortgage loan originator license number, and further
10 failed to disclose the NMLS license number of Respondent Seattle.

11 Respondent Hills failed to disclose required information on at least two Internet websites:

- 12 1. Respondent Hills’ loan originator web page, thesoundmortgage.com, did not disclose Respondent
13 Seattle’s licensed name and failed to disclose a link the NMLS Consumer Access web site page
14 for Respondent Seattle.
- 15 2. Respondent Hills’ Yelp page, <https://www.yelp.com/biz/seattle-mortgage-brokers-nw-seattle>,
16 did not disclose Respondent Hills’ NMLS license number or Respondent Seattle’s licensed name.

17 **H. Required Loan Disclosures.** Respondents SMB failed to make accurate, complete, or timely loan
18 disclosures to borrowers as required by the Act and other applicable federal laws and rules.

19 **I. Unnecessary Loan Disclosures.** Respondents SMB made unnecessary loan disclosures to some
20 borrowers.

21 **1.4 On-Going Investigation.** The Department’s investigation into the alleged violations of the Act by
22 Respondent Seattle, Respondent Steve Gilbert, Respondent Mike Gilbert, and Respondent Hills continues to date.

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

24 **2.1 Conducting Business from Unlicensed Locations.** Based on the Factual Allegations set forth in Section I
25 above, Respondent Hills, Respondent Seattle, Respondent Steve Gilbert, and Respondent Mike Gilbert are in apparent
26 violation of RCW 19.46.0201(2) and (16) for conducting business from unlicensed locations.

2.2 Trade or DBA Names. Based on the Factual Allegations set forth in Section I above, Respondent Hills,
Respondent Seattle, Respondent Steve Gilbert, and Respondent Mike Gilbert are in apparent violation of
RCW 19.46.250 for conducting business using unapproved trade or DBA names.

1 **2.3 Aiding and Abetting.** Based on the Factual Allegations set forth in Section I above, Respondents SMB are in
2 apparent violation of RCW 19.46.0201(2) for aiding and abetting unlicensed mortgage broker and mortgage loan
3 originator activity.

4 **2.4 Surety Bond.** Based on the Factual Allegations set forth in Section I above, Respondents SMB are in
5 apparent violation of RCW 19.46.205(6)(a) for failing maintain an adequate surety bond.

6 **2.5 Mortgage Call Reports.** Based on the Factual Allegations set forth in Section I above, Respondents SMB
7 are in apparent violation of RCW 19.146.390 for failing to file accurate, complete, or timely quarterly mortgage
8 call reports with the Department.

9 **2.6 Financial Condition Reports.** Based on the Factual Allegations set forth in Section I above, Respondents
10 SMB are in apparent violation of RCW 19.146.390 for failing to file accurate, complete, or timely annual financial
11 condition reports with the Department.

12 **2.7 Advertising.** Based on the Factual Allegations set forth in Section I above, Respondent Seattle, Respondent
13 Steve Gilbert, Respondent Mike Gilbert, and Respondent Hills are in apparent violation of RCW 19.146.0201(2) for
14 not disclosing information on their Internet and social media pages required by WAC 208-660-446(1), (3), and (4).

15 **2.8 Required Loan Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents
16 SMB are in apparent violation of RCW 19.146.0201(6) for failing to make accurate, complete, or timely
17 disclosures to borrowers as required by RCW 19.146.030 and any other applicable federal laws including
18 Regulation Z, 12 CFR Section 1026 *et seq.*; Regulation X, 12 CFR Section 1024 *et seq.*; Regulation P, 12 CFR
19 Section 1016.4; and the E-Sign Act, 15 U.S.C. Section 7001(c).

20 **2.9 Unnecessary Loan Disclosures.** Based on the Factual Allegations set forth in Section I above, Respondents
21 SMB are in apparent violation of RCW 19.146.0201(2) for making unnecessary loan disclosures to borrowers.

22 III. AUTHORITY TO IMPOSE SANCTIONS

23 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(3), the Director may issue
24 orders directing any person subject to the Act to cease and desist from conducting business in violation of the Act.

25 **3.2 Authority to Order Refunds.** Pursuant to RCW 19.146.220(2), the Director may order refunds against any
26 person subject to the Act for any violation of the Act.

1 **3.3 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines against any
2 person subject to the Act for any violation of the Act.

3 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4)(a), the
4 Department will charge forty-eight dollars per hour for an examiner's time devoted to an investigation.

5 **3.5 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director may recover the
6 state's costs and expenses for prosecuting violations of the Act.

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

8 Respondent Seattle Mortgage Brokers, LLC, Respondent Steven R. Gilbert, Respondent Michael J. Gilbert,
9 and Respondent Bruce Phillip (Phil) Hills' violations of the provisions of chapter 19.146 RCW and chapter
10 208-660 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
11 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and
12 RCW 19.146.223. Therefore, it is the Director's intent to ORDER that:

- 13 **4.1** Respondent Seattle Mortgage Brokers, LLC, Respondent Steven R. Gilbert, and Respondent
14 Michael J. Gilbert cease and desist engaging in or aiding and abetting unlicensed mortgage broker
15 activity; using or allowing the use of unapproved trade or DBA names; failing to make required, or
16 making unnecessary, loan disclosures; and failing to disclose required information on advertising.
- 17 **4.2** Respondent Bruce Phillip (Phil) Hills cease and desist conducting business as a mortgage loan
18 originator from unlicensed locations and using unapproved trade or DBA names.
- 19 **4.3** Respondent Seattle Mortgage Brokers, LLC, Respondent Steven R. Gilbert, and Respondent
20 Michael J. Gilbert jointly and severally pay refunds to the Washington borrowers identified on
21 Exhibit A in the amount of \$159,899.54.
- 22 **4.4** Respondent Seattle Mortgage Brokers, LLC, Respondent Steven R. Gilbert, and Respondent
23 Michael J. Gilbert jointly and severally pay a fine. As of the date of these Charges, the fine totals
24 \$75,000.
- 25 **4.5** Respondent Bruce Phillip (Phil) Hills pay a fine. As of the date of these Charges, the fine totals
26 \$10,000.
- 4.6** Respondent Seattle Mortgage Brokers, LLC, Respondent Steven R. Gilbert, and Respondent
Michael J. Gilbert jointly and severally pay an investigation fee. As of the date of these Charges,
the investigation fee totals \$1,000.
- 4.7** Respondents Bruce Phillip (Phil) Hills pay an investigation fee. As of the date of these Charges,
the investigation fee totals \$500.

1 **4.8** Respondent Seattle Mortgage Brokers, LLC, Respondent Steven R. Gilbert, and Respondent
2 Michael J. Gilbert jointly and severally pay the Department’s costs and expenses for prosecuting
3 violations of the Act in an amount to be determined at hearing or by declaration with supporting
4 documentation in event of default.

5 **4.9** Respondent Bruce Phillip (Phil) Hills pay the Department’s costs and expenses for prosecuting
6 violations of the Act in an amount to be determined at hearing or by declaration with supporting
7 documentation in event of default.

V. AUTHORITY AND PROCEDURE

8 The Department enters these Charges pursuant to the provisions of RCW 19.146.220, RCW 19.146.221,
9 RCW 19.146.223, and RCW 19.146.230, and subject to the provisions of the Administrative Procedure Act,
10 RCW 34.05. Respondents may each make a written request for a hearing as set forth in the NOTICE OF
11 OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying these Charges.

12 Dated this 22nd day of November 2017.

13 /s/
14 CHARLES E. CLARK
15 Director, Division of Consumer Services
16 Department of Financial Institutions

17
18 Presented by:

18 Approved by:

19 /s/
20 ANTHONY W. CARTER
21 Senior Legal Examiner
22 Department of Financial Institutions
23 Division of Consumer Services

24 /s/
25 STEVEN C. SHERMAN
26 Enforcement Chief
 Department of Financial Institutions
 Division of Consumer Services