

ORDER SUMMARY – Case Number: No. C-17-2298

Names: Wilson Financial Group, Inc.
Eric Allan Wilson

Order Number: Consent Order No. C-17-2298-18-CO01

Effective Date: June 15, 2018

**License Number/
NMLS Identifier:** NMLS #67224 and NMLS #68458

License Effect: STAYED for two years from the date of the entry of the CO

Not Apply Until: NA

Not Eligible Until: NA

Prohibition/Ban Until: STAYED for two years from the date of the entry of the CO

Investigation Costs:	\$1,340	Due: Upon entry of CO	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: June 11, 2018
Fine:	\$9,000	Due: Upon entry of the CO & subsequent monthly payments	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: June 11, 2018, et al.

Comments: In addition to the financial obligations, Respondents must comply with the MBPA and the associated regulations found in chapter 208-660 WAC and submit to a compliance examination to be scheduled based upon the Department’s availability between twelve and eighteen months from the date of the entry of this Consent Order.

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

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

No.: C-17-2298-18-CO01

CONSENT ORDER

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WILSON FINANCIAL GROUP, INC.,
NMLS #67224, and
ERIC ALLAN WILSON, President, Owner,
Designated Broker, and Mortgage Loan
Originator, NMLS #68458,

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through her designee Charles E. Clark, Division Director, Division of Consumer Services, and Wilson Financial Group, Inc. (Respondent Wilson Financial Group) and Eric Allan Wilson (Respondent Wilson), President, Owner, Designated Broker, and Mortgage Loan Originator of Respondent Wilson Financial Group (collectively Respondents), by and through their counsel Seth Alan Rosenberg, of The Rosenberg Law Group, PLLC, and finding that the issues raised in the above-captioned matter 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 the Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based upon 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-17-2298-18-SC01 (Statement of Charges), entered March 30, 2018 (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, the parties hereby agree to the Department's entry of this Consent

1 Order and intend this Consent Order to fully resolve the Statement of Charges. Respondents are
2 agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

3 Based upon the foregoing:

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

6 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
7 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all
8 administrative and judicial review of the issues raised in this matter, or of the resolution reached
9 herein. Accordingly, Respondents, by the signatures of their representatives below, withdraw their
10 appeal to the Office of Administrative Hearings.

11 C. **Cease and Desist and Compliance with the Act.** It is AGREED that Respondents shall
12 cease and desist violating the Act, including RCW 19.146.0201(2) and (11), RCW 19.146.030(2)(c),
13 RCW 19.146.235(1), (2), and (9), RCW 19.146.390, WAC 208-660-400(1), and WAC 208-660-
14 430(3) and (6). It is FURTHER AGREED AND ORDERED that Respondents shall henceforth
15 comply with the Act and the associated regulations found in chapter 208-660 WAC.

16 D. **Affirmative Remedial Action.** It is AGREED AND ORDERED that Respondents shall
17 hire an outside Compliance Officer to oversee their business practices within thirty days of entry of
18 this Consent Order. It is FURTHER AGREED that the Compliance Officer shall be acceptable to
19 both the Department and Respondents.

20 E. **License Revocation.** It is AGREED that Respondents' license to conduct business in
21 Washington as mortgage brokers and that Respondent Wilson's license to conduct business in
22 Washington as a mortgage loan originator are subject to revocation by the Department. It is
23 FURTHER AGREED that the revocation of Respondents' mortgage broker license and Respondent

1 Wilson's mortgage loan originator license are STAYED contingent upon Respondents' compliance
2 with the terms of this Consent Order for a period of two years from the date of entry of this Consent
3 Order.

4 **F. Industry Ban.** It is AGREED that Respondents' participation in the conduct of the
5 affairs of mortgage brokers in Washington pursuant to licensure by the Director is subject to
6 prohibition by the Department. It is FURTHER AGREED that the prohibition of Respondents'
7 participation in the conduct of the affairs of mortgage brokers is STAYED (Stayed Ban) contingent
8 upon Respondents' compliance with the terms of this Consent Order for a period of two years from
9 the date of entry of this Consent Order.

10 **G. Fine.** It is AGREED AND ORDERED that Respondents shall pay the Department a Fine
11 in the amount of \$18,000, with \$9,000 of that amount to be paid pursuant to the terms of Paragraph
12 H. The \$9,000 balance of the Fine shall be STAYED (Stayed Fine) contingent upon Respondents'
13 compliance with the terms of this Consent Order for a period of two years from the date of entry of
14 this Consent Order. It is FURTHER AGREED that Respondents shall make monthly Fine Payments
15 in an amount equal to at least \$500 after the initial \$1500 payment pursuant to the terms of set forth
16 in Paragraph H.

17 **H. Investigation Fee.** It is AGREED AND ORDERED that Respondents shall pay to the
18 Department an Investigation Fee in the amount of \$1,340, upon entry of this Consent Order. It is
19 FURTHER AGREED that the first installment of the Fine Payments of \$1,500 and the Investigation
20 Fee shall be paid together in one cashier's check in the amount of \$2,840, made payable to the
21 "Washington State Treasurer," upon entry of this Consent Order. It is FURTHER AGREED that
22 Respondents shall continue to make monthly Fine Payments in the amount equal to at least \$500, due
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1 the first day of each month beginning on July 1, 2018, via cashier's checks made payable to the
2 "Washington State Treasurer", until the Fine is satisfied in full.

3 **I. Compliance Examination.** It is AGREED that:

- 4 1. Respondents shall be subject to at least one full scope examination by the Department
5 to determine compliance with this Consent Order. Such examination shall be
6 scheduled based upon the Department's availability between twelve and eighteen
7 months from the date of entry of this Consent Order.
- 8 2. If, within two years from the date of entry of this Consent Order, the Department
9 elects to conduct an examination of Respondents for any reason other than to
10 determine compliance with this Consent Order, the Department may elect to combine
11 such an examination with an examination to determine compliance with this Consent
12 Order.
- 13 3. Respondents shall pay all costs of the examinations authorized by WAC 208-660-
14 510(8).

15 **J. Lifting of Stays.** It is AGREED that:

- 16 1. If the Department determines Respondents have not complied with this Consent
17 Order and seeks to lift the stays and impose the stayed sanctions, the Department
18 will first serve Respondents with a written notice of noncompliance.
- 19 2. The notice of noncompliance will include:
 - 20 a. A description of the alleged noncompliance;
 - 21 b. A statement that the Department seeks to lift the stays and revoke
22 Respondents' mortgage broker license and Respondent Wilson's mortgage
23 loan originator license and impose the Stayed Ban and Stayed Fine;
 - 24 c. Notice that Respondents can contest the allegations of noncompliance by
either requesting an adjudicative hearing in writing or by submitting a
written response to the allegations of noncompliance; and
 - d. Notice that the process for lifting the stays applies only to this Consent
Order.
3. Respondents will be afforded twenty business days from the date of service of the
notice of noncompliance to submit to the Department a written request for an
adjudicative hearing.

- 1 4. The scope and issues of the adjudicative hearing are limited solely to whether or not
2 Respondents failed to comply with the terms of this Consent Order.
- 3 5. At the conclusion of the adjudicative hearing the Administrative Law Judge will
4 issue an initial decision. Either party may subsequently file a Petition for Review
5 with the Director of the Department.
- 6 6. In lieu of requesting an adjudicative hearing, within twenty business days from the
7 date of service of the notice of noncompliance, Respondents may submit to the
8 Department's a written response to the allegations of noncompliance for
9 consideration by the Department. The response must include a waiver of the right
10 to an adjudicative hearing, may address the allegations of noncompliance, and may
11 seek an alternative resolution to lifting the stays and imposing the stayed sanctions.
- 12 7. **Default.** If Respondents do not timely request an adjudicative hearing or submit a
13 written response to the notice of noncompliance, the Department may lift the stays
14 and impose the stayed sanctions without further notice.

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

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

22 **M. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this
23 Consent Order, which is effective when signed by the Director's designee.

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

O. Counterparts. This Consent Order may be executed by the Respondents in any number
of counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which shall be

1 deemed to be an original, but all of which, taken together, shall constitute one and the same Consent
2 Order.

3 **RESPONDENTS:**

Wilson Financial Group, Inc.

4 By:

5 /s/
6 Eric Allan Wilson
7 President

6-4-18
Date

8 /s/
9 Eric Allan Wilson
Individually

6-4-18
Date

10 Approved for Entry:

11 /s/
12 Seth Alan Rosenberg, WSBA No. 41660
13 Attorney at Law
14 The Rosenberg Law Group, PLLC
Attorney for Respondents

6/9/18
Date

15 DO NOT WRITE BELOW THIS LINE

16 THIS ORDER ENTERED THIS 15th DAY OF June, 2018.

17 /s/
18 CHARLES E. CLARK
19 Director
20 Division of Consumer Services
Department of Financial Institutions

21 Presented by:

Approved by:

22 /s/
23 BARBARA PENTTILA
Financial Legal Examiner

/s/
STEVEN C. SHERMAN
Enforcement Chief

1 Designated Broker to date. Respondent Wilson was licensed by the Department to conduct business
2 as a mortgage loan originator on or about November 19, 2009, and continues to be licensed to date.

3 **1.2 Examination.** From June 19, 2017, through June 22, 2017, the Department conducted an
4 examination of Respondents' business practices for the period of January 1, 2015, through May 31,
5 2017. The Department reviewed 31 loan files and found violations of the Act, including, but not
6 limited to, the violations set forth below.

7 **1.3 Failed to Submit Timely Reports to the Department.** Respondents failed to submit the
8 2014 and 2015 Financial Condition Reports by the required deadlines of March 31, 2015, and March
9 30, 2016, and failed to submit two quarterly 2016 Mortgage Call Reports by the required deadlines of
10 May 15, 2016, and August 14, 2016. This is a repeat violation from Respondents' 2013 examination,
11 of which they were previously notified.

12 **1.4 Failed to Provide Rate Lock Agreements.** In at least fourteen of the loan files reviewed,
13 Respondents failed to provide Rate Lock Agreements to borrowers within three days of locking,
14 relocking, or extending the customers' interest rates. This is a repeat violation from Respondents'
15 2013 examination, of which they were previously notified.

16 **1.5 Failed to Provide Accurate and Complete Truth-in Lending Disclosure Statements.** In at
17 least ten of the loan files examined, Respondents did not properly complete one or more sections of
18 the Truth-in-Lending Disclosure Statements including items related to the filing fees, the assumption
19 policies, the property insurance rates, the late charges, and the prepayment penalties. This is a repeat
20 violation from Respondents' 2013 examination, of which they were previously notified.

21 **1.6 Failed to Provide Privacy Policy Notices.** In at least ten of the loan files examined,
22 Respondents failed to provide Privacy Policy Notices to borrowers who had established a customer
23 relationship with the licensees. This is a repeat violation from Respondents' 2013 examination, of
24 which they were previously notified.

1 **1.7 Failed to Provide Accurate and Complete Privacy Policy Notices.** In at least nine of the
2 loan files examined, Respondents did not properly complete one or more sections of the Privacy
3 Policy Notices including items related to the contact phone number for customer questions, how the
4 company collects personal information, and the statement “We also collect your personal information
5 from others, such as credit bureaus, affiliates, or other companies.” This is a repeat violation from
6 Respondents’ 2013 examination, of which they were previously notified.

7 **1.8 Failed to Comply with the Director’s Authority to Conduct Investigations and**
8 **Examinations.** In 2017, Respondents did not provide responses by the due dates in reply to the
9 Department’s Directives dated July 20, 2017, August 22, 2017, and September 6, 2017.

10 **1.9 On-Going Investigation.** The Department’s investigation into the alleged violations of the
11 Act by Respondents continues to date.

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

13 **2.1 Responsibility for Conduct of Loan Originators.** Pursuant to RCW 19.146.245, a licensed
14 mortgage broker is liable for any conduct violating the Act by the designated broker or a loan
15 originator while employed or engaged by the licensed mortgage broker.

16 **2.2 Responsibility of Designated Broker.** Pursuant to RCW 19.146.200(3), every licensed
17 mortgage broker must at all times have a designated broker responsible for all activities of the
18 mortgage broker in conducting the business of a mortgage broker. A designated broker or owner who
19 has supervisory authority over a mortgage broker is responsible for a licensee’s, employee’s, or
20 independent contractor’s violations of the Act if the designated broker or owner: (a) directs or
21 instructs the conduct or, with knowledge of the specific conduct, approves or allows the conduct; (b)
22 or has supervisory authority over the licensed mortgage broker and knows or by the exercise of
23 reasonable care and inquiry should have known of the conduct, at a time when its consequences can
24 be avoided or mitigated and fails to take reasonable remedial action.

1 **2.3 Requirement to Comply with Reporting Requirements.** Based on the Factual Allegations
2 set forth in Section I above, Respondents are in apparent violation of RCW 19.146.390 and WAC
3 208-660-400(1) for failing to file two Mortgage Call Reports and two Financial Condition Reports by
4 the required deadlines.

5 **2.4 Requirement to Provide Rate Lock Agreements.** Based on the Factual Allegations set
6 forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2), RCW
7 19.146.030(2)(c), and WAC 208-660-430(3) and (6) for failing to provide Rate Lock Agreements to
8 at least fourteen borrowers within the required deadlines after locking the customers' interest rates.

9 **2.5 Requirement to Provide Accurate and Complete Truth-in-Lending Disclosure**
10 **Statements.** Based on the Factual Allegations set forth in Section I above, Respondents are in
11 apparent violation of RCW 19.146.0201(2) and (11), the Truth in Lending Act (TILA), 15 U.S.C. §
12 1601 *et seq.*, and Regulation Z, 12 CFR § 1026.18, for failing to provide accurate and complete
13 Truth-in-Lending Disclosure Statements to at least ten borrowers.

14 **2.6 Requirement to Provide Privacy Policy Notices.** Based on the Factual Allegations set forth
15 in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and (11) and
16 Regulation P, 12 CFR § 1016.4, for failing to provide Privacy Policy Notices to at least ten
17 borrowers.

18 **2.7 Requirement to Provide Accurate and Complete Privacy Policy Notices.** Based on the
19 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
20 19.146.0201(2) and (11) and Regulation P, 12 CFR § 1016, including the Appendix, for failing to
21 provide accurate and complete Privacy Policy Notices to at least nine borrowers.

22 **2.8 Requirement to Comply with the Director's Authority to Conduct Investigations and**
23 **Examinations.** Based on the Factual Allegations set forth in Section I above, Respondents are in
24 apparent violation of RCW 19.146.235(1), (2), and (9) for failing to provide responses by the due

1 dates in reply to the Department's Directives dated July 20, 2017, August 22, 2017, and September 6,
2 2017.

3 **2.9 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
4 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
5 location that is on file with and readily available to the Department until at least three years have
6 elapsed following the effective period to which the books and records relate.

7 **III. AUTHORITY TO IMPOSE SANCTIONS**

8 **3.1 Authority to Issue an Order to Cease and Desist or Take Affirmative Action.** Pursuant to
9 RCW 19.146.220(3), the Director may issue orders directing a licensee, its employee, loan originator,
10 independent contractor, agent, or other person subject to the Act to cease and desist from conducting
11 business or take such other affirmative action as is necessary to comply with this chapter.

12 **3.2 Authority to Suspend or Revoke Licenses.** Pursuant to RCW 19.146.220(2), the Director
13 may revoke or suspend licenses for any violation of the Act.

14 **3.3 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(4), the Director may
15 issue orders removing from office or prohibiting from participation in the conduct of the affairs of a
16 licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed
17 mortgage broker or any person subject to licensing under the Act for any violation of the Act.

18 **3.4 Authority to Impose Fines.** Pursuant to RCW 19.146.220(2) and (6) and WAC 208-660-
19 530(6), the Director may impose fines of up to one hundred dollars per day, per violation, against a
20 licensee or loan originator for any violation of the Act.

21 **3.5 Authority to Collect an Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-
22 660-520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge forty-eight dollars per
23 hour for an examiner's time devoted to an investigation.

1 **3.6 Authority to Recover Costs and Expenses.** Pursuant to RCW 19.146.221(2), the Director
2 may recover the state's costs and expenses for prosecuting violations of the Act.

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

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

- 8 **4.1** Respondents Wilson Financial Group, Inc. and Eric Allan Wilson cease and desist
9 conducting business as a mortgage broker and loan originator.
- 10 **4.2** Respondents Wilson Financial Group, Inc.'s and Eric Allan Wilson's license to
11 conduct the business of a mortgage broker be revoked.
- 12 **4.3** Respondent Eric Allan Wilson's license to conduct the business of a loan originator be
13 revoked.
- 14 **4.4** Respondents Wilson Financial Group, Inc. and Eric Allan Wilson be prohibited from
15 participation in the conduct of the affairs of any mortgage broker subject to licensure
16 by the Director, in any manner, for a period of five years.
- 17 **4.5** Respondents Wilson Financial Group, Inc. and Eric Allan Wilson jointly and severally
18 pay a fine. As of the date of this Statement of Charges, the fine totals \$36,000.
- 19 **4.6** Respondents Wilson Financial Group, Inc. and Eric Allan Wilson jointly and severally
20 pay an investigation fee. As of the date of this Statement of Charges, the investigation
21 fee totals \$1,340.
- 22 **4.7** Respondents Wilson Financial Group, Inc. and Eric Allan Wilson pay the
23 Department's costs and expenses for prosecuting violations of the Act in an amount to
24 be determined at hearing or by declaration with supporting documentation in event of
default by Respondents.
- 4.8** Respondents Wilson Financial Group, Inc. and Eric Allan Wilson maintain records in
compliance with the Act and provide the Department with the location of the books,
records and other information relating to Respondents' mortgage broker business, and
the name, address and telephone number of the individual responsible for maintenance
of such records in compliance with the Act.

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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 FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying this Statement of Charges.

Dated this 30th day of March, 2018.

/s/ _____
CHARLES E. CLARK
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

/s/ _____
BARBARA PENTTILA
Financial Legal Examiner

Approved by:

/s/ _____
STEVEN C. SHERMAN
Enforcement Chief