

ORDER SUMMARY – Case Number: C-17-2335

Name(s):	Seattle’s Best Mortgage, Inc. and Fion Yunyan Gu Wong
Order Number:	C-17-2335-18-CO01
Effective Date:	October 11, 2018
License Number:	Seattle’s Best Mortgage, Inc., NMLS No. 117721 Fion Yunyan Gu Wong, NMLS No. 99341
License Effect:	Both the Consumer Loan Company license of Seattle’s Best Mortgage, Inc., and the Mortgage Loan Originator license of Ms. Wong, are revoked, with the revocations stayed for five (5) years contingent upon future compliance with the Consumer Loan Act and the Consent Order.
Prohibition:	Ms. Wong is prohibited from participating, in any capacity, in the conduct of the affairs of any consumer loan company or mortgage broker licensed by or subject to licensure by the Department, with the prohibition stayed for five (5) years contingent upon both Respondents’ compliance with the Consumer Loan Act and the Consent Order.

Investigation Costs	\$ 11,500	Due: On delivery.	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 10/1/18
Fine – Partially Stayed	\$ 125,000 \$50,000 paid	Due: On delivery. \$75,000 stayed	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 10/1/18
Restitution	\$ 28,000	Due: Before entry	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 9/10/18
	No. of Victims:	112 borrowers rec’d \$250 each, for \$28,000		

COMMENTS: Respondent Fion Yunyan Gu Wong (Respondent Wong) has represented and warranted to the Department that she and Respondent Seattle’s Best Mortgage, Inc. (Respondent SBM) have ceased and desisted from engaging in the conduct described in the Charges; that Respondent SBM has provided training to its MLOs relating to the requirement that they only originate residential mortgage loans from licensed locations, and that Respondent SBM prohibits origination from unlicensed locations; and that both Ms. Wong and SBM (Respondents) shall cease and desist violations of the Consumer Loan Act (Act), and shall henceforth comply with the Act. Subject to certain limitations, Respondent SBM admitted that its management structure and failure to maintain adequate compliance procedures contributed to the violations of the CLA noted in the Charges.

AFFIRMATIVE ACTIONS: Respondent Wong has represented and warranted to the Department that Respondents have taken significant affirmative actions to comply with the Act, including by retaining an independent compliance consultant to review, supplement, and update Respondent SBM’s compliance manuals. Respondents further agreed to take the following affirmative actions to prevent future violations of and to comply with the Act: Reporting on the compliance consultant’s work within three (3) months of entry of the Consent Order, and annually thereafter on the anniversary date of the entry of the Consent Order for five (5) years; retaining, within three (3) months of entry of the Consent Order, a Chief Compliance Officer (CCO) licensed by the Department as a MLO and designated by Respondents as a Control Person on NMLS; and submitting to a compliance examination at its cost and the Department’s convenience within two (2) years of entry of the Consent Order.

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
Consumer Loan Act of Washington by:

No. C-17-2335-18-CO01

CONSENT ORDER

5 SEATTLE'S BEST MORTGAGE, INC.,
NMLS No. 117721, and
6 FION YUNYAN GU WONG, President, Owner,
and Loan Originator, NMLS No. 99341,
7
8 Respondents.

9 COMES NOW the Director of the Department of Financial Institutions (Director), through her
10 designee Charles E. Clark, Division Director, Division of Consumer Services, and Seattle's Best
11 Mortgage, Inc. (Respondent SBM) and Fion Yunyan Gu Wong (Respondent Wong) (collectively,
12 Respondents), by and through their attorney, Josh A. Rataczyk, and finding that the issues raised in the
13 above-captioned matter may be economically and efficiently settled, agree to the entry of this Consent
14 Order. This Consent Order is entered pursuant to chapter 31.04 of the Revised Code of Washington
15 (RCW), and RCW 34.05.060 of the Administrative Procedure Act (APA), based on the following:

16 **AGREEMENT AND ORDER**

17 The Department of Financial Institutions, Division of Consumer Services (Department) and
18 Respondents have agreed upon a basis for resolution of the matters alleged in the attached Statement of
19 Charges No. C-17-2335-18-SC01 (Charges) entered April 27, 2018. Pursuant to RCW 31.04, the
20 Consumer Loan Act (Act), and RCW 34.05.060 of the APA, Respondents hereby agree to the
21 Department's entry of this Consent Order (Order). The parties intend this Order to fully resolve the
22 Charges, and in consideration of the terms of this Order, Respondents are agreeing not to contest the
23 Charges.

24 **Based upon the foregoing:**

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

3 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
4 hearing before an administrative law judge, and hereby waive their rights to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

6 **C. Cease and Desist and Future Compliance.** It is AGREED that Respondent Wong has
7 represented and warranted to the Department that Respondents have ceased and desisted from engaging
8 in the conduct described in the Charges. It is FURTHER AGREED and ORDERED that Respondents
9 shall cease and desist violations of the Act, and shall henceforth comply with the Act.

10 **D. Admissions.** It is AGREED that Respondent SBM admits that its management structure and
11 failure to maintain adequate compliance procedures contributed to the violations of the CLA noted in
12 the Charges. It is further AGREED that with the above exceptions, Respondents neither admit nor deny
13 the Factual Allegations in the Charges; will not take any action or make or permit to be made any
14 public statement creating the impression that this Order is without factual basis; and that nothing in this
15 paragraph affects Respondents' right to take legal or factual positions in defense of litigation.

16 **E. Refunds.** It is AGREED that Respondents have paid \$28,000 in refunds to borrowers whose
17 residential mortgage loans were originated from unlicensed locations by licensed mortgage loan
18 originators (MLOs) sponsored by Respondent SBM. It is FURTHER AGREED that Respondent Wong
19 has represented and warranted to the Department that Respondent SBM has provided training to its
20 MLOs relating to the requirement that they only originate residential mortgage loans from licensed
21 locations, and that Respondent SBM prohibits origination from unlicensed locations.

22 **F. Rights of Non-Parties.** It is AGREED that the Department does not represent or have the
23 consent of any person or entity not a party to this Order to take any action concerning their personal
24 legal rights. It is further AGREED that for any person or entity not a party to this Order, this Order

1 does not limit or create any private rights or remedies against Respondents, limit or create liability of
2 Respondents, or limit or create defenses of Respondents to any claims.

3 **G. License Revocations (Stayed).** It is AGREED that Respondent SBM's consumer loan
4 company license, and Respondent Wong's mortgage loan originator license, are revoked. It is
5 FURTHER AGREED and ORDERED that both revocations are stayed (the Stayed Revocations) for
6 five (5) years contingent upon Respondents' compliance with the Act and this Order.

7 **H. Prohibition from Industry (Stayed).** It is AGREED that, for a period of five (5) years from
8 the date of entry of this Order, Respondent Wong is prohibited from participating, in any capacity, in
9 the conduct of the affairs of any consumer loan company or mortgage broker licensed by or subject to
10 licensure by the Department. It is FURTHER AGREED and ORDERED that the prohibition (the
11 Stayed Prohibition) is stayed for five (5) years contingent upon Respondents' compliance with the Act
12 and this Order.

13 **I. Fine (Partially Stayed).** It is AGREED and ORDERED that in consideration of the terms of
14 this Consent Order, Respondents shall pay a fine to the Department in the amount of \$125,000, with
15 \$50,000 (the Paid Fine) paid, and \$75,000 (the Stayed Fine) stayed for five (5) years contingent upon
16 Respondents' compliance with the Act and this Order.

17 **J. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
18 investigation fee of \$11,500, which includes a professional services fee of \$1,500. Payment of the
19 \$50,000 Paid Fine and the \$11,500 investigative fee is to be made upon delivery to the Department of
20 this fully executed Order in the form of a \$61,500 cashier's check made payable to the "Washington
21 State Treasurer."

22 **K. Affirmative Action.** It is AGREED that Respondent Wong has represented and warranted to
23 the Department that Respondents have taken significant affirmative actions to comply with the Act,
24 including by retaining an independent compliance consultant to review, supplement, and update

1 Respondent SBM's compliance manuals. It is FURTHER AGREED and ORDERED that Respondents
2 shall take the following affirmative actions to prevent future violations and to comply with the Act:

- 3 **1. Compliance Consultant.** Respondents shall maintain the relationship with their existing
4 compliance consultant, or retain a replacement not objectionable to the Department, for
5 five (5) years from the entry of this Order. Within three (3) months of entry of this Order,
6 and annually thereafter for five (5) years on the anniversary date of the entry of this Order,
7 the compliance consultant shall file with the Department a report of its work for
8 Respondent SBM, noting any deficiencies discovered, the recommendations made for
9 new policies or procedures to prevent future deficiencies, the implementation of those
10 new policies or procedures, and the results of the new policies or procedures in preventing
11 future deficiencies. A copy of any new policies or procedures adopted and implemented
12 by Respondent SBM shall accompany each report.
- 13 **2. Chief Compliance Officer.** Within three (3) months of entry of this Order, Respondent
14 SBM shall retain a Chief Compliance Officer (CCO) employed as a corporate officer of
15 Respondent SBM. The CCO shall be licensed by the Department as a mortgage loan
16 originator and designated as a Control Person on NMLS. The CCO shall be responsible,
17 along with Respondent Wong, for all compliance activities of Respondent SBM,
18 including the supervision of all licensed MLOs, loan processors, and loan underwriters
19 employed by or contracted with SBM in conducting the business of a consumer loan
20 company.
- 21 **3. Compliance Examination.** Subject to the Department's availability, within two (2) years
22 of the entry of this Order, at Respondent's cost, the Department will conduct a
23 compliance examination of Respondent SBM's business practices, policies, and
24 procedures, including Respondents compliance with the Act and this Order. At the
conclusion of the compliance examination, the Department will generate a Report of
Examination (ROE) Risk Rating. A Risk Rating of one (1) or two (2) will result in the
Stayed Revocations, Stayed Prohibition, and Stayed Fine (the Stayed Sanctions) expiring
without further notice or action by the Department, and will not be imposed. A Risk
Rating of three (3) may result in the scheduling of a second compliance examination,
subject to the Department's availability, within two (2) years of the first compliance
examination. A Risk Rating of four (4) or five (5) will result in the Department lifting the
stays and imposing the Stayed Sanctions pursuant to Paragraph L, and may result in the
imposition of other sanctions necessary for the enforcement of the Act and protection of
the public. Regardless of the assigned Risk Rating, Respondents must respond to and
address all findings in the ROE, and timely pay the invoice for all compliance
examinations conducted by the Department pursuant to this Order, which shall be done
at Respondents' cost and expense. Failure to timely pay any examination invoice is a
breach of this Order.

L. Lifting of Stays and Imposition of Stayed Sanctions. It is AGREED and ORDERED that:

1. If during the five (5) year stay, the Department determines that Respondents have not
complied with the Act or this Order, and the Department seeks to lift the stays and impose

1 the Stayed Sanctions, the Department will first serve Respondents with a written notice
2 of alleged noncompliance.

3 **2.** The notice will include:

- 4 **a.** A description of the alleged noncompliance;
- 5 **b.** A statement that the Department seeks to lift the stays and impose the Stayed
6 Sanctions;
- 7 **c.** Notice that either Respondent can contest the Department's determination of
8 noncompliance either in an adjudicative hearing before an Administrative Law
9 Judge (ALJ) of the Office of Administrative Hearings (OAH), or by submitting a
10 written response to the Department contesting the alleged noncompliance; and
- 11 **d.** Notice that the notification and adjudicative hearing process provided in this
12 Paragraph applies only to this Order solely in the event either Respondent chooses
13 to contest the Department's determination of noncompliance.

14 **3.** Any Respondent who wishes to contest the Department's determination of
15 noncompliance will have twenty (20) days from the date of receipt of the Department's
16 notice to submit a written request to the Department for an adjudicative hearing.

17 **4.** In lieu of requesting an adjudicative hearing, within twenty (20) days from the date of
18 service of the notice of alleged noncompliance, any Respondent may submit a written
19 response contesting the alleged noncompliance for consideration by the Department. The
20 response must include that Respondent's waiver of the right to an adjudicative hearing,
21 may address the alleged noncompliance, and may seek an alternative resolution to lifting
22 the stays and imposing the Stayed Sanctions.

23 **5.** The scope and issues of the adjudicative hearing are limited solely to whether or not
24 Respondents are in violation of the terms of the Act or this Order.

6. At the conclusion of the hearing, the ALJ will issue an initial decision. Either party may
file a Petition for Review of that initial decision with the Director of the Department.

7. DEFAULT: If any Respondent does not timely either request an adjudicative hearing,
or timely submit a written response contesting the alleged noncompliance, the
Department will impose the Stayed Sanctions and pursue whatever other enforcement
action it deems necessary to enforce the Act and Consent Order.

M. Authority to Execute Order. It is AGREED that the Respondent Wong has represented and
warranted that she has the full power and right to execute this Order on behalf of Respondent SBM.

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1 **N. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to
2 comply with the Act or abide by the terms and conditions of or this Order may result in further legal
3 action by the Director, including the lifting of the stays and imposition of the Stayed Sanctions. In the
4 event of such action, Respondents may be responsible to reimburse the Department for its costs.

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

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

9 **Seattle's Best Mortgage, Inc. by:**

Individually by:

10 _____
11 /s/ _____ 10-2-2018
Fion Yunyan Gu Wong, President Date

_____ 10-2-2018
/s/ _____
Fion Yunyan Gu Wong, Individually Date

12 **Approved for Entry by:**

13 _____
14 /s/ _____ 10/7/18
—
15 Josh A. Rataczyk, Esq., WSBA No. 33046 Date
16 Hillis Clark Martin Peterson, P.S.
Attorneys for Respondents

DO NOT WRITE BELOW THIS LINE

1 THIS ORDER ENTERED THIS 11th DAY OF OCTOBER 2018.

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

8 Presented by:

Approved by:

9 /s/
10 ANTHONY W. CARTER
11 Senior Legal Examiner
12 Consumer Services Enforcement Unit
13 Department of Financial Institutions
14

/s/
15 STEVEN C. SHERMAN
16 Enforcement Chief
17 Consumer Services Enforcement Unit
18 Department of Financial Institutions
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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
Consumer Loan Act of Washington by:

SEATTLE'S BEST MORTGAGE, INC.,
NMLS No. 117721, and
FION YUNYAN GU WONG, President, Owner, and
Loan Originator, NMLS No. 99341,

Respondents.

No. C-17-2335-18-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENT TO ENTER AN ORDER TO REVOKE
LICENSES, PROHIBIT FROM INDUSTRY,
ORDER REFUNDS, IMPOSE FINE, COLLECT
INVESTIGATION FEE, ASSESS COSTS, 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 (Charges), the Director, through her designee, Division of Consumer
Services Director Charles E. Clark, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. The Department of Financial Institutions (Department) first licensed **Seattle's Best Mortgage, Inc.**
(Respondent SBM) to conduct business as a mortgage broker on or about August 8, 2007. Respondent SBM
converted to a consumer loan company in 2012, was licensed by the Department as a consumer loan company on
or about September 25, 2012, and continues to be licensed as a consumer loan company under the Act to date.

B. The Department first licensed **Fion Yunyan Gu Wong (Respondent Wong)**, the President and sole owner
of Respondent SBM, as a loan originator for Respondent SBM on or about July 17, 2007. Respondent Wong
continues to be licensed as a mortgage loan originator sponsored by Respondent SBM under the Act to date.

1.2 Background.

In 2014, the Department's Examination Unit conducted a compliance examination of Respondent SBM
covering transactions from October 1, 2012, through June 17, 2014. The examination identified numerous

1 violations of the Act and applicable federal laws and regulations.¹ Respondent SBM received an examination risk
2 rating of three (3), indicating in part that Respondent SBM needed to take prompt corrective action to remedy the
3 multiple violations.

4 Based in part on that risk rating, in 2017 the Examination Unit conducted a follow-up examination of
5 Respondent SBM. The examination identified numerous new and repeat violations of the Act and applicable
6 federal laws and regulations. This examination covered transactions from January 1, 2015, through August 31,
7 2017, the Relevant Period. Respondent SBM received a worse examination risk rating of four (4), indicating in part
8 that the violations could reasonably be expected to impair Respondent SBM's future viability, and that Respondent
9 SBM was likely to be subject to a regulatory action by the Department. This regulatory action followed.

10 **1.3 Violations.** During or after the Relevant Period, Respondents committed the following violations of the Act
11 and applicable federal laws and regulations:

- 12 **A. Unlicensed Locations.** Respondents made at least 140 residential mortgage loans originated from
13 locations not licensed by the Department.
- 14 **B. Declaration of Business Purpose.** Respondents required some borrowers to execute a Declaration of
15 Business Purpose falsely contending that Respondent SBM was unwilling to loan money for personal,
16 family, or household purposes, and that Respondent SBM would not make the requested loan unless the
17 borrower used the loan proceeds only for business or commercial purposes.
- 18 **C. Director's Authority.** Respondents failed to comply with a subpoena requiring production of books and
19 records to the Department.
- 20 **D. Books and Records.** Respondents failed to maintain books and records as required by the Act by storing
21 records at locations that did not allow the Department free access to those records during normal
22 business hours and failing to maintain two brokered loan files.
- 23 **E. Residential Mortgage Loan Activity Reports.** Respondents failed to accurately complete at least two
24 quarterly Residential Mortgage Loan Activity reports filed with the Department, and failed to timely file
25 at least two different quarterly Residential Mortgage Loan Activity reports with the Department.
- 26 **F. Financial Condition Reports.** Respondent Wong failed to timely file Respondent SBM's 2016 annual
Financial Condition Report with the Department.
- G. Annual Assessment Report:** Respondent Wong failed to accurately complete Respondent SBM's 2016
Annual Assessment Report by failing to include all applicable loans in the Report filed with the
Department.

¹ Violations found in the 2014 Report of Examination are not included in these Charges.

- 1 **H. Loan Origination and Processing Fees.** Respondents charged at least one borrower prohibited loan
2 origination and processing fees on a second-lien loan. Respondents refunded \$4,075 to the affected
3 borrower at the Department’s request.
- 4 **I. Discount Points.** Respondents charged at least two borrowers discount points that did not yield lower
5 interest rates. Respondents refunded \$21,450 to the affected borrowers at the Department’s request.
- 6 **J. Promissory Notes.** Respondents included prohibited terms in promissory notes securing repayment of
7 loans, specifically by providing that Respondent SBM could assess a late fee sooner and in a larger
8 amount than permitted by the Act.
- 9 **K. Fees and Costs Disclosure.** Respondents failed to provide some borrowers with an initial disclosure of
10 fees and costs.
- 11 **L. Rate Lock Agreements.** Respondents provided some borrowers with incomplete interest rate lock
12 agreements by failing to provide the date Respondent SBM agreed to the lock terms, the name of the rate
13 guarantor if not Respondent SBM, and, in at least one instance, the terms of an adjustable rate mortgage.
- 14 **M. Annual Percentage Rate and Prepayment Penalty Disclosure.** Respondents failed to provide some
15 borrowers with an initial Annual Percentage Rate and Prepayment Penalty disclosure.
- 16 **N. Advertising.** Respondents failed to include the National Mortgage Licensing System number in close
17 proximity to the names of mortgage loan originators on Respondent SBM’s Internet website, and failed
18 to make required disclosures when advertising credit terms.
- 19 **O. Residential Mortgage Loan Applications.** Respondents left blanks on some residential mortgage loan
20 applications, including by failing to provide the date Respondents took or revised the loan application.
- 21 **P. Unnecessary Disclosures.** Respondents provided some borrowers with unnecessary disclosures,
22 including disclosures required only in California or under the Mortgage Broker Practices Act.
- 23 **Q. Truth-in-Lending Disclosures.** Respondents provided some borrowers with incomplete or inaccurate
24 Truth in Lending Disclosure Statements by leaving multiple sections of the disclosure blank.
- 25 **R. Good Faith Estimates.** Respondents provided some borrowers with incomplete or inaccurate Good
26 Faith Estimates by, in part, leaving settlement dates blank and, in at least one instance, incorrectly
calculating the per diem interest based on a provided settlement date.
- S. Closing Disclosures.** Respondents provided some borrowers with incomplete or inaccurate Closing
Disclosures by, in part, leaving multiple sections of the disclosure blank.
- T. Privacy Policy Disclosure.** Respondents provided some borrowers with an incomplete or inaccurate
Privacy Policy by, in part, leaving multiple sections of the disclosure blank.
- U. Equal Credit Opportunity Act Notice.** Respondents provided some borrowers with inaccurate Equal
Credit Opportunity Act Notices by, in part, including inaccurate information in the Notices.
- V. Written List of Providers.** Respondents provided some borrowers with an inaccurate written list of
providers by identifying services that did not correspond to the services listed on the Loan Estimate.

1 **W. E-Sign Act Disclosure.** Respondents provided some borrowers with inaccurate Electronic Signatures in
2 Global and National Commerce (E-Sign) Act disclosure by, in part, not including all required
information on the disclosure.

3 **X. Notice of Action Taken.** Respondents provided at least one borrower with an inaccurate Notice of
4 Action Taken by leaving blanks on the Notice.

5 **Y. Patriot Act Disclosure.** Respondents failed to provide some borrowers with the Patriot Act Disclosure.

6 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
7 Respondents continues to date.

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

9 **2.1 Scheme, Device, or Artifice to Mislead.** Based on the Factual Allegations set forth in Section I above,
10 Respondents are in apparent violation of RCW 31.04.027(1) by directly or indirectly employing a scheme, device,
11 or artifice to mislead by requiring some borrowers to execute a false Declaration of Business Purpose.

12 **2.2 Unfair or Deceptive Practices.** Based on the Factual Allegations set forth in Section I above, Respondents
13 are in apparent violation of RCW 31.04.027(2) for directly or indirectly engaging in any unfair or deceptive
14 practice, including by:

- 15 a. Making residential mortgage loans originated from unlicensed locations;
- 16 b. Failing to make accurate, complete, or timely State or Federal disclosures to borrowers;
- 17 c. Including prohibited terms in promissory notes;
- 18 d. Charging prohibited fees;
- 19 e. Failing to complete all sections of residential mortgage loan applications;
- 20 f. Failing to include required information on Respondent SBM's Internet website; and
- 21 g. Making unnecessary loan disclosures to borrowers.

22 **2.3 Obtaining Property by Misrepresentation.** Based on the Factual Allegations set forth in Section I above,
23 Respondents are in apparent violation of RCW 31.04.027(3) by directly or indirectly obtaining property by
24 misrepresentation including by:

- 25 a. Making residential mortgage loans originated from unlicensed locations;
- 26 b. Charging discount points that did not reduce the interest rate; and
- 27 c. Charging prohibited fees.

28 **2.4 Unlicensed Locations.** Based on the Factual Allegations set forth in Section I above, Respondents are in
29 apparent violation of RCW 31.04.027(14) for making residential mortgage loans that were originated from
30 unlicensed locations by mortgage loan originators sponsored by Respondent SBM.

1 **2.5 False, Misleading, or Deceptive Advertising.** Based on the Factual Allegations set forth in Section I above,
2 Respondents are in apparent violation of RCW 31.04.135 for advertising any statement or representation with
3 regard to the rates, terms, or conditions for the lending of money that is false, misleading, or deceptive.

4 **2.6 Director's Authority.** Based on the Factual Allegations set forth in Section I above, Respondents are in
5 apparent violation of RCW 31.04.145 for failing to comply with a subpoena.

6 **2.7 Books and Records.** Based on the Factual Allegations set forth in Section I above, Respondents are in
7 apparent violation of RCW 31.04.145(1)(a) and RCW 31.04.155 for:

- 8 a. Failing to keep books, records, and other information so as to enable the Director to determine whether the
9 Respondents were complying with the Act and rules; and
- 10 b. Failing to keep books, records, and other information so the Department had free access them, wherever
11 located, during normal business hours.

12 **2.8 Mortgage Call Reports.** Based on the Factual Allegations set forth in Section I above, Respondents are in
13 apparent violation of RCW 31.04.027(8) and RCW 31.04.277 for failing to accurately complete two Residential
14 Mortgage Loan Activity Reports, failing to timely file two different Residential Mortgage Loan Activity Reports,
15 and failing to accurately complete Respondent SBM's 2016 Financial Condition Report.

16 **2.9 Annual Assessment Report.** Based on the Factual Allegations set forth in Section I above, Respondents are
17 in apparent violation of RCW 31.04.85 for failing to file an accurate Annual Assessment Report for 2016 by failing
18 to include all loans made during the assessment year.

19 **2.10 Required State Loan Disclosures.** Based on the Factual Allegations set forth in Section I above,
20 Respondents are in apparent violation of RCW 31.04.027(2), RCW 31.04.102(2), and RCW 31.04.102(3) for:

- 21 a. Providing borrowers with documents containing blanks or leaving blanks on required disclosures signed
22 by borrowers;
- 23 b. Failing to make accurate, complete, or timely written disclosures containing an itemized estimation and
24 explanation of all fees and costs that borrowers were required to pay in connection with obtaining a loan;
- 25 c. Failing to make accurate, complete, or timely written disclosures containing an estimate of the loans' APR
26 or whether or not a loan contained a prepayment penalty; and
- 27 d. Failing to make accurate, complete, or timely written disclosures of the terms of rate lock agreements.

28 **2.11 Required Federal Loan Disclosures.** Based on the Factual Allegations set forth in Section I above,
29 Respondents are in apparent violation of RCW 31.04.027(2), RCW 31.04.027(13), and RCW 31.04.102 for:

- 30 a. Providing borrowers with documents containing blanks or leaving blanks on required disclosures signed
31 by borrowers;

- b. Failing to make accurate, complete, or timely disclosures to borrowers as required by the Truth in Lending Act, 15 U.S.C. § 1601 *et seq.*, and Regulation Z, 12 C.F.R. § 1026 *et seq.*;
- c. Failing to make accurate, complete, or timely disclosures to borrowers as required by the Gramm-Leach-Bliley Act, 12 U.S.C. 6801 *et seq.*, and Regulation P, Privacy Policy, 12 C.F.R. § 1016;
- d. Failing to make accurate, complete, or timely disclosures to borrowers as required by the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. 7001 *et seq.*;
- e. Failing to make accurate, complete, or timely disclosures to borrowers as required by the Equal Credit Opportunity Act, 15 U.S.C. 1691 *et seq.*, and Regulation B, 12 C.F.R. § 1002;
- f. Failing to make accurate, complete, or timely disclosures to borrowers as required by the USA Patriot Act of 2011, Title 3, § 326(a)(2); and
- g. Failing to make accurate, complete, or timely disclosures to borrowers as required by the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 *et seq.*, and Regulation X, 24 C.F.R. § 1024 *et seq.*

III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Authority to Revoke Licenses. Pursuant to RCW 31.04.093(3)(b), the Director may revoke licenses issued under the Act for any knowing or negligent violation of any provision of the Act; pursuant to .093(3)(c), when a fact or condition exists that, if it had existed at the time of the original application for the license, clearly would have allowed the director to deny the application for the original license; and, pursuant to .093(3)(d), for a licensee's failure to comply with any subpoena issued by the Director under the Act.

3.2 Authority to Prohibit from the Industry. Pursuant to RCW 31.04.093(6)(e), the Director may issue an order prohibiting from participation in the affairs of any licensee any officer or principal of a licensee for a violation of RCW 31.04.027, RCW 31.04.102, or RCW 31.04.155.

3.3 Authority to Order Refunds. Pursuant to RCW 31.04.093(5)(d), the Director may order a licensee to refund all fees received by a licensee through any violation of the Act.

3.4 Authority to Impose Fine. Pursuant to RCW 31.04.093(4)(a), the Director may impose fines of up to \$100 per day, per violation, upon any licensee for any violation of the Act, or, pursuant to RCW 31.04.093(4)(b), for the failure to comply with any subpoena issued by the Director under the Act.

3.5 Authority to Charge and Collect Investigation Fee. Pursuant to 31.04.145(3) and WAC 208-620-610(7), every licensee investigated by the Department shall pay for the cost of the investigation charged at the rate of \$69.01 per staff hour devoted to the investigation.

3.6 Authority to Assess Costs. Pursuant to 31.04.145(4) and WAC 208-620-601, the Department may retain professionals to assist in the conduct of investigations, and assess the licensee the cost of those services.

1 **3.7 Authority to Recover Costs and Expenses.** Pursuant to 31.04.205(2), the Director may recover the state's
2 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 31.04 RCW and chapter 208-620 WAC, as set forth in
5 the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis
6 for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW 31.04.205. Therefore, it is the
7 Director's intent to ORDER that:

- 8 **4.1** Respondent Seattle's Best Mortgage, Inc.'s license to conduct the business of a consumer loan
9 company under the Act be revoked.
- 10 **4.2** Respondent Fion Yunyan Gu Wong's license to conduct the business of a mortgage loan
11 originator under the Act be revoked.
- 12 **4.3** Respondent Fion Yunyan Gu Wong be prohibited from participation in the conduct of the affairs
13 of any consumer loan company licensed by, or subject to licensure by, the Director, in any
14 manner, for a period of five (5) years.
- 15 **4.4** Respondent Seattle's Best Mortgage, Inc. and Respondent Fion Yunyan Gu Wong jointly and
16 severally pay refunds to the borrowers identified on Exhibit A, attached hereto and incorporated
17 herein by reference as though set out in full, in an amount to be determine at hearing or, in the
18 event of default by Respondents, by declaration with supporting documentation.
- 19 **4.5** Respondent Seattle's Best Mortgage, Inc. and Respondent Fion Yunyan Gu Wong jointly and
20 severally pay a fine. As of the date of this Statement of Charges, the fine totals \$250,000.
- 21 **4.6** Respondent Seattle's Best Mortgage, Inc. and Respondent Fion Yunyan Gu Wong jointly and
22 severally pay an investigation fee. As of the date of this Statement of Charges, the investigation
23 fee totals \$9,551.
- 24 **4.7** Respondent Seattle's Best Mortgage, Inc. and Respondent Fion Yunyan Gu Wong jointly and
25 severally pay the costs of professional services retained by the Department to assist in the conduct
26 of this investigation. As of the date of this Statement of Charges, the cost of those services totals
\$1,508.
- 4.8** Respondent Seattle's Best Mortgage, Inc. and Respondent Fion Yunyan Gu Wong jointly and
severally pay the Department's costs and expenses for prosecuting violations of the Act in an
amount to be determined at hearing or, in the event of default by Respondents, by declaration
with supporting documentation.
- 4.9** Respondent Seattle's Best Mortgage, Inc. and Respondent Fion Yunyan Gu Wong jointly and
severally maintain records in compliance with the Act, provide the Director with the location of
the books, records, and other information relating to Respondent Seattle's Best Mortgage, Inc.'s
consumer loan company business, and provide the Director with 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 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW, the Administrative Procedure Act. Respondents may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 27th day of April 2018.

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

Presented by:

Approved by:

/s/
ANTHONY W. CARTER
Senior Legal Examiner
Division of Consumer Services
Department of Financial Institutions

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