

# Terms Completed

## ORDER SUMMARY – Case Number: C-20-3063

Name(s): Bruce Phillip Hills

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Order Number: C-20-3063-21-FO01

Effective Date: March 30, 2021

License Number: 353177

Or NMLS Identifier [U/L]

License Effect: License Denied

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Not Apply Until: N/A

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

<b>Investigation Costs</b>	\$ N/A		Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Fine</b>	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Financial Literacy and Education</b>	\$N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Cost of Prosecution</b>	\$N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

Comments: \_\_\_\_\_

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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS**

IN THE MATTER OF INVESTIGATING:  
The Loan Originator License Application under  
the Mortgage Broker Practices Act of Washington  
by:

BRUCE PHILLIP HILLS,  
NMLS No. 353177,

Respondent.

No.: C-20-3063-21-FO01

FINAL ORDER RE:

BRUCE PHILLIP HILLS

**I. DIRECTOR'S CONSIDERATION**

Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington ("Director"), through his designee, Consumer Services Division Director Lucinda Fazio (Director's designee), pursuant to RCW 34.05.440. On December 29, 2020, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intent to Enter an Order to Deny Application to Renew License ("Statement of Charges") against Bruce Phillip Hills ("Respondent"). On December 31, 2020, the Department of Financial Institution ("Department") served Respondent with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. The Statement of Charges was accompanied by a cover letter dated December 31, 2020, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent. On January 19, 2021, Respondent filed an Application for Adjudicative Hearing. On January 19, 2021, the Department made a request to the Office of Administrative Hearings ("OAH") to assign an Administrative Law Judge ("ALJ") to schedule and conduct a hearing on the Statement of Charges.

1 On January 25, 2021, OAH issued a Notice of Prehearing Conference scheduling a prehearing  
2 conference for February 4, 2021. On February 3, 2021, Respondent filed Respondent's Motion for  
3 Stay. On February 4, 2021, ALJ TJ Martin held a telephonic status conference and established a  
4 briefing schedule. ALJ TJ Martin issued a Status Conference Order and Respondent's Motion for  
5 Stay Briefing Schedule on February 11, 2021. On March 8, 2021, ALJ TJ Martin issued an Order  
6 Granting Respondent's Motion for Stay. On March 18, 2021, Respondent filed with OAH  
7 "Respondent's Withdrawal of His Application for Adjudicative Hearing" wherein Respondent  
8 withdrew his Application for Adjudicative Hearing. On March 23, 2021, ALJ TJ Martin issued an  
9 Order Dismissing Appeal.

10 A. Record Presented. The record presented to the Director's designee for review and for  
11 entry of a final decision included the following:

- 12 1. Statement of Charges, cover letter dated December 31, 2020, and Notice of  
13 Opportunity to Defend and Opportunity for Hearing, with documentation of  
14 service.
- 15 2. Application for Adjudicative Hearing for Bruce Phillip Hills.
- 16 3. Request to OAH for Assignment of Administrative Law Judge.
- 17 4. Notice of Pre-Hearing Conference dated January 25, 2021, with documentation of  
18 service.
- 19 5. Status Conference Order and Respondent's Motion for Stay Briefing Schedule  
20 dated February 11, 2021, with documentation of service.
- 21 6. Order Granting Respondent's Motion for Stay dated March 8, 2021, with  
22 documentation of service.
- 23 7. Respondent's Withdrawal of His Application for Adjudicative Hearing dated  
24 March 18, 2021.
8. Order Dismissing Appeal dated March 23, 2021, with documentation of service.

1 B. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(2), the  
2 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

3 II. FINAL ORDER

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

6 A. IT IS HEREBY ORDERED, That: Respondent Bruce Phillip Hills's application to  
7 renew his loan originator license is denied.

8 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent Bruce Phillip Hills has the  
9 right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested.  
10 The Petition must be filed in the Office of the Director of the Department of Financial Institutions by  
11 courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200,  
12 Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon  
13 Respondent Bruce Phillip Hills. The Petition for Reconsideration shall not stay the effectiveness of  
14 this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this  
15 matter.

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

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

22 D. Judicial Review. Respondent Bruce Phillip Hills has the right to petition the superior  
23 court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For the  
24 requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

1 E. 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 30th day of March, 2021.

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6 STATE OF WASHINGTON  
7 DEPARTMENT OF FINANCIAL INSTITUTIONS

8 /s/ \_\_\_\_\_  
9 Lucinda Fazio, Director  
10 Division of Consumer Services  
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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF INVESTIGATING:  
The Loan Originator License Application under the  
Mortgage Broker Practices Act of Washington by:

BRUCE PHILLIP HILLS,  
NMLS No. 353177,

Respondent.

No.: C-20-3063-20-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO ENTER  
AN ORDER TO DENY APPLICATION TO  
RENEW LICENSE

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**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 19.146 RCW,  
11 the Mortgage Broker Practices Act (Act). After having conducted an investigation pursuant to RCW  
12 19.146.310, and based upon the facts available as of the date of this Statement of Charges, the Director,  
13 through his designee, Division of Consumer Services Director Lucinda Fazio, institutes this proceeding and  
14 finds as follows:

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**I. FACTUAL ALLEGATIONS**

17 **1.1 Respondent Bruce Phillip Hills (Respondent)** was licensed by the Department of Financial  
18 Institutions of the State of Washington (Department) to conduct the business of loan originator on or about  
19 January 23, 2015. Respondent's loan originator license expires on December 31, 2020. Respondent applied to  
20 the Department to renew this license for the calendar year 2021. Respondent is currently sponsored by West  
21 Coast Home Lending, a mortgage broker licensed under the Act.

22 **1.2 Prior Administrative Action.** On or about September 15, 2020, the Securities Division of the  
23 Department entered Consent Order No. S-18-2571-20-CO01 against Respondent. In the Consent Order, the  
24 Department made Findings of Facts, including the following:

- a. Between October 2017 and January 2018, Respondent offered and sold unregistered real estate  
investments to a Washington resident totaling \$132,250.

- 1           b. Respondent failed to disclose to the investor material information and misused the investment  
2 funds. Respondent told the investor that the investment funds would be used to purchase rental  
3 properties. Respondent failed to disclose to the investor that the funds would not be placed in  
4 escrow. Respondent misrepresented the use of the funds to the investor because he failed to  
5 disclose that he would use a majority of the investment funds for purposes other than  
6 purchasing the properties.
- 7           c. Between December 11, 2017, and January 18, 2018, Respondent transferred over \$21,000 of  
8 the investment funds from the investment account to a bank account owned by The Sound  
9 Mortgage Brokers, LLC (TSMB). Respondent is the managing member of TSMB, which is in  
10 the business of brokering commercial mortgages. Respondent used about \$10,000 of the  
11 investment funds for purposes other than the investment, including transferring \$8,000 to a  
12 third account and spending funds on TSMB business expenses.
- 13           d. Between April 11, 2018, and April 16, 2018, Respondent transferred another \$6,000 of the  
14 investment funds to TSMB's bank account and then transferred the \$6,000 to a third account.
- 15           e. Between April 17, 2018, and April 26, 2018, Respondent made additional transfers totaling  
16 \$30,000 of the investment funds to TSMB's bank account. Respondent used the \$30,000 on  
17 purposes other than the investment, such as office rent, restaurants, retail, and a deposit and  
18 rent for Respondent's personal residence. Respondent also transferred \$10,000 of the  
19 investment funds to a third account. In addition, Respondent used \$5,500 of the investment  
20 funds to pay cost and fines he owed to the Department pursuant to prior Consent Order  
21 entered by the Department's Division of Consumer Services.
- 22           f. On or about June 3, 2018, the investor requested the investment funds be returned.  
23 Respondent requested time to save the investment and advised the investor it was not the time  
24 to move the investment funds. Respondent did not tell the investor that TSMB's bank account

1 contained about \$54,000 of the investor's funds, or that there were insufficient funds  
2 remaining to close on the purchase of the properties.

3 g. Between June 1, 2018, and October 19, 2018, Respondent used the remaining \$54,000 of the  
4 investor's funds for purposes other than the investment, including TSMB business expenses.  
5 Respondent also used the investment funds on travel, restaurants, and rent for Respondent's  
6 personal residence.

7 h. Respondent transferred a total of about \$127,000 of the investor's funds out of the investment  
8 account between December of 2017 and October of 2018 and used the majority of the funds  
9 for purposes other than purchasing the investment properties.

## 10 **II. GROUNDS FOR ENTRY OF ORDER**

11 **2.1 Requirement to Demonstrate Financial Responsibility, Character and General Fitness.** Based on  
12 the Factual Allegations set forth in Section I above, Respondent fails to meet the requirements of RCW  
13 19.146.310(1)(g) and WAC 208-660-350(2)(a) & (d) by failing to demonstrate financial responsibility,  
14 character, and general fitness such as to command the confidence of the community and to warrant a belief  
15 that the business will be operated honestly and fairly within the purpose of the Act.

## 16 **III. AUTHORITY TO IMPOSE SANCTIONS**

17 **3.1 Authority to Deny Application to Renew Loan Originator License.** Pursuant to RCW  
18 19.146.220(1), the Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2), if the  
19 Director does not find the conditions of RCW 19.146.310(1) have been met, the Director shall not issue the  
20 loan originator license and shall notify the loan originator applicant of the denial.

## 21 **IV. NOTICE OF INTENT TO ENTER ORDER**

22 The applicable provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth in the above  
23 Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis for the  
24 entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.310.



