

**Terms Complete**  
**ORDER SUMMARY – Case Number: C-11-0633**

**Name(s):** Brian R Linnekens, Esq.  
Home Credit Law Center

**Order Number:** C-11-0633-12-CO01

**Effective Date:** April 12, 2012

**License Number:** N/A – unlicensed [NMLS: 940215] –Home Credit  
**Or NMLS Identifier [U/L]** [NMLS: 291648] -Linnekens

**License Effect:** N/A

**Not Apply Until:** N/A

**Prohibition/Ban Until:** 4/13/2022

|  |          |               |  |                                     |
|--|----------|---------------|--|-------------------------------------|
| <b>Investigation Costs</b>             | \$5,000  | Due: on entry | Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date: 04/05/12                      |
| <b>Fine</b>                            | \$30,000 | Waived        | Paid: <input type="checkbox"/> Y <input checked="" type="checkbox"/> N | Noted in CO as being unable to pay. |
| <b>Assessment(s)</b>                   | \$0      | Due: N/A      | Paid: <input type="checkbox"/> Y <input type="checkbox"/> N            | Date: N/A                           |
| <b>Restitution</b>                     | \$35,085 | Due: prior    | Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date: Prior to entry                |
| <b>Judgment</b>                        | \$0      | Due: N/A      | Paid: <input type="checkbox"/> Y <input type="checkbox"/> N            | Date: N/A                           |
| <b>Satisfaction of Judgment Filed?</b> | N/A      |               |  |                                     |
| No. of Victims:                        | 47       |               |  |                                     |

Comments: CO provides for broad injunctive relief from future violations of the MBPA, including in particular loan modification and/or forensic loan analysis; misrepresenting as being attorneys licensed to practice in Washington, and failing to comply with MARS Rule and FTC Act.

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:

NO. C-11-0633-12-CO01

6 CONSENT ORDER

7 BRIAN R. LINNEKENS and  
HOME CREDIT LAW CENTER,

Respondents.

8 COMES NOW the Director of the Department of Financial Institutions (Director), by and  
9 through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Brian  
10 R. Linnekens and Home Credit Law Center (collectively Respondents), by and through their  
11 attorney, Andrew A. Guy of Stoel Rives, LLP, and finding that the issues raised in the above-  
12 captioned matter may be economically and efficiently settled, agree to the entry of this Consent  
13 Order. This Consent Order is entered pursuant to chapter 19.146 of the Revised Code of  
14 Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the  
15 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 Temporary Order to  
19 Cease and Desist No. C-11-0633-11-TD0-1 (Temporary Order), entered April 8, 2011, as to  
20 Respondents Linnekens and HCLC, and in Statement of Charges No. C-11-0633-11-SC01  
21 (Statement of Charges), entered May 2, 2011, incorporated herein by reference and attached hereto.  
22 Pursuant to chapter RCW 19.146, the Mortgage Broker Practices Act (the Act), Respondents hereby  
23 agree to the Department's entry of this Consent Order and further agree not to contest the Temporary

24 //

1 Order or the Statement of Charges. The parties intend this Consent Order to fully resolve the  
2 Temporary Order and the Statement of Charges.

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  
7 a hearing before an administrative law judge, and hereby waive their right to a hearing and any and  
8 all administrative and judicial review of the issues raised in this matter, or of the resolution reached  
9 herein. Accordingly, Respondents, by their signatures and the signatures of their representative  
10 below, withdraw their appeal to the Office of Administrative Hearings.

11 **C. Admissions.** Respondents neither admit nor deny the Factual Allegations of the  
12 Statement of Charges. Respondents AGREE not to take any action or to make or permit to be made  
13 any public statement creating the impression that this Consent Order is without factual basis.  
14 Nothing in this paragraph affects Respondents' (a) testimonial obligations; (b) right to take legal or  
15 factual positions in defense of litigation; or (c) right to make public statements that are factual.

16 **D. Injunctive Relief.** Pursuant to RCW 19.146.220(4), the Director may order Respondents  
17 to cease and desist practices which violate the Act. Accordingly, it is AGREED and ORDERED that  
18 Respondents are permanently enjoined from, for compensation or gain, or in the expectation of  
19 compensation or gain, assisting a person in obtaining or applying to obtain a residential mortgage  
20 loan; holding out as being able to assist a person in obtaining or applying to obtain a residential  
21 mortgage loan; performing residential mortgage loan modification services; holding out as being  
22 able to perform residential mortgage loan modification services; holding out as being able to perform  
23 forensic analysis of existing residential mortgage loans; negotiating, attempting to negotiate,  
24 arranging, attempting to arrange, or otherwise offering to perform a residential mortgage loan

1 modification; collecting data for submission to any entity performing residential mortgage loan  
2 modification services; representing that they are attorneys licensed to provide legal services in  
3 Washington; omitting to disclose that they are not licensed to provide legal services in Washington;  
4 representing that the forensic loan auditing and/or residential mortgage loan modification services  
5 would be performed by licensed attorneys; collecting attorney retainer fees for performing  
6 residential mortgage loan modification services; collecting advance fees or commissions for  
7 performing any residential mortgage loan modification services; or failing to comply with the  
8 MARS Rule and FTC Act.

9 **E. Prohibition from Industry.** Pursuant to RCW 19.146.220(5)(a), the Director may  
10 prohibit Respondents from participating in the conduct of the affairs of a licensed mortgage broker.  
11 Accordingly, it is AGREED and ORDERED that, for a period of ten (10) years from the date of  
12 entry of this Consent Order, Respondents are prohibited from participating in the conduct of the  
13 affairs of any mortgage broker licensed by the Department, or subject to licensure or regulation by  
14 the Department, in any capacity, including but not limited to: (1) any financial capacity whether  
15 active or passive; (2) as an officer, director, principal, partner, LLC member, designated broker,  
16 employee, or loan originator; (3) any management, control, oversight or maintenance of any trust  
17 account(s) in any way related to any residential transaction; or (4) receiving, disbursing, managing or  
18 controlling consumer trust funds in any way related to any residential mortgage transaction. It is  
19 further AGREED and ORDERED that for a period of ten (10) years from the date of entry of this  
20 Consent Order, Respondents are prohibited from participating in the conduct of the affairs of any  
21 consumer loan company licensed by the Department, or subject to licensure or regulation by the  
22 Department, in any capacity.

23 //

24 //

1           **F. Declaration of Financial Condition.** It is AGREED that Respondents have provided the  
2 Department with a sworn Declaration comprehensively describing their current financial condition  
3 and representing their current inability to pay the \$30,000 fine sought in the Statement of Charges.

4           **G. Restitution.** Pursuant to RCW 19.146.220(2), the Director may order Respondents to  
5 pay restitution for any violation of the Act. Prior to entry of this Consent Order. Respondents have  
6 paid restitution totaling \$35,085 to Washington consumers.

7           **H. Rights of Non-Parties.** It is AGREED that the Department does not represent or have  
8 the consent of any person not a party to this Consent Order to take any action concerning their  
9 personal legal rights. It is further AGREED that for any person or entity not a party to this Consent  
10 Order, this Consent Order does not limit or create any private rights or remedies against  
11 Respondents, limit or create liability of Respondents, or limit or create defenses of Respondents to  
12 any claims.

13           **I. Investigation Fee.** Pursuant to RCW 19.146.228(2) and WAC 208-660-550(4), the  
14 Director may charge Respondents an investigation fee of \$48 an hour to cover the costs of the  
15 investigation. Accordingly, it is AGREED and ORDERED that upon entry of this Consent Order  
16 Respondents shall pay to the Department an investigation fee of \$5,000, in the form of a cashier's  
17 check made payable to the "Washington State Treasurer."

18           **J. Authority to Execute Order.** It is AGREED that the undersigned have represented and  
19 warranted that they have the full power and right to execute this Consent Order on behalf of the  
20 parties represented.

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

1 **L. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily  
2 entered into this Consent Order, which is effective when signed by the Director's designee.

3 **M. Completely Read, Understood, and Agreed.** It is AGREED that Respondents have  
4 read this Consent Order in its entirety and fully understand and agree to all of the same.  
5

6 **RESPONDENTS:**

7 [Redacted]

8 Brian R. Linnekens  
9 Individually

04-02-12  
Date

10 For Respondent Home Credit Law Center

11 [Redacted]

12 Brian R. Linnekens

04-02-12  
Date

13 Approved as to form:

14 [Redacted]

15 Andrew A. Guy, WSBA No. 92775  
16 Steel Rives, LLP  
Attorneys for Respondents

4-9-12  
Date

17 DO NOT WRITE BELOW THIS LINE

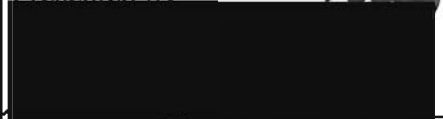
18 //  
19 //  
20 //  
21 //  
22 //  
23 //  
24 //

THIS ORDER ENTERED THIS 12<sup>th</sup> DAY OF April, 2012.



DEBORAH BORTNER  
Director, Division of Consumer Services  
Department of Financial Institutions

Presented by:



ANTHONY W. CARTER  
Senior Enforcement Attorney

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24





1           **B.**    Respondent Home Credit Law Center (Respondent HCLC) is a law firm specializing in  
2 real estate law. Respondent HCLC has never been licensed by the Department to conduct business as  
3 a mortgage broker. The firm is located in Los Angeles, California.

4    **1.2    Unlicensed Activity.** Between at least September 2, 2010, and March 3, 2011, Respondents  
5 Linnekens and HCLC (Respondents) assisted at least three Washington residents in applying to  
6 obtain a residential mortgage loan modification on property located in the State of Washington. The  
7 consumers involved paid advance fees to Respondents totaling \$8,250, as follows:

|   |                        |                 |
|---|------------------------|-----------------|
| 8 | Consumers BC & DT..... | \$ 2,500        |
| 9 | Consumer VE.....       | \$ 2,750        |
|   | Consumers GL & T.....  | <u>\$ 3,000</u> |
|   |                        | \$ 8,250        |

10  
11 The Department expects that additional Washington residents have paid advance fees to Respondents  
12 for residential mortgage loan modification services on property located in the State of Washington.

13           In response to a Directive issued by the Department to Respondents, Respondent Linnekens  
14 stated that the legal services he provided did not include loan modification, and instead were limited  
15 by contract to (1) evaluation of the consumer’s loan file; (2) preparation of a forensic review of the  
16 consumer’s original loan documents; (3) drafting of a violations letter to be sent to the consumer’s  
17 lender; and (4) preparation and assembly of a financial package for the consumer to submit to the  
18 lender for a “do-it-yourself” loan modification. These services constitute “residential mortgage loan  
19 modification services” as defined by the Act. Respondents also provide additional services that  
20 constitute residential mortgage loan modification services under both state and federal law.

21    **1.3    Consumer Complaints.** The Department has received three consumer complaints  
22 concerning Respondents’ residential mortgage loan modification services. All three of the  
23 complaints included detailed documentation of their transactions demonstrating Respondents’  
24 provision of unlicensed residential mortgage loan modification services.

1           **A. Consumers BC & DT.** During 2010, Washington residents BC and DT were facing  
2 financial hardship. Though they had a 5.5 percent 30-year fixed residential mortgage loan from a  
3 local credit union, BC had lost his job after a car accident, and DT had been forced to take a full-time  
4 position to make ends meet. With three young children to care for, even with DT working full time  
5 they had been late on mortgage payments and were at risk of losing their home. One evening they  
6 saw a television advertisement offering to provide homeowners with loan modification services. BC  
7 called the advertised number and spoke with an agent of Respondent HCLC. The agent asked a few  
8 qualifying questions and said that BC and DT would have no problem getting a loan modification.  
9 DT spoke with Respondents' agent, who assured her that HCLC had an A+ rating with the Better  
10 Business Bureau and that 98 percent of their customers obtained loan modifications.

11           BC and DT asked the agent what sort of modification Respondent HCLC could provide.  
12 Respondents' agent advised that they could qualify for a mortgage payment based on their income.  
13 He said that while he could not advise them to not make their mortgage payments, he said  
14 Respondent HCLC could not get them a loan modification unless they were behind on their mortgage  
15 payments. The agent suggested they send Respondent HCLC the money they would have used to pay  
16 their mortgage, and Respondents would get them a loan modification with a payment that would be  
17 no more that 30 percent of their monthly income.

18           On or about September 2, 2010, Respondents' agent sent BC and DT a "Welcome Package"  
19 via U.S. Mail. The package included a one-page cover sheet listing BC and DT as "clients" and the  
20 agent as their "debt specialist;" a one-page "Dear Homeowner" letter describing the next steps, the  
21 included forms, and instructions on how to submit the requested information; a one-page Applicant  
22 Information Form; a one-page Limited Power of Attorney & Borrower Authorization form; a two-  
23 page Monthly Mortgage, Income, and Expenses Worksheet; a one-page Required Document  
24 Checklist Form; a one-page blank Letter of Hardship; a one-page form titled Client's Responsibilities

1 During Loss Mitigation Processing; a three-page Loan Analysis Service Agreement; a two-page  
2 Lender Negotiation Services Agreement; and a one-page Invoice, Credit Card & Electronic Check  
3 Authorization form. A number of the documents were printed on Respondents' letterhead.

4 The "Dear Homeowner" letter instructed BC and DT to return their completed documents by  
5 facsimile to 310-818-5552, or by e-mail to Metrofax@HomeCreditLaw.com.

6 The Limited Power of Attorney & Borrower Authorization form indicates that BC and DT  
7 were appointing both Respondent HCLC and a company identified as 247247, Inc. "as my true and  
8 lawful attorneys-in-fact for me, in my name and on my behalf..." The form, characterized as a  
9 durable power of attorney, authorized Respondent HCLC and 247247, Inc. to perform any act with  
10 respect to forensic loan auditing and/or loan modification services, and authorized Respondent HCLC  
11 and 247247, Inc. to contact BC and DT's lender for the purpose of negotiating a workout agreement  
12 or modification. The form further authorized Respondent HCLC and 247247, Inc. to order a  
13 consumer credit report on BC and DT, and to verify other credit information as needed.

14 The Required Document Checklist Form indicated that payment was to be made payable to  
15 Respondent HCLC at 806 Idaho Avenue in Santa Monica, California.

16 The Loan Analysis Service Agreement, characterized as a "fee agreement" between BC and  
17 DT and Respondent HCLC provided in part that the clients agreed to pay Respondent HCLC fees of  
18 \$2,500, and that the fees were "earned when paid." Respondent HCLC agreed to provide an  
19 "Attorney Letter" addressed to the lender which would summarize the violations discovered in the  
20 forensic review and would make legal demands on the lender.

21 The Lender Negotiation Services Agreement detailed an agreement between BC and DT and  
22 247247, Inc., a California corporation. The Invoice, Credit Card & Electronic Check Authorization  
23 form stated that BC and DT would be charged three separate fees for services, but did not describe  
24 the services provided. The fees totaled \$2,500.

1 On or about September 10, 2010, BC and DT completed the paperwork and returned it to  
2 Respondents. On or about September 10, 2010, the Law Office of Brian R. Linnekens made a \$1,500  
3 withdrawal from BC and DT's account. Respondents' agent had agreed to accept payment of the  
4 balance over the next two months, and on or about November 13, and again on November 24, 2010,  
5 the Law Office of Brian R. Linnekens made a \$500 withdrawal from BC and DT's account.

6 Following the advice of Respondents' agent, BC and DT did not make any additional  
7 payments on their mortgage. After several months they contacted Respondent Linnekens, who  
8 advised that Respondent HCLC had performed the work they had contracted to do, and had delivered  
9 their file to the offices of United Processing Center to perform loan modification services.  
10 Consumers BC and DT did not have any contract with United Processing Center.

11 BC and DT's lender never received a loan modification package from Respondents, 247247,  
12 Inc., or United Processing Center. BC and DT ended up making arrangements with their lender to  
13 make interest-only payments for two years and recapitalized some \$10,000 in arrears.

14 **B. Consumer VE.** Near the end of 2010, debt had pushed Washington resident VE to the  
15 brink of bankruptcy. Medical bills from personal illness and surgery, plus veterinary bills for her  
16 menagerie of pets, had put her in the position where she risked losing her home to foreclosure. Her  
17 mother, who lived in an adjoining mobile home on the same property, was getting ready to retire, and  
18 would no longer be able to assist VE out of financial tight spots. Though she had a 5.75 percent 30-  
19 year fixed residential mortgage loan from a local credit union, due to a second mortgage on her  
20 property, the credit union had been unable to help.

21 Desperate and out of options, VE searched the Internet for help with a home loan  
22 modification. She completed an on-line form, and started receiving call offering assistance. After  
23 rejecting a number of offers, she received a call from an agent of Respondents. The agent asked her  
24 some qualifying questions and advised her that he was very confident Respondents could get her a

1 loan modification. When she continued to express doubts, the agent indicated that Respondents  
2 offered a refund guarantee. When she objected to the cost, Respondents' agent assured her that he  
3 was in a position to accept payments. Based on his assurances, and in particular his compassionate  
4 understanding of her financial desperation, she agreed to use Respondents.

5 On or about October 29, 2010, Respondents' agent sent an e-mail to VE with the subject line  
6 "Loan Modification Approval." The agent's return e-mail, don@consumermortgagealliance.com,  
7 was apparently sent from Consumer Mortgage Alliance at 14542 Ventura Boulevard, Suite #209, in  
8 Sherman Oaks, California. Attached to the e-mail was a six-page .pdf file named HCLC1.pdf.  
9 Included in the .pdf file were documents similar to those received by BC and DT, including a cover  
10 sheet, this one identifying Respondents' agent as VE's "case manager;" an Applicant Information  
11 Form; a Limited Power of Attorney & Borrower Authorization form; two new documents, a one-page  
12 Refund Guarantee and a one-page Refund Procedure; and an Invoice, Credit Card & Electronic  
13 Check Authorization form. A number of the documents were printed on Respondents' letterhead.

14 The Limited Power of Attorney & Borrower Authorization form indicates both Respondent  
15 HCLC and 247247, Inc. were each to be appointed as VE's "true and lawful attorneys-in-fact for me,  
16 in my name and on my behalf..." As with BC and DT, the document authorized Respondent HCLC  
17 and 247247, Inc. to perform any act with respect to forensic loan auditing and/or loan modification  
18 services; authorized Respondent HCLC and 247247, Inc. to contact VE's lender for the purpose of  
19 negotiating a workout agreement or modification; and authorized Respondent HCLC and 247247,  
20 Inc. to order a consumer credit report on VE.

21 The Refund Guarantee states that Respondent HCLC shall make a refund to VE "if a  
22 successful loan modification cannot be obtained." No refund will be made if the client sends  
23 documents relating to a residential loan modification to anyone other than Respondents or 247247,  
24 Inc.; if the client has direct communication with their lender in any way; or if the client receives any

1 proposed loan modification from their lender. The Refund Procedure states that in order to claim a  
2 refund, a client shall:

3 [U]pon receipt of a written notification from the lender stating that Client's loan  
4 modification application has been denied both with respect to all federal  
5 programs, as well as all internal bank programs and plans, as a condition  
6 precedent to the right to be refunded, give Home Credit Law Center written  
7 notice within 10 business days after the occurrence of such an event.

8 The Invoice, Credit Card & Electronic Check Authorization form states that VE would be  
9 charged three separate \$1,000 fees for services described as follows:

|                                   |                   |                |
|-----------------------------------|-------------------|----------------|
| 10 Retainer, Underwriting.....    | Date....          | Amount \$1,000 |
| 11 Forensic Review, Retainer..... | 30 Days Later.... | Amount \$1,000 |
| 12 Mitigation, Completion.....    | 60 Days Later.... | Amount \$1,000 |

13 On or about October 30, 2010, VE returned the completed documents to Respondents as  
14 instructed. On or about November 17, 2010, VE received another e-mail from Respondents' agent  
15 with the subject line "Loan Modification Welcome Package." The agent's return e-mail was the  
16 same as in the previous e-mail, and was apparently sent from Consumer Mortgage Alliance in  
17 Sherman Oaks, California. Attached to the e-mail was an eleven-page .pdf file named CMA2.pdf.  
18 Included in the .pdf file were documents similar to those received by consumers BC and DT,  
19 including the "Dear Homeowner" letter; the Monthly Mortgage, Income, and Expenses Worksheet;  
20 the blank Letter of Hardship; the Client's Responsibilities During Loss Mitigation Processing form;  
21 the Loan Analysis Service Agreement; the Lender Negotiation Services Agreement; and the Required  
22 Document Checklist Form.

23 The "Dear Homeowner" letter and Loan Analysis Service Agreement instructed VE to return  
24 the completed documents by facsimile to 818-337-2107, by Express Mail to Consumer Mortgage  
Alliance at the Sherman Oaks address, or by e-mail to Info@ConsumerMortgageAlliance.com .

//

1 The Lender Negotiation Services Agreement detailed an agreement between VE and 247247,  
2 Inc. The Required Document Checklist Form indicated that payment was to be made payable to  
3 Respondent HCLC at 9854 National Boulevard, Suite 242, Los Angeles, California.

4 On or about November 28, 2010, VE returned the completed documents to Respondents as  
5 instructed. Pursuant to her agreement with Respondents' agent, beginning in December 2010, and  
6 continuing through March 2011, VE made payments to Respondents totaling \$2,750. Beginning as  
7 early as January 2011, VE began to have concerns about Respondents' efforts on her behalf.  
8 Respondents' agent was not returning her calls, and she had been directed to deal with a company  
9 known as United Processing Center. She learned from her credit union that her residential mortgage  
10 loan, which had been sold to Fannie Mae, could only be modified by Fannie Mae; that Respondent  
11 Linnekens was not licensed to practice law in Washington; and that Respondents had forwarded to  
12 the credit union a document which appeared to contain a forged signature. On or about March 3,  
13 2011, she received an e-mail from Respondents' agent confirming receipt of some documents and  
14 informing her he had "forwarded them to the law firm." She learned that Respondents had never  
15 contacted Fannie Mae, and that they had not been returning calls from her lender. On or about March  
16 8, 2011, she received an e-mail from Respondents' agent confirming receipt of some documents and  
17 informing her he had sent them "off to negotiations." After VE complained of no answer at that  
18 number, Respondents' agent advised that she call United Processing Center at 888-804-1695 and ask  
19 for Frank Waters. The phone number is believed to be assigned to Respondent HCLC, and Mr.  
20 Waters is believed to be an agent of Respondents.

21 **C. Consumers GL & DL.** In early 2011, Washington residents GL and DL were also  
22 facing financial hardship. They were having increasing difficulty in managing their debt load, and  
23 their home, once appraised at close to \$300,000, was worth less than \$275,000. They had attempted  
24 a loan modification on their own with Bank of America, the holder of their Countrywide-originated

1 8.9 percent adjustable-rate residential mortgage loan, but had been turned down as they were not  
2 behind on their mortgage payments. They were unable to refinance and were worried that the next  
3 reset of their adjustable rate mortgage might put them behind on their payments.

4 On or about February 14, 2011, an agent of Respondents called GL and DL offering to  
5 provide loan modification services. He identified himself as being with Respondent HCLC, and after  
6 a few questions indicated that GL and DL were perfect candidates for a home loan modification  
7 under a plan proposed by President Obama. Respondents' agent stated that Respondent HCLC could  
8 get them a home loan modification replacing their 8.9 percent adjustable rate mortgage with a 30-  
9 year fixed rate mortgage with an interest rate as low as 2 percent. He indicated that around 90  
10 percent of Respondent HCLC's clients obtained the 2 percent loan rate, and that their mortgage  
11 payment would drop some \$1,100 a month, for a life-of-the-loan savings of some \$428,000.

12 GL, who had answered the phone and was taking notes of the call, asked about the cost.  
13 Respondents' agent said that the total cost was \$3,000, with \$599 going to the loan modification and  
14 the balance being applied to attorney fees. By way of further explanation he said that the \$3,000  
15 payment would be split into two parts, with \$1,500 due up front, and \$1,500 due 30 days later.  
16 Respondents' agent said that Respondent HCLC offered a money-back guarantee, and that as long as  
17 GL and DL only dealt with Respondents, their money would be refunded if HCLC was not able to get  
18 a modification.

19 In response to a question, Respondents agent said that in a worst-case scenario, if the residents  
20 only got a 3 percent loan, they would still save around \$813 a month. GL and DL indicated they  
21 were interested in Respondent HCLC's loan modification program, and Respondents' agent said that  
22 he would send them more information via e-mail.

23 On or about Friday, February 18, 2011, Respondents' agent sent an e-mail to GL and DL with  
24 the subject line "Loan Modification Documents." Based on the agent's e-mail address,



1 Derek@thehclcenter.com, the e-mail was sent from Respondent HCLC. The e-mail stated that GL  
2 and DL had been approved by the HCLC attorneys for the loan modification program and attached  
3 “your attorney retainer agreement.” Respondents’ agent advised GL and DL to research Respondent  
4 HCLC, provided Internet links to Respondent Linneken’s California Bar member details page and the  
5 Los Angeles Better Business Bureau, and referenced Respondent HCLC’s “100% money back  
6 guarantee...[c]lient shall be refunded if a successful loan modification cannot be obtained.”

7 Included with the e-mail were two attachments: a six-page .pdf file named HCLC1.pdf, and a  
8 one-page Microsoft Excel file named GL.xls. The HCLC1.pdf file consisted of the cover sheet  
9 listing the GL and DL as “clients” and Respondents’ agent as their “case manager;” the Applicant  
10 Information form; the Limited Power of Attorney & Borrower Authorization form; the Refund  
11 Guarantee and Refund Procedure; and the Invoice, Credit Card & Electronic Check Authorization  
12 form. As with the documents received by consumers BC, DT, and VE, a number of the documents  
13 were printed on Respondents’ letterhead.

14 The Limited Power of Attorney & Borrower Authorization form indicates that GL and DL  
15 were appointing both Respondent HCLC and United Processing Center “each as my true and lawful  
16 attorneys-in-fact for me, in my name and on my behalf...”

17 The Invoice, Credit Card & Electronic Check Authorization form states that GL and DL  
18 would be charged two separate \$1,500 fees for services described as follows:

19 Attorney Retainer, Underwriting.....Start Date.....Amount \$1,500  
20 Attorney Retainer, Mitigation, Negotiation...30 Days Later....Amount \$1,500

21 Unlike with the other consumers, in this case the document states that by executing the payment  
22 authorization, GL and DL authorized Respondent HCLC to collect fees for and on behalf of United  
23 Processing Center.

24 //

1 On or about February 22, 2011, GL and DL completed and returned the paperwork to  
2 Respondents via e-mail. On or about March 3, 2011, GL and DL sent Respondent HCLC a cashier's  
3 check made out to Respondent HCLC in the amount of \$2,560.00. The check was sent via Certified  
4 Mail to Respondent HCLC at the Ventura Boulevard address in Sherman Oaks, California, and  
5 signed for as received on or about March 7, 2011. GL and DL had authorized Respondents to take  
6 the balance of the fee in a transfer from their bank account, and on or about March 31, 2011,  
7 Respondents withdrew \$440 from GL and DL's bank account. Respondents refunded \$440 to GL  
8 and DL on or about April 7, 2011.

9 **1.4 Misrepresentations and Omissions with Respect to Refund Guarantee.** Respondents  
10 orally represented that their loan modification services were guaranteed, and that if Respondents were  
11 unable to obtain a home loan modification for consumers, their money would be refunded.

12 Respondents' written guarantee imposed significant limitations and conditions on the guarantee. To  
13 collect, consumers are required to provided, within 10 days of receipt, notice from the clients' lender  
14 stating that "[c]lient's loan modification application has been denied both with respect to all federal  
15 programs, as well as all internal bank programs and plans." Because consumers do not dictate the  
16 terms of lenders' denial letters, it is impossible for consumers to meet this condition. In addition, the  
17 refund guarantee is void if consumers send loan modification information to anyone other than  
18 Respondents, or if the consumers receive any proposed loan modification offer from the lender.  
19 Respondents' failure to perform creates the condition where consumers may seek other sources for  
20 assistance with loan modification, and consumers cannot control whether a lender sends them a loan  
21 modification proposal directly.

22 **1.5 Misrepresentations and Omissions with Respect to Practice of Law.** Respondents  
23 represented that the forensic loan auditing and/or loan modification services would be performed by

24 //

1 licensed attorneys, and collected attorney retainer fees for providing those services. Respondents are  
2 not licensed to practice law in Washington.

3 **1.6 MARS Rule Violations.** On or about November 24, 2009, the Federal Trade Commission  
4 (FTC) announced “Operation Stolen Hope,” a joint effort by the FTC, Department of Justice, and  
5 various state Attorneys General to stop mortgage foreclosure rescue and loan modification scams.  
6 The FTC detailed 118 legal actions by 26 federal and state agencies, including six new lawsuits filed  
7 by the FTC. Shortly thereafter, the FTC began rulemaking proceedings designed to stop the most  
8 egregious false and deceptive practices of the foreclosure rescue and loan modification industry. On  
9 or about November 19, 2010, the FTC announced its final Mortgage Assistance Relief Services  
10 (MARS) Rule, which prohibits collecting any fees until the company has provided consumers with a  
11 written modification offer from the consumer’s lender or servicer that the consumer decides is  
12 acceptable, and provided the consumer with a written document describing the key changes to the  
13 mortgage. That part of the MARS Rule was effective December 29, 2010. The MARS Rule also  
14 required certain disclosures and prohibited certain false or misleading claims. Those parts of the rule  
15 became effective January 31, 2011. Licensed attorneys are generally exempted from the rule,  
16 provided in part that the attorney is licensed in the state where the consumer or the consumer’s  
17 dwelling is located. The rule applies to businesses, like Respondent HCLC, that claim to help  
18 consumers do a loan modification on their own by conducting a forensic audit or other review of the  
19 consumers’ loan documents.

20 **1.7 Temporary Order to Cease and Desist.** On April 8, 2011, the Department issued a  
21 Temporary Order to Cease and Desist against Respondents, ordering them to immediately cease and  
22 desist from participating in the conduct of the affairs of any mortgage broker or loan originator  
23 subject to licensure by the Director, from representing that they are attorneys licensed to provide  
24 legal services in Washington or omitting to disclose that Respondents are not licensed to provide

1 legal services in Washington, from collecting attorney retainer fees for the provision of any of the  
2 above-listed services, and from collecting advance fees or commissions for performing any loan  
3 modification services in Washington. Respondents have represented to the Department that they  
4 have complied with the terms of the Temporary Order.

5 **1.8 On-Going Investigation.** The Department’s investigation into the alleged violations of the  
6 Act by Respondents continues to date.

7  
8 **II. GROUNDS FOR ENTRY OF ORDER**

9 **2.1 Definition of Mortgage Broker.** Pursuant to RCW 19.146.010(14), “Mortgage Broker”  
10 means any person who for compensation or gain, or in the expectation of compensation or gain (a)  
11 assists a person in obtaining or applying to obtain a residential mortgage loan or (b) holds himself or  
12 herself out as being able to assist a person in obtaining or applying to obtain a residential mortgage  
13 loan.

14 **2.2 Definition of Loan Originator.** Pursuant to RCW 19.146.010(11)(b), “Loan Originator”  
15 means, in part, a natural person who for direct or indirect compensation or gain, or in the expectation  
16 of direct or indirect compensation or gain performs residential mortgage loan modification services or  
17 holds himself or herself out as being able to perform residential mortgage loan modification services.

18 **2.3 Definition of Residential Mortgage Loan Modification Services.** Pursuant to RCW  
19 19.146.010(21), “Residential Mortgage Loan Modification Services” includes negotiating, attempting  
20 to negotiate, arranging, attempting to arrange, or otherwise offering to perform a residential mortgage  
21 loan modification. “Residential Mortgage Loan Modification Services” also includes the collection  
22 of data for submission to any entity performing mortgage loan modification services.

23 **2.4 Definition of Third Party Residential Mortgage Loan Modification Services.** Pursuant to  
24 RCW 19.146.010(23), “Third Party Residential Mortgage Loan Modification Services” means

1 residential mortgage loan modification services offered or performed by any person other than the  
2 owner or services of the loan.

3 **2.5 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents  
4 are in apparent violation of RCW 19.146.0201(1), (2), (3), (6), (11), and (15) for directly or indirectly  
5 employing a scheme, device or artifice to defraud or mislead any person; for engaging in an unfair or  
6 deceptive practice toward any person; for obtaining property by fraud or misrepresentation; for  
7 failing to make residential mortgage loan and residential mortgage loan modification disclosures to  
8 loan applicants as required by applicable state and federal law; and for failing to comply with the  
9 requirements of the Federal Trade Commission Act, 12 C.F.R. § 203, 15 U.S.C. §45(a).

10 **2.6 Requirement to Obtain Mortgage Broker License.** Based on Factual Allegations set forth  
11 in Section I above, Respondents are in apparent violation of RCW 19.146.200 for engaging in the  
12 business of a mortgage broker without first obtaining a license under the Act.

13 **2.7 Requirement to Obtain Loan Originator License.** Based on the Factual Allegations set  
14 forth in Section I above, Respondent Linnekens is in apparent violation of RCW 19.146.200(1) for  
15 engaging in the business of a loan originator (LO) without first obtaining a LO license under the Act.

16 **2.8 Requirement to Provide Written Fee Agreement.** Based on Factual Allegations set forth in  
17 Section I above, Respondents are in apparent violation of RCW 19.146.353 for collecting advance  
18 fees prior to providing consumers with a written disclosure summary in compliance with the Act.

19 **2.9 Requirements Related to Third Party Residential Mortgage Loan Modification Services**  
20 **Provider.** Based on Factual Allegations set forth in Section I above, Respondents are in apparent  
21 violation of RCW 19.146.355 for failing to comply with the duties of, and violating the restriction on  
22 third party residential mortgage loan modification services providers as required by the Act.

23 //

24 //

1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.146.220(4), the  
3 Director may issue orders directing any person subject to the Act to cease and desist from conducting  
4 business in a manner that is injurious to the public or violates any provision of the Act.

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

8 **3.3 Authority to Impose Fines.** Pursuant to RCW 19.146.220(2) and (3), the Director may  
9 impose fines on any person subject to the Act for any violation of the Act.

10 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order  
11 any person subject to the Act to pay restitution for any violation of the Act.

12 **3.5 Authority to Collect Investigation Fees.** Pursuant to RCW 19.146.228(2) and WAC 208-  
13 660-550(4)(a), the Department will charge forty-eight dollars per hour for time devoted to an  
14 investigation of any person subject to the Act.

15  
16 **IV. NOTICE OF INTENT TO ENTER ORDER**

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

21 **4.1** Respondents Brian R. Linnekens and Home Credit Law Center cease and desist from, for  
22 compensation or gain, or in the expectation of compensation or gain, assisting a person in  
23 obtaining or applying to obtain a residential mortgage loan; holding out as being able to assist  
24 a person in obtaining or applying to obtain a residential mortgage loan; performing residential  
mortgage loan modification services; holding out as being able to perform residential  
mortgage loan modification services; negotiating, attempting to negotiate, arranging,  
attempting to arrange, or otherwise offering to perform a residential mortgage loan

1 modification; collecting data for submission to any entity performing residential mortgage  
2 loan modification services; representing that they are attorneys licensed to provide legal  
3 services in Washington; omitting to disclose that they are not licensed to provide legal  
4 services in Washington; representing that the forensic loan auditing and/or residential  
5 mortgage loan modification services would be performed by licensed attorneys; collecting  
6 attorney retainer fees for performing residential mortgage loan modification services;  
7 collecting advance fees or commissions for performing any residential mortgage loan  
8 modification services; and failing to comply with the MARS Rule and FTC Act.

9 **4.2** Respondent Brian R. Linnekens be prohibited from participation in the conduct of the affairs  
10 of any mortgage broker or consumer loan company subject to licensure by the Director, in any  
11 manner, for a period of five years.

12 **4.3** Respondents Brian R. Linnekens and Home Credit Law Center jointly and severally pay a  
13 fine. As of the date of this Statement of Charges, the fine totals \$30,000.

14 **4.4** Respondents Brian R. Linnekens and Home Credit Law Center jointly and severally pay  
15 restitution totaling \$7,810 to the three consumers identified in paragraph 1.2 of this Statement  
16 of Charges, plus restitution totaling the amount charged every Washington client by  
17 Respondents for residential mortgage loan modification services.

18 **4.5** Respondents Brian R. Linnekens and Home Credit Law Center jointly and severally pay an  
19 investigation fee. As of the date of this Statement of Charges, the investigation fee totals  
20 \$3,360.

## 21 **V. AUTHORITY AND PROCEDURE**

22 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist,  
23 Prohibit from Industry, Impose Fines, Order Restitution, and Collect Investigation Fees (Statement of  
24 Charges) is entered pursuant to the provisions of RCW 19.146.220, RCW 221, RCW 19.146.223, and

//

//

//

//

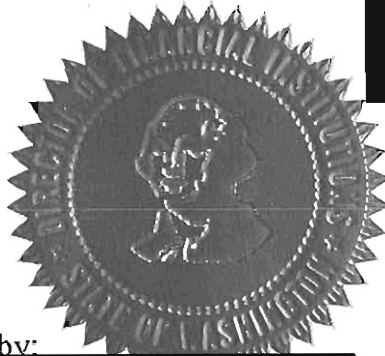
//

//

//

1 is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents  
2 may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO  
3 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

4  
5 DATED this 2<sup>nd</sup> day of May, 2011.



6 [REDACTED]  
7 DEBORAH BORTNER  
8 Director, Division of Consumer Services  
9 Department of Financial Institutions

10 Presented by:

11 [REDACTED]  
12 ANTHONY W. CARTER  
13 Senior Enforcement Attorney

14 Approved by:

15 [REDACTED]  
16 JAMES R. BRUSSELBACK  
17 Enforcement Chief