

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

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

NO. C-05-059-09-CO02

RM ERONEMO, LLC,  
RALPH M. ERONEMO, Owner and Designated  
Broker, and  
ELLEN V. MILAM, Loan Originator,

CONSENT ORDER

ELLEN V. MILAM

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Ellen V. Milam (hereinafter Respondent Milam), Loan Originator, and finding that the issues raised in the above-captioned matter, as they relate to Respondent Milam, may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of Revised Code of Washington (RCW) and RCW 34.05.060 of the Administrative Procedure Act based on the following:

**AGREEMENT AND ORDER**

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent Milam have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-05-059-08-SC02 (Statement of Charges), entered November 21, 2008, (copy attached hereto). Pursuant to chapter 19.146 RCW, the Mortgage Broker Practices Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent Milam hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges. Respondent Milam is agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

Based upon the foregoing:

CONSENT ORDER  
C-05-059-09-CO02  
Ellen V. Milam

1

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Division of Consumer Services  
150 Israel Rd SW  
PO Box 41200  
Olympia, WA 98504-1200  
(360) 902-8703

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

3           B. **Waiver of Hearing.** It is AGREED that Respondent Milam has been informed of the right to a  
4 hearing before an administrative law judge, and that she hereby waives her right 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 Accordingly, Respondent Milam agrees to withdraw her appeal, and by her signature below hereby withdraws her  
7 appeal.

8           C. **Admission of Liability.** Respondent Milam admits to the violations of RCW 19.146.0201(1), (2),  
9 and (3) more specifically set forth in the Statement of Charges and incorporated herein by reference.

10          D. **Prohibition from Industry.** It is AGREED that Respondent Milam is prohibited from participating  
11 in the conduct of the affairs of any mortgage broker, consumer lender, or escrow agent licensed by the Department  
12 or exempt from licensing or regulation by the Department, in any capacity, including, but not limited to: (1) any  
13 financial capacity whether active or passive or (2) as an officer, director, principal, designated broker, employee,  
14 or loan originator or (3) any management, control, oversight or maintenance of any trust account(s) in any way  
15 related to any residential mortgage transaction or (4) receiving, disbursing, managing, or controlling in any way,  
16 consumer trust funds in any way related to any residential mortgage transaction.

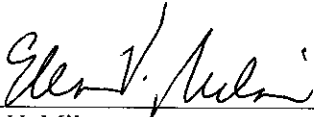
17          E. **Agreement not to Apply.** It is AGREED that Respondent Milam shall not apply for any license  
18 issued by the Department.

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

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

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

3 **RESPONDENT:**

4   
5 Ellen V. Milam  
6 Loan Originator

9-10-09  
Date

8 DO NOT WRITE BELOW THIS LINE

9 THIS ORDER ENTERED THIS 18<sup>th</sup> DAY OF September, 2009.

11   
12 DEBORAH BORTNER  
13 Director  
14 Division of Consumer Services  
15 Department of Financial Institutions

15 Presented by:

16   
17 STEVEN C. SHERMAN  
18 Financial Legal Examiner



19 Approved by:

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21 JAMES R. BRUSSELBACK  
22 Enforcement Chief

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CONSENT ORDER  
C-05-059-09-CO02  
Ellen V. Milam

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

RM ERONEMO, LLC,  
RALPH M. ERONEMO, Owner and  
Designated Broker, and  
ELLEN V. MILAM, Loan Originator,

Respondents.

NO. C-05-059-08-SC02

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSE,  
PROHIBIT FROM INDUSTRY, IMPOSE  
FINE, AND COLLECT INVESTIGATION FEE

**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act (Act)<sup>1</sup>. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

**A. RM Eronemo, LLC (Respondent RM Eronemo)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker on April 25, 2003, and has continued to be licensed to date. Respondent RM Eronemo, LLC, is licensed to conduct the business of a mortgage broker at 1100 106<sup>th</sup> Ave NE, Ste 603, Bellevue, WA 98004.

<sup>1</sup> All references to RCW 19.146 are to the 1994 version.

1           **B. Ralph M. Eronemo (Respondent Eronemo)** is the owner and Designated Broker of  
2 Respondent RM Eronemo. Respondent Eronemo was named Designated Broker of Respondent RM  
3 Eronemo on April 25, 2003, and has continued as Designated Broker to date.

4           **C. Ellen V. Milam (Respondent Milam)** was an independent contractor loan originator  
5 for RM Eronemo, LLC, at all times relevant to this Statement of Charges.

6           **1.2 Prohibited Acts.**

7           **A.** In about March of 2005, the Department received complaints from two banks regarding  
8 suspicious account activity related to Respondent Milam. The Department's investigation revealed that  
9 Respondent Milam was misappropriating loan proceeds that belonged to her customers. On July 12,  
10 2006, the Department referred the investigation to the Washington State Attorney General's Office  
11 (AGO), Criminal Justice Division, for further investigation and possible criminal prosecution. On  
12 February 2, 2007, Respondent Milam was indicted in Snohomish County Superior Court for six counts  
13 of Theft in the Second Degree, a felony violation of RCW 9A.56.040, for the misappropriation of  
14 customers' loan proceeds. On April 27, 2007, Respondent Milam pleaded guilty to all six counts of  
15 Theft in the Second Degree.  
16

17           **B.** On August 23, 2006, as part of the above referenced investigation of Respondent  
18 Milam, AGO Investigator David Cassidy (Investigator Cassidy) interviewed Respondent Eronemo.  
19 Investigator Cassidy informed Respondent Eronemo that Respondent Milam was under investigation  
20 and that loan files and other documents related to Respondent Milam and any of her customers were  
21 evidence in the criminal case and were to be preserved. Respondent Eronemo told Investigator  
22 Cassidy that all of Respondent Milam's loan files that she closed for his company were located in her  
23 home in Marysville. Respondent Eronemo said that Respondent Milam had closed a lot of loans for  
24 him and he estimated there would be about 100 loan files at her home office.  
25

1 On August 31, 2006, Respondent Eronemo called Investigator Cassidy and said he was  
2 meeting with Respondent Milam at her Marysville residence to pick up the requested loan files. Later  
3 that afternoon, Respondent Eronemo met with Investigator Cassidy and provided only fifteen loan  
4 files. Respondent Eronemo told Investigator Cassidy that the rest had apparently been destroyed by  
5 Respondent Milam as they were outside the Department's twenty-five month retention requirement.  
6 Respondent Eronemo also told Investigator Cassidy that he did not help nor direct Respondent Milam  
7 to destroy any of the missing loan files he had previously stated were in Respondent Milam's  
8 possession.  
9

10 On November 8, 2006, the AGO served a search warrant on Respondent Milam at her home in  
11 Marysville. Investigator Cassidy spoke with Respondent Milam and specifically asked about the  
12 missing loan files. Respondent Milam told Investigator Cassidy that she had given Respondent  
13 Eronemo about fifty loan files when he came to pick them up in late August 2006. Respondent Milam  
14 said she and Respondent Eronemo then went through the files and Respondent Eronemo selected those  
15 loan files older than twenty-five months and told Respondent Milam to have them shredded.  
16 Respondent Milam said Respondent Eronemo left that day with about a dozen loan files. Respondent  
17 Milam also said that a few days later she took the remaining files to a company in Tukwila to be  
18 shredded.  
19

20 **1.3 Failure to Properly Retain Records.** As stated above, Respondent Eronemo told Investigator  
21 Cassidy that Respondent Milam had closed a lot of loans for him and that he estimated there would be  
22 about 100 loan files at her home office. Respondent Eronemo also told Investigator Cassidy that he  
23 knew the files should be stored at his Bellevue office.

24 **1.4 On-Going Investigation.** The Department's investigation into the alleged violations of the  
25 Act by Respondents continues to date.

## II. GROUNDS FOR ENTRY OF ORDER

### 2.1 Prohibited Acts.

A. Based on the Factual Allegations set forth in Section I above, Respondent Milam is in apparent violation of RCW 19.146.0201(1), (2), and (3) for directly or indirectly employing a scheme, device or artifice to defraud or mislead borrowers or lenders or any person, engaging in an unfair or deceptive practice toward any person and obtaining property by fraud or misrepresentation.

B. Based on the Factual Allegations set forth in Section I above, Respondent Eronemo is in apparent violation of RCW 19.146.0201(8) for negligently making a false statement or knowingly and willfully making an omission of material fact in connection with an investigation conducted by the Department.

2.2 **Records Retention Requirement.** Based upon the allegations set forth in Section I above, Respondent RM Eronemo and Respondent Eronemo are in apparent violation of RCW 19.146.060(2) for failing to maintain records at the mortgage broker's usual place of business.

## III. AUTHORITY TO IMPOSE SANCTIONS

3.1 **Responsibility for Independent Contractor's Violations.** Pursuant to RCW 19.146.245, a licensed mortgage broker is liable for any conduct violating the Act by the Designated Broker or a loan originator while employed or engaged by the licensed mortgage broker.

3.2 **Authority to Revoke License.** Pursuant to RCW 19.146.220(2)(b)(iv), the Director may revoke a license for any violation of RCW 19.146.0201(1) through (9).

3.3 **Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), the Director may issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any

1 licensed mortgage broker, or any person subject to licensing under the Act for any violation of RCW  
2 19.146.0201(1) through (9), or RCW 19.146.060.

3 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(c)(i), the Director may impose a fine  
4 on the licensee, employee or loan originator of the licensee, or other person subject to the Act for any  
5 violation of RCW 19.146.0201(1) through (9), or RCW 19.146.060. Pursuant to WAC 208-660-165,  
6 each violation of the Act is subject to a fine of up to \$100 per day for each offense. Each day's  
7 continuance of the violation is a separate and distinct offense.

8 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), WAC 208-660-  
9 060(4), and WAC 208-660-061, the Department is entitled to collect the cost of the investigation. The  
10 investigation charge will be calculated at the rate of \$47.78 per hour that each staff person devoted to  
11 the investigation.  
12

#### 13 **IV. NOTICE OF INTENTION TO ENTER ORDER**

14 Respondents' violations of the provisions of chapter 19.146 RCW, as set forth in the above  
15 Factual Allegations, Grounds for Entry of Order, and Authority to Impose Sanctions, constitute a basis for  
16 the entry of an Order under RCW 19.146.220, RCW 19.146.221, and RCW 19.146.223. Therefore, it is  
17 the Director's intention to ORDER that:

- 18 **4.1** Respondent RM Eronemo, LLC's license to conduct the business of a mortgage broker be  
19 revoked; and
- 20 **4.2** Respondent Ralph M. Eronemo's license to conduct the business of a designated broker and loan  
21 originator be revoked; and
- 22 **4.3** Respondent Ralph M. Eronemo be prohibited from participation in the conduct of the affairs of  
23 any mortgage broker subject to licensure by the Director, in any manner, for a period of ten years;  
and
- 24 **4.4** Respondent Ellen V. Milam be prohibited from participation in the conduct of the affairs of any  
25 mortgage broker subject to licensure by the Director, in any manner, for a period of ten years; and



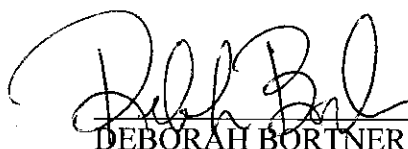
- 1 **4.5** Respondents RM Eronemo, LLC, Ralph M. Eronemo, and Ellen V. Milam jointly and severally  
2 pay a fine which as of the date of these charges totals \$50,000; and
- 3 **4.6** Respondents RM Eronemo, LLC, Ralph M. Eronemo, and Ellen V. Milam jointly and severally  
4 pay an investigation fee which as of the date of these charges totals \$1,624.52, calculated at  
\$47.78 per hour for thirty-four staff hours devoted to the investigation; and
- 5 **4.7** Respondents RM Eronemo, LLC, and Ralph M. Eronemo maintain records in compliance with  
6 the Act and provide the Department with the location of the books, records and other information  
7 relating to Respondents, mortgage broker business, and the name, address, and telephone number  
8 of the individual responsible for maintenance of such records in compliance with the Act.
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## V. AUTHORITY AND PROCEDURE

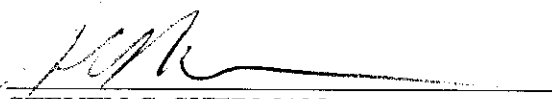
This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 21<sup>st</sup> day of November, 2008.




DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:



STEVEN C. SHERMAN  
Financial Legal Examiner

Approved by:



JAMES R. BRUSSELBACK  
Enforcement Chief

