

Terms Completed

ORDER SUMMARY – Case Number: C-07-336

Name(s): Seattle Equity Group, Inc.

Order Number: C-07-336-09-CO02

Effective Date: November 24, 2009

License Number: DFI: 30434

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
If applicable, you must specifically note the ending dates of terms.

License Effect: n/a

Not Apply Until: n/a

Not Eligible Until: _____

Prohibition/Ban Until: n/a

Investigation Costs	\$1,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: _____

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

RECEIVED
RESPONDENT
OCT 28 2009

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF INVESTIGATING
the Loan Originator License Application and
Determining Whether there has been a violation under
the Mortgage Broker Practices Act of Washington by:

NO. C-07-336-09-CO02

HAMED SEPEHRI (Loan Originator Applicant),
SEATTLE EQUITY GROUP, INC. AND
EVERGREEN PACIFIC SERVICES, INC.,

CONSENT ORDER
SEATTLE EQUITY GROUP, INC.

Respondents.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Seattle Equity Group, Inc. (hereinafter Respondent), and finding that the issues raised in the above-captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 19.146 of 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 have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-336-08-SC01 (Statement of Charges), entered July 18, 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 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 agrees not to contest the Statement of Charges in consideration of the terms of this Consent Order.

Based upon the foregoing:

CONSENT ORDER
C-07-336-09-CO02
SEATTLE EQUITY GROUP, INC.

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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 has been informed of the right to a hearing
4 before an administrative law judge, and that it hereby waives its right to a hearing and any and all administrative
5 and judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly,
6 Respondent, by its signature below, withdraws its appeal to the Office of Administrative Hearings.

7 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the Statement of
8 Charges and agree that Respondent does not admit to any wrongdoing by its entry.

9 D. **Investigation Fee.** It is AGREED that Respondent shall pay to the Department an investigation fee
10 of \$1,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this
11 Consent Order.

12 E. **Cooperation with Department.** It is AGREED that Respondent, including its owners, principals,
13 directors, controlling persons, and officers, shall cooperate with the Department in this investigation, and freely,
14 voluntarily and truthfully provide information or testimony, if called upon, regarding its relationship with, and the
15 business practices of, Respondent Hamed Sepehri.

16 F. **Authority to Execute Order.** It is AGREED that the undersigned has represented and warranted that
17 it has the full power and right to execute this Consent Order on behalf of the Respondent.

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

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

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I. **Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read this Consent

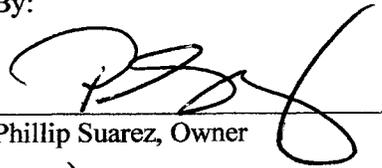
Order in its entirety and fully understands and agrees to all of the same.

RECEIVED
RESPONDENT
OCT 28 2009
ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

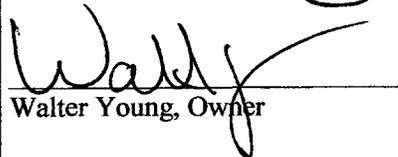
RESPONDENT:

Seattle Equity Group, Inc.

By:


Phillip Suarez, Owner

10/12/09
Date


Walter Young, Owner

10/12/09
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 24th DAY OF November, 2009.


DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

WILLIAM HALSTEAD
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK
Enforcement Chief



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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 and
Determining Whether there has been a violation
under the Mortgage Broker Practices Act of
Washington by:

HAMED SEPEHRI (Loan Originator Applicant),
SEATTLE EQUITY GROUP, INC. AND
EVERGREEN PACIFIC SERVICES, INC.,

Respondents.

NO. C-07-336-08-SC01

STATEMENT OF CHARGES and NOTICE
OF INTENTION TO ENTER AN ORDER TO
DENY LICENSE APPLICATION, PROHIBIT
FROM INDUSTRY, ORDER RESTITUTION,
IMPOSE A FINE, AND COLLECT
INVESTIGATION FEES

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)¹. After having conducted an investigation pursuant to RCW 19.146.210, RCW 19.146.235 and RCW 19.146.310, 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. Respondent Hamed Sepehri (Respondent Sepehri) submitted an application to the Department of Financial Institutions of the State of Washington (Department) for a loan originator license under Seattle Equity Group, Inc., a mortgage broker licensed under the Act. The on-line application was received by the Department on or about February 16, 2007. On November 15, 2007,

¹ RCW 19.146 (1994 and 2006).

1 the Department sent a letter to Respondent Sepehri rejecting his application as incomplete because he
2 did not provide proof to the Department that he was eligible to work in the United States. On
3 November 27, 2007, Respondent Sepehri re-applied for his loan originator license under Nationwide
4 Home Lending LLC, a mortgage broker licensed under the Act. Respondent Sepehri provided the
5 Department with proof of his ability to work in the United States. On December 19, 2007, Respondent
6 Sepehri established an additional relationship with Quality Express Mortgage Processing Center. As
7 of the date of this Statement of Charges, Respondent Sepehri has not been issued a loan originator
8 license.

9
10 **B. Respondent Seattle Equity Group, Inc. (Respondent Seattle Equity)** was licensed
11 by the Department to conduct business as a mortgage broker on August 2, 2006, and continues to be
12 licensed to date.

13 **C. Respondent Evergreen Pacific Services, Inc. (Respondent Evergreen)** was licensed
14 by the Department to conduct business as a mortgage broker on March 21, 2001, and continues to be
15 licensed to date.

16 **1.2 Borrower FR.** In May of 2006, Borrower FR was introduced to Respondent Sepehri through
17 a third-party. Borrower FR informed Respondent Sepehri that he was interested in purchasing an
18 apartment. Respondent Sepehri told Borrower FR that he should purchase a house rather than an
19 apartment as he would make more money in the long term. Borrower FR informed Respondent
20 Sepehri that he made roughly \$1,500 a month. Respondent Sepehri told Borrower FR that he could
21 buy a house and rent it to someone else to cover the cost of the mortgage.

22
23 **A. Purchase #1.** Borrower FR located a home to purchase in Bothell, Washington.
24 Borrower FR applied for a loan (#32001842) with Respondent Sepehri on or about May 16, 2006.
25 Borrower FR informed Respondent Sepehri he was not a U.S. Citizen, worked for the University of

1 Washington, was purchasing the home as an investment, and made roughly \$1,500 per month.
2 Despite having this information, Respondent Sepehri falsely reported Borrower FR as the Marketing
3 and Sales Manager for Abracadabra Carpet Cleaning (for the previous 4 years) making \$7,900 per
4 month, was a U.S. Citizen, and was going to occupy the home (owner-occupied) as his primary
5 residence. Respondent Sepehri falsely reported these items on the loan application to facilitate the
6 approval of the loan knowing Borrower FR would not otherwise qualify.

7
8 When Borrower FR applied for the loan, Respondent Sepehri provided him with a Truth In
9 Lending (TIL) statement that did not have the "Variable Rate Feature" box checked even though the
10 loan applied for and eventually received by Borrower FR was an adjustable rate loan (ARM).

11 Respondent Sepehri was working for Respondent Evergreen as a loan originator at the time of
12 this loan transaction. The loan funded on or about May 30, 2006, in the amount of \$360,000.

13 **B. Purchase #2.** After Borrower FR completed purchase #1, he inquired of Respondent
14 Sepehri if he knew of an apartment he could rent for himself. Respondent Sepehri again told
15 Borrower FR that he should not rent, but purchase a second home to live in. Borrower FR told
16 Respondent Sepehri he could not afford to make payments on another home because he was already
17 supplementing the mortgage payment for purchase #1. Respondent Sepehri informed Borrower FR
18 that he could refinance purchase #1 which would lower the monthly payment as well as get him
19 \$15,000 "cash-out" to facilitate the purchase of a second home.

20
21 On or about August 25, 2006, Borrower FR found a second home he wished to purchase
22 located in Bothell, Washington and applied for a second residential home loan (#320035871) from
23 Respondent Sepehri. Respondent Sepehri again falsely reported on the loan application that Borrower
24 FR was the owner of Abracadabra Carpet Cleaning (for the previous 2.5 years), made \$9,500 (up from
25 \$7,900) per month, and was a U.S. Citizen. Respondent Sepehri falsely reported these items on the

1 loan application to facilitate the approval of the loan knowing Borrower FR would not otherwise
2 qualify.

3 When Borrower FR applied for the loan, Respondent Sepehri provided him with a Truth In
4 Lending (TIL) statement that did not have the "Variable Rate Feature" box checked even though the
5 loan applied for and eventually received by Borrower FR was an adjustable rate loan (ARM).

6 Respondent Sepehri was working for Respondent Evergreen as a loan originator at the time of
7 this loan transaction. This loan funded on or about September 20, 2006, in the amount of \$365,000.
8 Borrower FR did not refinance the loan for purchase #1 and never received the \$15,000 "cash-out" as
9 promised by Respondent Sepehri.
10

11 **C. Purchase #3.** In September of 2006, Borrower FR was approached by Respondent
12 Sepehri for the purpose of purchasing a third home. Respondent Sepehri knew Borrower FR had a
13 fiancée and her parents wished to purchase a home of their own, but could not due to their credit.
14 Respondent Sepehri told Borrower FR that if he purchased the home (a third-party purchaser), his
15 fiancée's parents would make the mortgage payments. Respondent Sepehri assured Borrower FR that
16 this situation would not cause him any problems and he would not have to worry about making any
17 payments.

18 On or about September 26, 2006, Borrower FR found a third home he wished to purchase
19 located in Bellevue, Washington and applied for a third residential home loan (#320038301) from
20 Respondent Sepehri. Respondent Sepehri again falsely reported Borrower FR was the owner of
21 Abracadabra Carpet Cleaning in Seattle (for the previous 4 years), Washington, made \$20,000 (up
22 from \$9,500 one month prior) per month in salary, and was a U.S. Citizen. Respondent Sepehri
23 falsely reported these items on the loan application to facilitate the approval of the loan knowing
24 Borrower FR would not otherwise qualify.
25

1 Respondent Sepehri was working for Respondent Seattle Equity as a loan originator at the time
2 of this loan transaction. The loan funded on or about October 6, 2006, in the amount of \$486,000.

3 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the
4 Act by Respondents continues to date.

5
6 **II. GROUNDS FOR ENTRY OF ORDER**

7 **2.1 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
8 are in apparent violation of RCW 19.146.0201(1), (2), (3), (6), and (14) for directly or indirectly
9 employing a scheme, device or artifice to defraud or mislead borrowers or lenders or any person,
10 engaging in an unfair or deceptive practice toward any person, obtaining property by fraud or
11 misrepresentation, failing to make disclosures to loan applicants and noninstitutional investors as
12 required by RCW 19.146.030 and any other applicable state or federal law or failing to comply with
13 any provision of RCW 19.146.030 through 19.146.080 or any rule adopted under those sections.

14
15 **2.2 Requirement to Disclose Variable Rate Feature.** Based on the Factual Allegations set forth
16 in Section I above, Respondent Sepehri fails to meet the requirements of RCW 19.146.030(2) by
17 failing to disclose the variable rate feature.

18 **2.3 Requirement to Demonstrate Character and General Fitness.** Based on the Factual
19 Allegations set forth in Section I above, Respondent Sepehri fails to meet the requirements of RCW
20 19.146.310(1)(g) and WAC 208-660-350(2)(a) by failing to demonstrate character and general fitness
21 such as to command the confidence of the community and to warrant a belief that the business will be
22 operated honestly and fairly within the purposes of the Act.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Deny Application for Loan Originator License.** Pursuant to RCW
3 19.146.220(1), the Director may deny licenses to loan originators. Pursuant to RCW 19.146.310(2)
4 and WAC 208-660-350(7), the Director shall not issue a loan originator license if the conditions of
5 RCW 19.146.310(1) have not been met by the applicant, and shall notify the loan originator applicant
6 and any mortgage brokers listed on the application of the denial.

7 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 19.146.220(2)(e)(i), the Director
8 may issue orders removing from office or prohibiting from participation in the conduct of the affairs of
9 a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any
10 licensed mortgage broker or any person subject to licensing under the Act for any violation of RCW
11 19.146.0201(1) through (9) or (12), RCW 19.146.030, RCW 19.146.050, or RCW 19.146.200.

12 **3.3 Authority to Impose Liability Upon Mortgage Broker.** Pursuant to RCW 19.146.245, a
13 licensed mortgage broker is liable for any conduct violating the Act by a loan originator while employed
14 or engaged by the licensed mortgage broker.

15 **3.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2)(c)(i) (1994) and RCW 19.146.220
16 (3) (2006), the Director may impose fines on a licensee, employee or loan originator of the licensee, or
17 other person subject to the Act for any violations of RCW 19.146.0201(1) through (9) or (12), RCW
18 19.146.030, or RCW 19.146.050.

19 **3.5 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2)(d)(ii) (1994) the Director may
20 order licensees or other persons subject to the Act to pay restitution to injured borrowers for any violation
21 of the Act.

22 **3.6 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2) (2006), WAC 208-
23 660-520 and WAC 208-660-550(5)(a) (2006), the Department is entitled to collect the costs of any
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1 investigation of alleged violations of the Act. The investigation charge will be calculated at the rate of
2 forty-eight (\$48) per hour that each staff person devoted to the investigation.

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

4 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as
5 set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
6 Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, RCW
7 19.146.223 and RCW 19.146.310. Therefore, it is the Director's intention to ORDER that:

- 8
- 9 **4.1** Respondent Hamed Sepehri's application for a loan originator license be denied;
- 10 **4.2** Respondent Hamed Sepehri be prohibited from participation in the conduct of the affairs of any
11 mortgage broker subject to licensure by the Director, in any manner, for a period of 5 years;
- 12 **4.3** Respondent Hamed Sepehri and Respondent Evergreen Pacific Services Inc. jointly and severally
13 pay restitution in an amount to be determined at hearing;
- 14 **4.4** Respondent Hamed Sepehri and Respondent Seattle Equity Group Inc. jointly and severally pay
15 restitution in an amount to be determined at hearing;
- 16 **4.5** Respondent Hamed Sepehri and Respondent Evergreen Pacific Services Inc. jointly and severally
17 pay a fine which as of the date of these charges is \$8,000;
- 18 **4.6** Respondent Hamed Sepehri and Respondent Seattle Equity Group Inc. jointly and severally pay a
19 fine which as of the date of these charges is \$4,000;
- 20 **4.7** Respondent Hamed Sepehri, Respondent Seattle Equity Group Inc. and Respondent Evergreen
21 Pacific Services Inc. jointly and severally pay an investigation fee which as of the date of these
22 charges is \$1,920 calculated at \$48 per hour for 40 staff hours devoted to the investigation; and
- 23 **4.8** Respondents maintain records in compliance with the Act and provide the Department with the
24 location of the books, records and other information relating to Respondent Hamed Sepehri,
25 Respondent Seattle Equity Group Inc. and Respondent Evergreen Pacific Securities Inc.'s
mortgage broker business, and the name, address and telephone number of the individual
responsible for maintenance of such records in compliance with the Act.

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Deny License
3 Application, Prohibit from Industry, Order Restitution, Impose Fine and Collect Investigation Fees
4 (Statement of Charges) is entered pursuant to the provisions of RCW 19.146.220, RCW 19.146.221,
5 RCW 19.146.223 and RCW 19.146.230, and is subject to the provisions of chapter 34.05 RCW (The
6 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in
7 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
8 accompanying this Statement of Charges.
9

10 Dated this 18th day of July, 2008.

11 

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

16 Presented by:

17 

18 WILLIAM HALSTEAD
19 Financial Legal Examiner



20 Approved by:

21 

22 JAMES R. BRUSSELBACK
23 Enforcement Chief
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25