

Terms Completed

ORDER SUMMARY – Case Number: C-08-279

Name(s): Paramount Equity Mortgage Inc.

Order Number: C-08-279-09-CO01

Effective Date: May 21, 2009

License Number: DFI: 49500 [NMLS: 30336]

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)

License Effect: none
If applicable, you must specifically note the ending dates of terms.

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: _____

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

4 IN THE MATTER OF INVESTIGATING
5 the Consumer Loan License Application under the
6 Consumer Loan Act of Washington by:

NO. C-08-279-09-CO01

7 PARAMOUNT EQUITY MORTGAGE, INC.,

CONSENT ORDER

Respondent.

8 COMES NOW the Director of the Department of Financial Institutions, through his designee Deborah
9 Bortner, Division Director, Division of Consumer Services, and Paramount Equity Mortgage, Inc. (Respondent
10 Paramount), and finding that the issues raised in this matter may be economically and efficiently settled, agree
11 to the entry of this Consent Order. This Consent Order is entered pursuant to RCW 31.04, the Consumer Loan
12 Act (the Act), and RCW 34.05.060 of the Administrative Procedure Act.

13 AGREEMENT AND ORDER

14 On September 5, 2008, the Department of Financial Institutions, Division of Consumer Services
15 (Department) entered a Notice and Order regarding Respondent's Consumer Loan License Application (C-08-
16 279-08-SC01). The Notice and Order was based on a Statement of Charges entered by the Department against
17 Respondent Paramount and others on July 21, 2008. The allegations contained in the Statement of Charges
18 were resolved on May 11, 2009, by the entry of a Consent Order (the May 11 Order). The May 11 Order
19 provided that the admissions, conduct, and allegations serving as the basis for the issuance of the Statement of
20 Charges and entry of the May 11 Order would not be used in the assessment of any future Consumer Loan
21 license applications.

22 Based upon the foregoing:

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

25 //

CONSENT ORDER
C-08-279-09-CO01
Paramount Equity Mortgage, Inc.

1

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

1 **B. Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing
2 before an administrative law judge, and that it hereby waives its right to a hearing and any and all
3 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

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

6 **D. License Application.** It is AGREED that Respondent Paramount's application to conduct
7 business as a Consumer Loan company received on June 19, 2008, shall be processed by the Department as if
8 received on May 12, 2009. While Respondent Paramount must meet any and all application requirements in
9 effect as of that date, the admissions, conduct, and allegations serving as the basis for the issuance of the
10 Statement of Charges and entry of the May 11 Order will not be used in the assessment of this Consumer Loan
11 license application.

12 **E. Investigation Fee.** Respondent Paramount paid to the Department an investigation fee of \$1,000
13 prior to the entry of this Consent Order.

14 **F. Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted
15 that they have the full power and right to execute this Consent Order on behalf of the parties.

16 **G. Voluntarily Entered.** It is AGREED that the undersigned have voluntarily entered into this
17 Consent Order, which is effective when signed by the Director's designee.

18 **H. Completely Read, Understood, and Agreed.** It is AGREED that the undersigned have read this
19 Consent Order in its entirety and fully understand and agree to all of the same.

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

///

RESPONDENT:

Paramount Equity Mortgage, Inc.

By:

Matthew J. Dawson 5/20/09

Matthew J. Dawson Date
Secretary, Treasurer, Vice President

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 21st DAY OF May, 2009.

Deborah Bortner

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

Presented by:

Anthony W. Carter

ANTHONY W. CARTER
Financial Legal Examiner



Approved by:

James R. Brusselback

JAMES R. BRUSSELBACK
Enforcement Chief

1
2
3
4
5
6

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

IN THE MATTER OF INVESTIGATING
the Consumer Loan License Application under the
Consumer Loan Act of Washington by:

PARAMOUNT EQUITY MORTGAGE, INC.,

Respondent.

NO. C-08-279-08-SC01

NOTICE AND ORDER DENYING
CONSUMER LOAN LICENSE
APPLICATION

7
8

INTRODUCTION

9 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of
10 the State of Washington (Director) is responsible for the administration of the Consumer Loan Act (the Act),
11 Chapter 31.04 RCW. After having conducted an investigation pursuant to RCW 31.04.145, and based upon the
12 facts available as of the date of this Notice and Order, the Director, through his designee, Division of Consumer
13 Services Director Deborah Bortner, institutes this proceeding and finds as follows:

14
15

I. FACTUAL ALLEGATIONS

16 **1.1 Respondent Paramount Equity Mortgage, Inc. (Paramount)** is an active for-profit corporation organized in
17 California in June 2004 with its main office in Roseville, California. On July 19, 2004, Paramount was licensed by
18 the Department of Financial Institutions (Department) to conduct business as a Mortgage Broker, license number
19 510-MB-26516. Paramount has three Washington-licensed branch offices, one in California, one in Oregon,
20 and one in Washington. On June 19, 2008, the Department received a completed application from Paramount for a
21 license to conduct business as a Consumer Loan company. The application covered Paramount's main office
22 location in Roseville, California, plus its Oregon and Washington branch office locations.

23 **1.2 Advertising Complaints.** Between April 11, 2007, and October 4, 2007, the Department received six
24 consumer and competitor complaints regarding Paramount. The competitor complaints alleged generally that
25 Paramount was engaged in a deceptive radio advertising campaign. Based on the Department's review of the
advertising complaints, an investigation was opened on October 9, 2007.

//

1 **1.3 Advertising Investigation.** The review of Paramount's advertising revealed that the firm had violated
2 numerous provisions of the Mortgage Broker Practices Act (the MBPA). The violations included:

- 3 • RCW 19.146.0201(2), by engaging in unfair or deceptive practices toward any person including
4 the use of false, deceptive, or misleading advertising; failing to identify Paramount by its full
5 licensed name on Internet advertising; and failing to comply with RCW 30.04.020, which regulates
6 the use of the word "bank;"
- 7 • RCW 19.146.0201(7), by making false or deceptive statements concerning the financing terms and
8 conditions for residential mortgage loans, which includes advertising that Paramount offered the
9 "lowest" or "best" interest rates and fees;
- 10 • RCW 19.146.0201(10), by advertising a rate of interest without clearly and conspicuously
11 disclosing the APR;
- 12 • RCW 19.146.0201(11), by failing to comply with the disclosure requirements of the Truth in
13 Lending Act, 15 U.S.C. §1664(d) and Regulation Z, 12 C.F.R. §226.24(b) and (c), which includes
14 failing to clearly and conspicuously disclose the APR; failing to disclose that advertised APRs may
15 increase after consummation; and failing to disclose the terms of repayment on advertisements
16 containing certain disclosure triggering terms; and
- 17 • RCW 19.146.0201(11), by failing to comply with the Federal Trade Commission Act,
18 15 U.S.C. §§41-58, *as amended*, which includes engaging in unfair or deceptive acts or practices.

19 **1.4 Examination.** In November 2007, the Department conducted a regularly-scheduled on-site examination of
20 Paramount's loan portfolio and business practices. The Department reviewed 43 Washington residential mortgage
21 loans originated during 2007. The examination revealed that Paramount had violated numerous disclosure
22 provisions of the MBPA, and had engaged in unlicensed activity. The violations included:

- 23 • RCW 19.146.0201(2), by engaging in unfair or deceptive practices toward any person, which
24 includes making deceptive fee disclosures; collecting unearned fees; and charging and collecting
25 unearned discount points;
- RCW 19.146.0201(3), by obtaining property by fraud or misrepresentation, which includes
charging and collecting unearned fees and discount points;
- RCW 19.146.0201(6), by failing to make disclosures to loan applicants as required by the Act, and
as required by the Real Estate Settlement Procedures Act, 12 U.S.C. §2601 and Regulation X,
24 C.F.R. §3500, which includes failing to disclose the fees which inured to the benefit of
Respondents on the GFE and HUD-1;
- RCW 19.146.0201(7), by making false or deceptive statements concerning the financing terms and
conditions for residential mortgage loans, which includes charging borrowers discount points that did
not result in a decrease in the interest rate;
- RCW 19.146.0201(11), by failing to comply with the Real Estate Settlement Procedures Act,
12 U.S.C. §2601 and Regulation X, 24 C.F.R. §3500, which includes failing to disclose to borrowers
the fees which inured to the benefit of Respondents on the HUD-1, and by collecting unearned loan
origination fees, underwriting fees, and discount points that did not result in a decrease in the interest
rate charged borrowers;
- RCW 19.146.0201(11), by failing to comply with the Federal Trade Commission Act,
15 U.S.C. §§41-58, *as amended*, which includes engaging in unfair or deceptive acts or practices;

- RCW 19.146.0201(11), by charging and collecting fees prohibited by RCW 19.146.030(4), which includes charging and collecting unearned loan origination fees, underwriting fees, and discount points that were not disclosed on an initial or any subsequent GFE;
- RCW 19.146.0201(15), for failing to make disclosures required by RCW 19.146.030, including initial disclosures required by RCW 19.146.030(1); revised GFEs required by RCW 19.146.030(4); rate lock disclosures required by RCW 9.146.030(2)(c), (e), and .030(3); variable rate disclosures required by RCW 19.146.030(2)(a); borrower-paid services disclosures required by RCW 19.146.030(2)(d); and trust account disclosures required by RCW 19.146.030(2)(f); and
- RCW 19.146.200(1), for unlicensed loan originator activity.

1.5 Administrative Action. Based on the advertising violations, disclosure violations, and unlicensed activity, on July 21, 2008, the Department issued a Statement of Charges, number C-07-405-08-SC01, against Respondent Paramount and its owners and principals. The Statement of Charges alleged that Paramount had violated the provisions of the MBPA enumerated in paragraphs 1.3 and 1.4. Among other sanctions, the Statement of Charges gave notice the Department intends to revoke Paramount's Mortgage Broker license, to impose a \$500,000 fine, to require the identification of every applicant and borrower injured by Paramount's violations of the MBPA, and to seek restitution to the persons identified. A copy of the Statement of Charges is attached.

II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement to Demonstrate Character and General Fitness. Based on the Factual Allegations set forth in Section I above, Respondent Paramount fails to meet the requirements of RCW 31.04.055(1)(e), WAC 208-620-370(2)(a), and WAC 208-620-370(4), by failing to demonstrate financial responsibility, experience, character, and general fitness such as to command the confidence of the community and to warrant a belief that the business will be operated honestly, fairly, and efficiently within the purposes of the Act.

III. AUTHORITY TO IMPOSE SANCTIONS

3.1 Authority to Deny Application for Consumer Loan License. Pursuant to RCW 31.04.093(2), the Director may deny applications for Consumer Loan licenses. Pursuant to RCW 31.04.055(2), the Director shall approve or deny applications within ninety days, shall not issue a Consumer Loan license to an applicant if the conditions of RCW 31.04.055(1)(e) have not been met, and shall notify the applicant of the denial.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IV. ORDER DENYING LICENSE

Respondent's alleged violations of the provisions of the Mortgage Broker Practices Act, chapter 19.146 RCW and chapter 208-660 WAC, as set forth in the above Factual Allegations, and the prohibitions set forth in the Consumer Loan Act, chapter 31.04 RCW and chapter 208-620 WAC, constitute a basis for the entry of an Order under RCW 31.04.093(2)(a). Therefore, the Director hereby denies Respondent Paramount Equity Mortgage, Inc.'s application for a license to conduct the business of a Consumer Loan company. Respondent Paramount's application and investigation fees have been returned under separate cover.

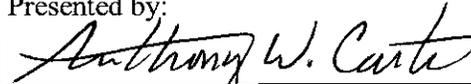
V. AUTHORITY AND PROCEDURE

This Notice and Order Denying Consumer Loan License Application is entered pursuant to the provisions of RCW 31.04.055, RCW 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205, and is subject to the provisions of the Administrative Procedure Act, Chapter 34.05 RCW. Respondent may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Notice and Order.

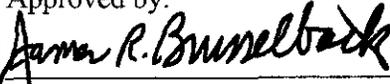
Dated this 5th day of September, 2008.


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

Presented by:


ANTHONY W. CARTER
Enforcement Attorney

Approved by:


JAMES R. BRUSSELBACK
Enforcement Chief

