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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

ACE MORTGAGE FUNDING LLC., and
RICHARD M. HALL, President and Treasurer,
and ROBERT L. GREGORY JR., Executive
Vice-President and Secretary,

Respondents.

NO. C-09-222-10-CO02

CONSENT ORDER FOR
ROBERT L. GREGORY, JR.

COMES NOW the Director of the Department of Financial Institutions (Director), through his
designee Deborah Bortner, Division Director, Division of Consumer Services, and Robert L. Gregory, Jr.
(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 31.04 of Revised Code of Washington (RCW), and RCW 34.05.060 of the
Administrative Procedure Act, based on the following:

1 **D. Agreement Not To Apply.** It is AGREED that Respondent will not apply for any license
2 issued by the Department pursuant to the Mortgage Broker Practices Act, Consumer Loan Act, Escrow
3 Agent Registration Act, Check Cashers and Seller Act, and Uniform Money Services Act, for a period of
4 5 years from the entry of this Consent Order. It is further AGREED that should Respondent apply for a
5 license with the Department after the 5 year period, he will be required to comply with all licensing
6 requirements in effect at the time of application.

7
8 **E. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
9 investigation fee of \$828.12, in the form of a cashier's check made payable to the "Washington State
10 Treasurer," upon entry of this Consent Order.

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

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

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

19 **RESPONDENT:**

20 **Robert L. Gregory, Jr.**

21 By:

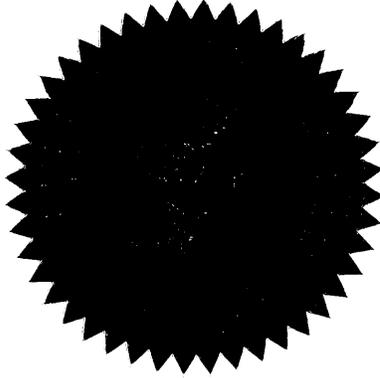
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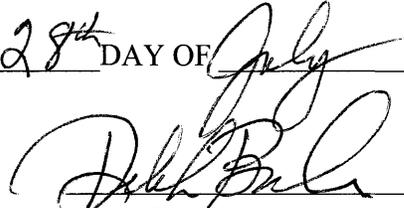
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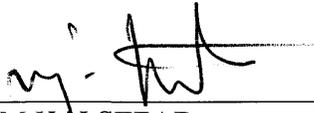
THIS ORDER ENTERED THIS 28th DAY OF July, 2010.





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
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

ACE MORTGAGE FUNDING LLC., and
RICHARD M. HALL, President and Treasurer, and
ROBERT L. GREGORY JR., Executive Vice-
President and Secretary,

Respondents.

NO. C-09-222-09-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO ENTER AN ORDER TO
REVOKE LICENSE, PROHIBIT FROM
INDUSTRY, IMPOSE FINE, COLLECT ANNUAL
ASSESSMENT, COLLECT LATE PENALTY,
AND COLLECT INVESTIGATION FEES

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act)¹. After having conducted an investigation pursuant to RCW 31.04.145, 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. Ace Mortgage Funding LLC (Respondent Ace) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a consumer loan company on September 22, 2005, and has continued to be licensed to date.

B. Richard M. Hall (Respondent Hall) is the President and Treasurer of Respondent Ace.

C. Robert L. Gregory Jr. (Respondent Gregory) is the Executive Vice-President and Secretary of Respondent Ace.

¹ RCW 31.04 (2001)

1 **1.2 Licensed Location:** Respondent Ace is licensed to conduct the business of a consumer loan company
2 at its main office located at 7820 Innovation Blvd Ste 300 Indianapolis, Indiana 46278. Respondent Ace has 15
3 licensed branch locations throughout the United States.

4 **1.3 Failure to Maintain Bond.** On June 12, 2009, the Department received notice from Great American
5 Insurance Company (Great American) that Respondents' surety bond would be cancelled, effective July 26,
6 2009. To date, Respondents have not provided the Department the required surety bond or an approved
7 alternative.

8 **1.4 Failure to Submit Consolidated Annual Report and Worksheet and Pay Annual Assessment Fee.**
9 Respondents were required to submit their annual 2008 Consolidated Annual Report and worksheet, and pay
10 any resulting annual assessment fee to the Department on or before the first day of March 2009. To date,
11 Respondents have not provided the annual report relating to calendar year 2008. The Department filed a claim
12 against Respondents' bond in the amount of the 2008 assessments due (\$14,251.60) and a late fee (\$14,600),
13 totaling \$28,851.60, which was paid by Respondents' surety on October 2, 2009.

14 **1.5 Failure to Submit Consolidated Annual Report and Worksheet and Pay Annual Assessment Fee**
15 **Upon Closure.** When a licensee ceases business, an annual report and assessment are due to the Department,
16 within 30 days of closure concerning the business and operations conducted during the current calendar year.
17 The annual report must be made under oath and must be in the form prescribed by the Director. To date,
18 Respondents have not provided the annual report relating to the 2009 calendar year, due within 30 days of
19 closure. As a result a \$100 late penalty has accrued (and continues to accrue) from the due date of the 2008 and
20 2009 reports.

21 **1.6 Failure to Report Significant Developments to the Department.** Respondents did not notify the
22 Department it ceased operations in the State of Washington. In addition, the Respondents did not notify the
23 Department that on November 5, 2008, they filed for Chapter 7 Bankruptcy in the U.S. Bankruptcy Court in
24 Wilmington, Delaware.

1 **1.7 Consumer Complaint 28003.** On September 2, 2008, the Department received a consumer complaint
2 alleging Respondent Ace had taken a loan application and conducted a credit check without the consumer's
3 authority. Ultimately, the loan was denied and a Denial of Credit letter was sent to the consumer. On
4 September 15, 2008, the Department issued a directive to Respondent Ace requesting the entire loan file and an
5 explanation surrounding the complaint. On October 1, 2008, Respondent Ace responded to the directive by
6 providing documents and an explanation, however, the documents failed to contain the Denial of Credit letter.
7 On March 10, 2009, the Department sent another directive to Respondent Ace requesting a copy of the Denial
8 of Credit letter, which was to be provided by March 25, 2009. Respondent Ace did not respond to the March
9 directive. On April 29, 2009, the Department sent another directive to Respondent Ace requesting a copy of the
10 Denial of Credit letter, which was to be provided by May 14, 2009. Respondent Ace did not respond to the
11 April directive.

12 **1.8 Failure to Comply with Directive and Investigative Authority.** On July 16, 2009, the Department
13 sent Respondents emails stating they needed to provide the Department with a replacement bond, reinstatement
14 notice, or company closure/surrender forms by July 26, 2009. The Respondents did not respond to the email.

15 On February 10, 2009, the Department sent an email to the Respondents requesting they file the proper
16 closure forms to surrender their license. In the email, the Department provided a link to which the Respondents
17 could obtain the necessary closure forms. The Respondents did not respond to the email.

18 **1.9 On-Going Investigation:** The Department's investigation into the alleged violations of the Act by
19 Respondents continues to date.

20 **II. GROUNDS FOR ENTRY OF ORDER**

21 **2.1 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I
22 above, Respondents are in apparent violation of RCW 31.04.045(3) and WAC 208-620-320 for failing to file
23 and maintain a surety bond or approved alternative with the Director.

24 **2.2 Requirement to File Annual Report:** Based on the Factual Allegations set forth in Section I above,
25 Respondents are in apparent violation of RCW 31.04.155 and WAC 208-620-430 for failing to provide an

1 annual report to the Director, under oath and in the form prescribed by the Director, on or before the first day of
2 March, concerning the business and operations of each licensed place of business conducted during the
3 preceding calendar year.

4 **2.3 Requirement to Calculate and Pay Annual Assessment:** Based on the Factual Allegations set forth
5 in Section I above, Respondents are in apparent violation of RCW 31.04.085, and WAC 208-620-430 and 460
6 for failing to provide to the Director a completed annual assessment calculation worksheet and failing to pay to
7 the Director an annual assessment fee by March 1, 2009, and within 30 days of ceasing operations.

8 **2.4 Requirement to File Proper Closure Forms:** Based on the Factual Allegations set forth in Section I
9 above, Respondents are in apparent violation of WAC 208-620-475 for failing to notify the Department it
10 closed its business by using the Consumer Loan Office Closure Form along with the annual report and
11 worksheet, and paying any fees due.

12 **2.5 Requirement to Respond to Directives.** Based on the Factual Allegations set forth in Section I above,
13 Respondents are in apparent violation of WAC 208-620-570 for failing to comply with directives and
14 requirements of the Department.

15 **2.6 Accounting and Record Retention Requirements:** Based on the Factual Allegations set forth in
16 Section I above, Respondents are in apparent violation of RCW 31.04.155 for failing to make accurate and
17 current books and records readily available to the Department until at least twenty-five months have elapsed
18 following the effective period to which the books and records relate.

19 **2.7 Requirement to Report Significant Developments to Department.** Based on the Factual Allegations
20 set forth in Section I above, Respondents are in apparent violation of WAC 208-620-475 and 480 for failing to
21 notify the Department it ceased business in the state of Washington and for failing to notify the Department it
22 filed for Chapter 7 Bankruptcy.

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1 **III. AUTHORITY TO IMPOSE SANCTION**

2 **3.1 Authority to Revoke License:** Pursuant to RCW 31.04.093(3)(a) and (b), the Director may revoke a
3 license if a licensee fails to pay any fee due the state of Washington, fails to maintain in effect the required bond
4 or permitted substitute, or fails to comply with any specific order or demand of the Director, or violates any
5 provision of the Act or any rule adopted under the Act.

6 **3.2 Authority to Prohibit from the Industry:** Pursuant to RCW 31.04.093(6)(d) and (e), the Director
7 may issue an order removing from office or prohibiting from participation in the affairs of any licensee, or both,
8 any officer, principal, employee, or loan originator, or any person subject to the Act, for failure to comply with
9 any order or subpoena issued under the Act, or for a violation of RCW 31.04.027.

10 **3.3 Authority to Impose Fine:** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to one
11 hundred dollars per day upon the licensee for any violation of the Act or failure to comply with any order or
12 subpoena issued by the Director under the Act.

13 **3.4 Authority to Collect Annual Assessments.** Pursuant to WAC 208-620-430 every licensee is required
14 to pay a fee based upon the amount of business conducted during the prior calendar year.

15 **3.5 Authority to Impose Late Penalties:** Pursuant to RCW 31.04.155 and WAC 208-620-430, a licensee
16 that fails to file a report required to be filed by the Act within the time required is subject to a penalty of fifty
17 dollars per day, per report, for each day's delay.

18 **3.6 Authority to Charge Investigation Fees:** Pursuant to RCW 31.04.145(3) and WAC 208-620-590,
19 every licensee investigated by the Department shall pay for the cost of the examination or investigation,
20 calculated at the rate of \$69.01 per staff hour.

21 **3.7 Authority to Issue Orders Directing Action:** Pursuant to RCW 31.04.093(5)(b), the Director may issue
22 an order directing a licensee to take such affirmative action as is necessary to comply with the Act.
23

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

2 Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as set forth in
3 the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under
4 RCW 31.04.093, RCW 31.04.165 and RCW 31.04.205. Therefore, it is the Director's intention to ORDER that:

- 5 **4.1** Respondent Ace Mortgage Funding LLC's license to conduct the business of a Consumer Loan Company be revoked;
- 6 **4.2** Respondent Ace Mortgage Funding LLC be prohibited from participation in the conduct of the affairs of any licensed consumer loan company, in any manner, for a period of five (5) years;
- 7 **4.3** Respondent Richard M. Hall be prohibited from participation in the conduct of the affairs of any licensed consumer loan company, in any manner, for a period of five (5) years;
- 8 **4.4** Respondent Robert L. Gregory Jr. be prohibited from participation in the conduct of the affairs of any licensed consumer loan company, in any manner, for a period of five (5) years;
- 9 **4.5** Respondents Ace Mortgage Funding LLC, Richard M. Hall and Robert L. Gregory Jr., jointly and severally pay a fine, which as of the date of these charges totals \$30,000;
- 10 **4.6** Respondents Ace Mortgage Funding LLC, Richard M. Hall and Robert L. Gregory Jr., jointly and severally pay the delinquent Annual Assessment due since office closure in 2009, which totals \$1,500;
- 11 **4.7** Respondents Ace Mortgage Funding LLC, Richard M. Hall and Robert L. Gregory Jr., provide to the Director completed a Consolidated Annual Report and Annual Assessment Worksheet, including all required supporting documentation, for the year ending December 31, 2008, and since office closure in 2009;
- 12 **4.8** Respondents Ace Mortgage Funding LLC, Richard M. Hall and Robert L. Gregory Jr., jointly and severally pay a late penalty which as of the date of this document totals \$18,000, calculated at \$50 per day per report, which continues to accrue daily, for failing to timely file 2009 Consolidated Annual Reports and Annual Assessment Worksheets;
- 13 **4.9** Respondents Ace Mortgage Funding LLC, Richard M. Hall and Robert L. Gregory Jr., jointly and severally pay an investigation fee, which as of the date of these charges totals \$1,656.24, calculated at \$69.01 per hour for 24 staff hours devoted to the investigation; and
- 14 **4.10** Respondents maintain records in compliance with the Act and provide the Director with the location of the books, records and other information relating to Respondent Ace Mortgage Funding LLC's consumer loan company business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

15 //

V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, Collect Annual Assessment, Collect Late Penalty, and Collect Investigation Fees is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205, 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 19th day of October, 2009.

Deborah Bortner

DEBORAH BORTNER
Director and Enforcement Chief
Division of Consumer Services
Department of Financial Institutions

Presented by:

William Halstead
WILLIAM HALSTEAD
Financial Legal Examiner



Approved by:

James R. Brunelback
JAMES R. BRUSSELBACK
Enforcement Chief

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