

ORDER SUMMARY – Case Number: C-11-0862

Name(s): American Residential Law Group, Inc.
Oscar Estevez, President
Joel D. Jacobi, Vice President

Order Number: C-11-0862-13-FO01

Effective Date: April 18, 2013

License Number: N/A – UL LM

Prohibition/Ban Until: April 18, 2018

Investigation Costs	\$ 1,728	Due: w/i 30 days	Paid: <input checked="" type="checkbox"/> N	Date:
Fine	\$ 15,000	Due: w/i 30 days	Paid: <input checked="" type="checkbox"/> N	Date:
Restitution	\$ 4,700	Due: w/i 30 days	Paid: <input checked="" type="checkbox"/> N	Date:
No. of Victims:		Four identified.		

Comments:

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
Mortgage Broker Practices Act of Washington by:

No. C-11-0862-13-FO01

FINAL ORDER

5 AMERICAN RESIDENTIAL LAW GROUP, INC.,
and OSCAR J. ESTEVEZ, President, and JOEL S.
6 JACOBI, Vice President,

7 Respondents.

8 I. DIRECTOR'S CONSIDERATION

9 A. Default. This matter has come before the Director of the Department of Financial Institutions of the
10 State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner
11 (Director's designee), pursuant to RCW 34.05.440(1). On September 27, 2012, the Director, through the
12 Director's designee, issued a Statement of Charges and Notice of Intent to Enter an Order to Produce Records,
13 Cease and Desist Business, Prohibit from Industry, Order Restitution, Impose Fines, and Collect Investigation
14 Fee (Statement of Charges) against American Residential Law Group, Inc., Oscar J. Estevez, and Joel S.
15 Jacobi (Respondents). A copy of the Statement of Charges is attached and incorporated into this order by this
16 reference. The Statement of Charges was accompanied by a cover letter dated October 1, 2012, a Notice of
17 Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for
18 Respondent (collectively, accompanying documents).

19 On October 1, 2012, the Department sent the Statement of Charges and accompanying documents to
20 Respondents by Federal Express overnight delivery and First-Class mail by the United States Postal Service.
21 On October 2, 2012, the documents sent by Federal Express overnight delivery were delivered to Respondents.
22 The documents sent by First-Class mail were not returned to the Department by the United States Postal
23 Service. None of the Respondents requested an adjudicative hearing within twenty calendar days after the
24 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in
25 WAC 208-08-050(2).

1 B. Record Presented. The record presented to the Director's designee for her review and for entry of a
2 final decision included the Statement of Charges, cover letter dated October 1, 2012, Notice of Opportunity to
3 Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Respondent, with
4 documentation for service.

5 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the Director's designee
6 hereby adopts the Statement of Charges, which is attached hereto.

7 **II. FINAL ORDER**

8 Based upon the foregoing, and the Director's designee having considered the record and being
9 otherwise fully advised, NOW, THEREFORE:

10 A. IT IS HEREBY ORDERED, That:

- 11 1. Respondent American Residential Law Group, Inc. immediately cease and desist engaging in the
12 business of a mortgage broker.
- 13 2. Respondents Oscar J. Estevez and Joel S. Jacobi each immediately cease and desist engaging in
14 the business of mortgage loan originators.
- 15 3. Respondents American Residential Law Group, Inc., Oscar J. Estevez, and Joel S. Jacobi each are
16 prohibited from participation in the conduct of the affairs of any mortgage broker subject to
17 licensure by the Director, in any manner, for a period of five years.
- 18 4. Respondents American Residential Law Group, Inc., Oscar J. Estevez, and Joel S. Jacobi jointly
19 and severally pay restitution to the four consumers indentified by the Department in paragraph
20 1.3 of the Statement of Charges, in the total amount of \$7,400.
- 21 5. Respondents American Residential Law Group, Inc., Oscar J. Estevez, and Joel S. Jacobi jointly
22 and severally pay a fine to the Department in the amount of \$15,000.
- 23 6. Respondents American Residential Law Group, Inc., Oscar J. Estevez, and Joel S. Jacobi jointly
24 and severally pay an investigation fee of \$1,728.
- 25 7. Respondent American Residential Law Group, Inc., its officers, employees, and agents maintain
records in compliance with chapter 19.146 RCW, the Mortgage Broker Practices Act (Act) and
provide the Director with the location of the books, records and other information relating to
Respondent American Residential Law Group, Inc.'s loan modification business, and the name,
address and telephone number of the individual responsible for maintenance of such records in
compliance with the Act.

1 B. Reconsideration. Pursuant to RCW 34.05.470, each Respondent has the right to file a Petition for
2 Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the
3 Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW,
4 Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within
5 ten (10) days of service of the Final Order upon that Respondent. The Petition for Reconsideration shall not
6 stay the effectiveness of this Final Order, nor is a Petition for Reconsideration a prerequisite for seeking
7 judicial review in this matter. A timely Petition for Reconsideration is deemed denied if, within twenty (20)
8 days from the date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties
9 with a written notice specifying the date by which it will act on a petition.

10 C. Stay of Order. The Director's designee has determined not to consider a Petition to Stay the
11 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial
12 Review made under chapter 34.05 RCW and RCW 34.05.550.

13 D. Judicial Review. Each Respondent has the right to petition the superior court for judicial review of
14 this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for
15 Judicial Review, see RCW 34.05.510 and sections following.

16 E. Non-compliance with Order. If you do not comply with the terms of this order, including payment of
17 any amounts owed within 30 days of receipt of this order, the Department may seek its enforcement by the
18 Office of the Attorney General to include the collection of the restitution, fines, and investigation fees
19 imposed herein. The Department also may assign the amounts owed to a collection agency for collection.

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1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review,
2 service is effective upon deposit of this Final Order in the U.S. mail, declaration of service attached hereto.

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4 DATED this 8th day of April, 2013.



5 STATE OF WASHINGTON
6 DEPARTMENT OF FINANCIAL INSTITUTIONS

7 [Redacted Signature]
8 DEBORAH BORTNER
9 Director, Division of Consumer Services

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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
Mortgage Broker Practices Act of Washington by:

AMERICAN RESIDENTIAL LAW GROUP, INC.,
and
OSCAR J. ESTEVEZ, President, and
JOEL S. JACOBI, Vice President

Respondents.

No. C-11-0862-12-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO PRODUCE RECORDS,
CEASE AND DESIST BUSINESS,
PROHIBIT FROM INDUSTRY, ORDER
RESTITUTION, IMPOSE FINE, AND
COLLECT INVESTIGATION FEE

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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). 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:

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I. FACTUAL ALLEGATIONS

1.1 Respondent American Residential Law Group, Inc. (Respondent ARLG) has never been licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a mortgage broker or loan originator.

1.2 Respondents Oscar J. Estevez (Respondent Estevez) and Joel S Jacobi (Respondent Jacobi) are President and Vice President, respectively, of Respondent ARLG. During the relevant time period, Respondents Estevez and Jacobi were not licensed by the Department to conduct business as a mortgage broker or loan originator.

1.3 Unlicensed Activity. Beginning on or about November 30, 2010, Respondents ARLG, Estevez, and Jacobi (Respondents) were offering residential mortgage loan modification services to

1 Washington consumers on property located in Washington State. Respondents entered into a
2 contractual relationship with at least one Washington consumer to provide those services and
3 collected an advance fee for the provision of those services. The Department has received at least
4 one complaint from a Washington consumer alleging Respondents provided or offered to provide
5 residential mortgage loan modification services while not licensed by the Department to provide
6 those services. A list of Washington consumers with whom Respondents conducted business as a
7 mortgage broker or loan originator, and the amount paid by each is appended hereto and
8 incorporated herein by reference.

9 **1.4 Misrepresentations and Omissions.** Respondents represented that they were licensed to
10 provide the residential mortgage loan modification services or omitted disclosing that they were not
11 licensed to provide those services. During the relevant time period, Respondents Estevez and Jacobi
12 represented that they were licensed to practice law in Washington or omitted disclosing that they
13 were not licensed to practice law in the State of Washington.

14 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the
15 Act by Respondents continues to date.

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

17 **2.1 Mortgage Broker Defined.** Pursuant to RCW 19.146.010(14) and WAC 208-660-006,
18 "Mortgage Broker" means any person who, for compensation or gain, or in the expectation of
19 compensation or gain (a) assists a person in obtaining or applying to obtain a residential mortgage
20 loan or (b) holds himself or herself out as being able to make a residential mortgage loan or assist a
21 person in obtaining or applying to obtain a residential mortgage loan. Pursuant to WAC 208-660-
22 006, a person "'assists a person in obtaining or applying to obtain a residential mortgage loan' by,
23 among other things, counseling on loan terms (rates, fees, other costs), [and] preparing loan
24 packages...."

1 **2.2 Loan Originator Defined.** Pursuant to RCW 19.146.010(11), “loan originator” means a
2 natural person who for direct or indirect compensation or gain, or in the expectation of direct or
3 indirect compensation or gain: takes a residential mortgage loan application for a mortgage broker;
4 offers or negotiates terms of a mortgage loan; or holds themselves out to the public as able to perform
5 any of these activities.

6 **2.3 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
7 are in apparent violation of RCW 19.146.0201(2) & (3) for engaging in an unfair or deceptive
8 practice toward any person and obtaining property by fraud or misrepresentation.

9 **2.4 Requirement to Obtain and Maintain Mortgage Broker License.** Based on the Factual
10 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
11 for engaging in the business of a mortgage broker for Washington residents or property without first
12 obtaining a license to do so.

13 **2.5 Requirement to Obtain and Maintain Loan Originator License.** Based on the Factual
14 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.200(1)
15 for engaging in the business of a loan originator without first obtaining and maintaining a license.

16 **2.6 Requirement to Maintain Accurate and Current Books and Records.** Pursuant to RCW
17 19.146.060 and WAC 208-660-450, Respondents are required to keep all books and records in a
18 location that is on file with and readily available to the Department until at least twenty-five months
19 have elapsed following the effective period to which the books and records relate.

20 **III. AUTHORITY TO ORDER PRODUCTION OF RECORDS**

21 **3.1 Authority to Order Production of Records.** Pursuant to RCW 19.146.223, RCW 19.146.
22 235(2), and WAC 208-660-520, the Director may issue orders directing any person to produce
23 books, accounts, records, files, and any other documents the director or designated person deems
24 relevant to an investigation.

1 **IV. AUTHORITY TO IMPOSE SANCTIONS**

2 **4.1 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
4 conducting business.

5 **4.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.146.220(5), 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 or (13), or RCW 19.146.200.

9 **4.3 Authority to Order Restitution.** Pursuant to RCW 19.146.220(2), the Director may order
10 restitution against any person subject to the Act for any violation of the Act.

11 **4.4 Authority to Impose Fine.** Pursuant to RCW 19.146.220(2), the Director may impose fines
12 against any person subject to the Act for any violation of the Act.

13 **4.5 Authority to Collect Investigation Fee.** Pursuant to RCW 19.146.228(2), and WAC 208-
14 660-550(4)(a), the Department will charge forty-eight dollars per hour for an examiner's time
15 devoted to an investigation of any person subject to the Act.

16 **V. NOTICE OF INTENT TO ENTER ORDER**

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

20 **5.1** Respondents cease and desist engaging in the business of a mortgage broker or loan
21 originator.

22 **5.2** Respondents provide the Department with a list detailing all residential mortgage loan
23 modification services transactions with Washington consumers, including the name, address,
and phone numbers of the consumers, the transaction date, and fees collected by Respondents
for the provision of those services.

24 **5.3** Respondents be prohibited from participation in the conduct of the affairs of any mortgage
broker subject to licensure by the Director, in any manner, for a period of five years.

- 1 **5.4** Respondents jointly and severally pay restitution to the four consumers identified by the
2 Department in paragraph 1.3 as having paid \$7,400 to Respondents, and that Respondents
3 jointly and severally pay restitution to each Washington consumer with whom they entered
4 into a contract for residential mortgage loan modification services related to real property or
5 consumers located in the state of Washington equal to the amount collected from that
6 Washington consumer for those services in an amount to be determined at hearing.
- 7 **5.5** Respondents jointly and severally pay a fine of \$3,000 for each residential loan modification
8 transaction entered into with Washington consumers. As of the date of this Statement of
9 Charges, the fine totals \$15,000.
- 10 **5.6** Respondents jointly and severally pay an investigation fee at the rate of \$48.00 per hour. As
11 of the date of this Statement of Charges, the investigation fee totals \$1,728.
- 12 **5.7** Respondents maintain records in compliance with the Act and provide the Department with
13 the location of the books, records and other information relating to Respondents' provision of
14 residential mortgage loan modification services in Washington, and the name, address and
15 telephone number of the individual responsible for maintenance of such records in
16 compliance with the Act.

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1 **VI. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 19.146.220, RCW
3 19.146.221, RCW 19.146.223, and RCW 19.146.230, and is subject to the provisions of chapter
4 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a
5 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
6 HEARING accompanying this Statement of Charges.

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8 Dated this 27th day of September, 2012.

9 [Redacted Signature]

10 DEBORAH BORTNER
11 Director, Division of Consumer Services
12 Department of Financial Institutions



13 Presented by:

14 [Redacted Signature]

15 ANTHONY W. CARTER
16 Financial Legal Examiner

17 Approved by:

18 [Redacted Signature]

19 CHARLES E. CLARK
20 Enforcement Chief

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RESTITUTION

Borrower

Amount



\$1,650
\$1,650
\$2,500
\$1,600

TOTAL \$7,400