# Terms Completed

## **ORDER SUMMARY – Case Number: C-15-1825**

Name(s):	Secured Marketing Concepts Corp; Christopher Nelson Beard			
Order Number:	C-15-1825	-17-AG01		
Effective Date:	06/19/17			
License Number: Or NMLS Identifier	NMLS #15	543; NMLS #50833		
License Effect:	none			
Not Apply Until:	n/a			
Not Eligible Until:	n/a			
Prohibition/Ban Until:	n/a			
Investigation Costs	\$1000	Due	Paid Y N	Date:06/15/17
Fine	\$0	Due	Paid	Date
Assessment(s)	\$0	Due	Paid	Date
Restitution	\$0	Due	Paid	Date
Judgment	\$0	Due	Paid	Date
Satisfaction of Judgment Filed?		Y N		
	of ns:			

Comments:

1	STATE OF W DEPARTMENT OF FINA DIVISION OF CON	ANCIAL INSTITUTIONS
2	IN THE MATTER OF DETERMINING:	No.: C-15-1825-17-AG01
	Whether there has been a violation of the Mortgage Broker Practices Act of Washington by:	CONSENT AGREEMENT
4		CONSENT AOREEMENT
5	SECURED MARKETING CONCEPTS CORP., NMLS #1543, and	
6	CHRISTOPHER NELSON BEARD, 50% Owner and Designated Broker, NMLS #50833,	
7	Respondents.	
8		
9	COMES NOW the Director of the Departm	ent of Financial Institutions (Director), through
10	her designee Charles E. Clark, Division Director, I	Division of Consumer Services, and Secured
11	Marketing Concepts Corp. and Christopher Nelson	Beard (Respondents), and finding that the issues
12	raised in the above-captioned matter may be econo	mically and efficiently settled, agree to the entry
13	of this Consent Agreement. This Consent Agreeme	ent is entered pursuant to Revised Code of
14	Washington (RCW) 19.146, the Mortgage Broker I	Practices Act (Act), and RCW 34.05.060 of the
15	Administrative Procedure Act, based on the follow	ing:
16	AGREI	CMENT
17	The Department and Respondents have agree	eed upon a basis for the resolution of the above-
18	captioned matter. Pursuant to RCW 19.146 and RC	CW 34.05.060 of the Administrative Procedure
19	Act, Respondents hereby agree to the Department's	s entry of this Consent Agreement and further
20	agrees that the issues raised in the captioned matter	above may be economically and efficiently
21	settled by entry of this Consent Agreement.	
22	Deced when the formation	
23	Based upon the foregoing:	
24	CONSENT AGREEMENT 1	DEPARTMENT OF FINANCIAL INSTITUTIONS

CONSENT AGREEMENT C-15-1825-17-AG01 SECURED MARKETING CONCEPTS CORP. CHRISTOPHER NELSON BEARD A. Jurisdiction. It is AGREED that the Department has jurisdiction over the subject matter of the activities discussed herein.

B. Consumer Loan License Requirement. It is AGREED that Respondents understand that a license under the Consumer Loan Act is required for Respondents to act as a lender in Washington, and specifically including Washington residential mortgage loans, unless Respondents meet an exception to the license requirement of the Act. Respondents AGREE they will not conduct any activities in Washington requiring a consumer loan license unless they has obtained such a license or meets a statutory exemption.

C. Resolution of Examination Violations. Respondents AGREE to thoroughly review the
Report of Examination dated September 30, 2015, and put practices and procedures into place
designed to prevent future violations of the Act. Respondents' efforts will be reviewed at their next
examination.

D. Rights of Non-Parties. It is AGREED that the Department does not represent or have the consent of any person or entity not a party to this Consent Agreement to take any action concerning their personal legal rights. It is further AGREED that for any person or entity not a party to this
Consent Agreement, this Consent Agreement does not limit or create any private rights or remedies against Respondents, limit or create liability of Respondents, or limit or create defenses of Respondents to any claims.

E. Investigation Fee. It is AGREED that Respondents shall pay an Investigation Fee of \$1,000 in the form of a cashier's check made payable to the "Washington State Treasurer" upon entry of this Agreement.

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**F.** Authority to Execute Agreement. It is AGREED that the undersigned has represented and warranted that he has the full power and right to execute this Consent Agreement on behalf of the Respondents.

G. Non-Compliance with Agreement. It is AGREED that Respondents understand that
failure to abide by the terms and conditions of this Consent Agreement may result in further legal
action by the Department. In the event of such legal action, Respondents may be responsible to
reimburse the Department for the cost incurred in pursuing such action, including but not limited to,
attorney fees.

9 H. Voluntarily Entered. It is AGREED that Respondents have voluntarily entered into this
10 Consent Agreement, which is effective when signed by the Director's designee.

I. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read
 this Consent Agreement in its entirety and fully understand and agree to all of the same. It is further
 AGREED and understood that the Department intends to post this Consent Agreement to the
 Department's web site and to NMLS, but that the Department does not consider this Consent
 Agreement to be an "Order" requiring disclosure by Respondents.

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RESPONDENTS:
17 Secured Marketing Concepts Corp. By:

> <u>/s/</u> Christopher N. Beard Designated Broker

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22 Christopher N. Beard Individually 23 <u>\_6/6/17</u> Date

#### DO NOT WRITE BELOW THIS LINE

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24 CONSENT AGREEMENT C-15-1825-17-AG01 SECURED MARKETING CONCEPTS CORP. CHRISTOPHER NELSON BEARD

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

1	THIS ACREEN	IENT ENTERED THIS 19 <sup>th</sup> DAY OF June, 2017.
2	I HIS AGREEN	IENT ENTERED THIS 19 DAT OF Julie, 2017.
3		
4		/s/ CHARLES E. CLARK Director
5		Division of Consumer Services Department of Financial Institutions
6		
7	Presented by:	
8	/s/	
9	STEVEN C. SHERMAN Enforcement Chief	
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24	CONSENT AGREEMENT C-15-1825-17-AG01 SECURED MARKETING CONCEPTS CORP. CHRISTOPHER NELSON BEARD	4 DEPARTMENT OF FINANCIAL INSTITUTIONS Division of Consumer Services 150 Israel Rd SW PO Box 41200 Olympia, WA 98504-1200

(360) 902-8703

1 2	STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS DIVISION OF CONSUMER SERVICES
3	IN THE MATTER OF DETERMINING No. C-15-1825-17-SC01
4	Whether there has been a violation of the Mortgage Broker Practices Act of WashingtonSTATEMENT OF CHARGES and
5	and the Consumer Loan Act of Washington by:NOTICE OF INTENTION TO ENTER AN ORDER TO CEASE AND DESIST,
6	SECURED MARKETING CONCEPTS CORP., d/b/a PACIFIC ONE LENDING, NMLS #1543,SUSPEND LICENSES, PROHIBIT FROM INDUSTRY, IMPOSE FINE, COLLECT
	and CHRISTOPHER NELSON BEARD, 50% Owner and Designated Broker, NMLS #50833, COSTS AND EXPENSES
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8	Respondents.
9	INTRODUCTION
10	Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of
11	Financial Institutions of the State of Washington (Director) is responsible for the administration of
12	chapter 19.146 RCW, the Mortgage Broker Practices Act (MBPA). Pursuant to RCW 31.04.093 and
13	RCW 31.04.165, the Director is responsible for the administration of chapter 31.04 RCW, the
14	Consumer Loan Act (CLA). After having conducted an investigation pursuant to RCW 19.146.235
15	and RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges,
16	the Director, through her designee, Division of Consumer Services Director Charles E. Clark,
17	institutes this proceeding and finds as follows:
18	I. FACTUAL ALLEGATIONS
19	1.1 Respondents.
20	A. Secured Marketing Concepts Corp. d/b/a Pacific One Lending (Respondent
21	Secured Marketing Concepts) was licensed by the Department of Financial Institutions of the State
22	of Washington (Department) to conduct business as a mortgage broker on or about July 24, 2007, and
23	was licensed at all periods relevant to this Statement of Charges. Respondent Secured Marketing
24	STATEMENT OF CHARGES 1 DEPARTMENT OF FINANCIAL INSTITUTIONS C-15-1825-17-SC01 Division of Consumer Services SECURED MARKETING CONCEPTS CORP. 150 Israel Rd SW CHRISTOPHER NELSON BEARD PO Box 41200

Concepts has never been licensed by the Department to conduct business as a consumer loan
 company.

B. Christopher Nelson Beard (Respondent Beard) is the Designated Broker of
Respondent Secured Marketing Concepts and is 50% Owner. Respondent Beard was named
Designated Broker of Respondent Secured Marketing Concepts on or about July 24, 2007, and was
the Designated Broker for all periods relevant to this Statement of Charges. Respondent Beard was
licensed by the Department to conduct business as a loan originator on or about November 21, 2007,
and was licensed at all periods relevant to this Statement of Charges.

9 **1.2 Prohibited Lending Activity.** During January, 2015, Respondents funded at least two
10 Washington residential mortgage loans from a warehouse line of credit. Respondent Beard was the
11 Ioan originator for both loans.

12 **1.3 Failure to Timely Deliver Rate Lock Agreements.** In both loans, Respondents did not
13 deliver rate lock agreements to the borrowers within three days of locking the interest rates of their
14 loans.

15 **1.4 Failure to Properly Make Disclosures.** Respondents did not properly make the following
16 disclosures in both loans:

- A. Respondents failed to provide accurate and complete Truth-in-Lending Disclosure Statements.
- **B.** Respondents failed to accurately complete the Good Faith Estimate (GFE) "Important Dates" section.
  - **C.** Respondents failed to accurately complete the "Summary of your loan" section on the GFE.

24 STATEMENT OF CHARGES C-15-1825-17-SC01 SECURED MARKETING CONCEPTS CORP. CHRISTOPHER NELSON BEARD

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**D.** Respondents failed to disclose the correct amount of interest and number of days based on the estimated settlement date in Block 10 of the GFE.

3 **1.5 Failure to Make Timely Reports.** Respondents failed to timely submit Mortgage Call
4 Reports in 2014 and 2015.

**1.6** Failure to Display Required Information on Company Web Sites. Respondents did not display the following mandatory disclosures on one or more of their web sites: company license name, company license number, loan originator number, and NMLS Consumer Access link.

**1.7 On-Going Investigation**. The Department's investigation into the alleged violations of the MBPA and CLA by Respondents continues to date.

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

2.1 11 **Responsibility of Designated Broker**. Pursuant to RCW 19.146.200(3), a designated broker, 12 principal, or owner who has supervisory authority over a mortgage broker is responsible for a 13 licensee's, employee's, or independent contractor's violations of the Act if: the designated broker, 14 principal, or owner directs or instructs the conduct or, with knowledge of the specific conduct, 15 approves or allows the conduct; or the designated broker, principal, or owner who has supervisory authority over the licensed mortgage broker knows or by the exercise of reasonable care and inquiry 16 17 should have known of the conduct, at a time when its consequences can be avoided or mitigated and 18 fails to take reasonable remedial action.

**2.2 Prohibited Lending Activity**. Based on the Factual Allegations set forth in Section I above,
Respondents are in apparent violation of RCW 31.04.035(1), RCW 19.146.0201(2), and WAC 208660-500(3)(g) for funding Washington residential mortgage loans without a license to do so and
without meeting an exemption under RCW 31.04.025.

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1 2.3 Requirement to Provide Timely Lock-In Agreements. Based on the Factual Allegations 2 set forth in Section I above, Respondents are in apparent violation of RCW 19.146.030(2)(c) for failing to provide the borrower with the cost, terms, duration, and conditions of a lock-in agreement 3 and whether a lock-in agreement has been entered, and whether the lock-in agreement is guaranteed 4 5 by the mortgage broker or lender within three days of receiving an application from the borrower.

2.4 6 **Requirement to Properly Make Disclosures.** Based on the Factual Allegations set forth in 7 Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and (11) for failing to properly make Truth-in-Lending and Good Faith Estimate disclosures. 8

2.5 9 **Requirement to Timely Submit Reports.** Based on the Factual Allegations set forth in 10 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) and WAC 208-660-11 400(1) for failing to timely file Mortgage Call Reports.

12 2.6 **Requirement to Display Information on Web Sites.** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 19.146.0201(2) and WAC 13 14 208-660-446(2)(b) for failing to include mandatory information on their web sites.

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### **III. AUTHORITY TO IMPOSE SANCTIONS**

3.1 Authority to Issue an Order to Cease and Desist. Pursuant to RCW 19.146.220(3), the Director may issue orders directing a licensee, its employee, loan originator, independent contractor, agent, or other person subject to the MBPA to cease and desist from conducting business. Pursuant to RCW 31.04.093(5)(a), the Director may issue orders directing a licensee, its employee, loan originator, or other person subject to the CLA to cease and desist from conducting business in a manner that is injurious to the public or violates any provision of the Act.

3.2 Authority to Suspend License. Pursuant to RCW 19.146.220(2), the Director may suspend a license for any violation of the MBPA.

3.3 Authority to Prohibit from Industry. Pursuant to RCW 19.146.220(4), 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 licensed
mortgage broker or any person subject to licensing under the MBPA for any violation of the MBPA.
Pursuant to RCW 31.04.093(6)(f), the Director may issue an order prohibiting from participation in
the affairs of any licensee, any officer, principal, employee, mortgage loan originator, or any other
person subject to the Act for failure to obtain a license for activity that requires a license.

8 3.4 Authority to Impose Fine. Pursuant to RCW 19.146.220(2)(e), the Director may impose
9 fines against a licensee or other persons subject to the MBPA for any violation of the MBPA.
10 Pursuant to RCW 31.04.093(4)(a), the Director may impose fines against a licensee or other persons
11 subject to the CLA for any violation of the CLA.

Authority to Collect Investigation Fee. Pursuant to RCW 19.146.228(2), WAC 208-660520(9) & (11), and WAC 208-660-550(4)(a), the Department will charge \$48.00 per hour for an
examiner's time devoted to an investigation of a licensee or other person subject to the MBPA.
Pursuant to RCW 31.04.145(3) and WAC 208-620-610(7), the Department will charge \$69.01 per
hour for staff time devoted to an investigation under the CLA.

**3.6** Authority to Recover Costs and Expenses. Pursuant to RCW 19.146.221(2), the Director
may recover the state's costs and expenses for prosecuting violations of the MBPA. Pursuant to RCW
31.04.205(2), the Director may recover the state's costs and expenses for prosecuting violations of
the CLA.

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

Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose

1	Sanctions, constitute a basis for the entry of an Order under RCW 19.146.220, RCW 19.146.221, and				
2	RCW 19.146.223. Respondents' violations of the provisions of chapter 31.04 RCW and chapter 208-				
3	620 WAC, as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to				
4	Impose Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW				
5	31.04.165, R	CW 34.04.202, and RCW 31.04.205. Therefore, it is the Director's intention to ORDER			
6	that:				
7	4.1	Respondents Secured Marketing Concepts Corp. and Christopher Nelson Beard cease and desist conducting business requiring a license under the Consumer Loan Act.			
8	4.2	Respondent Secured Marketing Concepts Corp.'s license to conduct business as a			
9		mortgage broker be suspended.			
10	4.3	Respondent Christopher Nelson Beard's license to conduct business as a loan originator be suspended.			
11	4.4	Respondents Secured Marketing Concepts Corp. and Christopher Nelson Beard be			
12		prohibited from participation in the conduct of the affairs of any mortgage broker or consumer loan company subject to licensure by the Department for the duration of any			
13		imposed suspension.			
14 15	4.5	Respondents Secured Marketing Concepts Corp. and Christopher Nelson Beard jointly and severally pay a fine. As of the date of this Statement of Charges, the fine totals \$20,000.			
16	4.6	Respondents Secured Marketing Concepts Corp. and Christopher Nelson Beard jointly			
17		and severally pay an investigation fee. As of the date of this Statement of Charges, the investigation fee totals \$1,680.			
18	4.7	Respondents Secured Marketing Concepts Corp. and Christopher Nelson Beard jointly and severally pay the Department's costs and expenses for prosecuting violations of			
19		the MBPA and CLA in an amount to be determined at hearing or by declaration with supporting documentation in event of default by Respondent.			
20		supporting documentation in event of default by Respondent.			
21	//				
22	//				
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23	//				
24	STATEMENT OF C-15-1825-17-SC0 SECURED MARK CHRISTOPHER N	1     Division of Consumer Services       ETING CONCEPTS CORP.     150 Israel Rd SW			

(360) 902-8703

1	V. 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, RCW 19.146.230, RCW 31.04.093, RCW 31.04.165, RCW	
4	31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05 RCW (the	
5	Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in	
6 7	the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING	
8	accompanying this Statement of Charges.	
9	Dated this 19 <sup>th</sup> day of May, 2017.	
10		
11 12	/s/ CHARLES E. CLARK	
12	Director Division of Consumer Services	
13	Department of Financial Institutions	
15	Presented by:	
16		
17	/s/	
18	STEVEN C. SHERMAN Enforcement Chief	
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24	STATEMENT OF CHARGES 7 DEPARTMENT OF FINANCIAL INSTITUTIONS C-15-1825-17-SC01 Division of Consumer Services SECURED MARKETING CONCEPTS CORP. 150 Israel Rd SW CHRISTOPHER NELSON BEARD PO Box 41200 Olympia, WA 98504-1200 (360) 902-8703	