



IN THE MATTER OF THE MORTGAGE BROKERS ACT
R.S.B.C. 1996, c. 313

-AND-

GARY WILLIAM AUGUST

-AND-

HOMELINE MORTGAGE CORPORATION dba
MORTGAGE ALLIANCE HOMELINE MORTGAGE

CONSENT ORDER

The following agreement having been reached between and consented to by Gary William August ("August"), Homeline Mortgage Corporation dba Mortgage Alliance Homeline Mortgage ("HMC") and the Staff of the Registrar of Mortgage Brokers, the Registrar of Mortgage Brokers (the "Registrar") agrees to the following terms of a consent order:

A. ORDERS

August and HMC consent to, and the Registrar makes, the following orders that:

1. August and HMC shall, jointly and severally, pay an administrative penalty in the amount of **\$10,000** immediately upon execution of this Order, pursuant to section 8(1.1) of the *Mortgage Brokers Act*, R.S.B.C. 1996, c.313 (the "Act").
2. August and HMC shall, jointly and severally, pay costs of the investigation in the amount of **\$2,000** immediately upon execution of this Order, pursuant to section 6(9) of the *Act*.

B. FACTS AND ADMISSIONS

Background

1. August was first registered as a submortgage broker in British Columbia in January 1979. Since then he has been registered on and off, and, most recently and continuously, since April 3, 2006.
2. HMC was incorporated in British Columbia on February 7, 2006 and has a registered and records office at 3rd Floor – 1665 Ellis Street in Kelowna, British Columbia. August is a director and officer of HMC.
3. HMC has been a registered mortgage broker in British Columbia since April 3, 2006.
4. August has been the Designated Individual ("DI") of HMC since April 2006, when he opened HMC.
5. [REDACTED] was a submortgage broker with HMC from April 10, 2006 until October 27, 2009, when August surrendered [REDACTED] registration to the Registrar.
6. As DI for HMC, August was responsible for supervising [REDACTED] work as a submortgage broker, as well as that of the one other submortgage broker in the office.

[REDACTED] files


7. On May 26, 2008, the Registrar received a complaint from a lender about four of [REDACTED] mortgage applications which appeared suspicious. A subsequent investigation by the Registrar uncovered numerous discrepancies in [REDACTED] files including the following:
 - (a) fraudulent employment letters and pay stubs submitted in support of mortgage applications;
 - (b) residential tenancy agreements, submitted in support of mortgage applications to prove rental income, which had been noticeably altered using white out;

- (c) handwritten mortgage applications which contained markedly different information relating to both the applicant's current employment and assets from the final, type-written version prepared by [REDACTED] and submitted to lenders;
 - (d) lack of information on file supporting information contained in mortgage applications about the value of assets and/or rental income;
 - (e) one file which lacked a Fixed Credit Disclosure Statement;
 - (f) two files where the Fixed Credit Disclosure Statement was improperly completed; and
 - (g) one file where the Form 10 was improperly completed.
8. August did not exercise due diligence in supervising [REDACTED] to ensure that documents produced in support of mortgage applications were verified to be true and accurate, and that Form 10 and cost of credit disclosure were done in a manner consistent with the requirements of sections 17.3 and 17.4 of the *Act*, and Part 5 of the *Business Practices and Consumer Protection Act*.
9. In failing to properly supervise [REDACTED] and by failing to ensure that HMC's obligations under the *Act* were met, August failed to discharge, adequately or at all, the obligations he assumed when he agreed to act as the DI of HMC. By failing to discharge this obligation, August conducted himself in a manner that is prejudicial to the public interest, contrary to s.8(1)(i) of the *Act*.
10. By failing to provide Form 10 and cost of credit disclosure in a form and manner consistent with the requirements under the *Act*, HMC breached sections 17.3 and 17.4 of the *Act*, and Part 5 of the *Business Practices and Consumer Protection Act*.
11. August was cooperative with Staff and surrendered [REDACTED] registration upon becoming aware of the serious deficiencies in [REDACTED] files.

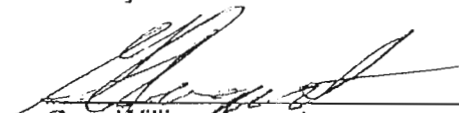
C. WAIVER

- 12. August and HMC waive their right to a hearing under section 8(1) of the Act and waive their right to an appeal under section 9 of the Act.

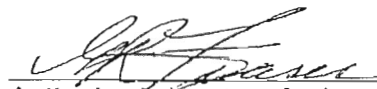
Approved as to form and content by:

 this 29 of April, 2010.
 Stephanie A. Jackson
 Counsel for Staff of the Registrar of Mortgage Brokers

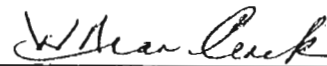
And by:

 this 26 of April, 2010.
 Gary William August

And by:

 this 26 of April, 2010.
 Authorized signatory for Homeline Mortgage Corporation
 dba Mortgage Alliance Homeline Mortgage

Dated at the
 City of Surrey,
 Province of British Columbia
 this 3rd day of May, 2010.


 W. Alan Clark
 Registrar of Mortgage Brokers
 Province of British Columbia