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FOR IMMEDIATE RELEASE:

STATE WINS CASE AGAINST NATIONSCAPITAL MORTGAGE CORPORATION

OLYMPIA, WA – Nationscapital Mortgage Corporation must pay \$712,527.19 in restitution to 120 Washington state consumers. After a lengthy trial recently concluded in Thurston County Superior Court, the Honorable Richard D. Hicks upheld the Washington State Department of Financial Institutions' (DFI) final order in one of the state's largest predatory lending cases. Nationscapital has appealed.

The Department found that Nationscapital conducted business from unlicensed locations, used bait and switch tactics, violated trust account requirements, and failed to maintain books and records. In many cases borrowers believed they had obtained low rate, fixed mortgages at little or no cost. In fact, they had purchased high rate, variable mortgages at substantial cost.

The court found Nationscapital's owner Jamie Chisick and corporate managers Michael Buff, Kevin Kraus and Darin Williams guilty as charged. They failed to provide required disclosures and misled consumers about their loans. In his oral ruling, Judge Hicks stated, "...I come away with a strong feeling that Mr. Chisick is like the Typhoid Mary of the brokerage industry and it's his kind of behavior that is exactly why we have regulations in the state of Washington. It's abominable."

Jamie Chisick is banned from the industry in Washington State for 20 years and must pay fines totaling \$292,800.00. Michael Buff, Kevin Kraus and Darin Williams are each banned from the industry for five years.

Nationscapital's license to operate as a mortgage brokerage in Washington State is revoked, and the company has been ordered to pay fines of \$457,575.00 as well.

DFI has pursued allegations against Nationscapital Mortgage Corporation since 1997. Chuck Cross, DFI's Director of Consumer Services said, "Our investigation found

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predatory lending practices in virtually every loan originated by Nationscapital since the company's inception in 1993. However, specific amounts of harm could only be identified for 120 consumers."

What is predatory lending?

Lending and mortgage origination practices become "predatory" when the borrower is led into a transaction that is not what they expected. It can best be described as mortgage fraud practiced against consumers. The acts involved often take the form of deception or misrepresentations concerning loan products, loan amounts, interest rates, loan costs, monthly payment plans, and prepayment penalties.

Tips for consumers

For more information about how consumers can protect themselves from predatory lending practices, visit DFI's public education pages online at www.dfi.wa.gov or call 1.877 RING DFI.

*** To arrange an interview with Chuck Cross, Director of the Division of Consumer Services, or to arrange interviews with consumers, contact Scott Kinney at 360-902-0517.

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