



Escrow Committee Meeting Agenda

Thursday, October 15, 2015

9:00 a.m.

Webinar

1. Welcome
2. Approve Meeting Minutes from April 16, 2015 & July 15, 2015
3. Rules Update
4. Licensing Update
5. Examination Update
6. Enforcement Update
7. Old Business
8. New Business

Commissioners:

Philip Dryden, Chair
Laurie LeMay
Patricia Maddux
Julie Booth
Angela Kosoff

Consumer Services Division Representatives:

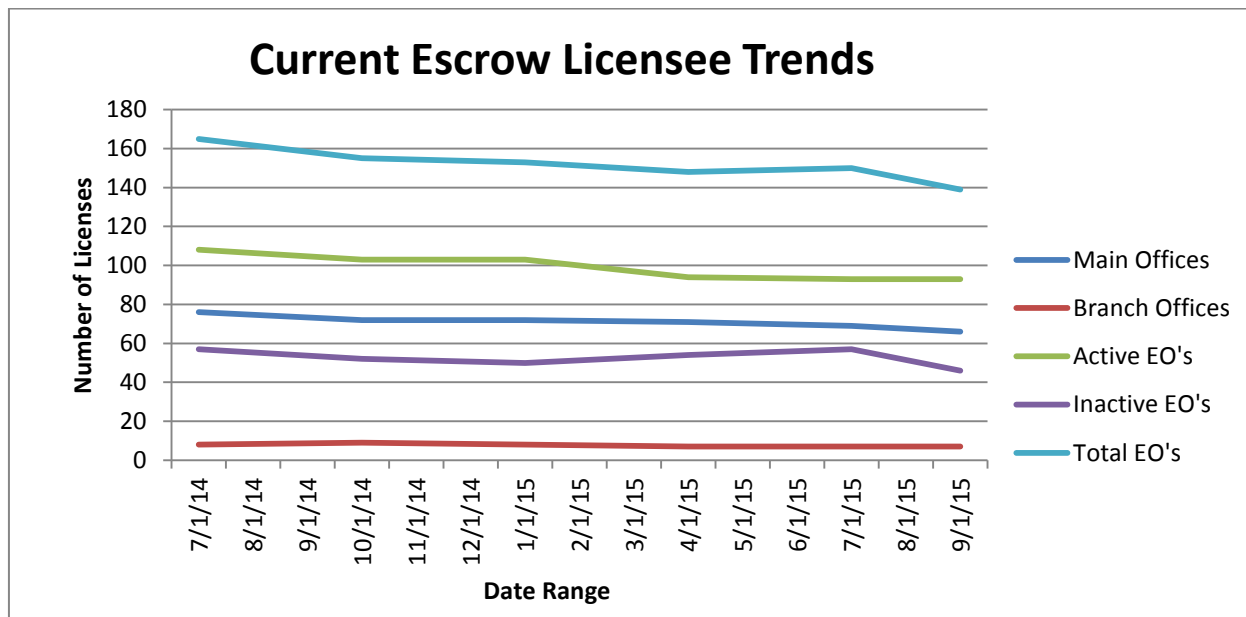
Charles Clark, Division Director
Cindy Fazio, Chief of Regulatory Affairs
Steven Sherman, Enforcement Program Manager
Rick St. Onge, Examinations Program Manager
Joepaul Wong, Examinations Supervisor
Alan Leingang, Examinations Supervisor
Dawn Woolery, Licensing Management Analyst
Crystal Craig, Webinar Facilitator

Escrow Commission

Licensing Unit Quarterly Report

October 15, 2015

	9/30/15	7/10/15
Main Offices	66	69
Branch Offices	7	7
Active EO's	93	93
Inactive EO's	46	57
Total EO's	139	150



CS - Examination Unit Report

Escrow Program

Escrow Commission Meeting
October 15, 2015

Examination Summary

- 4 Exams completed in July
 - 3 Exams completed in August
 - 2 Exams completed in September
- } **9 exams completed from July through September 2015**

Average number of violations per exam: 3

Composite Rating	Number of Exams	Previous Quarter Avg. Exam Cost	Current Quarter Exam Cost	Exam Cost Change
1	4	\$ 1,440.85	\$ 1,446.09	\$ 5.24
2	2	\$ 1,860.23	\$ 1,861.71	\$ 1.48
3	2	\$ 2,790.44	\$ 2,763.16	(\$ 27.28)
4	1	\$ 4,070.31	\$ 4,112.50	\$ 42.19
5	0	\$ 19,343.75	\$ 19,343.75	N/A

Common Violation(s)

1. Overdrawn Escrow Accounts

Three Escrow Agents were cited for failing to prevent individual escrow account overdrafts. It was a repeat finding for two of the three Escrow Agents.

2. Failed to properly administer outstanding instruments

Six Escrow Agents were cited for failing to clear overdue or stale-dated outstanding checks.

**Escrow Commission
Enforcement Unit Quarterly
Report July 1, 2015 – September
30, 2015**

Complaints	EARA Quarter	EARA 2015	All Industries Quarter
Received in period	7	17	304
Closed in period	3	23	282
Open as of 9/30/2015 (all industries)	n/a	n/a	309

Investigations

Investigations – Pending (EARA only)	11
Investigations – Closed in Period (all industries) (includes investigations moved to Pending Enforcement status)	16

Enforcement Actions 3rd Quarter	
CCSA	6
CLA	8
EARA	4
MBPA	12
UMSA	5

Enforcement Actions – EARA

Statement of Charges (issued in period) 0

Consent Orders (issued in period) 3

Corner Escrow, Inc. and Kimberly M. Diaz 9/30/2015 [C-15-1657-15-CO01]

The Department issued a Statement of Charges against Corner Escrow, Inc. and

Kimberly M. Diaz for providing at least 138 Washington mortgage loan escrow transactions between May 19, 2010 and June 24, 2014 without having a license, and receiving approximately \$62,900 in fees for these transactions. The Department entered a Consent Order agreeing to these terms:

- Fine: \$20,000
- Investigation fee: \$2,092.60

Mortgage Connect, LP 8/25/2015 [C-15-1622-15-CO01]

After receiving evidence of unlicensed activity between December 1, 2012 and December 1, 2014 by Mortgage Connect, LP for performing escrow functions in at least 563 Washington residential mortgage loan transactions and receiving approximately \$233,645 in fees, (retaining approximately \$84,450 of such fees after paying fees to third parties with whom it had contracted), the Department entered a Consent Order agreeing to these terms:

- Fine: \$100,000
- Investigation Fee: \$3,328

Community Escrow Inc. and Jacqueline H. Kimzey 8/27/2015 [C-13-1295-15-CO01]

The Department issued a Statement of Charges March 14, 2014 alleging Community Escrow Inc. and Jacqueline Kimzey converted trust account funds from 13 escrow accounts amounting to more than \$13,000, charged fees in excess of those disclosed to clients amounting to more than \$9,000, paid \$500 to an employee for notary services which were not disclosed on the estimated settlement statement prepared by the Respondent and signed by the client, failed to expeditiously perform the duties of an escrow agent by failing to disburse all funds from these accounts in a timely fashion and prepared false settlement statements. The Department entered a Consent Order agreeing to these terms:

- Fine: \$15,000 due within 6 months of order entry
- Investigation Fee: \$3,312.50 due within 6 months of order entry
- Restitution: \$22,738.82 to 30 individuals, paid and/or escheated to state
- Exam Fee: \$20,390 due within 6 months of order entry
- Prohibition/ban til August 27, 2020
- Escrow Agent License and Escrow Officer License revoked

Barrett Escrow Inc. and Jenny A. Barrett 9/22/2015 [C-12-0938-15-TD02]

The Department issued a Temporary Order to Cease & Desist against Respondents December 3, 2014 alleging they had not responded to requests from the Department to provide the manager's questionnaire and supporting documentation, had not reconciled the contract collection trust account since November 2013 and the escrow trust account since May 2014, and had not provided copies of the reconciled trust account records for October 2013-September 2014 as requested by the Department via Subpoena. The Respondents also did not file a quarterly report for the second quarter of 2014, and filed the quarterly reports late for the entirety of 2013 and the first and third quarters of 2014. The Order required:

- Respondents cease and desist from accepting new escrow or contract collection clients.
- Resolve or transfer all open escrow files and transfer all contract collection accounts within 60 days.
- Provide the Department with copies of all escrow documents for all escrow settlements that were not transferred within 15 days of completion.
- Provide written notice to all principals of open escrows or contract collection accounts within 5 business days of issuance of the TCD, to include reason for the issuance of the TCD and the estimated date for completing the escrow. The notice shall also afford the principals the right to transfer or withdraw the escrow or transfer the contract collection account.

On September 22, 2015, the Department issued a second Temporary Order to Cease & Desist against Respondents. Upon expiration of Barret Escrow's escrow agent license, Respondents were no longer permitted to conduct the business of an escrow agent, including contract collections for loans secured by real or personal property. Respondents have continued to conduct escrow business and contract collections business for loans secured by real or personal property. On or about December 11, 2014, the Department received notification from the issuer of Barret Escrow's fidelity bond that the bond would be canceled as of March 1, 2015. To date, the Department has not received a replacement bond.

As of September 22, 2015, the Respondents have not resolved or transferred all open escrow files or transferred all collection accounts, nor have they provided the Department with copies of escrow settlements that were not transferred. Therefore, the Director ORDERS that:

- Respondents cease and desist from all escrow and contract collection activity, including, but not limited to ceasing and desisting from any withdrawals or outgoing transfers of any kind from the escrow trust account and contract collection account

- Respondents, within 5 business days of issuance of this TCD2, provide written notice to all principals of open escrows or open contract collection accounts of the receipt of this TCD2. The notice shall include the reason for the issuance of the TCD2 and afford the principals the right to choose the company or individual to which their escrow or contract collection accounts should be transferred.
- Respondents transfer all open escrow files and contract collection accounts within 5 business days of receiving a response from the principals of the escrow and contract collection accounts. The transfer shall include any funds held in trust for each transferred escrow or contract collections account.
- Respondents, within 5 business days of completion of transfer of services, provide the Department with name and contact information for the person(s) and/or company to which Respondents transferred any escrow files or contract collection accounts.

Criminal Referrals	0
Final Orders (issued in period)	0
Civil Actions: (injunction, enforce subpoena)	0