

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-03-218-04-SC01
Whether there has been a violation of the)
Escrow Agent Registration Act by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO CEASE AND DESIST, TO
Associated Escrow LLC and Matthew Charles) PROHIBIT PARTICIPATION IN A
Dahlgren,) LICENSED ESCROW AGENT AND TO
Respondents) IMPOSE FINES

THE STATE OF WASHINGTON TO: Associated Escrow LLC
Matthew Charles Dahlgren

STATEMENT OF CHARGES

Please take notice that the Department of Financial Institutions of the State of Washington (“Department”) has reason to believe that Respondents, Associated Escrow LLC and Matthew Charles Dahlgren, have each violated the Escrow Agent Registration Act and that their violations justify the Department in entering an order under RCW 18.44.440 against each to cease and desist from such violations. The Department also has reason to believe that grounds exist under RCW 18.44.430 and RCW 18.44.440 to prohibit Matthew Charles Dahlgren from participating in the conduct of the affairs of any licensed escrow agent and to impose fines against Associated Escrow LLC and Matthew Charles Dahlgren. The Department finds as follows:

TENTATIVE FINDINGS OF FACT

I. RESPONDENTS

1. Associated Escrow LLC (“Associated Escrow”) was a licensed escrow agent with the Washington Department of Financial Institutions from March 22, 2001 through 2003, when its license expired and was not renewed. Associated Escrow had its principal place of business in

STATEMENT OF CHARGES

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 Federal Way, Washington. Associated Escrow closed its business sometime prior to September
2 12, 2003.

3 2. Matthew Charles Dahlgren (“Dahlgren”) was the owner, managing member and
4 designated escrow officer of Associated Escrow and was a licensed escrow officer with the
5 Washington Department of Financial Institutions from March 22, 2001 through March 22, 2004,
6 when his license expired and was not renewed.
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8 II. UNAUTHORIZED TRUST ACCOUNT WITHDRAWALS

9 From May 19, 2003 through November 17, 2003, Dahlgren withdrew more than \$55,000
10 from the Associated Escrow trust bank account and deposited the funds in the Associated Escrow
11 general business bank account. Dahlgren did not have client authorization or written instructions
12 to withdraw the funds from the trust bank account or to deposit the funds in the general business
13 bank account and there were no itemized entries in the business books and records for those
14 transactions.

15 III. FAILURE TO PAY CLIENT PROPERTY TAX

16 In at least one case, Associated Escrow failed to pay the property tax for a client, in
17 accordance with the client’s written escrow instructions and as shown on the client’s settlement
18 statement. Associated Escrow was supposed to pay the client’s first half property taxes for 2003.
19 Associated Escrow issued and sent a check payable to the Pierce County Treasurer, but the check
20 was returned because the amount of the check was about \$100 short of the amount due.
21 Associated Escrow did not reissue a trust account check for the proper amount and Associated
22 Escrow never paid the client’s property taxes, as required by the client’s escrow instructions and
23 as shown on the client’s settlement statement. Eventually, sometime after Associated Escrow
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1 had ceased its business operations and had liquidated its trust bank account, Dahlgren wrote a
2 personal check to pay the property taxes and late charges.

3 IV. FAILURE TO MAINTAIN ADEQUATE RECORDS

4 During 2003, Associated Escrow and Dahlgren did not prepare and did not keep or
5 maintain any monthly reconciliations for Associated Escrow's trust and general business bank
6 accounts. During 2003, Associated Escrow and Dahlgren also failed to maintain itemized
7 transaction records for trust account receipts and disbursements.
8

9 V. FAILURE TO SATISFY OFFICE CLOSURE REQUIREMENTS

10 Associated Escrow closed its office for business sometime prior to September 12, 2003.
11 Associated Escrow and Dahlgren each failed to notify the Department that Associated Escrow
12 had closed for business within twenty-four hours after the closing. Associated Escrow and
13 Dahlgren each failed to deliver their escrow agent and escrow officer licenses to the Department
14 within five days after Associated Escrow's closing. Associated Escrow and Dahlgren each
15 failed to provide the Department with an itemized accounting of all funds held in trust at the
16 time of Associated Escrow's closing within thirty days after the closing. Associated Escrow
17 and Dahlgren each failed to notify the Department about where the Associated Escrow records
18 would be maintained within thirty days after Associated Escrow's closing.
19

20 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

21 CONCLUSIONS OF LAW

22 I.

23 As described in Tentative Finding of Fact II, Dahlgren and Associated Escrow each
24 violated RCW 18.44.400(2) because they each failed to keep clients' escrow funds separate and
25 apart and segregated from Associated Escrow's own funds.

1 II.

2 As described in Tentative Finding of Fact II, Dahlgren and Associated Escrow each
3 violated RCW 18.44.430(1)(e) because they each converted money delivered in trust to their
4 own use or the use of another person.

5 III.

6 As described in Tentative Finding of Fact II, Dahlgren and Associated Escrow each
7 violated RCW 18.44.301(5) by knowingly receiving or taking possession for personal use any
8 property of any escrow business, other than in payment authorized by the Escrow Agent
9 Registration Act, and with intent to defraud, omitting to make a full and true entry thereof in the
10 books and accounts of the business.

11 IV.

12 As described in Tentative Finding of Fact III, Dahlgren and Associated Escrow each
13 violated RCW 18.44.301(2) by directly or indirectly engaging in an unfair or deceptive practice
14 by issuing a settlement statement showing the payment of a client's property taxes and by failing
15 to make the payment.

16 V.

17 As described in Tentative Finding of Fact IV, Dahlgren and Associated Escrow each
18 violated RCW 18.44.400(1) by failing to keep adequate trust account records and by failing to
19 itemize receipts and disbursements for each transaction.

20 VI.

21 As described in Tentative Finding of Fact IV, Dahlgren and Associated Escrow each
22 violated RCW 18.44.301(6) by omitting to make any material entry in Associated Escrow's
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1 books or accounts and RCW 18.44.301(8) by willfully failing to make any proper entry in the
2 books of the escrow business as required by law.

3
4 **VII.**

5 As described in Tentative Finding of Fact V, Dahlgren and Associated Escrow each
6 violated RCW 18.44.301(10) by failing to make any report or statement lawfully required by the
7 director.

8 **VIII.**

9 As described in Tentative Findings of Fact I through V, Dahlgren and Associated Escrow
10 each violated RCW 18.44.430(1)(i) by committing acts or engaging in conduct that demonstrates
11 the licensee to be incompetent or untrustworthy, or a source of injury and loss to the public.

12 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

13 Based on the above Tentative Findings of Fact and Conclusions of Law, the Department
14 intends to order that Associated Escrow LLC and Matthew Charles Dahlgren shall each cease
15 and desist from violations of RCW 18.44.301, RCW 18.44.400 and RCW 18.44.430.

16 **NOTICE OF INTENT TO PROHIBIT PARTICIPATION IN A LICENSED ESCROW**
17 **AGENT**

18 Based on the above Tentative Findings of Fact and Conclusions of Law, the Department
19 intends to order that Matthew Charles Dahlgren be prohibited from participating in the conduct
20 of the affairs of any licensed escrow agent.

21 **NOTICE OF INTENT TO IMPOSE FINES**

22 Based on the above Tentative Findings of Fact and Conclusions of Law, the Department
23 intends to order that Matthew Charles Dahlgren and Associated Escrow LLC shall be jointly and
24 severally liable for and pay to the Department a fine in the amount of \$10,000.
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1 **AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Cease and Desist, to Prohibit
3 Participation in a Licensed Escrow Agent and to Impose Fines is entered pursuant to the
4 provisions of RCW 18.44.400, RCW 18.44.410, RCW 18.44.430 and RCW 18.44.440 and is
5 subject to the provisions of ch. 34.05 RCW. The Respondents, Associated Escrow LLC and
6 Matthew Charles Dahlgren, may each make a written request for a hearing as set forth in the
7 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
8 accompanying this order.
9

10 If a Respondent does not make a timely hearing request, the Department intends to adopt
11 the above Tentative Findings of Fact and Conclusions of Law as final and impose the remedies
12 sought against that Respondent.

13 Dated this 23rd day of January, 2005

14
15 
16 MICHAEL E. STEVENSON
17 Assistant Director DFI

18 Approved by:

Presented by:

19 
20 Martin Cordell
21 Chief of Enforcement

22 
23 Janet So
24 Financial Legal Examiner
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