## STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

2	SECURITIES DIVISION
3 4 5 6	IN THE MATTER OF DETERMINING Whether there has been a violation of the Escrow Agent Registration Act by:  Order Number S-05-038-05-SC01  STATEMENT OF CHARGES AND NOTICE OF INTENT TO ENTER ORDER TO CEASE Cathy Marie Patrick Respondent PARTICIPATION IN THE ESCROW INDUSTRY
8	THE STATE OF WASHINGTON TO: Cathy Marie Patrick
9	STATEMENT OF CHARGES
10	Please take notice that the Department of Financial Institutions of the State of
11	Washington ("Department") has reason to believe that Respondent, Cathy Marie Patrick, has
12	violated the Escrow Agent Registration Act and that her violations justify the Department in
13	entering an order under RCW 18.44.410, RCW 18.44.430 and RCW 18.44.440 to cease and
14	desist from such violations and to prohibit her participation in the escrow industry. The
15	Department finds as follows:
16	TENTATIVE FINDINGS OF FACT
17 18	RESPONDENT
19	1. During 2002, Cathy Marie Patrick ("Patrick") resided in Spokane, Washington. On
20	March 27, 2002, Patrick filed a petition in Spokane, Washington for a voluntary Chapter 13
21	bankruptcy.
22	APPLICATION FOR LICENSED ESCROW AGENT
23	2. On January 24, 2002, Lilac City Closing & Escrow, Inc. ("Lilac City") filed an
24	application with the Department to become a licensed escrow agent. Cathy Marie Patrick was
25	STATEMENT OF CHARGES  DEPARTMENT OF FINANCIAL INSTITUTIONS 1  Securities Division

1	listed as a 50% owner of Lilac City and a Limited Practice Officer. Lilac City never became a
2	licensed escrow agent and on September 9, 2004, its application to become a licensed escrow
3	agent was withdrawn.
4	FEDERAL WIRE FRAUD CONVICTION
5	3. On May 6, 2004, in U.S. District Court for the Eastern District of Washington, Patric
6	pled guilty to one count of federal wire fraud in connection with a scheme in which she
7	participated to defraud lenders by falsely representing the borrower's monthly income and other
8	personal financial information when closing an escrow transaction.
9	Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:
10	CONCLUSIONS OF LAW
12	The conduct described in the above Tentative Findings of Fact is in violation of RCW
13	18.44.301(1) because Patrick employed a scheme to defraud lenders.
4	2. The conduct described in the above Tentative Findings of Fact is in violation of RCW
15	18.44.301(2) because Patrick engaged in an unfair or deceptive practice toward lenders.
16	3. The Department finds and concludes that the violations of the Escrow Agent
17	Registration Act described above constitute grounds under RCW 18.44.410, RCW 18.44.430 an
18	RCW 18.44.440 for prohibiting Patrick from participating in the escrow industry.
19	NOTICE OF INTENT TO ORDER RESPONDENT TO CEASE AND DESIST
20	Based on the above Tentative Findings of Fact and Conclusions of Law, the Department
21	intends to order that Cathy Marie Patrick shall cease and desist from violations of RCW
22	18.44.301.
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24 25	
23	STATEMENT OF CHARGES  DEPARTMENT OF FINANCIAL INSTITUTION Securities Division

## 1 Based on the above Tentative Findings of Fact and Conclusions of Law, the Department intends 2 to order that Cathy Marie Patrick be prohibited from participating in the conduct of the affairs of any 3 4 licensed escrow agent. **AUTHORITY AND PROCEDURE** 5 This Statement of Charges and Notice of Intent to Cease and Desist and to Prohibit Participation 6 in the Escrow Industry is entered pursuant to the provisions of RCW 18.44.410, RCW 18.44.430 and 7 RCW 18.44.440 and is subject to the provisions of ch. 34.05 RCW. The Respondent, Cathy Marie 8 Patrick, may make a written request for a hearing as set forth in the Notice of Opportunity to Defend and 9 Opportunity for Hearing accompanying this order. 10 If Respondent does not make a timely hearing request, the Department intends to adopt the above 11 Tentative Findings of Fact and Conclusions of Law as final and to enter an order to cease and desist from 12 violations of RCW 18.44.301 and to prohibit the participation of Cathy Marie Patrick in the conduct of 13 the affairs of any licensed escrow agent. 14 Dated and Entered this 17th day of March, 2005 15 middle & Stevenson 16 MICHAEL E. STEVENSON 17 **Assistant Director** 18 Approved by: Presented by: 19 Martin Cordell 20 21 Janet So Martin Cordell Financial Legal Examiner Chief of Enforcement 22 23 24 25

NOTICE OF INTENT TO PROHIBIT PARTICIPATION IN A LICENSED ESCROW AGENT