



STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Escrow Agent Registration Act of Washington  
by:

AVISTA ESCROW SERVICES, LLC,  
DOUGLAS A. HUNTINGTON, 40% Owner,  
SCOTT T. HUNTINGTON, 35% Owner, and  
LENNIE L. MUELLER, 25% Owner and  
Designated Escrow Officer,

Respondents.

NO. C-08-223-10-FO01

FINAL ORDER

AVISTA ESCROW SERVICES, LLC  
and LENNIE L. MUELLER

I. DIRECTOR'S CONSIDERATION

A. Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.464. On December 18, 2008, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Revoke Licenses, Prohibit from Industry, Impose Fine, and Collect Examination and Investigation Fees (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated December 26, 2008, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Avista Escrow Services, LLC, Douglas A. Huntington, Scott T. Huntington, and Lennie L. Mueller. The Department served the Statement of Charges, cover letter dated December 26, 2008, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for

1 Adjudicative Hearing for Avista Escrow Services, LLC, Douglas A. Huntington, Scott T. Huntington,  
2 and Lennie L. Mueller on Respondents on December 26, 2008, by First-Class mail.

3 On January 12, 2009, each Respondent filed an Application for Adjudicative Hearing. On  
4 May 5, 2009, the Department made a request to the Office of Administrative Hearings (OAH) to  
5 assign an Administrative Law Judge (ALJ) to schedule and conduct a hearing on the Statement of  
6 Charges. On May 13, 2009, OAH issued a Notice of Prehearing Conference by Telephone scheduling  
7 a prehearing conference on Wednesday, June 3, 2009, at 9:00 a.m. and assigning ALJ Rebekah R.  
8 Ross (ALJ Ross) to preside over prehearing and hearing proceedings and issue an Initial Decision. On  
9 June 3, 2009, a representative for the Department and Respondents' counsel attended a telephonic  
10 prehearing conference. The Notice of Prehearing Conference by Telephone included the following  
11 warning: "*Default*: If you fail to appear or participate in the prehearing conference, hearing, or any  
12 other scheduled stage of these proceedings, you may lose your right to a hearing as described in RCW  
13 34.05.440." This Notice was mailed to Respondents Avista and Mueller at their addresses of record.  
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15 On June 4, 2009, ALJ Ross issued a Prehearing Order scheduling a hearing on November 9,  
16 2009. On June 23, 2009, ALJ Cindy L. Burdue (ALJ Burdue) issued a Notice of Prehearing  
17 Conference by Telephone scheduling a second prehearing conference on Wednesday, August 5, 2009,  
18 at 8:45 a.m. The Notice of Prehearing Conference by Telephone included the following warning:  
19 "*Default*: If you fail to appear or participate in the prehearing conference, hearing, or any other  
20 scheduled stage of these proceedings, you may lose your right to a hearing as described in RCW  
21 34.05.440." This Notice was mailed to Respondents Avista and Mueller at their addresses of record.  
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23 On August 5, 2009, a representative for the Department and Respondents' counsel attended a  
24 telephonic prehearing conference. On that date ALJ Burdue issued a Second Pre-Hearing Order, a  
25 Notice of Prehearing Conference by Telephone, and a Notice of In-Person Hearing scheduling a third

1 prehearing conference hearing for November 9, 2009, and a hearing on January 19, 2009, at 9:00 a.m.  
2 The Notice of Prehearing Conference by Telephone included the following warning: “*Default*: If you  
3 fail to appear or participate in the prehearing conference, hearing, or any other scheduled stage of these  
4 proceedings, you may lose your right to a hearing as described in RCW 34.05.440.” The Notice of In-  
5 Person Hearing included the following warning: “*Default*: If you fail to appear or participate in the  
6 hearing, or any other scheduled stage of these proceedings, you may lose your right to a hearing as  
7 described in RCW 34.05.440.” These Notices were mailed to Respondents Avista and Mueller at their  
8 addresses of record.

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10 On November 9, 2009, a representative for the Department and Respondents’ counsel attended  
11 a telephonic prehearing conference. On November 10, 2010, ALJ Burdue issued a Third Pre-Hearing  
12 Order setting deadlines for pre-hearing issues and confirming the hearing date of January 19, 2010.  
13 On January 11, 2010, ALJ Burdue issued a Notice of Prehearing Conference by Telephone setting a  
14 prehearing conference for Thursday, January 14, 2010, at 8:45 a.m. The Notice of Prehearing  
15 Conference by Telephone included the following warning: “*Default*: If you fail to appear or  
16 participate in the prehearing conference, hearing, or any other scheduled stage of these proceedings,  
17 you may lose your right to a hearing as described in RCW 34.05.440.” This Notice was mailed to  
18 Respondents Avista and Mueller at their addresses of record. On January 14, 2010, a representative  
19 for the Department and Respondents’ counsel attended a telephonic prehearing conference. On  
20 January 15, 2010, ALJ Burdue issued a Fourth Pre-Hearing Order resetting the hearing date for August  
21 10, 2010. The Fourth Pre-Hearing Order resetting the hearing date for August 10, 2010, was mailed to  
22 Respondents Avista and Mueller at their addresses of record.

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24 On April 20, 2010, the Director filed an Amended Statement of Charges and Notice of  
25 Intention to Enter an Order to Revoke Licenses, Prohibit from Industry, Impose Fine, Collect

1 Change of Address Fees, and Collect Examination and Investigation Fees (Amended Statement of  
2 Charges). A copy of the Amended Statement of Charges is attached and incorporated into this order by  
3 this reference. On April 28, 2010, ALJ Burdue issued a Notice of Prehearing Conference by  
4 Telephone setting a prehearing conference for Friday, May 14, 2010, at 9:00 a.m. On May 14, 2010, a  
5 representative for the Department and Respondents' counsel attended a telephonic prehearing  
6 conference. On May 20, 2010, ALJ Burdue issued a Fifth Pre-Hearing Order and Initial Order of  
7 Default as to Scott Huntington<sup>1</sup> setting deadlines for prehearing issues and confirming the August 10,  
8 2010, hearing date. The Fifth Pre-Hearing Order confirming the hearing date of August 10, 2010, was  
9 mailed to Respondents Avista and Mueller at their addresses of record.  
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11 On June 14, 2010, ALJ Burdue issued a Notice of Prehearing Conference by Telephone setting  
12 a prehearing conference for Friday, June 25, 2010 at 2:15 p.m. The Notice of Prehearing Conference  
13 by Telephone included the following warning: "*Default*: If you fail to appear or participate in the  
14 prehearing conference, hearing, or any other scheduled stage of these proceedings, you may lose your  
15 right to a hearing as described in RCW 34.05.440." This Notice was mailed to Respondents Avista  
16 and Mueller at their addresses of record. On June 25, 2010, a representative for the Department,  
17 counsel for Respondents D. Huntington and S. Huntington, and Respondents Mueller and Avista  
18 attended a telephonic prehearing conference. On June 28, 2010, ALJ Burdue issued a Sixth Pre-  
19 Hearing Order setting a pre-hearing status conference by telephone for July 9, 2010, at 9:00 a.m. and  
20 confirming the hearing date of August 10, 2010. The Sixth Pre-Hearing Order confirming the hearing  
21 date of August 10, 2010, was mailed to Respondents Avista and Mueller at their addresses of record.  
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25 <sup>1</sup> The Initial Order of Default as to Scott Huntington was subsequently vacated and a Consent Order entered.

1 On July 9, 2010, a representative for the Department attended the prehearing conference by  
2 telephone. That same day, ALJ Burdue issued a Notice of Prehearing Conference & Motion by  
3 Telephone setting a prehearing conference and motion hearing for July 16, 2010, at 2:00 p.m. On July  
4 16, 2010, a representative for the Department and counsel for Respondents D. Huntington and S.  
5 Huntington attended the prehearing conference by telephone. Respondent Mueller did not appear and  
6 was held in default. On July 20, 2010, ALJ Mary Ellen Goodwin (ALJ Goodwin) issued an Initial  
7 Order of Default dismissing the appeal of Respondent Mueller. The Initial Order of Default was  
8 mailed to Respondent Mueller at her address of record.

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10 Pursuant to RCW 34.05.440(3), Respondent Mueller had seven (7) days from the date of the  
11 Initial Order of Default to file a petition to vacate the Order. Respondent Mueller did not file a petition  
12 to vacate the Initial Order of Default during the statutory period. Pursuant to RCW 34.05.464 and  
13 WAC 10-08-211, Respondent Mueller had twenty (20) days from the date of service of the Initial  
14 Order of Default to file a Petition for Review of the Order. Respondent Mueller did not file a Petition  
15 for Review during the statutory period.

16 On August 10, 2010, a representative for the Department attended the in-person hearing, but  
17 Respondent Mueller did not appear and no representative for Respondent Avista appeared so ALJ  
18 Goodwin held Respondent Avista in Default. On August 11, 2010, ALJ Goodwin issued an Initial  
19 Order of Default against Avista Escrow Services, LLC dismissing the appeal of Respondent Avista.  
20 Pursuant to RCW 34.05.440(3), Respondent Avista had seven (7) days from the date of the Initial  
21 Order of Default to file a petition to vacate the Order. Respondent Avista did not file a petition to  
22 vacate the Initial Order of Default during the statutory period. Pursuant to RCW 34.05.464 and WAC  
23 10-08-211, Respondent Avista had twenty (20) days from the date of service of the Initial Order of  
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1 Default to file a Petition for Review of the Order. Respondent Avista did not file a Petition for Review  
2 during the statutory period.

3 B. Record Presented. The record presented to the Director for his review and for entry of  
4 a final decision included the following:

- 5 1. Statement of Charges, cover letter dated December 26, 2008, and Notice of  
6 Opportunity to Defend and Opportunity for Hearing, with documentation of service;
- 7 2. Applications for Adjudicative Hearing for Avista Escrow Services, LLC, Douglas A.  
8 Huntington, Scott T. Huntington, and Lennie L. Mueller;
- 9 3. Request to OAH for Assignment of Administrative Law Judge;
- 10 4. Notice of Prehearing Conference by Telephone dated May 13, 2009, with  
11 documentation of service;
- 12 5. Prehearing Order dated June 4, 2009, with documentation of service;
- 13 6. Notice of Prehearing Conference by Telephone dated June 23, 2009, with  
14 documentation of service;
- 15 7. Second Pre-hearing Order dated August 5, 2009, with documentation of service;
- 16 8. Notice of Prehearing Conference by Telephone dated August 5, 2009, with  
17 documentation of service;
- 18 9. Notice of In-Person Hearing dated August 5, 2009, with documentation of service;
- 19 10. Third Pre-hearing Order dated November 10, 2009, with documentation of service;
- 20 11. Notice of Prehearing Conference by Telephone dated January 11, 2010, with  
21 documentation of service;
- 22 12. Fourth Pre-hearing Order dated January 15, 2010, with documentation of service;
- 23 13. Amended Statement of Charges dated April 20, 2010, with documentation of service;
- 24 14. Notice of Prehearing Conference by Telephone dated April 28, 2010, with  
25 documentation of service;
15. Fifth Pre-hearing Order dated May 20, 2010, with documentation of service;

- 1 16. Notice of Prehearing Conference by Telephone dated June 14, 2010, with  
2 documentation of service;
- 3 17. Sixth Pre-hearing Order dated June 28, 2010, with documentation of service;
- 4 18. Notice of Prehearing Conference & Motion by Telephone dated July 9, 2010, with  
5 documentation of service;
- 6 19. Initial Order of Default against Respondent Mueller dated July 20, 2010, with  
7 documentation of service;
- 8 20. Initial Order of Default against Respondent Avista Escrow Services, LLC dated  
9 August 10, 2010, with documentation of service.

10 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.461, the Director  
11 hereby adopts the Initial Order of Default against Respondent Mueller and the Initial Order of Default  
12 against Avista Escrow Services, LLC which are attached hereto.

## 13 II. FINAL ORDER

14 Based upon the foregoing, and the Director having considered the record and being otherwise  
15 fully advised, NOW, THEREFORE:

16 A. IT IS HEREBY ORDERED, that:

- 17 1. Respondent Avista Escrow Services, LLC's license to conduct the business of an escrow  
18 agent is revoked;
- 19 2. Respondent Lennie A. Mueller's license to conduct the business of an escrow officer is  
20 revoked;
- 21 3. Respondents Avista Escrow Services, LLC and Lennie L. Mueller are prohibited from  
22 participating in the conduct of the affairs of any licensed escrow agent, as officer, controlling  
23 person, director, employee, or licensed escrow officer, for a period of five years;
- 24 4. Respondents Avista Escrow Services, LLC and Lennie L. Mueller shall jointly and  
25 severally pay a fine of \$45,825;<sup>2</sup> and

<sup>2</sup> The \$50,000 fine from the Statement of Charges has been reduced by the amount of fines paid by Respondents D. Huntington and S. Huntington.

1           5. Respondents Avista Escrow Services, LLC and Lennie L. Mueller shall maintain all  
2 records involving Washington escrow transactions for a minimum of six years following the  
closing or termination of the escrow transaction.

3           B. Reconsideration. Pursuant to RCW 34.05.470, Respondents Avista and Mueller  
4 have the right to file a Petition for Reconsideration stating the specific grounds upon which relief is  
5 requested. The Petition must be filed in the Office of the Director of the Department of Financial  
6 Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O.  
7 Box 41200, Olympia, Washington 98504-1200, within ten days of service of the Final Order upon  
8 Respondents Avista and Mueller. The Petition for Reconsideration shall not stay the effectiveness of this  
9 order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

10           A timely Petition for Reconsideration is deemed denied if, within 20 days from the date the  
11 petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written  
12 notice specifying the date by which it will act on a petition.

13           C. Stay of Order. The Director has determined not to consider a Petition to Stay the  
14 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial  
15 Review made under chapter 34.05 RCW and RCW 34.05.550.

16           D. Judicial Review. Respondents Avista and Mueller have the right to petition the  
17 superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For  
18 the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.  
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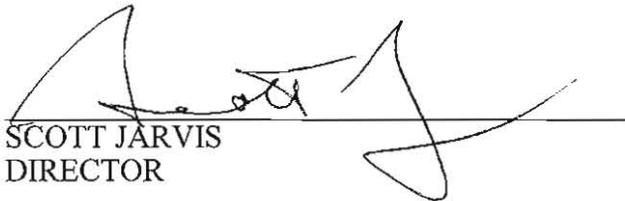
20           E. Non-compliance with Order. If you do not comply with the financial terms of this order,  
21 the Department may seek its enforcement by the Office of Attorney General to include the collection of  
22 the fine imposed herein.  
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1 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for  
2 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
3 attached hereto.

4 DATED this 31<sup>st</sup> day of January 2011.



6 STATE OF WASHINGTON  
7 DEPARTMENT OF FINANCIAL INSTITUTIONS

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10 SCOTT JARVIS  
11 DIRECTOR

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3 **STATE OF WASHINGTON**  
4 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
5 **DIVISION OF CONSUMER SERVICES**

6 IN THE MATTER OF DETERMINING  
7 Whether there has been a violation of the  
8 Escrow Agent Registration Act of Washington  
9 by:

10 AVISTA ESCROW SERVICES, LLC,  
11 DOUGLAS A. HUNTINGTON, 40% Owner,  
12 SCOTT T. HUNTINGTON, 35% Owner, and  
13 LENNIE L. MUELLER, 25% Owner and  
14 Designated Escrow Officer,  
15 Respondents.

NO. C-08-223-08-SC02

AMENDED STATEMENT OF CHARGES  
and NOTICE OF INTENT TO REVOKE  
LICENSES, PROHIBIT FROM INDUSTRY,  
IMPOSE FINE, COLLECT CHANGE OF  
ADDRESS FEES, AND COLLECT  
EXAMINATION AND INVESTIGATION  
FEES

16 **INTRODUCTION**

17 Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions (Director) is  
18 responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act (the Act).  
19 After having conducted an investigation pursuant to RCW 18.44.420 and WAC 208-680G-020, the  
20 Director, through his designee, Deborah Bortner, Division Director, Division of Consumer Services,  
21 issued a Statement of Charges on December 18, 2008. Now, after conducting further investigation  
22 pursuant to RCW 18.44.420 and WAC 208-680G-020, the Director, through his designee, Deborah  
23 Bortner, Division Director, Division of Consumer Services, issues this Amended Statement of Charges  
24 adding paragraphs 1.8, 1.9, 2.6, 2.7, 3.5, and 4.6, to address additional violations of the Act, and by  
25 amending paragraphs 4.2, 4.4, and 4.7 to collect change of address fees, increase the fine, and increase  
the investigation fee, and finds as follows:

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## I. FACTUAL ALLEGATIONS

**1.1 Respondents.**

**A. Avista Escrow Services, LLC (Respondent Avista)** was licensed by the Department to conduct the business of an escrow agent on September 25, 2002, and has continued to be licensed to date. Respondent Avista is license to conduct business from one location at 15 Oregon Avenue #209, Tacoma, Washington.

**B. Douglas A. Huntington (Respondent D. Huntington)** is known to be 40% Owner of Respondent Avista. Respondent D. Huntington is also known to have an ownership interest in two other companies relevant to these charges: Huntington Properties III and Horizon Mortgage and Investments.

**C. Scott T. Huntington (Respondent S. Huntington)** is known to be 35% Owner of Respondent Avista. Respondent S. Huntington is also known to have an ownership interest in four other companies relevant to these charges: Huntington Properties I, Huntington Properties II, Huntington Properties III, and Horizon Mortgage and Investments.

**D. Lennie L. Mueller (Respondent Mueller)** is known to be 25% Owner and Designated Escrow Officer (DEO) of Respondent Avista. Respondent Mueller was appointed DEO on September 25, 2002, and has continued to be the DEO to date.

**1.2 Examination.** On or about March 10, 2008, the Department conducted an examination of Respondents' business practices for the period of February 1, 2007, through January 31, 2008. The Department's examiners conducted a complete review of fourteen escrow transactions and a limited review of thirty additional escrow transactions.

1 **1.3 Failure to Maintain Sufficient Funds in Trust.** Respondents did not maintain sufficient  
2 funds in their trust account in an amount at least equal to the disbursements in the following nine of  
3 the fourteen transactions completely reviewed:

4 A. In escrow 20045051, Respondents received a \$3,376.09 refund check from Countrywide  
5 Home Loans (Countrywide) on March 23, 2005, for excess funds received for the seller's loan payoff.  
6 The check was deposited into the trust account on March 28, 2005, and Respondents issued check  
7 14250 in the amount of \$3,376.09, payable to the seller, the same day without verifying whether the  
8 Countrywide check had cleared. Prior to the Countrywide check clearing, Countrywide placed a stop  
9 payment on it, resulting in an overdraft of \$3,376.09. The overdraft was identified as an adjustment  
10 item on the March 2005 reconciliation and was carried forward until Countrywide remitted a  
11 replacement check on February 28, 2007.

12 B. In escrow 20051343, Respondents received a check for \$26,230.29 from Respondent D.  
13 Huntington on August 2, 2005, which was deposited into the trust account the same day. The  
14 transaction was reportedly cancelled and the funds were transferred by wire from the trust account  
15 back to Respondent D. Huntington on August 3, 2005. Respondents, however, failed to verify that  
16 Respondent D. Huntington's check had cleared and that the funds were available prior to making the  
17 wire transfer. On August 11, 2005, Viking Bank returned Respondent D. Huntington's check due to  
18 non-sufficient funds. As a result, the escrow account was overdrawn by \$26,230.29. Respondent D.  
19 Huntington did not provide funds to cover the shortage until August 22, 2005.

20 C. In escrow 20051383, Respondents were required to collect an additional \$29.79 from the  
21 customers at closing on November 11, 2005. Respondents, however, did not collect those funds;  
22 overdrawing the escrow account by \$29.79. Respondents did not correct the deficiency until  
23 November 24, 2008.  
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1           **D.** In escrow 20061009, Respondents issued check 19279 in the amount of \$1,486.80 for  
2 settlement agent fees. The check cleared the bank on January 31, 2006, but Respondents marked it as  
3 voided the same day after it had already cleared. On February 1, 2006, Respondents issued check  
4 19312 in the amount of \$1,466.80 for settlement agent fees. This check cleared on February 28, 2006,  
5 creating a debit balance in the escrow account of \$1,466.80.

6           **E.** In escrow 20061077, Respondents accepted a Viking Bank counter check from Huntington  
7 Properties I, LLC, owned by Respondent S. Huntington, in the amount of \$140,250 on or about April  
8 5, 2006. The check, however, did not have an account number on it and shortly after it was deposited  
9 into Respondents' trust account the bank debited it from the account. As a result, Respondents  
10 disbursed funds from the escrow account in excess of what had been deposited. The deficiency was  
11 not cured until April 2, 2008.

12           **F.** In escrow 20061100, Respondents conducted the settlement for a refinance of the  
13 customer's property and made two disbursements to the customer; a wire transfer in the amount of  
14 \$14,146.34 on April 11, 2006, and a \$182.64 check on April 26, 2006, described on the disbursement  
15 register as "Excess Cash to Close." The final disbursement to the customer overdraw the escrow  
16 account by \$43.20. The deficiency was not cured until November 24, 2008.

17           **G.** In escrow 20061289, Respondents were required to collect \$740.44 at closing from  
18 Respondent S. Huntington to cover all closing costs. The transaction closed on or about October 4,  
19 2006, but Respondents did not collect the required funds. The deficiency was not cured until March  
20 11, 2008, when Respondent S. Huntington remitted the required funds.

21           **H.** In escrow 20061400, Respondents collected an earnest money check in the amount of  
22 \$10,000 from buyer Huntington Properties III, owned by Respondents D. Huntington and S.  
23 Huntington. The check, however, was not deposited because it had been cancelled. The transaction  
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1 closed on or about January 9, 2007, and funds were disbursed in excess of the amount deposited by  
2 \$10,000. The deficiency was not cured until April 19, 2007, when Huntington Properties III remitted  
3 a cashier's check for the \$10,000 earnest money.

4       **I.** In escrow 20061420, Respondents received a check in the amount of \$350,000 from buyer  
5 Huntington Properties I, owned by Respondent S. Huntington, on November 16, 2006. The  
6 transaction was canceled November 17, 2006, and Respondents issued a check in the amount of  
7 \$350,000 from its trust account to Huntington Properties the same day without first verifying that the  
8 check from Huntington Properties I had cleared the bank and that the funds were available. On  
9 November 22, 2006, Viking Bank returned the \$350,000 check received from Huntington Properties I  
10 due to non-sufficient funds. The \$350,000 overdraft was not cured until February 16, 2007.

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12 **1.4 Failure to Resolve Overdrawn Escrow Accounts in a Timely Manner.** Respondents did not  
13 resolve overdrawn escrow accounts in a timely manner in the following eight of the fourteen  
14 transactions completely reviewed:

15       **A.** In escrow 20045051, Respondents received a \$3,376.09 refund check from Countrywide on  
16 March 23, 2005. The check was deposited into the trust account on March 28, 2005, and Respondent  
17 Avista issued check 14250 in the amount of \$3,376.09, payable to the seller, the same day. Prior to  
18 the Countrywide check clearing the bank, Countrywide stopped payment, overdrawing the escrow  
19 account. The overdraft was identified as an adjustment item on Respondents' March 2005  
20 reconciliation, but the deficiency was not corrected until February 28, 2007.

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22       **B.** In escrow 20051383, Respondents were required to collect an additional \$29.79 from the  
23 customers at closing on November 11, 2005. Respondents, however, failed to collect those funds  
24 overdrawing the escrow account by \$29.79. Respondents did not correct the deficiency until  
25 November 24, 2008.

1 C. In escrow 20061009, Respondents issued check 19279 in the amount of \$1,486.80 for  
2 settlement agent fees. The check cleared the bank on January 31, 2006, but Respondents marked it as  
3 voided the same day after it had already cleared. On February 1, 2006, Respondents issued check  
4 19312 in the amount of \$1,466.80 for settlement agent fees. This check cleared on February 28, 2006,  
5 creating a debit balance of \$1,468.80. To date, Respondents have not corrected this deficiency.

6 D. In escrow 20061077, Respondents accepted a Viking Bank counter check from Huntington  
7 Properties I, LLC, owned by Respondent S. Huntington, in the amount of \$140,250 on or about April  
8 5, 2006. The check, however, did not have an account number on it and shortly after it was deposited  
9 into Respondents' trust account the bank debited it from the account. As a result, Respondents  
10 disbursed funds from the escrow account in excess of what had been deposited. Respondents did not  
11 correct the deficiency until April 2, 2008.

12 E. In escrow 20061100, Respondents conducted the settlement of a refinance of the  
13 customer's property and made two disbursements to the customer; a wire transfer in the amount of  
14 \$14,146.34 on April 11, 2006, and a \$182.64 check on April 26, 2006. The final disbursement to the  
15 customer overdrew the escrow account by \$43.20. Respondents did not correct the deficiency until  
16 November 24, 2008.

17 F. In escrow 20061289, Respondents were required to collect \$740.44 at closing from  
18 Respondent S. Huntington to cover all closing costs. The transaction closed on or about October 4,  
19 2006, but Respondents did not collect the required funds. The deficiency was not cured until March  
20 11, 2008.

21 G. In escrow 20061400, Respondents collected an earnest money check in the amount of  
22 \$10,000 from buyer Huntington Properties III, owned by Respondents D. Huntington and S.  
23 Huntington. The check, however, was not deposited. The transaction closed on or about January 9,  
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1 2007, and funds were disbursed in excess of the amount deposited by \$10,000. The deficiency was  
2 not cured until April 19, 2007.

3       **H.** In escrow 20061420, Respondents received a check in the amount of \$350,000 from buyer  
4 Huntington Properties I, owned by Respondent S. Huntington, on November 16, 2006, and deposited  
5 the check into Respondents' trust account. The transaction was canceled November 17, 2006, and  
6 Respondents issued a check in the amount of \$350,000 from its trust account to Huntington Properties  
7 I the same day. On November 22, 2006, Viking Bank returned the \$350,000 check received from  
8 Huntington Properties I due to non-sufficient funds. The deficiency was not cured until February 16,  
9 2007.

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11 **1.5 Failure to Perform Other Duties Expeditiously.** Respondents' January 2008 month-end  
12 reconciliation report shows that Respondents did not clear several system and bank adjustments.  
13 Additionally, Respondents' "Outstanding Instruments" report shows a total of \$26,687.71 in stale  
14 checks for the period of August 18, 2004, to September 4, 2007.

15 **1.6 Failure to Maintain Accurate Records.** Respondents did not properly post receipts and  
16 disbursements to Respondents' operating system, requiring Respondents to perform \$553,471.71 in  
17 adjustments to the accounting system during the period of February 1, 2007, through January 31,  
18 2008. Additionally, Respondents were unable to explain why \$100,889.05 appeared as an adjustment  
19 on Respondents' January 2007 reconciliation or why that amount was cleared without identifying what  
20 caused the adjustment. This is a repeat violation from Respondents' 2004 examination, a copy of  
21 which was previously provided to Respondents.

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23 **1.7 Failure to Timely Submit Quarterly Reports.** Respondents did not file quarterly reports for  
24 the first and third quarters of 2007, and did not file quarterly reports within 30 days of the end of the  
25 quarter for the second and fourth quarters of 2007.

1 **1.8 Failure to Comply with Director's Authority.**

2 A. On or about December 2, 2009, while Statement of Charges C-08-223-08-SC01 was pending,  
3 the Department conducted a follow-up examination of Respondents' books and records. As a result of  
4 that examination, on December 12, 2009, the Department instructed Respondents to provide a copy of  
5 four specific escrow files: 20081096, 20081097, 20081102, and 20081107. Respondents were instructed  
6 to provide the files by December 17, 2009. To date, these files have not been provided by Respondents.  
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8 B. On or about January 26, 2010, the Department issued a Requirement and Directive  
9 instructing Respondents to provide documentation and fees associated with Respondents' change of  
10 address. The Requirement and Directive was delivered to Respondents via their attorney on or about  
11 February 2, 2010, and Respondents were instructed to provide the required materials by February 12,  
12 2010. To date, Respondents have not complied with the Requirement and Directive.

13 C. On or about March 15, 2010, the Department issued a subpoena to Respondents under  
14 complaint 34333 requiring Respondents to provide a copy of a specific escrow file and an explanation  
15 for the complaint. Respondent was required to provided the required materials on or before March 26,  
16 2010. To date, Respondents have not complied with the subpoena.

17 **1.9 Fail to Properly Notify Department of Change of Location or Pay Fee.** On or about February  
18 24, 2009, the Department received insurance documents from Respondents which bore an address  
19 different from that in the Department's records. At that time the Department requested the required  
20 amendment form and fee. The required amendment form was not provided until January 21, 2010,  
21 and the required fee has not been paid.  
22

23 **1.10 On-Going Investigation.** The Department's investigation into the alleged violations of the Act  
24 by Respondents continues to date.  
25

1 **II. GROUNDS FOR ENTRY OF ORDER**

2 **2.1 Definition of Escrow Agent.** Pursuant to RCW 18.44.011(6) "Escrow Agent" means any person  
3 engaged in the business of performing for compensation the duties of the third person referred to in  
4 RCW 18.44.011(4).

5 **2.2 Prohibition against Disbursing Funds from an Escrow Account Exceeding the Deposits for**  
6 **the Transaction.** Based on the factual allegations set forth in Section I above, Respondents are in  
7 apparent violation of RCW 18.44.400(3) and WAC 208-680E-011(14)(c) for disbursing funds from an  
8 escrow account in excess of the amount deposited for the transaction.

9 **2.3 Requirement to Perform Duties Expeditiously.** Based on the factual allegations set forth in  
10 Section I above, Respondents are in apparent violation of RCW 18.44.430(1)(i) and WAC 208-680D-050  
11 for negligently failing to perform all acts required by an escrow agent as expeditiously as possible.

12 **2.4 Requirement to Maintain Accurate Records.** Based on the factual allegations set forth in  
13 Section I above, Respondents are in apparent violation of RCW 18.44.301(6) and (8) and WAC 208-  
14 680D-030(1) for failing to maintain accurate records. Additionally, Respondent Mueller is in apparent  
15 violation of WAC 208-680D-010 for failing to ensure the correctness of entries in all required escrow  
16 records.

17 **2.5 Requirement to Submit Quarterly Reports.** Based on the factual allegations set forth in  
18 Section I above, Respondents are in apparent violation of RCW 18.44.430(1)(f) and WAC 208-680E-  
19 025(1), (2), and (3) for failing to submit all four 2007 quarterly reports within 30 days following the end  
20 of each quarter.

21 **2.6 Requirement to Comply with Director's Authority.** Based on the Factual Allegations set  
22 forth in Section I above, Respondents are in apparent violation of RCW 18.44.400(1) and RCW  
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1 18.44.420(2) by failing to provide documents and other materials requested, directed, and subpoenaed  
2 by the Director.

3 **2.7 Requirement to Timely Notify Department of Change of Location and Pay Fee.** Based on  
4 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC  
5 208-680C-040 for failing to notify the Department of a change of location at least 10 days before the  
6 change takes place and for failing to pay the associated fee.

### 7 **III. AUTHORITY TO IMPOSE SANCTIONS**

8 **3.1 Authority to Revoke License.** Pursuant to RCW 18.44.430(1)(b), the Director may revoke  
9 the license of any escrow agent or escrow officer for violating any of the provisions of the Act or any  
10 lawful rules made by the Director pursuant to the Act.

11 **3.2 Authority to Prohibit from the Industry** Pursuant to RCW 18.44.430(3), in addition to or in  
12 lieu of license denial the Director may remove and/or prohibit from participation in the conduct of the  
13 affairs of a licensed escrow agent, any officer, controlling person, director, employee, or licensed  
14 escrow officer.

15 **3.3 Authority to Impose Fines.** Pursuant to RCW 18.44.430(3) and WAC 208-680G-040(3), in  
16 addition to or in lieu of license denial the Director may impose a fine of up to \$100 per day for each day's  
17 violation of the Act.

18 **3.4 Authority to Collect Licensing Fees.** Pursuant to WAC 208-680B-080, the Director shall collect  
19 a fee to process an address change for an escrow agent or an escrow officer.

20 **3.5 Authority to Collect Examination and Investigation Fees.** Pursuant to RCW 18.44.410 and  
21 WAC 208-680G-050, the expense of an examination and investigation pursuant to WAC 208-680G-020  
22 shall be borne by the entity which is the subject of the investigation.  
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1 **IV. NOTICE OF INTENTION TO ENTER ORDER**

2 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above Factual  
3 Allegations and Grounds For Entry Of Order constitute a basis for the entry of an Order under RCW  
4 18.44.410, RCW 18.44.430, RCW 18.44.301, and WAC 208-680G-030 which authorize the Director to  
5 enforce all laws, rules, and regulations related to the registration of escrow agents and licensing of escrow  
6 officers. Therefore, it is the Director's intention to ORDER that:

- 7
- 8 **4.1** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
Lennie L. Mueller's license to conduct the business of an escrow agent be revoked;
- 9 **4.2** Respondent Lennie A. Mueller's license to conduct the business of an escrow officer be revoked;
- 10 **4.3** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
11 Lennie L. Mueller be prohibited from participating in the conduct of the affairs of any licensed  
12 escrow agent, as officer, controlling person, director, employee, or licensed escrow officer, for a  
period of five years;
- 13 **4.4** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
14 Lennie L. Mueller jointly and severally pay a fine which as of the date of these charges totals  
\$50,000;
- 15 **4.5** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
16 Lennie L. Mueller jointly and severally pay costs of examination which as of the date of these  
17 charges totals \$3,019.58, and which includes \$2,812.50 calculated at \$62.50 per hour for forty-  
five staff hours devoted to the examination and \$207.08 for travel expenses;
- 18 **4.6** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
Lennie L. Mueller jointly and severally pay address amendment fees totaling \$56.02;
- 19 **4.7** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
20 Lennie L. Mueller jointly and severally pay an investigation fee which as of the date of these  
21 charges totals \$3,250.00, calculated at \$62.50 per hour for 52 staff hours devoted to the  
investigation; and
- 22 **4.8** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
23 Lennie L. Mueller maintain all records involving Washington escrow transactions for a minimum  
of six years following the closing or termination of the escrow transaction.

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**V. AUTHORITY AND PROCEDURE**

This Statement of Charges and Notice of Intent to Revoke Licenses, Prohibit from Industry, Impose Fine, Collect Change of Address Fees, and Collect Examination and Investigation Fees (Statement of Charges) is entered pursuant to the provisions of RCW 18.44.410 and RCW 18.44.430, and is subject to the provisions of chapter 34.05 RCW. Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

DATED this 20<sup>th</sup> day of April, 2010.



DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

STEVEN C. SHERMAN  
Financial Legal Examiner

Approved by:

JAMES R. BRUSSELBACK  
Enforcement Chief

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2  
3 **STATE OF WASHINGTON**  
4 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
5 **DIVISION OF CONSUMER SERVICES**

6 IN THE MATTER OF DETERMINING  
7 Whether there has been a violation of the  
8 Escrow Agent Registration Act of Washington  
9 by:

10 AVISTA ESCROW SERVICES, LLC,  
11 DOUGLAS A. HUNTINGTON, 40% Owner,  
12 SCOTT T. HUNTINGTON, 35% Owner, and  
13 LENNIE L. MUELLER, 25% Owner and  
14 Designated Escrow Officer,

15 Respondents.

NO. C-08-223-08-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENT TO REVOKE  
LICENSES, PROHIBIT FROM INDUSTRY,  
IMPOSE FINE, AND COLLECT  
EXAMINATION AND INVESTIGATION  
FEES

16 **INTRODUCTION**

17 Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions (Director) is  
18 responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act (the Act).  
19 After having conducted an investigation pursuant to RCW 18.44.420 and WAC 208-680G-020, and  
20 based upon the facts available as of the date of this document, the Director, through his designee, Deborah  
21 Bortner, Division Director, Division of Consumer Services, institutes this proceeding and finds as  
22 follows:

23 **I. FACTUAL ALLEGATIONS**

24 **1.1 Respondents.**

25 **A. Avista Escrow Services, LLC (Respondent Avista)** was licensed by the Department  
to conduct the business of an escrow agent on September 25, 2002, and has continued to be licensed to  
date. Respondent Avista is license to conduct business from one location at 15 Oregon Avenue #209,  
Tacoma, Washington.

1           **B. Douglas A. Huntington (Respondent D. Huntington)** is known to be 40% Owner of  
2 Respondent Avista. Respondent D. Huntington is also known to have an ownership interest in two  
3 other companies relevant to these charges: Huntington Properties III and Horizon Mortgage and  
4 Investments.

5           **C. Scott T. Huntington (Respondent S. Huntington)** is known to be 35% Owner of  
6 Respondent Avista. Respondent S. Huntington is also known to have an ownership interest in four  
7 other companies relevant to these charges: Huntington Properties I, Huntington Properties II,  
8 Huntington Properties III, and Horizon Mortgage and Investments.

9           **D. Lennie L. Mueller (Respondent Mueller)** is known to be 25% Owner and Designated  
10 Escrow Officer (DEO) of Respondent Avista. Respondent Mueller was appointed DEO on September  
11 25, 2002, and has continued to be the DEO to date.

12           **1.2 Examination.** On or about March 10, 2008, the Department conducted an examination of  
13 Respondents' business practices for the period of February 1, 2007, through January 31, 2008. The  
14 Department's examiners conducted a complete review of fourteen escrow transactions and a limited  
15 review of thirty additional escrow transactions.

16           **1.2 Failure to Maintain Sufficient Funds in Trust.** Respondents did not maintain sufficient  
17 funds in their trust account in an amount at least equal to the disbursements in the following nine of  
18 the fourteen transactions completely reviewed:  
19

20           **A.** In escrow 20045051, Respondents received a \$3,376.09 refund check from Countrywide  
21 Home Loans (Countrywide) on March 23, 2005, for excess funds received for the seller's loan payoff.  
22 The check was deposited into the trust account on March 28, 2005, and Respondents issued check  
23 14250 in the amount of \$3,376.09, payable to the seller, the same day without verifying whether the  
24 Countrywide check had cleared. Prior to the Countrywide check clearing, Countrywide placed a stop  
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1 payment on it, resulting in an overdraw of \$3,376.09. The overdraw was identified as an adjustment  
2 item on the March 2005 reconciliation and was carried forward until Countrywide remitted a  
3 replacement check on February 28, 2007.

4 **B.** In escrow 20051343, Respondents received a check for \$26,230.29 from Respondent D.  
5 Huntington on August 2, 2005, which was deposited into the trust account the same day. The  
6 transaction was reportedly cancelled and the funds were transferred by wire from the trust account  
7 back to Respondent D. Huntington on August 3, 2005. Respondents, however, failed to verify that  
8 Respondent D. Huntington's check had cleared and that the funds were available prior to making the  
9 wire transfer. On August 11, 2005, Viking Bank returned Respondent D. Huntington's check due to  
10 non-sufficient funds. As a result, the escrow account was overdrawn by \$26,230.29. Respondent D.  
11 Huntington did not provide funds to cover the shortage until August 22, 2005.

12 **C.** In escrow 20051383, Respondents were required to collect an additional \$29.79 from the  
13 customers at closing on November 11, 2005. Respondents, however, did not collect those funds;  
14 overdrawing the escrow account by \$29.79. Respondents did not correct the deficiency until  
15 November 24, 2008.

16 **D.** In escrow 20061009, Respondents issued check 19279 in the amount of \$1,486.80 for  
17 settlement agent fees. The check cleared the bank on January 31, 2006, but Respondents marked it as  
18 voided the same day after it had already cleared. On February 1, 2006, Respondents issued check  
19 19312 in the amount of \$1,466.80 for settlement agent fees. This check cleared on February 28, 2006,  
20 creating a debit balance in the escrow account of \$1,466.80.

21 **E.** In escrow 20061077, Respondents accepted a Viking Bank counter check from Huntington  
22 Properties I, LLC, owned by Respondent S. Huntington, in the amount of \$140,250 on or about April  
23 5, 2006. The check, however, did not have an account number on it and shortly after it was deposited  
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1 into Respondents' trust account the bank debited it from the account. As a result, Respondents  
2 disbursed funds from the escrow account in excess of what had been deposited. The deficiency was  
3 not cured until April 2, 2008.

4 F. In escrow 20061100, Respondents conducted the settlement for a refinance of the  
5 customer's property and made two disbursements to the customer; a wire transfer in the amount of  
6 \$14,146.34 on April 11, 2006, and a \$182.64 check on April 26, 2006, described on the disbursement  
7 register as "Excess Cash to Close." The final disbursement to the customer overdrew the escrow  
8 account by \$43.20. The deficiency was not cured until November 24, 2008.

9 G. In escrow 20061289, Respondents were required to collect \$740.44 at closing from  
10 Respondent S. Huntington to cover all closing costs. The transaction closed on or about October 4,  
11 2006, but Respondents did not collect the required funds. The deficiency was not cured until March  
12 11, 2008, when Respondent S. Huntington remitted the required funds.

13 H. In escrow 20061400, Respondents collected an earnest money check in the amount of  
14 \$10,000 from buyer Huntington Properties III, owned by Respondents D. Huntington and S.  
15 Huntington. The check, however, was not deposited because it had been cancelled. The transaction  
16 closed on or about January 9, 2007, and funds were disbursed in excess of the amount deposited by  
17 \$10,000. The deficiency was not cured until April 19, 2007, when Huntington Properties III remitted  
18 a cashier's check for the \$10,000 earnest money.

19 I. In escrow 20061420, Respondents received a check in the amount of \$350,000 from buyer  
20 Huntington Properties I, owned by Respondent S. Huntington, on November 16, 2006. The  
21 transaction was canceled November 17, 2006, and Respondents issued a check in the amount of  
22 \$350,000 from its trust account to Huntington Properties the same day without first verifying that the  
23 check from Huntington Properties I had cleared the bank and that the funds were available. On  
24  
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1 November 22, 2006, Viking Bank returned the \$350,000 check received from Huntington Properties I  
2 due to non-sufficient funds. The \$350,000 overdraft was not cured until February 16, 2007.

3 **1.3 Failure to Resolve Overdrawn Escrow Accounts in a Timely Manner.** Respondents did not  
4 resolve overdrawn escrow accounts in a timely manner in the following eight of the fourteen  
5 transactions completely reviewed:

6 **A.** In escrow 20045051, Respondents received a \$3,376.09 refund check from Countrywide on  
7 March 23, 2005. The check was deposited into the trust account on March 28, 2005, and Respondent  
8 Avista issued check 14250 in the amount of \$3,376.09, payable to the seller, the same day. Prior to  
9 the Countrywide check clearing the bank, Countrywide stopped payment, overdrawing the escrow  
10 account. The overdraft was identified as an adjustment item on Respondents' March 2005  
11 reconciliation, but the deficiency was not corrected until February 28, 2007.

12 **B.** In escrow 20051383, Respondents were required to collect an additional \$29.79 from the  
13 customers at closing on November 11, 2005. Respondents, however, failed to collect those funds  
14 overdrawing the escrow account by \$29.79. Respondents did not correct the deficiency until  
15 November 24, 2008.

16 **C.** In escrow 20061009, Respondents issued check 19279 in the amount of \$1,486.80 for  
17 settlement agent fees. The check cleared the bank on January 31, 2006, but Respondents marked it as  
18 voided the same day after it had already cleared. On February 1, 2006, Respondents issued check  
19 19312 in the amount of \$1,466.80 for settlement agent fees. This check cleared on February 28, 2006,  
20 creating a debit balance of \$1,468.80. To date, Respondents have not corrected this deficiency.

21 **D.** In escrow 20061077, Respondents accepted a Viking Bank counter check from Huntington  
22 Properties I, LLC, owned by Respondent S. Huntington, in the amount of \$140,250 on or about April  
23 5, 2006. The check, however, did not have an account number on it and shortly after it was deposited  
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1 into Respondents' trust account the bank debited it from the account. As a result, Respondents  
2 disbursed funds from the escrow account in excess of what had been deposited. Respondents did not  
3 correct the deficiency until April 2, 2008.

4       **E.** In escrow 20061100, Respondents conducted the settlement of a refinance of the  
5 customer's property and made two disbursements to the customer; a wire transfer in the amount of  
6 \$14,146.34 on April 11, 2006, and a \$182.64 check on April 26, 2006. The final disbursement to the  
7 customer overdraw the escrow account by \$43.20. Respondents did not correct the deficiency until  
8 November 24, 2008.

9       **F.** In escrow 20061289, Respondents were required to collect \$740.44 at closing from  
10 Respondent S. Huntington to cover all closing costs. The transaction closed on or about October 4,  
11 2006, but Respondents did not collect the required funds. The deficiency was not cured until March  
12 11, 2008.

13       **G.** In escrow 20061400, Respondents collected an earnest money check in the amount of  
14 \$10,000 from buyer Huntington Properties III, owned by Respondents D. Huntington and S.  
15 Huntington. The check, however, was not deposited. The transaction closed on or about January 9,  
16 2007, and funds were disbursed in excess of the amount deposited by \$10,000. The deficiency was  
17 not cured until April 19, 2007.

18       **H.** In escrow 20061420, Respondents received a check in the amount of \$350,000 from buyer  
19 Huntington Properties I, owned by Respondent S. Huntington, on November 16, 2006, and deposited  
20 the check into Respondents' trust account. The transaction was canceled November 17, 2006, and  
21 Respondents issued a check in the amount of \$350,000 from its trust account to Huntington Properties  
22 I the same day. On November 22, 2006, Viking Bank returned the \$350,000 check received from  
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1 Huntington Properties I due to non-sufficient funds. The deficiency was not cured until February 16,  
2 2007.

3 **1.4 Failure to Perform Other Duties Expeditiously.** Respondents' January 2008 month-end  
4 reconciliation report shows that Respondents did not clear several system and bank adjustments.  
5 Additionally, Respondents' "Outstanding Instruments" report shows a total of \$26,687.71 in stale  
6 checks for the period of August 18, 2004, to September 4, 2007.

7 **1.5 Failure to Maintain Accurate Records.** Respondents did not properly post receipts and  
8 disbursements to Respondents' operating system, requiring Respondents to perform \$553,471.71 in  
9 adjustments to the accounting system during the period of February 1, 2007, through January 31,  
10 2008. Additionally, Respondents were unable to explain why \$100,889.05 appeared as an adjustment  
11 on Respondents' January 2007 reconciliation or why that amount was cleared without identifying what  
12 caused the adjustment. This is a repeat violation from Respondents' 2004 examination, a copy of  
13 which was previously provided to Respondents.

14 **1.6 Failure to Timely Submit Quarterly Reports.** Respondents did not file quarterly reports for  
15 the first and third quarters of 2007, and did not file quarterly reports within 30 days of the end of the  
16 quarter for the second and fourth quarters of 2007.

17 **1.7 On-Going Investigation.** The Department's investigation into the alleged violations of the Act  
18 by Respondents continues to date.  
19

## 20 II. GROUNDS FOR ENTRY OF ORDER

21 **2.1 Definition of Escrow Agent.** Pursuant to RCW 18.44.011(6) "Escrow Agent" means any person  
22 engaged in the business of performing for compensation the duties of the third person referred to in  
23 RCW 18.44.011(4).  
24

1 **2.2 Prohibition against Disbursing Funds from an Escrow Account Exceeding the Deposits for**  
2 **the Transaction.** Based on the factual allegations set forth in Section I above, Respondents are in  
3 apparent violation of RCW 18.44.400(3) and WAC 208-680E-011(14)(c) for disbursing funds from an  
4 escrow account in excess of the amount deposited for the transaction.

5 **2.3 Requirement to Perform Duties Expeditiously.** Based on the factual allegations set forth in  
6 Section I above, Respondents are in apparent violation of RCW 18.44.430(1)(i) and WAC 208-680D-050  
7 for negligently failing to perform all acts required by an escrow agent as expeditiously as possible.

8 **2.4 Requirement to Maintain Accurate Records.** Based on the factual allegations set forth in  
9 Section I above, Respondents are in apparent violation of RCW 18.44.301(6) and (8) and WAC 208-  
10 680D-030(1) for failing to maintain accurate records. Additionally, Respondent Mueller is in apparent  
11 violation of WAC 208-680D-010 for failing to ensure the correctness of entries in all required escrow  
12 records.

13 **2.5 Requirement to Submit Quarterly Reports.** Based on the factual allegations set forth in  
14 Section I above, Respondent is in apparent violation of RCW 18.44.430(1)(f) and WAC 208-680E-  
15 025(1), (2), and (3) for failing to submit all four 2007 quarterly reports within 30 days following the end  
16 of each quarter.

17  
18 **III. AUTHORITY TO IMPOSE SANCTIONS**

19 **3.1 Authority to Revoke License.** Pursuant to RCW 18.44.430(1)(b), the Director may revoke  
20 the license of any escrow agent or escrow officer for violating any of the provisions of the Act or any  
21 lawful rules made by the Director pursuant to the Act.

22 **3.2 Authority to Prohibit from the Industry** Pursuant to RCW 18.44.430(3), in addition to or in  
23 lieu of license denial the Director may remove and/or prohibit from participation in the conduct of the  
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1 affairs of a licensed escrow agent, any officer, controlling person, director, employee, or licensed  
2 escrow officer.

3 **3.3 Authority to Impose Fines.** Pursuant to RCW 18.44.430(3) and WAC 208-680G-040(3), in  
4 addition to or in lieu of license denial the Director may impose a fine of up to \$100 per day for each day's  
5 violation of the Act.

6 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680G-050,  
7 the expense of an investigation pursuant to WAC 208-680G-020 shall be borne by the entity which is the  
8 subject of the investigation.

#### 10 **IV. NOTICE OF INTENTION TO ENTER ORDER**

11 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above Factual  
12 Allegations and Grounds For Entry Of Order constitute a basis for the entry of an Order under RCW  
13 18.44.410, RCW 18.44.430, RCW 18.44.301, and WAC 208-680G-030 which authorize the Director to  
14 enforce all laws, rules, and regulations related to the registration of escrow agents and licensing of escrow  
15 officers. Therefore, it is the Director's intention to ORDER that:

16  
17 **4.1** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
Lennie L. Mueller's license to conduct the business of an escrow agent be revoked; and

18 **4.2** Respondent Lennie A. Mueller's license to conduct the business of a designated escrow officer be  
19 revoked; and

20 **4.3** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
21 Lennie L. Mueller be prohibited from participating in the conduct of the affairs of any licensed  
22 escrow agent, as officer, controlling person, director, employee, or licensed escrow officer, for a  
period of five years; and

23 **4.4** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
24 Lennie L. Mueller jointly and severally pay a fine which as of the date of these charges totals  
\$25,000; and

25 **4.5** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and  
Lennie L. Mueller jointly and severally pay costs of examination which as of the date of these

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charges totals \$3,019.58, and which includes \$2,812.50 calculated at \$62.50 per hour for forty-five staff hours devoted to the examination and \$207.08 for travel expenses; and

4.6 Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and Lennie L. Mueller jointly and severally pay an investigation fee which as of the date of these charges totals \$1, 250.00, calculated at \$62.50 per hour for twenty staff hours devoted to the investigation; and

4.7 Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott A. Huntington, and Lennie L. Mueller maintain all records involving Washington escrow transactions for a minimum of six years following the closing or termination of the escrow transaction.

V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intent to Revoke Licenses, Prohibit from Industry, Impose Fine, and Collect Examination and Investigation Fees (Statement of Charges) is entered pursuant to the provisions of RCW 18.44.410 and RCW 18.44.430, and is subject to the provisions of chapter 34.05 RCW. Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

DATED this 18<sup>th</sup> day of December, 2008.

  
DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
STEVEN C. SHERMAN  
Financial Legal Examiner

Approved by:

  
JAMES BRUSSELBACK  
Enforcement Chief

