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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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

CATHERINE CUTLER-TYLER
a/k/a CATHERINE J. PELLEGRINI,
Respondent.

NO. C-02-243-07-FO01

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On August 1, 2006, the Director, through former Consumer Services Division Director Chuck Cross, entered a Statement of Charges and Notice of Intention to Enter an Order to Prohibit from Participation in the Escrow Industry (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 August 4, 2006, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Catherine Cutler-Tyler, a/k/a Catherine J. Pellegrini (Respondent Cutler-Tyler). The Department served the Statement of Charges, cover letter dated August 4, 2006, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for Catherine Cutler-Tyler, a/k/a Catherine J. Pellegrini on Respondent Cutler-Tyler on August 4, 2006 by first class mail and Federal Express overnight delivery. On August 7, 2006, the documents sent via Federal Express overnight delivery were delivered. The documents sent via first class mail were not returned to the Department by the United States Postal Service.

1 Respondent Cutler-Tyler did not request an adjudicative hearing within twenty calendar days
2 after the Department served her with the Notice of Opportunity to Defend and Opportunity for
3 Hearing, as provided for in WAC 208-08-050(2).

4 B. Record Presented. The record presented to the Director's designee for her review and
5 for entry of a final decision included the Statement of Charges, cover letter dated August 4, 2006, Notice
6 of Opportunity to Defend and Opportunity for Hearing, and the blank Application for Adjudicative
7 Hearing for Catherine Cutler-Tyler, a/k/a Catherine J. Pellegrini, with documentation of service.

8 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the
9 Director's designee hereby adopts the Statement of Charges, which is attached hereto.
10

11 II. FINAL ORDER

12 Based upon the foregoing, and the Director's designee having considered the record and
13 being otherwise fully advised, NOW, THEREFORE:

14 A. IT IS HEREBY ORDERED, That:

15 Respondent Catherine Cutler-Tyler, a/k/a Catherine J. Pellegrini is prohibited for twenty-
16 five (25) years from participation in the conduct of the affairs of a licensed escrow agent
17 as an officer, principal, or employee of any licensed escrow agent or any person subject to
18 licensing under RCW 18.44, the Escrow Agent Registration Act of Washington.

19 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
20 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
21 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
22 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
23 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
24

1 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
2 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

9 D. Judicial Review. Respondent has the right to petition the superior court for judicial
10 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
11 a Petition for Judicial Review, see RCW 34.050.510 and sections following.

12 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
13 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
14 attached hereto.
15

16 DATED this 13th day of March, 2007.



17 STATE OF WASHINGTON
18 DEPARTMENT OF FINANCIAL INSTITUTIONS

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20 _____
21 DEBORAH BORTNER
22 DIRECTOR
23 DIVISION OF CONSUMER SERVICES

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

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

Catherine Cutler-Tyler
a/k/a Catherine J. Pellegrini

Respondent.

NO. C-02-243-06-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO PROHIBIT FROM
PARTICIPATION IN THE ESCROW INDUSTRY

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INTRODUCTION

Pursuant to RCW 18.44.410 and RCW 18.44.430, the Director of the Department of Financial Institutions (Director) is responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act. After having conducted an investigation, and based upon the facts available as of August 1, 2006, the Director institutes this proceeding and finds as follow:

I. FACTUAL ALLEGATIONS

1.1 Respondent Catherine Jennifer Cutler-Tyler (Cutler-Tyler) was licensed with the Department of Financial Institutions (Department) as the designated escrow officer (DEO) for Ocean Shores Escrow, Inc. on March 2, 2000, license number 540-DO-0397-00. The Department cancelled the license on December 31, 2003 for failure to renew.

1.2 The Department licensed Ocean Shores Escrow, Inc. as an escrow agent at 668 Ocean Shores Blvd. NW, Suite A, Ocean Shores, WA 98569. Ocean Shores Escrow's license number was 540-EA1897-00. This licensed was cancelled January 1, 2003 for failure to renew.

1.3 Investigation: Cutler-Tyler was also known to own and operate an unlicensed escrow agent, Cornerstone Escrow, Inc. located at 4405 7th Ave SE #103, Lacey, WA 98503. During the Department's investigation of this unlicensed location, Cutler-Tyler's CPA, Mr. Gerry Wheeler, produced documents for both

1 Cornerstone Escrow and Ocean Shores Escrow. Mr. Wheeler informed the Department that he was concerned
2 about some transactions at Ocean Shores Escrow because they appeared to improperly transfer trust funds to
3 Cutler-Tyler's personal account. On April 25, 2002, after confirming Mr. Wheeler's concerns, the Department
4 issued a temporary cease and desist order, C-02-243-O1 (copy attached as Appendix A).

5 **1.4** On or around April 26, 2002, after a site inspection of Ocean Shores Escrow, the Department
6 discovered that Cutler-Tyler had improperly converted at least \$174,000 in consumer trust funds. The
7 Department continued its investigation, working closely with local law enforcement officials.

8 **1.5 Criminal Conviction of Felony:**

9 **A.** On February 1, 2005, Cutler-Tyler was charged in Grays Harbor Superior Court with Theft in the
10 First Degree. The charging document, which included eight counts, tracked 68 transactions over a
11 two year period in which Cutler-Tyler used funds deposited in escrow, without authorization, for
12 her own benefit.

13 **B.** On June 20, 2005, in Superior Court of Washington County of Grays Harbor, Cutler-Tyler was
14 found guilty of eight counts of Theft in the First Degree, a felony under RCW 9A.56.030. This
15 conviction, case number 05-1-65-4, was by a guilty plea, and Cutler-Tyler admitted the allegations
16 in the charging document.

17 **C.** Cutler-Tyler's plea contained a handwritten description of what made her guilty of the crime:

18 In Greys Harbor County, Washington, on the dates charged – I exerted unauthorized
19 control of funds of others through my escrow companies, with the intent to deprive the
20 others of their funds. Each charged incident exceeded \$1500.

21 **1.6 Sentence:** As a result of Cutler-Tyler's conviction, Judgment and Sentence was ordered against her as
22 follows:

23 **A. Restitution, Fees and Fines:** Cutler-Tyler was ordered to pay \$327,515 in restitution and
24 \$4,860.90 in other fees.

25 **B. Confinement:** Cutler-Tyler was ordered to serve twenty-nine months of confinement in the
custody of the Washington State Department of Corrections.

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

2 **2.1 Prohibited Practices:** Based on the Factual Allegations set forth, by committing a crime against the
3 laws of this state involving moral turpitude or dishonest dealings, Cutler-Tyler violated RCW 18.44.301(1), (2),
4 and (3), and RCW 18.44.430(1)(b), (c), (d), (e), (g), and (i).

5 **2.2 Authority to Prohibit from the Industry:** Pursuant to RCW 18.44.430(3), the Director may prohibit
6 from participation in the conduct of the affairs of a licensed escrow agent, any officer, controlling person,
7 director, employee, or licensed escrow officer for committing or engaging in any of the acts or conduct
8 delineated in RCW 18.44.430(1).

9 **III. NOTICE OF INTENTION TO ENTER ORDER**

10 Catherine Cutler-Tyler's violations of chapter 18.44 RCW as set forth in the above Factual Allegations and
11 Grounds For Entry Of Order constitute a basis for the entry of an order under RCW 18.44.410 and RCW 18.44.430,
12 which authorize the Director to enforce all laws, rules, and regulations related to the registration of escrow agents
13 and licensing of escrow officers. Therefore, it is the Director's intention to ORDER:

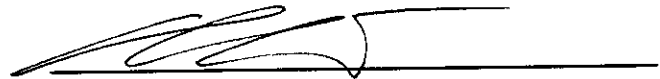
14 3.1 That Respondent Catherine Cutler-Tyler be prohibited for twenty-five (25) years from participation in
15 the conduct of the affairs of a licensed escrow agent as an officer, principal, or employee of any
16 licensed escrow agent or any person subject to licensing under this chapter.

17 **IV. AUTHORITY AND PROCEDURE**

18 This Statement of Charges and Notice of Intention to Prohibit from Participation in the Escrow Industry
19 is entered pursuant to the provisions of RCW 18.44.410 and RCW 18.44.430, and is subject to the provisions of
20 chapter 34.05 RCW. Respondent Catherine Cutler-Tyler may make a written request for a hearing as set forth in
21 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
22 Statement of Charges and Notice of Intention to Prohibit from Participation in the Escrow Industry.

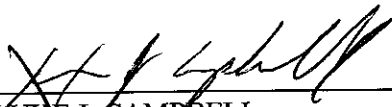
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1 Dated this 1st day of August, 2006.



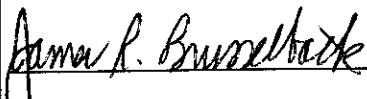
CHUCK CROSS
Director
Division of Consumer Services
Department of Financial Institutions

8 Presented by:

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10 LUKE J. CAMPBELL
11 Legal Extern



13 Approved by:

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15 JAMES R. BRUSSELBACK
16 Enforcement Chief

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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

Catherine Cutler-Tyler
a/k/a Catherine J. Pellegrini

Respondent.

NO. C-02-243-06-SC01

NOTICE OF OPPORTUNITY TO DEFEND
AND OPPORTUNITY FOR HEARING

THE STATE OF WASHINGTON TO:

Catherine Cutler-Tyler
a/k/a Catherine J. Pellegrini

YOU ARE HEREBY NOTIFIED that a STATEMENT OF CHARGES has been filed by the Department of Financial Institutions, a true and correct copy of which is attached and made a part hereof.

YOU ARE HEREBY NOTIFIED that you may file an application for an adjudicative hearing before the Washington State Department of Financial Institutions on the Statement of Charges. Service of this notice is deemed complete upon deposit in the United States mail. YOUR APPLICATION MUST BE RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS FROM THE DATE YOU RECEIVED THIS NOTICE. If you demand a hearing, you will be notified of the time and place for the hearing at least seven (7) days in advance of the hearing date.

At the hearing, you may appear personally, and by counsel, if you desire. The hearing will be as informal as is practical within the requirements of the Administrative Procedure Act (see chapter 34.05 RCW). The hearing will be recorded. The primary concern will be getting to the truth of the matter insofar as the Statement of Charges is concerned. Technical rules of evidence will not be binding at the hearing except for the rules of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to cross-examine those witnesses presented in support of the Statement of Charges. You may require the attendance of witnesses by subpoena. If you are limited English-speaking or hearing impaired, you have the right to have an interpreter appointed at no cost to you, as discussed below.

1 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-English-
2 speaking cultural background, cannot readily speak or understand the English language, or if you or a witness for
3 you is a person who, because of a hearing impairment or speech defect, cannot readily understand or communicate
4 in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND YOU NEED AN
5 INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the witness. You may request
6 the appointment of a qualified interpreter by indicating your request on the attached Application for Adjudicative
7 Hearing form.

8 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE the
9 Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice, this will
10 constitute a waiver of your right to a hearing and the Director will find that you do not contest the allegations of the
11 Statement of Charges. Upon such a finding by the Director a final order will be immediately entered disposing of
12 this matter as described in the Statement of Charges. If you desire a hearing in this matter, please return the attached
13 Application for Adjudicative Hearing to:

14 Department of Financial Institutions, Division of Consumer Services
15 Attn: Steve Sherman
16 PO Box 41200
17 Olympia, Washington 98504-1200

18 Dated this 1st day of August, 2006.



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CHUCK CROSS
Director
Division of Consumer Services
Department of Financial Institutions