

1  
2  
3 **STATE OF WASHINGTON**  
4 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
5 **CONSUMER SERVICES DIVISION**

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

C-08-223-10-TD02

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,

ORDER TAKING POSSESSION OF AVISTA  
ESCROW SERVICES, LLC

15 Respondents.

16 THE STATE OF WASHINGTON TO: AVISTA ESCROW SERVICES, LLC  
17 DOUGLAS A. HUNTINGTON  
18 SCOTT T. HUNTINGTON  
19 LENNIE L. MUELLER

20 COMES NOW the Director of the Washington State Department of Financial Institutions  
21 (Director), by and through his designee Deborah Bortner, Division Director, Division of Consumer  
22 Services (designee), and finding that Avista Escrow Services, LLC (Avista), an Escrow Agent licensed  
23 pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act), is conducting business in  
24 such an unsafe manner as to render its further operation hazardous to the public, and finding that Avista  
25 has neglected or refused to comply with a Temporary Order to Cease and Desist made pursuant to the  
Act, enters this Order Taking Possession of Avista Escrow Services, LLC pursuant to the Act and based  
on the following findings:

1 **I. FACTUAL FINDINGS**

2 **1.1 Conducting Business in such an Unsafe Manner as to Render its Further Operation**

3 **Hazardous to the Public.** On or about April 20, 2010, the Director issued Temporary Cease and  
4 Desist Order C-08-223-10-TD01 (TCD) ordering:

5 a) Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott T.  
6 Huntington, and Lennie L. Mueller to immediately cease and desist from  
7 conducting business as an Escrow Agent;

8 b) Respondent Lennie Mueller to immediately cease and desist from conducting  
9 business as an Escrow Officer; and

10 c) Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott T.  
11 Huntington, and Lennie L. Mueller to immediately provide all escrow files  
12 previously requested, directed, or subpoenaed by the Director.

13 The TCD was effective immediately and was served on Respondents on or about April 21, 2010, by  
14 U.S. Mail. The TCD was also provided to the attorneys for Respondents on or about April 26, 2010.  
15 Respondents did not request a hearing to contest the TCD, and it became permanent on or about May  
16 21, 2010. On or about May 3, 2010, the Department received notice from the bond carriers for Avista  
17 that Avista's surety bond, fidelity bond, and errors and omissions bond had each been cancelled.

18 On August 11, 2010, the Department received a complaint alleging that Respondent Avista, by  
19 and through Respondent Mueller, had conducted an escrow transaction in late June 2010 for  
20 residential property located in Edgewood, Washington. Upon investigating this complaint, the  
21 Department determined that on or about June 21, 2010, the complainant and his business partners  
22 (lenders) had caused \$221,000 to be wired into the Avista trust account for the purpose of refinancing  
23 the residence in Edgewood, Washington. The complainant said Respondent Mueller conducted the  
24 escrow transaction and represented that the previous holder of the Note for the refinanced property had  
25 been paid. The complainant further stated that in early August 2010, the lenders received notice that

1 the previous holder of the Note had filed a foreclosure notice. The lenders contacted the previous Note  
2 holder and were informed that the Note had not been paid off. The lenders then contacted Respondent  
3 Mueller and met with Respondent Mueller on or about August 11, 2010, to discuss the foreclosure  
4 notice. At that time, Respondent Mueller provided the lenders with a copy of two Sound Banking  
5 Company cashier's checks totaling \$220,733.39 and dated July 23, 2010, which Respondent Mueller  
6 claimed she had used to pay the previous holder of the Note. The lenders then contacted Sound  
7 Banking Company and were informed that the copies of the cashier's checks provided by Respondent  
8 Mueller did not match their records. The Department obtained a copy of the cashier's checks provided  
9 by Respondent Mueller and contacted the president of Sound Banking Company, who confirmed that  
10 the cashier's checks provided by Respondent Mueller were not consistent with their records.  
11

12 **1.2 Neglecting or Failing to Comply with Temporary Order to Cease and Desist.** The facts set  
13 forth in section 1.1 above are incorporated into this section by reference. In addition to conducting  
14 escrow business in violation of the TCD, Respondents did not provide the escrow files previously  
15 requested, directed, or subpoenaed by the Director.

## 16 **II. GROUNDS FOR ENTRY OF ORDER**

### 17 **2.1 Conducting Business in such an Unsafe Manner as to Render its Further Operation**

18 **Hazardous to the Public.** Based on the Factual Allegations set forth in Section I above, the Director  
19 finds that Avista Escrow Services, LLC is conducting business in such an unsafe manner as to render its  
20 further operation hazardous to the public.  
21

22 **2.2 Requirement to Comply with Director's Authority.** Based on the Factual Allegations set  
23 forth in Section I above, the Director finds that Avista Escrow Services, LLC has neglected or refused to  
24 comply with the Temporary Order to Cease and Desist made pursuant to the Act.  
25

1 **III. AUTHORITY TO TAKE POSSESSION**

2 **3.1 Authority to Take Possession of the Property and Business of Avista Escrow Services,**  
3 **LLC.** Pursuant to §11, chapter 34, Laws of 2010 (RCW 18.44), the director may immediately take  
4 possession of the property and business of a licensee whenever it appears to the director that, as a  
5 result of an examination, report, investigation, or complaint:

- 6 (a) The licensee is conducting its business in such an unsafe or unsound manner  
7 as to render its further operations hazardous to the public;
- 8 (b) The licensee has suspended payment of its trust obligations; or
- 9 (c) The licensee neglects or refuses to comply with any order of the director made  
10 pursuant to this chapter unless the enforcement of such an order is restrained in a  
11 proceeding brought by the licensee.

12 The director may retain possession of the licensee's property and business until the licensee resumes  
13 business or its affairs are finally liquidated as provided in RCW 18.44.470. The licensee may only  
14 resume business upon those terms as the director may prescribe.

15 **IV. ORDER**

16 Based on the above Factual Findings, Grounds for Entry of Order, and Authority to Take  
17 Possession, and pursuant to §11 and §12, chapter 34, Laws of 2010 (RCW 18.44), the Director  
18 **ORDERS** that:

19 **4.1** The Director hereby takes possession of the property and business of Avista Escrow Services,  
20 LLC. During the time that the Director retains possession of the property and business of a licensee,  
21 the Director shall have the power and authority to conduct the licensee's business and take any action  
22 on behalf of the licensee that the licensee could lawfully take on its own behalf, including but not  
23 limited to:

- 24 (a) Work with other licensees to complete pending escrow transactions;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

- (b) Discontinue unsafe or unsound practices and violations of laws or regulations;
- (c) Make good any deficiencies;
- (d) Make claims against the licensee's fidelity or surety bonds or errors and omissions insurance to make consumers harmed by employee activities whole;
- (e) Make restitution to injured parties;
- (f) Renew the licensee's license;
- (g) Renew or make premium payments to maintain the licensee's bonds and insurance; and
- (h) Take necessary steps to wind down the business of the escrow agent where it is clear that the escrow agent cannot be safely operated.

**4.2** The Department shall maintain possession of Respondent Avista Escrow Services, LLC until the licensee is able to resume business or the business is fully liquidated.

**4.3** The Director, the Department, and its employees shall not be subject to liability for actions under §11 and §12, chapter 34, Laws of 2010 (RCW 18.44), and no moneys from the Department's fund shall be required to be expended on behalf of Avista Escrow Services, LLC or its clients, creditors, employees, shareholders, members, investors, or any other party or entity.

**4.4** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott T. Huntington, and Lennie L. Mueller shall immediately notify the Department of the location of the books, records, and escrow files of Avista Escrow Services, LLC and shall provide the Department with all means necessary for the Department to obtain immediate access to such books, records, and escrow files.

**4.5** This order shall take effect immediately and shall remain in effect unless set aside, limited, or suspended in writing by an authorized court.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

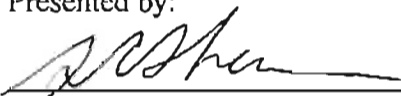
**NOTICE**

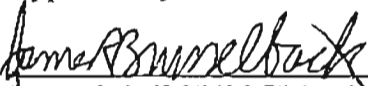
PURSUANT TO CHAPTER 18.44 RCW, YOU ARE ENTITLED TO A HEARING TO DETERMINE WHETHER THE DEPARTMENT HAS LAWFULLY TAKEN POSSESSION OF THE PROPERTY AND BUSINESS OF AVISTA ESCROW SERVICES, INC. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE ACCOMPANYING APPLICATION FOR ADJUDICATIVE HEARING, INCORPORATED HEREIN BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN 20 DAYS OF THE DATE THAT THIS ORDER WAS SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO A HEARING. SERVICE ON YOU IS DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST KNOWN ADDRESS. BE ADVISED THAT DEFAULT WILL RESULT ON THE 21ST DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU.

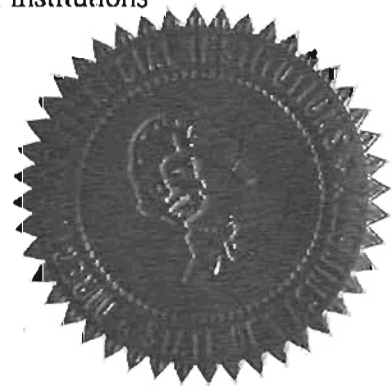
WITHIN TEN DAYS AFTER YOU HAVE BEEN SERVED WITH THIS ORDER TAKING POSSESSION OF AVISTA ESCROW SERVICES, LLC, YOU MAY APPLY TO THE SUPERIOR COURT IN THURSTON COUNTY OR THE COUNTY OF YOUR PRINCIPAL PLACE OF BUSINESS FOR AN INJUNCTION SETTING ASIDE, LIMITING, OR SUSPENDING THIS ORDER PENDING THE COMPLETION OF THE ADMINISTRATIVE PROCEEDINGS PURSUANT TO THIS NOTICE.

DATED this 19<sup>th</sup> day of August, 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



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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

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

C-08-223-10-TD01

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

TEMPORARY ORDER TO  
CEASE AND DESIST

Respondents.

THE STATE OF WASHINGTON TO:

AVISTA ESCROW SERVICES, LLC  
DOUGLAS A. HUNTINGTON  
SCOTT T. HUNTINGTON  
LENNIE L. MUELLER

COMES NOW the Director of the Washington State Department of Financial Institutions (Director),  
by and through his designee Deborah Bortner, Division Director, Division of Consumer Services (designee),  
and finding that the public interest will be irreparably harmed by delay in issuing an order to cease and  
desist, enters this temporary order to cease and desist pursuant to chapter 18.44 RCW, the Escrow Agent  
Registration Act (Act), based on the following findings:

**I. FACTUAL FINDINGS**

**1.1 Failure to Comply with Director's Authority.**

A. On or about December 2, 2009, while Statement of Charges C-08-223-08-SC01 was pending, the  
Department conducted a follow-up examination of Respondents' books and records. As a result of that  
examination, on December 12, 2009, the Department instructed Respondents to provide a copy of four  
specific escrow filed: 20081096, 20081097, 20081102, and 20081107. Respondents were instructed to  
provide the files by December 17, 2009. To date, these files have not been provided by Respondents.

1 **B.** On or about January 26, 2010, the Department issued a Requirement and Directive instructing  
 2 Respondents to provide documentation and fees associated with Respondent's change of address. The  
 3 Requirement and Directive was delivered to Respondents via their attorney on or about February 2, 2010,  
 4 and Respondents were instructed to provide the required materials by February 12, 2010. To date,  
 5 Respondents have not provided the fee associated with their address change as required by the  
 6 Requirement and Directive, and the address change has not been processed.

7 **C.** On or about March 15, 2010, the Department issued a subpoena to Respondents under  
 8 complaint 34333 requiring Respondents to provide a copy of a specific escrow file and an explanation for  
 9 the complaint. Respondents were required to provided the required materials on or before March 26,  
 10 2010. To date, Respondents have not complied with the subpoena.

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

12 **2.1 Requirement to Comply with Director's Authority.** Based on the Factual Allegations set forth in  
 13 Section I above, Respondents are in apparent violation of RCW 18.44.400(1) and RCW 18.44.420(2) by  
 14 failing to provide documents and other materials requested, directed, and subpoenaed by the Director.

15 **III. AUTHORITY TO ISSUE TEMPORARY ORDER TO CEASE AND DESIST**

16 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to RCW 18.44.440, the  
 17 Director is authorized to issue a temporary order to cease and desist whenever the Director makes a  
 18 finding, in writing, that the public interest will be irreparably harmed by delay in issuing a cease and desist  
 19 order. Based on the Factual Findings and Grounds for Entry of Order set forth above, it appears that  
 20 Respondents are unable or unwilling to comply with the Act. As a result, the Director finds that the public  
 21 interest will be irreparably harmed by delay in issuing an order to cease and desist order and permitting  
 22 Respondent to continue working in the Escrow industry.  
 23

24 //



1 **IV. ORDER**

2 Based on the above Factual Findings, Grounds for Entry of Order, and Authority to Issue  
3 Temporary Order to Cease and Desist, and pursuant to RCW 18.44.400, the Director finds that the public  
4 interest will be irreparably harmed by delay in issuing a cease and desist order. Therefore, the Director  
5 ORDERS that:

6 **4.1** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott T. Huntington, and  
7 Lennie L. Mueller shall immediately cease and desist from conducting business as an Escrow Agent .

8 **4.2** Respondent Lennie Mueller shall immediately cease and desist from conducting business as an  
9 Escrow Officer.

10 **4.3** Respondents Avista Escrow Services, LLC, Douglas A. Huntington, Scott T. Huntington, and  
11 Lennie L. Mueller shall immediately provide all escrow files previously requested, directed, or subpoenaed  
12 by the Director.

13 **4.4** This order shall take effect immediately and shall remain in effect unless set aside, limited, or  
14 suspended in writing by an authorized court.  
15

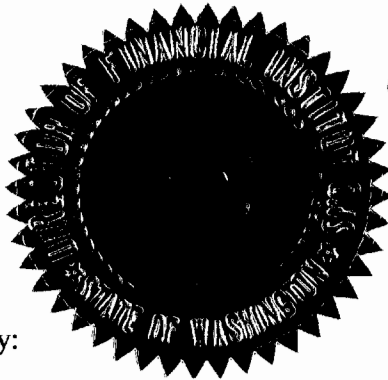
16 **NOTICE**

17 PURSUANT TO CHAPTER 18.44 RCW, YOU ARE ENTITLED TO A HEARING WITHIN 14  
18 DAYS OF REQUEST TO DETERMINE WHETHER THIS ORDER SHALL BECOME PERMANENT. IF  
19 YOU DESIRE A HEARING, THEN YOU MUST RETURN THE ACCOMPANYING APPLICATION  
20 FOR ADJUDICATIVE HEARING, INCORPORATED HEREIN BY THIS REFERENCE. FAILURE TO  
21 COMPLETE AND RETURN THE APPLICATION FOR ADJUDICATIVE HEARING FORM SO THAT  
22 IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN 20 DAYS OF  
23 THE DATE THAT THIS ORDER WAS SERVED ON YOU WILL CONSTITUTE A DEFAULT AND  
24 WILL RESULT IN THE LOSS OF YOUR RIGHT TO A HEARING. SERVICE ON YOU IS DEFINED  
25

1 AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST KNOWN ADDRESS. BE  
2 ADVISED THAT DEFAULT WILL RESULT IN THIS ORDER TO CEASE AND DESIST BECOMING  
3 PERMANENT ON THE 21ST DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU.

4  
5       WITHIN TEN DAYS AFTER YOU HAVE BEEN SERVED WITH THIS TEMPORARY  
6 ORDER TO CEASE AND DESIST, YOU MAY APPLY TO THE SUPERIOR COURT IN THE  
7 COUNTY OF YOUR PRINCIPAL PLACE OF BUSINESS FOR AN INJUNCTION SETTING  
8 ASIDE, LIMITING, OR SUSPENDING THIS ORDER PENDING THE COMPLETION OF THE  
9 ADMINISTRATIVE PROCEEDINGS PURSUANT TO THIS NOTICE.


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



11 

12 DEBORAH BORTNER  
13 Director  
14 Division of Consumer Services  
15 Department of Financial Institutions

16 Presented by:

17 

18 STEVEN C. SHERMAN  
19 Financial Legal Examiner

20 Approved by:

21 

22 JAMES R. BRUSSELBACK  
23 Enforcement Chief