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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:

NO. C-09-224-10-FO01

RED KING CORPORATION d/b/a NEWCASTLE
ESCROW, and EVE M. MANALO, Designated
Escrow Officer, Owner, and President, and
HENRY G. JOSE, Owner,

FINAL ORDER

Respondents.

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 October 1, 2009, 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 Investigation Fee (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 October 6, 2009, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Respondents. The Department served the Statement of Charges, cover letter dated October 6, 2009, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing (Statement of Charges packet) for Red King Corporation d/b/a Newcastle Escrow, Eve M. Manalo, and Henry G. Jose on Respondents, on October 6, 2009, by First-Class mail and Federal Express overnight delivery. The documents sent via Federal Express overnight delivery were returned to the Department as undeliverable. The documents sent via First-Class mail were returned to the Department by the U.S. Postal Service as undeliverable.

On October 12, 2009, the Department sent the Statement of Charges packet to 13817 115th Ave NE APT B101, Kirkland, Washington via First-Class mail and Federal Express overnight delivery. The

1 Department received confirmation from FedEx that the documents were served on October 13, 2009, and
2 signed for by Respondent Manalo. The documents sent by First-Class mail were not returned to the
3 Department by the U.S. Postal Service. On November 10, 2009, the Department sent the Statement of Charges
4 packet to the registered agent of Red King Corporation d/b/a Newcastle Escrow via First-Class mail and
5 Federal Express overnight delivery. On November 11, 2009, the documents sent to the registered agent were
6 delivered via Federal Express. The documents sent via First-Class mail were not returned to the Department by
7 the U.S. Postal Service.

8 Respondents did not request an adjudicative hearing within twenty calendar days after the Department
9 served them with the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC
10 208-08-050(2).

11 B. Record Presented. The record presented to the Director's designee for her review and for entry of
12 a final decision included the Statement of Charges, cover letter, Notice of Opportunity to Defend and Opportunity
13 for Hearing, and blank Applications for Adjudicative Hearing for Red King Corporation d/b/a Newcastle Escrow,
14 Eve M. Manalo, and Henry G. Jose, with documentation of service;

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

17 II. FINAL ORDER

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

20 A. IT IS HEREBY ORDERED, That:

- 21 1. Respondent Red King Corporation d/b/a Newcastle Escrow's license to conduct the business
22 of an Escrow Agent is revoked;
- 23 2. Respondent Eve M. Manalo's license to conduct the business of a designated escrow officer
24 is revoked;

3. Respondent Eve M. Manalo be prohibited from participating in the conduct of the affairs of any licensed escrow agent, as officer, controlling person, director, employee, or licensed escrow officer for a period of 5 years;
4. Respondent Henry G. Jose be prohibited from participating in the conduct of the affairs of any licensed escrow agent, as officer, controlling person, director, employee, or licensed escrow officer for a period of 5 years;
5. Respondents Red King Corporation d/b/a Newcastle Escrow, Eve M. Manalo and Henry G. Jose, jointly and severally pay a fine of \$6,000; and
6. Respondents Red King Corporation d/b/a Newcastle Escrow, Eve M. Manalo and Henry G. Jose, jointly and severally pay an investigation fee of \$843.75.

B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

D. Judicial Review. Respondents have the right to petition the superior court for judicial review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

E. Non-compliance with Order. If you do not comply with the terms of this order, the Department may seek its enforcement by the Office of Attorney General to include the collection of the fines, fees, and restitution imposed herein.

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

DATED this 27th day of April, 2010.

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS





DEBORAH BORTNER
DIRECTOR
DIVISION OF CONSUMER SERVICES

**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:

RED KING CORPORATION dba NEWCASTLE
ESCROW, and EVE M. MANALO, Designated
Escrow Officer, Owner, and President, and HENRY G.
JOSE, Owner,

Respondents.

NO. C-09-224-09-SC01

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

INTRODUCTION

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

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Red King Corporation dba Newcastle Escrow** (Respondent Red King) was licensed by the Department to conduct the business of an escrow agent on March 3, 2005, and has continued to be licensed to date. Respondent Red King is licensed to conduct business from one location, 515 116th Ave NE Ste 251, Bellevue, Washington.

B. **Eve M. Manalo** (Respondent Manalo), an owner, President and Designated Escrow Officer (DEO) of Respondent Red King, was appointed DEO for Respondent Red King on March 3, 2005, and has continued to be DEO to date.

C. **Henry G. Jose** (Respondent Jose) is an owner of Respondent Red King.

1 **1.2 Failure to Maintain Fidelity and Surety Bonds and Failure to Respond to Directive.** On
2 March 12, 2009, the Department received a Notice of Cancellation from Platte River Insurance
3 Company notifying the Department that the fidelity bond for Respondents would be cancelled
4 effective April 1, 2009. On March 17, 2009, the Department received a Notice of Cancellation from
5 Fidelity and Deposit Company of Maryland notifying the Department that the surety bond for
6 Respondents would be cancelled effective May 15, 2009. On March 30, 2009, the Department sent an
7 email to Respondent Manalo explaining the Department had received the bond cancellation notices
8 and informing Respondent Manalo that a replacement fidelity bond and surety bond needed to be
9 received by the Department no later than April 10, 2009, and May 15, 2009, respectively. On April 9,
10 2009, Respondent Manalo emailed the Department that she was closing her business and that is why
11 her bonds were allowed to expire. On April 9, 2009, the Department responded to the email from
12 Respondent Manalo informing her that if she is closing her business she must submit closure forms
13 and must continue to maintain adequate bonds until her trust account balance is zero. Respondent
14 Manalo failed to respond to the April 9, 2009, email from the Department. On June 25, 2009, the
15 Department sent the Respondents a directive instructing them to file replacement bonds or file closure
16 documents by July 15, 2009. The Respondents did not comply with the directive.

18 **1.3 Failure to Timely File Quarterly Reports.** Respondents did not submit quarterly reports for
19 the first two quarters of 2009 within 30 days of the last day of the quarter. The reports remain
20 outstanding.

22 **1.4 Consumer Complaint 31434.** On July 9, 2009, the Department received a consumer
23 complaint alleging Respondents had \$5,000 of earnest money in its trust account that it refused to
24 return (the underlying transaction was cancelled). The complainants allege they have been unable to
25 locate the Respondents and have not recovered the \$5,000. On July 30, 2009, and August 19, 2009,
the Department sent directives to the Respondents' last know addresses, directing they produce all

1 documents relating to the complaint as well as an explanation to the allegations. The Respondents
2 were given 15 days from the date of each directive to respond. The directives were returned to the
3 Department by the U.S. Postal Service as undeliverable/unable to forward. All other attempts to
4 contact the Respondents via mail and phone have been unsuccessful. This failure to respond to
5 directives, on the part of the Respondents, is a repeat violation from August 2008.

6 **1.5 Failing to Timely Provide Business Closure Notifications to Department.** According to an
7 email received by the Department on April 8, 2009, from Respondent Manalo, Respondent Red King
8 was closed on March 31, 2009. Notice of business closures are to be provided to the Department
9 within 24-hours of closure. In addition, Respondents have failed to provide the Department with the
10 business closure notifications delineated in WAC 208-680C-045.

11 **1.6 On-Going Investigation.** The Department's investigation into the alleged violations of the
12 Act by Respondents continues to date.

13
14 **II. GROUNDS FOR ENTRY OF ORDER**

15 **2.1 Requirement to Maintain Fidelity and Surety Bonds.** Based on the factual allegations set forth
16 in Section I above, Respondents are in apparent violation of RCW 18.44.201, 18.44.211 and WAC 208-
17 680F-010 for failing to maintain the required bonds.

18 **2.2 Requirement to Timely File Quarterly Reports.** Based on the factual allegations set forth in
19 Section I above, Respondents are in apparent violation of RCW 18.44.301(10), RCW 18.44.430(1)(b) and
20 WAC 208-680E-025(1) for failing to timely file quarterly reports.

21 **2.3 Requirement to Comply with Directives and Investigation.** Based on the factual allegations
22 set forth in Section I above, Respondents are in apparent violation of RCW 18.44.420 and WAC 208-
23 680G-020 for failing to comply with the Department's directives and investigation.

24 **2.4 Requirement to Notify Department of Office Closure.** Based on the factual allegations set
25 forth in Section I above, Respondents are in apparent violation of WAC 208-680C-045, by failing to

1 notify the Department within twenty-four hours of closure by failing to deliver all original escrow
2 licenses for offices being closed to the department within five working days of office closure, for
3 failing to provide within thirty days of office closure, an itemized accounting of funds held in trust at
4 the time of closure, including the names of the principal parties to the transaction, the escrow number,
5 the amount of funds held and the purpose of the funds, for failing to provide a reconciliation of the
6 trial balance supporting a zero balance, for failing to provide, within twenty-four hours of office
7 closure, the name, residence address and telephone number of the person responsible for the records,
8 and for failing to provide, within thirty days of office closure, the street address where the records are
9 located.
10

11 III. AUTHORITY TO IMPOSE SANCTIONS

12 **3.1 Authority to Revoke Licenses.** Pursuant to RCW 18.44.430(1)(b), RCW 18.44.211, and
13 WAC 208-680F-070, the Director may revoke the license of any escrow agent or escrow officer for
14 violating any of the provisions of the Act or any lawful rules made by the Director pursuant to the Act,
15 and failing to provide the Director with satisfactory evidence of a new bond after receipt of a
16 cancellation notice.

17 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 18.44.430(3), in addition to or in
18 lieu of license denial the Director may remove and/or prohibit from participation in the conduct of the
19 affairs of a licensed escrow agent, any officer, controlling person, director, employee, or licensed
20 escrow officer.
21

22 **3.3 Authority to Impose Fines.** Pursuant to RCW 18.44.430(3) and WAC 208-680G-040(3), in
23 addition to or in lieu of license denial the Director may impose a fine of up to \$100 per day for each day's
24 violation of the Act or rules adopted thereunder.
25

1 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680G-
2 050, the expense of an investigation pursuant to WAC 208-680G-020 shall be borne by the entity which
3 is the subject of the investigation.

4
5 **IV. NOTICE OF INTENTION TO ENTER ORDER**

6 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above Factual
7 Allegations and Grounds For Entry Of Order constitute a basis for the entry of an Order under RCW
8 18.44.410, RCW 18.44.430, RCW 18.44.301, and WAC 208-680G-030, which authorize the Director to
9 enforce all laws, rules, and regulations related to the registration of escrow agents and licensing of escrow
10 officers. Therefore, it is the Director's intention to ORDER that:

11 **4.1** Respondent Red King Corporation dba Newcastle Escrow's license to conduct the
12 business of an escrow agent be revoked;

13 **4.2** Respondent Eve M. Manalo's license to conduct the business of a designated escrow
14 officer be revoked;

15 **4.3** Respondent Eve M. Manalo be prohibited from participating in the conduct of the affairs
16 of any licensed escrow agent, as officer, controlling person, director, employee, or licensed
17 escrow officer for a period of five years;

18 **4.4** Respondent Henry G. Jose be prohibited from participating in the conduct of the affairs of
19 any licensed escrow agent, as officer, controlling person, director, employee, or licensed escrow
20 officer for a period of five years;

21 **4.5** Respondents Red King Corporation dba Newcastle Escrow, Eve M. Manalo, and Henry
22 G. Jose, jointly and severally pay a fine, which as of the date of these charges totals \$6,000;

23 **4.6** Respondents Red King Corporation dba Newcastle Escrow, Eve M. Manalo, and Henry
24 G. Jose, jointly and severally pay an investigation fee which as of the date of these charges
25 totals \$843.75, calculated at \$62.50 per hour for 13.5 staff hours devoted to the investigation to
date; and

4.7 Respondent Red King Corporation dba Newcastle Escrow its officers, employees, and
agents 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

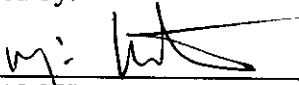
This Statement of Charges and Notice of Intent to Revoke Licenses, Prohibit from Industry, Impose Fine, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW 18.44.410 and RCW 18.44.430, and is subject to the provisions of chapter 34.05 RCW. Respondents may 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 1st ^{October} ~~September~~, 2009.



DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:



WILLIAM HALSTEAD
Financial Legal Examiner



Approved by:



JAMES R. BRUSSELBACK
Enforcement Chief