

Terms Completed

ORDER SUMMARY – Case Number: C-10-257

Name(s): Orange Coast Title Company

Order Number: C-10-257-12-CO01

Effective Date: July 10, 2012

License Number: DFI: 51749

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)

License Effect: Not apply for 5 years

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: July 10, 2017

Investigation Costs	\$937.50	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$30,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments: _____

RECEIVED

JUL 06 2012

CONSUMER SERVICES DIVISION
DEPT OF FINANCIAL INSTITUTIONS
OLYMPIA WASHINGTON

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:

ORANGE COAST TITLE COMPANY,

Respondent.

No. C-10-257-12-CO01

CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Orange Coast Title Company (Respondent), and finding that the issues raised in the above-captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 18.44 of the Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-10-257-11-SC01 (Statement of Charges), entered January 25, 2012, (copy attached hereto). Pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees that the issues raised in the above-captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges.

Based upon the foregoing:

1 A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter
2 of the activities discussed herein.

3 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a
4 hearing before an administrative law judge, and hereby waives its right to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached
6 herein. Accordingly, Respondent, by the signature of its representative below, withdraws its appeal
7 to the Office of Administrative Hearings.

8 C. **No Admission of Liability.** It is AGREED that Respondent does not admit to any
9 violations of the Act by entry of this Consent Order.

10 D. **Escrow Agent License Required.** It is AGREED that Respondent understands it must
11 obtain an Escrow Agent license from the Department or meet an exclusion from licensing, as
12 delineated in the Act¹, in order to engage in business as an escrow agent by performing escrows or
13 any of the functions of an escrow agent described in the Act within the state of Washington or with
14 respect to transactions that involve personal property or real property located in the state of
15 Washington. It is further AGREED that, until such time as Respondent obtains an Escrow Agent
16 license from the Department or meets an exclusion from licensing, as delineated in the Act,
17 Respondent shall not perform escrows or any of the functions of an escrow agent described in the Act
18 within the state of Washington or with respect to transactions that involve personal property or real
19 property located in the state of Washington.

20
21 _____
22 ¹ Pursuant to RCW 18.44.021(6), the licensing requirements of the Act do not apply to title insurance companies having a
23 valid certificate of authority issued by the insurance commissioner of this state and title insurance agents having a valid
24 license as a title insurance agent issued by the insurance commissioner of this state. As such, nothing in this Consent
Order shall preclude or otherwise limit Respondent's ability to conduct business under this exclusion from licensing to
the extent Respondent qualifies for this exclusion from licensing. Further, nothing in this Consent Order shall limit or
bind the authority of the insurance commissioner of this state or any other agency with authority to regulate Respondent's
conduct.

1 **E. Application for License.** It is AGREED that, for a period of five years from the date of
2 entry of this Consent Order, Respondent shall not apply to the Department for any license under any
3 name. It is further AGREED that, should Respondent apply to the Department for any license under
4 any name at any time later than five years from the date of entry of this Consent Order, Respondent
5 shall be required to meet any and all application requirements in effect at that time.

6 **F. Fine.** It is AGREED that Respondent shall pay a fine to the Department in the amount of
7 \$30,000, in the form of a cashier's check made payable to the "Washington State Treasurer," upon
8 entry of this Consent Order.

9 **G. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
10 investigation fee of \$937.50, in the form of a cashier's check made payable to the "Washington State
11 Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee may be paid together
12 in one \$30,937.50 cashier's check made payable to the "Washington State Treasurer."

13 **H. Records Retention.** It is AGREED that Respondent, its officers, employees, and agents
14 shall maintain records involving Washington State escrow transactions for a minimum of six years
15 from completion of the escrow transactions. It is further AGREED that Respondent shall provide the
16 Director with, and keep the Department informed of, the location of such records and the name,
17 address, and telephone number of the individual responsible for maintenance of such records.

18 **I. Authority to Execute Order.** It is AGREED that the undersigned has represented and
19 warranted that he has the full power and right to execute this Consent Order on behalf of Respondent.

20 **J. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to
21 abide by the terms and conditions of this Consent Order may result in further legal action by the
22 Director. In the event of such legal action, Respondent may be responsible to reimburse the Director
23 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

1 K. **Voluntarily Entered.** It is AGREED that Respondent has voluntarily entered into this
2 Consent Order, which is effective when signed by the Director's designee.

3 L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read
4 this Consent Order in its entirety and fully understands and agrees to all of the same.

5
6 **RESPONDENT:**

7 **Orange Coast Title Company**

8 By:

9 [Redacted Signature]

10 William D. Burding, Jr.
Executive Vice President and General Counsel

7/15/12
Date

11 DO NOT WRITE BELOW THIS LINE

12 THIS ORDER ENTERED THIS 10th DAY OF July, 2012



13 [Redacted Signature]

14 DEBORAH BORTNER
15 Director
16 Division of Consumer Services
17 Department of Financial Institutions

17 Presented by:

18 [Redacted Signature]

19 Mark T. Olson
20 Financial Legal Examiner

21 Approved by:

22 [Redacted Signature]

23 Charles Clark
Enforcement Chief

1 Department licensing staff notified Respondent of various deficiencies in the application, including
2 the word "Title" in Respondent's name and the requirement for Respondent to establish a trust
3 account in a recognized Washington state depository rather than a California branch. On or about
4 April 21, 2009, Respondent stated in an email to Department licensing staff that Respondent might
5 form a separate entity and restart the licensing process. In or around September 2009, after no further
6 contact from Respondent, the Department notified Respondent that the license application was
7 deemed abandoned.

8 **1.3 Unlicensed Activity by Respondent.** Respondent conducted business as an escrow agent in
9 the state of Washington prior to applying for an escrow agent license from the Department, and
10 continued during the period Respondent's escrow agent license application was pending with the
11 Department, and continued after Respondent's escrow agent license application was deemed
12 abandoned by the Department until contacted by the Department approximately eight months later.

13 In or around May 2010, the Department contacted Respondent about apparent unlicensed
14 activity. In or around May 2010, Respondent provided the Department with a list of 123 mortgage
15 loan transactions closed from January 2009 through April 2010 and involving real property located in
16 the state of Washington. According to this list, Respondent received at least \$58,000 in "fees" for
17 providing escrow functions in these transactions.

18 In or around May 2010, Respondent also provided the Department with a statement, certified
19 under penalty of perjury, including:

20 "ORANGE COAST was unaware that its actions in handling these escrows were
21 in violation of the Insurance laws of Washington, since ORANGE COAST does
22 not maintain a physical office or location in the state, and has no employees in
23 the state, and performs no escrow functions in the state. All escrow transactions
24 were physically handled through ORANGE COAST's escrow operations located
in the State of California, by personnel in that state."

1 This statement was provided over a year after Respondent had applied to the Department for a license
2 to conduct business as an escrow agent from its California location.

3 In or around May 2010, Respondent also provided the Department with a Declaration and
4 Agreement to Cease and Desist, certified under penalty of perjury, including:

5 “2. I understand and agree that in order to provide escrow services in the State of
6 Washington, unless excluded pursuant to RCW 18.44.021, I must obtain a
license to do so from the Department of Financial Institutions.”

7 “3. I also understand and agree that if I provide escrow services in the State of
8 Washington in the future, unless excluded pursuant to RCW 18.44.021, I will
apply for a license as required under Chapter 18.44 RCW by filing a completed
9 application and necessary fees with the Department of Financial Institutions.”

10 “4. I further agree to immediately and permanently cease providing escrow
11 services in the State of Washington until such time as I meet an exclusion
delineated in RCW 18.44.021 or obtain the appropriate license from the
Department of Financial Institutions.”

12 In or around May 2010, Respondent also provided the Department with a letter stating
13 Respondent would be submitting an application for an escrow agent license on behalf of Real
14 Advantage, LLC (Real Advantage)¹, Respondent’s Pennsylvania subsidiary, and further stating that
15 Real Advantage would be the entity conducting escrows involving Washington properties but Real
16 Advantage would not conduct escrow activity until the Department had issued an escrow agent
17 license. As of the date of this Statement of Charges, the Department has not received such
18 application for Real Advantage.

19 **1.4 Unlicensed Activity by Respondent’s Subsidiary.** Respondent’s subsidiary, Real
20 Advantage, conducted business as an escrow agent in the state of Washington prior to the date
21 Respondent assured the Department that no such business would be conducted until Real Advantage

22 _____
23 ¹ Real Advantage is a Pennsylvania corporation headquartered at 1000 Commerce Drive, Pittsburgh,
Pennsylvania.

1 had obtained an escrow agent license, and continued until contacted by the Department over a year
2 and a half later, despite Respondent's assurance to the contrary.

3 In or around December 2011, the Department contacted Real Advantage about apparent
4 unlicensed activity. In or around December 2011, on behalf of its subsidiary, Respondent provided
5 the Department with a list of 102 mortgage loan transactions closed from January 2010 through
6 November 2011 and involving real property located in the state of Washington. According to this
7 list, Real Advantage received at least \$78,000 in "fees" for providing escrow functions in these
8 transactions.²

9 In or around December 2011, Respondent also provided the Department with a statement,
10 certified under penalty of perjury by Real Advantage, including:

11 "The management of REAL ADVANTAGE has made inquiry into the reasons
12 why these escrow transactions were handled for properties located in the State of
13 Washington, and have determined that these escrows were opened by production
14 level employees who were unaware that handling these escrows violated the
15 Insurance laws of Washington, since REAL ADVANTAGE maintains no
physical office or location in the state, has no employees in the state, and
performs no escrow functions in the state. All escrow transactions were
physically handled through REAL ADVANTAGE's escrow operations located
in the Commonwealth of Pennsylvania, by personnel in that state."

16 This statement was provided over two and a half years after Respondent had applied to the
17 Department for a license to conduct business as an escrow agent from its California location and
18 nearly a year and a half after Respondent had provided the Department written assurance that Real
19 Advantage would not conduct such business prior to receiving a license.

20 In or around December 2011, Respondent also provided the Department with a Declaration
21 and Agreement to Cease and Desist, certified under penalty of perjury by Real Advantage, including:
22

23 ² The Department has also issued Statement of Charges C-11-0872-12-SC01 against Real Advantage.

1 “2. I understand and agree that in order to provide escrow services in the state of
2 Washington, unless excluded pursuant to RCW 18.44.021, I must obtain a
license to do so from the Department of Financial Institutions.”

3 “3. I also understand and agree that if I provide escrow services in the state of
4 Washington in the future, unless excluded pursuant to RCW 18.44.021, I will
5 apply for a license as required under Chapter 18.44 RCW by filing a completed
6 application and necessary fees with the Department of Financial Institutions.”

7 “4. I further agree to immediately and permanently cease providing escrow
8 services in the state of Washington until such time as I meet an exclusion
9 delineated in RCW 18.44.021 or obtain the appropriate license from the
10 Department of Financial Institutions.”

11 In or around December 2011, Respondent also provided the Department with a letter stating
12 Real Advantage was preparing an application for licensure as an escrow agent and would be
13 submitting the application shortly. As noted above, as of the date of this Statement of Charges, the
14 Department has not received such application for Real Advantage.

15 **1.5 On-Going Investigation.** The Department’s investigation into the alleged violations of the
16 Act by Respondent continues to date.

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

18 **2.1 Definition of Escrow.** Pursuant to RCW 18.44.011(7), “Escrow” means any transaction
19 wherein any person or persons, for the purpose of effecting and closing the sale, purchase, exchange,
20 transfer, encumbrance, or lease of real or personal property to another person or persons, delivers any
21 written instrument, money, evidence of title to real or personal property, or other thing of value to a
22 third person to be held by such third person until the happening of a specified event or the
23 performance of a prescribed condition or conditions, when it is then to be delivered by such third
24 person, in compliance with instructions under which he or she is to act, to a grantee, grantor,
promisee, promisor, obligee, obligor, lessee, lessor, bailee, bailor, or any agent or employee thereof.

1 **2.2 Definition of Escrow Agent.** Pursuant to RCW 18.44.011(8) "Escrow Agent" means any
2 person engaged in the business of performing for compensation the duties of the third person referred
3 to in RCW 18.44.011(7).

4 **2.3 Requirement to Obtain and Maintain License.** Based on Factual Allegations set forth in
5 Section I above, Respondent is in apparent violation of RCW 18.44.021 for engaging in business as
6 an escrow agent by performing escrows or any of the functions of an escrow agent within the state of
7 Washington or with respect to transactions that involve personal property or real property located in
8 the state of Washington without first obtaining a license.

9 **2.4 Requirement to Maintain Records in the State of Washington.** Based on the Factual
10 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 18.44.400 and
11 WAC 208-680-530 for failing to maintain transaction records in the state of Washington for a period
12 of six years from completion of the transaction.

13 **2.5 Requirement to Maintain Escrow Fund Accounts in the State of Washington.** Based on
14 the Factual Allegations set forth in Section I above, Respondent is in apparent violation of RCW
15 18.44.400 and WAC 208-680-410 for failing to maintain funds received from the principal parties to
16 an escrow transaction in trust account(s) in a recognized Washington state depository.

17 **III. AUTHORITY TO IMPOSE SANCTIONS**

18 **3.1 Authority to Issue an Order to Cease and Desist and Take Affirmative Action.** Pursuant
19 to RCW 18.44.440 and WAC 208-680-630, if the Director determines after notice and hearing that a
20 person has: violated any provision of the Act; or engaged in any false, unfair and deceptive, or
21 misleading advertising or promotional activity or business practices; the director may issue an order
22 requiring the person to cease and desist from the unlawful practice and to take such affirmative action
23 as in the judgment of the director will carry out the purposes of the Act.

1 **3.2 Authority to Assess Fine.** Pursuant to RCW 18.44.430(3) and WAC 208-680-640, the
2 Director may assess a fine of up to \$100 per day for each violation of the Act.

3 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680-
4 650, the expense of an investigation pursuant to WAC 208-680-620 shall be borne by the entity
5 which is the subject of the investigation.

6 **IV. NOTICE OF INTENTION TO ENTER ORDER**

7 Respondent's violations of the provisions of chapter 18.44 RCW and chapter 208-680 WAC,
8 as set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
9 Sanctions, constitute a basis for the entry of an Order under RCW 18.44.400, RCW 18.44.410, RCW
10 18.44.430, RCW 18.44.440 and WAC 208-680-630. Therefore, it is the Director's intention to
11 ORDER that:

12 **4.1** Respondent Orange Coast Title Company cease and desist from providing escrow
13 services in the state of Washington until such time as Respondent Orange Coast Title
14 Company obtains a license from the Department to provide escrow services in the
15 state of Washington or meets an exclusion from licensing as delineated in the Act.

16 **4.2** Respondent Orange Coast Title Company pay a fine. As of the date of this Statement
17 of Charges, the fine totals \$100,000.

18 **4.3** Respondent Orange Coast Title Company pay an investigation fee. As of the date of
19 this Statement of Charges, the investigation fee totals \$937.50.

20 **4.4** Respondent Orange Coast Title Company, its officers, employees, and agents maintain
21 all records involving Washington State escrow transactions within the state of
22 Washington for a period of six years from completion of the escrow transactions.
23

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 18.44.410, RCW
3 18.44.430, and RCW 18.44.440, and is subject to the provisions of chapter 34.05 RCW (The
4 Administrative Procedure Act). Respondent may make a written request for a hearing as set forth in
5 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
6 accompanying this Statement of Charges.

7
8 Dated this 25th day of January, 2012



9 [Redacted signature]

10
11 DEBORAH BORTNER
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:

16 [Redacted signature]

17 MARK T. OLSON
18 Financial Legal Examiner

19 Approved by:

20 [Redacted signature]

21 JAMES R. BRUSSELBACK
22 Enforcement Chief