

TERMS COMPLETE

ORDER SUMMARY – Case Number: C-11-0587

Name(s): Larson Escrow Services
Eyhild Chris Larson

Order Number: C-11-0587-12-CO01

Effective Date: March 29, 2012

License Number: Unlicensed
Or NMLS Identifier [U/L]

License Effect: N/A

Not Apply Until: March 29, 2015

Not Eligible Until: March 29, 2015

Prohibition/Ban Until: March 29, 2015

Table with 5 columns: Category, Amount, Status, Paid (Y/N), Date. Rows include Investigation Costs, Fine, Assessment(s), Restitution, Judgment, and Satisfaction of Judgment Filed? with a sub-row for No. of Victims.

Comments:

RECEIVED

MAR 27 2012

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

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-11-0587-12-CO01

CONSENT ORDER

LARSON ESCROW SERVICES;
EYHILD CHRIS LARSON, Designated Escrow
Agent,

Respondents.

COME NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Larson Escrow Services (Respondent Larson Escrow), Eyhild Chris Larson, Designated Escrow Agent (Respondent Larson), 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 Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-11-0587-11-SC01 (Statement of Charges), entered August 31, 2011, (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, Respondents hereby agree to the Department's entry of this Consent Order and further agree 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.

CONSENT ORDER
C-11-0587-12-CO01
Larson Escrow Services and Eyhild Chris Larson

1

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902.8703

1 Based upon the foregoing:

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

4 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
5 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all
6 administrative and judicial review of the issues raised in this matter, or of the resolution reached
7 herein. Accordingly, Respondents, by their signatures below, withdraw their appeal to the Office of
8 Administrative Hearings.

9 C. **Application for License.** It is AGREED that, for a period of 3 years from the date of
10 entry of this Consent Order, Respondents shall not apply to the Department for any license under any
11 name. It is further AGREED that, should Respondents apply to the Department for any license under
12 any name at any time later than 3 years from the date of entry of this Consent Order, such applying
13 Respondents shall be required to meet any and all application requirements in effect at that time.

14 D. **Declaration of Financial Condition.** It is AGREED that Respondent Larson has
15 provided the Department with a Declaration comprehensively describing her current financial
16 condition and representing her current inability to pay the fine and investigation fee stated in
17 Paragraphs 4.3 and 4.4 of the Statement of Charges.

18 E. **Change of Address.** It is AGREED that for the duration of the period this Consent Order
19 is in effect, unless otherwise agreed to in writing by the Department, Respondent Larson shall
20 provide the Department with a mailing address and telephone number at which Respondent Larson
21 can be contacted and Respondent Larson shall notify the Department in writing of any changes to her
22 mailing address or telephone number within fifteen days of any such change.

1 F. **Records Retention.** It is AGREED that Respondent Larson Escrow, its officers,
2 employees, and agents shall maintain records in compliance with the Act and provide the Director
3 with the location of the books, records and other information relating to Respondent Larson Escrow's
4 escrow agent business, and the name, address and telephone number of the individual responsible for
5 maintenance of such records in compliance with the Act.

6 G. **Non-Compliance with Order.** It is AGREED that Respondents understand that failure to
7 abide by the terms and conditions of this Consent Order may result in further legal action by the
8 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director
9 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

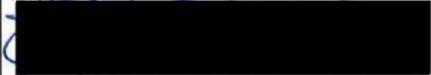
10 H. **Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily
11 entered into this Consent Order, which is effective when signed by the Director's designee.

12 I. **Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read
13 this Consent Order in its entirety and fully understand and agree to all of the same.

14 **RESPONDENTS:**

15 **Larson Escrow Services**

16 By:

17 

18 Eyhild Chris Larson
19 Designated Escrow Agent

20 3-23-12

Date

19 

20 Eyhild Chris Larson
21 Individually

22 3-23-12

Date

23 **DO NOT WRITE BELOW THIS LINE**

1 THIS ORDER ENTERED THIS 29th DAY OF March, 2012



4 DEBORAH BORTNER
5 Director
6 Division of Consumer Services
7 Department of Financial Institutions

8 Presented by:



9 SHANA L. OLIVER
10 Financial Legal Examiner

11 Approved by:



12 JAMES R. BRUSSELBACK
13 Enforcement Chief

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

4 IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Escrow Agent Registration Act of Washington by:
5 LARSON ESCROW SERVICES;
EYHILD CHRIS LARSON, Designated Escrow
6 Agent,

No.: C-11-0587-11-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO TAKE AFFIRMATIVE
ACTION, IMPOSE FINE, COLLECT
INVESTIGATION FEE, AND MAINTAIN
RECORDS

7 Respondents.

8 **INTRODUCTION**

9 Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions of the
10 State of Washington (Director) is responsible for the administration of chapter 18.44 RCW, the
11 Escrow Agent Registration Act (Act). After having conducted an investigation pursuant to RCW
12 18.44.420 and WAC 208-680G-020, and based upon the facts available as of the date of this
13 Statement of Charges, the Director, through his designee, Division of Consumer Services Director
14 Deborah Bortner, institutes this proceeding and finds as follows:

15 **I. FACTUAL ALLEGATIONS**

16 **1. Respondents.**

17 **A. Respondent Larson Escrow Services (Respondent Larson Escrow) was**
18 headquartered at 122 5th Avenue South in Edmonds, Washington. On or around August 16, 1994,
19 Respondent Larson Escrow Services was licensed by the Department of Financial Institutions of the
20 State of Washington (Department) to conduct business as an escrow agent in the State of
21 Washington. Respondent Larson Escrow Services ceased operations as of June 6, 2008, and
22 submitted closure documents to the Department on or around June 9, 2008.

1 **B. Respondent Eyhild Chris Larson (Respondent Larson)** was the Designated Escrow
2 Agent for Respondent Larson Escrow Services. When Respondent Larson Escrow Services closed in
3 2008, Respondent Larson’s DEO license was converted to inactive status as of June 9, 2008. This
4 inactive license subsequently expired on or around November 22, 2008.

5 **2. Failure to Reconcile Trust Account.** On or around June 9, 2008, the Department received
6 the monthly trust account reconciliation for May, 2008, which showed that the trust account balance
7 was \$1,837,251.97, with \$1,826,715.56 in outstanding checks. On or around July 31, 2008, the
8 Department received the Escrow Agent Quarterly Report Form for the quarter ended June 30, 2008.
9 This form, submitted by Respondent Larson, indicated that there were two outstanding checks¹ from
10 Respondents’ trust account, but that the funds had been escheated to the State, pursuant to the
11 Uniform Unclaimed Property Act, RCW 63.29. This information conflicted with the letter submitted
12 with the Quarterly Report Form, signed by Respondent Larson, which indicated that outstanding
13 funds had not been escheated to the State. Respondent Larson indicated that, if the checks
14 outstanding from the account did not clear by August 15, 2008, Respondents would be sending the
15 unclaimed amount to the State by August 31, 2008. However, Respondents have not submitted
16 escheatment forms, nor have they submitted any further reconciliation of Respondents’ trust
17 account.²

18 The Consumer Services Examinations Unit sent multiple correspondences to Respondents in
19 June, August, and September, 2010, requesting that Respondents file the documents to show that the
20 trust account had been reconciled. These mailings were not returned as “undeliverable” by the

21 _____
22 ¹ The amount of these checks was not specified.

23 ² A representative from the Department’s Enforcement Unit contacted the Unclaimed Property Division of the
24 Department of Revenue on or around August 11, 2011. According to the representative at DOR, Respondent
Larson Escrow last escheated funds to the State in 2007.

1 United States Postal Service. A representative from the Examinations Unit made a telephone call to
2 Respondents on or around September 30, 2010, and noted that the number of record had been
3 disconnected. As of the date of this Statement of Charges, no records regarding the reconciliation of
4 the trust account have been received.

5 **3. Failure to Submit Monthly Reports.** Respondents are required to submit monthly reports
6 for Respondents' trust account until the account has been reconciled and zeroed out. Since June 9,
7 2008, Respondents have not submitted any monthly reports for the trust account, as required by RCW
8 18.44.201(2) and WAC 208-680-245.

9 **4. Failure to Submit Quarterly Reports.** Respondents are required to submit quarterly reports
10 for Respondents' trust account until the account has been reconciled and zeroed out. Since July 31,
11 2008, Respondents have not submitted any quarterly reports for the trust account, as required by
12 RCW 18.44.201(2) and WAC 208-680-425.

13 **5. Failure to Notify the Department of Change of Records Custodian's Address.** On or
14 around July 31, 2008, Respondents informed the Department that the Records Custodian was
15 Respondent Larson, and that the address for Respondent Larson was 17217 58th Avenue West,
16 Lynnwood, Washington, 98037. On or around November 24, 2010, the Department sent a letter to
17 Respondents at this address. This letter was returned to the Department by the United States Postal
18 Service, with the notation "Moved, left no address, unable to forward." The Department conducted
19 research to determine Respondent Larson's current address and sent another letter on or around
20 December 1, 2010, to a post-office box on Shaw Island, Washington. A Department representative
21 also made a phone call to Respondents at (425)582-2241 on or around December 1, 2010.

22 A Department representative subsequently received a voicemail from Respondent Larson on
23 or around January 11, 2011, in which she indicated that she had received the Department's letter, that

1 she had previously attempted to send these records on two occasions, and that she would get the
2 records from the person who was holding them for her and contact the Department. However,
3 Respondent Larson did not leave any additional contact information as to how to reach her, indicating
4 that she did not have cell phone service on Shaw Island. The Department has received no further
5 contact or documents from Respondents, nor has the Department been notified of the records
6 custodian's address or identity.

7 **6. Failure to Maintain Fidelity Bond and Surety Bond.** On or around June 17, 2008,
8 the Department received notification from Respondents' insurer that the fidelity bond covering
9 Respondents would cancel effective July 1, 2008. On or around July 15, 2008, the Department
10 received notice that the surety bond covering Respondents would cancel effective August 14, 2008.
11 Respondent has not provided any evidence to the Department which shows that the trust account has
12 been properly reconciled and has a zero balance.³ If the trust account still contains funds which
13 Respondents must disburse in accordance with escrow instructions, Respondents must maintain a
14 fidelity bond and a surety bond (if applicable) as a condition precedent to engaging in these
15 transactions.

16 **7. Failure to Respond to Department Requests.** The Department sent a letter to Respondents
17 on or around December 1, 2010, which directed Respondents to provide the outstanding monthly and
18 quarterly reconciliations for Respondent Larson Escrow's trust account. Respondent Larson
19 contacted the Department by phone and indicated that she would provide the outstanding documents.
20 As of the date of this Statement of Charges, the Department has received none of the outstanding
21 documents, nor has it received any further communication from Respondents.

22 ³ Respondents' trust account was maintained with Frontier Bank, account #107023020. On or around August
23 12, 2011, a representative from the Department's Enforcement Unit contacted Union Bank, the financial
24 institution to which Respondents' trust account was transferred following the closure of Frontier Bank. A
Union Bank representative indicated that there was no record of Respondents' trust account in the system.

1 **8. On-Going Investigation.** The Department's investigation into the alleged violations of the
2 Act by Respondents continues to date.

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

4 **2.1 Requirement to File Monthly Reports.** Based on the Factual Allegations set forth in
5 Section 1 above, Respondents are in apparent violation of RCW 18.44.430 and WAC 208-680-
6 245(5), for failing to file a report concerning its operations and trust account administration and
7 reconciliation within 30 days following the end of the preceding month.

8 **2.2 Requirement to File Quarterly Reports.** Based on the Factual Allegations set forth in
9 Section 1 above, Respondents are in apparent violation of RCW 18.44.430 and WAC 208-680-425,
10 for failing to file a report concerning its operations and trust account administration and
11 reconciliation within 30 days following the end of each fiscal quarter.

12 **2.3 Requirement to Maintain Records.** Based on the Factual Allegations set forth in Section 1
13 above, Respondents are in apparent violation of RCW 18.44.400(1) for failing to maintain records
14 and provide them for inspection to the Department Director or the Director's authorized
15 representatives.

16 **2.4 Requirement to Maintain Fidelity Bond and Surety Bond.** Based on the Factual
17 Allegations set forth in Section 1 above, Respondents are in apparent violation of RCW 18.44.430
18 and WAC 208-680-310(4) for failing to maintain a fidelity bond until the escrow trust account's
19 funds have been fully disbursed.

20 **2.5 Requirement to Notify the Department of Changes to the Records Custodian and**
21 **Location of the Records.** Based on the Factual Allegations set forth in Section I above,
22 Respondents are in apparent violation of RCW 18.44.400 and WAC 208-680-530(7) for failing to
23

1 notify the Department of the identity of the records custodian and the physical location of the records
2 following the closure of Respondents' business.

3 **2.6 Requirement to Respond to Department's Investigative Authority.** Based on the Factual
4 Allegations set forth in Section 1 above, Respondents are in apparent violation of RCW 18.44.430 for
5 failing, upon demand, to disclose information within his or her knowledge to, or to produce any
6 document, book, or record in his or her possession for inspection of, the director or his authorized
7 representative.

8 III. AUTHORITY TO IMPOSE SANCTIONS

9 **3.1 Authority to Issue an Order to Take Affirmative Action.** Pursuant to RCW 18.44.440 and
10 WAC 208-680-630, if the Director determines after notice and hearing that a person has: violated any
11 provision of the Act; or engaged in any false, unfair and deceptive, or misleading advertising or
12 promotional activity or business practices; the director may issue an order requiring the person to take
13 such affirmative action as in the judgment of the director will carry out the purposes of the Act.

14 **3.2 Authority to Impose Fine.** Pursuant to RCW 18.44.430(3) and WAC 208-680-640(1)(d), in
15 addition to or in lieu of license denial, the Director may impose a fine up to \$100 per day for each
16 day's violation of the Act.

17 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680-
18 650, the expense of an investigation pursuant to WAC 208-680-650 shall be borne by the entity
19 which is the subject of the investigation.

20 IV. NOTICE OF INTENTION TO ENTER ORDER

21 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above
22 Factual Allegations and Grounds for Entry of Order constitute a basis for the entry of an Order under
23 RCW 18.44.400, RCW 18.44.410, RCW 18.44.430, RCW 18.44.440 and WAC 208-680-630, which

1 authorize the Director to enforce all laws, rules, and regulations related to the registration of escrow
2 agents and licensing of escrow officers. Therefore, it is the Director's intention to ORDER that:

3 **4.1** Respondent Larson Escrow Services and Respondent Eyhild Chris Larson provide the
4 Department with month-end reconciliation records from July 1, 2008, through July 31, 2010,
5 including bank statements, cancelled checks, debit and credit memos, wire confirmations and
6 quarterly reports.

7 **4.2** Respondent Larson Escrow Services and Respondent Eyhild Chris Larson provide either
8 records documenting a reconciled trust account with a zero balance, including, as applicable,
9 any documentation of funds escheated under RCW 63.29, OR notice of reinstatement of a
10 fidelity bond (and surety bond to cover the deductible, if necessary).

11 **4.3** Respondent Larson Escrow Services and Respondent Eyhild Chris Larson jointly and
12 severally pay a fine, which, as of the date of this Statement of Charges, totals \$5,000.

13 **4.4** Respondent Larson Escrow Services and Respondent Eyhild Chris Larson jointly and
14 severally pay an investigation fee, which as of the date of this Statement of Charges, totals
15 \$800.00, calculated at \$62.50 per hour for 12.8 staff hours.

16 **4.5** Respondent Larson Escrow Services, its officers, employees, and agents maintain all records
17 involving Washington State escrow transactions within the state of Washington for a period of
18 six years from completion of the escrow transactions, and Respondent Larson Escrow
19 Services and Respondent Eyhild Chris Larson provide the Department with the identity of the
20 records custodian and the physical location of Respondents' records.

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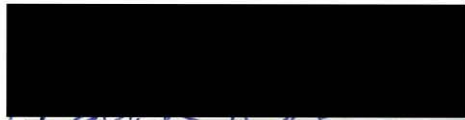
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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Take Affirmative
3 Action, Impose Fine, Collect Investigative Fee, and Maintain Records (Statement of Charges) is
4 entered pursuant to the provisions of RCW 18.44.410, RCW 18.44.430, and RCW 18.44.440, and is
5 subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents
6 may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO
7 DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

8
9 Dated this 31st day of August, 2011.



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

15 Presented by:



16 SHANA L. OLIVER
17 Financial Legal Examiner

18 Approved by:



19 JAMES R. BRUSSELBACK
20 Enforcement Chief