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**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-12-1020-12-TD02

HARTMAN ESCROW, INC. and
LORI L. ANDREW,
Owner and Designated Escrow Officer,

TEMPORARY ORDER TO
CEASE AND DESIST

Respondents.

9 THE STATE OF WASHINGTON TO: LORI L. ANDREW

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

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16 **I. FACTUAL FINDINGS**

17 **1.1 Failure to Comply with Director's Authority.**

18 On or about July 10, 2012, the Department served Respondents with a Subpoena to Provide
19 Documents and Records requiring Respondent Andrew to provide certain records by July 16, 2012, or a
20 Temporary Cease and Desist Order (TCD) would be issued. Respondent Andrew did not provide the
21 records by the due date and on or about July 18, 2012, the Department issued a TCD requiring
22 Respondent Andrew to produce the records immediately. The TCD was served on Respondent Andrew
23 on or about the same day, and served by Federal Express overnight delivery on July 28, 2012, but
24 Respondent Andrew did not provide the records as required.
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1 **1.2 Providing Altered Bank Statements.** On or about June 21, 2012, Respondent Andrew provided
 2 the Department with copies of what she represented to be the monthly statements for Respondent
 3 Hartman Escrow's general account at Key Bank. On or about July 25, 2012, the Department received
 4 copies of the actual monthly statements for the general account directly from Key Bank. A comparison
 5 of the two sets of statements revealed that among other deceptions, Respondent Andrew had altered the
 6 account statements she provided the Department to conceal more than \$2.1 million in transfers from the
 7 trust account to the general account. The differences between the general account statements provided by
 8 Respondent Andrew and those provided by Key Bank are as follows:
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Hartman Escrow, Inc. General Account Bank Statements	
Dec-11	The statement was altered to conceal 6 transfers totaling \$23,754.28 from the trust account to the general account.
Jan-12	The statement was altered to conceal 13 transfers totaling \$188,135.42 from the trust account to the general account, and did not include a page listing a \$5,000 transfer from the savings account to the general account.
Feb-12	The statement was altered to conceal 8 transfers totaling \$161,074.45 from the trust account to the general account.
Mar-12	The statement was altered to conceal 7 transfers totaling \$359,864.86 from the trust account to the general account, and a separate transfer of \$291,164.86 from the trust account to the general account.
Apr-12	The statement was altered to conceal a transfer totaling \$145,582.28 from the general account to the trust account, and a \$5,000 transfer from the general account to Respondent Andrew's personal account.
May-12	The statement did not include three pages, two of which listed 18 transfers totaling \$237,507.32 from the trust account to the general account. Another missing page listed a \$10,404.49 transfer from the general account to the trust account and two credit card payments totaling \$45,785.15.
Jun-12	The statement was altered to conceal 15 transfers totaling \$762,758.15 from the trust account to the general account, and did not include a page listing a \$5,000 transfer from the savings account to Respondent Andrew's personal account.

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23 **1.3 Conducting Business in such an Unsafe Manner as to Render its Further Operation**

24 **Hazardous to the Public.** The Department reviewed bank statements and reconciliation records of
 25 Respondent Hartman Escrow, Inc. and noted numerous questionable transactions. For example, two

1 month-end reconciliation Trial Balance reports printed on April 30, 2012, show the escrow trust
2 account of Respondent Hartman Escrow to be significantly overdrawn. The first report lists 13
3 overdrawn escrow accounts with an aggregate negative balance of \$1,090,755.09; the second report
4 lists 13 overdrawn escrow accounts, but with a lower aggregate negative balance of \$205,400.94. The
5 overdrawn escrow accounts indicate Respondent Andrew disbursed more money from the accounts
6 than received. The number and aggregate dollar amount of the overdrawn escrow accounts is unusual,
7 and indicates much larger shortages in the trust account may exist.

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9 The June 2012 general account statement for Respondent Hartman Escrow shows six transfers
10 from the general account to the trust account totaling \$678,548. The number and aggregate dollar
11 amount of these transfers are unusual, and indicates an attempt to "cover" overdrawn escrow accounts.

12 The Department has identified suspicious transactions in Respondent Hartman Escrow's general
13 account between December 2011 and July 2012 of approximately:

- 14 • \$2.1 million in transfers from the trust account to the general account;
- 15 • \$212,000 in checks and transfers payable to Respondent Andrew or her husband;
- 16 • \$103,000 in checks payable to casinos in Washington and Nevada; and
- 17 • \$65,000 in checks and transfers payable to a Nordstrom-branded VISA credit card.

18 **1.4 Order Taking Possession/Termination of Employment.** On or About July 31, 2012, the
19 Director issued an Order Taking Possession of Hartman Escrow, Inc. and served a copy of the Order
20 on Respondent Andrew. In its capacity as the controlling entity for Hartman Escrow, Inc., the
21 Department has terminated the employment of Respondent Andrew as Designated Escrow Officer,
22 Escrow Officer, and any other employment capacity for Hartman Escrow, Inc.

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

2 **2.1 Requirement to Comply with Director's Authority.** Based on the Factual Allegations set
3 forth in Section I above, Respondent Andrew is in apparent violation of RCW 18.44.400(1) and RCW
4 18.44.420(2) by failing to provide documents and other materials required by the Director.

5 **2.2 Prohibition against Making Material False Statements.** Based on the Factual Allegations set
6 forth in Section I above, Respondent Andrew is in apparent violation of RCW 18.44.301(7) by making
7 materially false statements to the Director concerning the affairs of Hartman Escrow, Inc.
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9 **2.3 Requirement to Properly Administer Funds held in Trust.** Based on the Factual
10 Allegations set forth in Section I above, Respondent Andrew is in apparent violation of RCW
11 18.44.301(2) and WAC 208-680-410 by failing to properly administer funds held in trust.

12 **2.4 Status of Escrow Officer License.** Based on the Factual Allegations set forth in Section I
13 above, and pursuant to RCW 18.44.101, Respondent Andrew's license to conduct business as an
14 Escrow Officer is no longer in force and must be surrendered to the Department.

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
19 desist order.
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21 **IV. ORDER**

22 Based on the above Factual Findings, Grounds for Entry of Order, and Authority to Issue
23 Temporary Order to Cease and Desist, and pursuant to RCW 18.44.440, the Director finds that the
24 public interest will be irreparably harmed by delay in issuing a cease and desist order. Therefore, the
25 Director ORDERS that:

1 **4.1** Respondent Lori L. Andrew shall immediately cease and desist from engaging in any act or
2 acts, directly, indirectly, or through any 3rd party, which in any way affects Hartman Escrow, Inc. Such
3 acts include, but are not limited to, conducting any escrow transaction or any part of any escrow
4 transaction, conducting any contract collection activity, accessing or attempting to access any account
5 in the name of Hartman Escrow, Inc. in or at any financial institution of any kind, obtaining or
6 attempting to obtain credit of any kind on behalf of Hartman Escrow, Inc., incurring any debt on behalf
7 of Hartman Escrow, Inc., accessing or attempting to access any computer system, telephone messaging
8 system, or any other business system of Hartman Escrow, Inc., accessing any real or personal property
9 owned by or registered in the name of Hartman Escrow, Inc., or any other act having any relationship
10 to Hartman Escrow, Inc.
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12 **4.2** Respondent Lori L. Andrew shall immediately surrender to the Department all escrow files of
13 Hartman Escrow, Inc. regardless of the status of the file or the current location of the file (other than
14 those at the Tukwila office), and including any and all copies of said files. Further, Respondent
15 Andrew shall immediately surrender to the Department any and all other files related to the business
16 operations of Hartman Escrow, Inc., any and all title and ownership documents for property owned by
17 Hartman Escrow, Inc., any and all documents and contracts evidencing property or services leased or
18 rented in the name of Hartman Escrow, Inc., and any and all documents of any nature belonging to
19 Hartman Escrow, Inc.
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21 **4.3** Respondent Lori L. Andrew shall immediately surrender to the Department all business related
22 equipment owned, leased, or rented by Hartman Escrow, Inc., including, but not limited to: cell
23 phones, smart phones, computers, and all other business equipment of any nature, regardless of whose
24 possession such equipment is currently in.
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1 4.4 Respondent Lori L. Andrew shall immediately surrender to the Department all credit cards for
2 any and all accounts in the name of Hartman Escrow, Inc, and all keys to any property owned, rented,
3 or leased by Hartman Escrow, Inc, including office keys and truck keys, regardless of whose
4 possession such credit cards and keys are currently in.

5 4.5 All files, documents, and property which Respondent Andrew has been ordered to immediately
6 surrender must be surrendered at the Hartman Escrow, Inc. Tukwila office location between 8:00 a.m.
7 and 5:00 p.m. no later than the first business day following service of this Order on Respondent
8 Hartman.

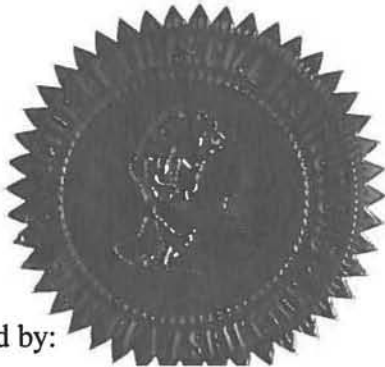
9 4.6 This order shall take effect immediately and shall remain in effect unless set aside, limited, or
10 suspended in writing by an authorized court.
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12 **NOTICE**

13 PURSUANT TO CHAPTER 18.44 RCW, YOU ARE ENTITLED TO A HEARING WITHIN
14 14 DAYS OF REQUEST TO DETERMINE WHETHER THIS ORDER SHALL BECOME
15 PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE
16 ACCOMPANYING APPLICATION FOR ADJUDICATIVE HEARING, INCORPORATED HEREIN
17 BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR
18 ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF
19 FINANCIAL INSTITUTIONS WITHIN 20 DAYS OF THE DATE THAT THIS ORDER WAS
20 SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF
21 YOUR RIGHT TO A HEARING AND THE ENTRY OF A PERMANENT ORDER TO CEASE AND
22 DESIST ON THE 21ST DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU. SERVICE ON
23 YOU IS DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST
24 KNOWN ADDRESS.
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1 WITHIN 10 DAYS AFTER YOU HAVE BEEN SERVED WITH THIS TEMPORARY
2 ORDER TO CEASE AND DESIST, YOU MAY APPLY TO THE SUPERIOR COURT IN THE
3 COUNTY OF YOUR PRINCIPAL PLACE OF BUSINESS FOR AN INJUNCTION SETTING
4 ASIDE, LIMITING, OR SUSPENDING THIS ORDER PENDING THE COMPLETION OF THE
5 ADMINISTRATIVE PROCEEDINGS PURSUANT TO THIS NOTICE.

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7 DATED this 17th day of August, 2012.



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DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

14 Presented by:

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STEVEN C. SHERMAN
Financial Legal Examiner Supervisor

17 Approved by:

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CHARLES E. CLARK
Enforcement Chief