

**ORDER SUMMARY – Case Number: C-15-1788**

**Name(s):** Madison Settlement Services, LLC; David R Breschi  
 \_\_\_\_\_  
 \_\_\_\_\_

**Order Number:** C-15-1788-18-CO01  
 \_\_\_\_\_

**Effective Date:** 5/3/18  
 \_\_\_\_\_

**License Number:** UL  
**Or NMLS Identifier [U/L]** \_\_\_\_\_  
 \_\_\_\_\_

**License Effect:** \_\_\_\_\_  
 \_\_\_\_\_  
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**Not Apply Until:** \_\_\_\_\_  
 \_\_\_\_\_

**Not Eligible Until:** \_\_\_\_\_  
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**Prohibition/Ban Until:** \_\_\_\_\_  
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<b>Investigation Costs</b>	\$4,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 5/2/18
<b>Fine</b>	\$10,000 (\$4,000 stayed)	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 5/2/18
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>	<input type="checkbox"/> Y <input type="checkbox"/> N			
	No. of Victims:			

**Comments:** one year stayed fine  
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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-15-1788-18-CO01

CONSENT ORDER

MADISON SETTLEMENT SERVICES, LLC,  
and  
DAVID R. BRESCHI, President,

Respondents.

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COMES NOW the Director of the Department of Financial Institutions (Director), through her designee Charles E. Clark, Division Director, Division of Consumer Services, Madison Settlement Services, LLC (Respondent Madison), and David R. Breschi (Respondent Breschi), President of Respondent Madison, 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:

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**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-15-1788-17-SC01 (Statement of Charges), entered July 24, 2017, (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

1 resolve the Statement of Charges. Respondents neither admit nor deny and are agreeing not to  
2 contest the Statement of Charges in consideration of the terms of this Consent Order.

3 Based upon the foregoing:

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

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

11 **C. No Admission of Liability.** The parties intend this Consent Order to fully resolve the  
12 Statement of Charges and any past unlicensed escrow services, if any, provided by Respondents in  
13 the state of Washington, and agree that Respondents do not admit to any wrongdoing by its entry.

14 **D. Cease and Desist.** Without admitting or denying, it is AGREED that Respondents shall  
15 cease and desist from providing unlicensed escrow services in the state of Washington.

16 **E. Application for License.** Respondents AGREE that they understand that to perform any  
17 functions of an escrow agent within the state of Washington or with respect to transactions that  
18 involve personal property or real property located in Washington they must possess a valid license  
19 issued by the director pursuant to the Act or qualify for an exemption from the Act. It is further  
20 AGREED that should Respondents apply to the Department for any license under any name at any  
21 time after the date of entry of this Consent Order, such applying Respondents shall be required to  
22 meet any and all application requirements in effect at that time, and that this Consent Order shall not  
23 prohibit or limit such applying Respondents' license application from being approved.

1           **F. Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of  
2 \$10,000. It is further AGREED that Respondents shall pay \$6,000 of the fine upon entry of this  
3 Consent Order (Imposed Fine). Payment of the remaining \$4,000 is STAYED for a period of one  
4 year immediately following entry of this Consent Order, subject to the stay being lifted or nullified as  
5 provided in Section H below.

6           **G. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an  
7 investigation fee of \$4,000 upon entry of this Consent Order. The Imposed Fine and Investigation  
8 Fee shall be paid together in one \$10,000 cashier's check made payable to the "Washington State  
9 Treasurer."

10           **H. Lifting of Stay.** It is AGREED that the Department may seek to lift the stay and impose  
11 the stayed portion of the fine against Respondents subject to the following terms:

- 12           1. The Department may seek to lift the stay at any time within the one year period  
13           immediately following entry of this Consent Order if the Department determines  
14           that Respondents are in violation of the terms of this Consent Order.
- 15           2. The Department may seek to lift the stay at any time within the one year period  
16           immediately following entry of this Consent Order if Respondents repeat any of the  
17           violations alleged in Statement of Charges C-17-1788-17-SC01.
- 18           3. If the Department seeks to lift the stay, the Department shall serve Respondents  
19           with a written notice of noncompliance. The notice of noncompliance shall include:
  - 20           a. a description of the alleged noncompliance,
  - 21           b. a statement of the Department's intent to lift the stay,
  - 22           c. notice that Respondents may contest the allegations of noncompliance by either  
23           requesting an adjudicative hearing in writing or submitting a written response to  
24           the allegations of noncompliance, and
  - d. notice that the process for lifting the stay applies only to this Consent Order.
4. Respondents will be afforded 20 business days from the date of service of the notice  
          of noncompliance to submit to the Department either a written request for an  
          adjudicative hearing or a written response to the allegations of noncompliance.
5. The scope and issues of the adjudicative hearing shall be limited to whether  
          Respondents have failed to comply with the terms of this Consent Order and/or

1 whether Respondents repeated any of any violations alleged in Statement of  
2 Charges C-17-1788-17-SC01.

- 3 **6.** At the conclusion of the adjudicative hearing the Administrative Law Judge will  
4 issue an initial decision. Either party may subsequently file a Petition for Review  
5 with the Director.
- 6 **7.** If Respondents do not timely request an adjudicative hearing or submit a written  
7 response to the notice of noncompliance, the Department may lift the stay without  
8 further notice.
- 9 **8.** If the Department has not moved to lift the stayed fine within the one year period  
10 immediately following the entry of this Consent Order, the stayed fine shall be  
11 nullified.

12 **I. Change of Address.** It is AGREED that for the duration of the period this Consent Order  
13 is in effect, unless otherwise agreed to in writing by the Department, Respondent Madison shall  
14 provide the Department with a mailing address and telephone number at which Respondent Madison  
15 can be contacted and Respondent Madison shall notify the Department in writing of any changes to  
16 its mailing address or telephone number within fifteen days of any such change.

17 **J. Records Retention.** It is AGREED that Respondent Madison, its officers, employees,  
18 and agents shall maintain records in compliance with the Act and provide the Director with the  
19 location of the books, records and other information relating to Respondent Madison's escrow agent  
20 business, and the name, address and telephone number of the individual responsible for maintenance  
21 of such records in compliance with the Act.

22 **K. Authority to Execute Order.** It is AGREED that the undersigned have represented and  
23 warranted that they have the full power and right to execute this Consent Order on behalf of the  
24 parties represented.

**L. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to  
abide by the terms and conditions of this Consent Order may result in further legal action by the

1 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director  
2 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

3 **M. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this  
4 Consent Order, which is effective when signed by the Director's designee.

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

7 **RESPONDENTS:**

8 Madison Settlement Services, LLC  
9 By:

10 /s/ \_\_\_\_\_  
11 DAVID R. BRESCHI  
12 President

10 April 19, 2018  
11 \_\_\_\_\_  
12 Date

12 /s/ \_\_\_\_\_  
13 DAVID R. BRESCHI  
14 Individually

12 April 19, 2018  
13 \_\_\_\_\_  
14 Date

15 Approved for Entry:

16 /s/ \_\_\_\_\_  
17 Christopher Howard, WSBA No. 11074  
18 Attorney at Law  
19 Attorney for Respondents

16 April 23, 2018  
17 \_\_\_\_\_  
18 Date

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23 **DO NOT WRITE BELOW THIS LINE**

23 **THIS ORDER ENTERED THIS 3<sup>rd</sup> DAY OF May, 2018.**

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/s/  
CHARLES E. CLARK  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

/s/  
KENNETH J. SUGIMOTO  
Financial Legal Examiner

Approved by:

/s/  
STEVEN C. SHERMAN  
Enforcement Chief





1 approximately \$3,250 as fees for those transactions. Pursuant to its authority under RCW 18.44.420,  
2 the Department sent a subpoena, dated April 21, 2016, directing Respondents to provide, among  
3 other things, “[a] list of all Respondents’ escrow customers in the state of Washington for the past 25  
4 months.” As of the date of this Statement of Charges, Respondents have not provided a list of such  
5 customers as directed by the Department.

6 **1.4 On-Going Investigation.** The Department’s investigation into the alleged violations of the  
7 Act by Respondents continues to date.

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

9 **2.1 Definition of Escrow.** Pursuant to RCW 18.44.011(7), “Escrow” means any transaction  
10 wherein any person or persons, for the purpose of effecting and closing the sale, purchase, exchange,  
11 transfer, encumbrance, or lease of real or personal property to another person or persons, delivers any  
12 written instrument, money, evidence of title to real or personal property, or other thing of value to a  
13 third person to be held by such third person until the happening of a specified event or the  
14 performance of a prescribed condition or conditions, when it is then to be delivered by such third  
15 person, in compliance with instructions under which he or she is to act, to a grantee, grantor,  
16 promisee, promisor, obligee, obligor, lessee, lessor, bailee, bailor, or any agent or employee thereof.

17 **2.2 Definition of Escrow Agent.** Pursuant to RCW 18.44.011(8) “Escrow Agent” means any  
18 person engaged in the business of performing for compensation the duties of the third person referred  
19 to in RCW 18.44.011(7).

20 **2.3 Requirement to Obtain and Maintain License.** Based on Factual Allegations set forth in  
21 Section I above, Respondents are in apparent violation of RCW 18.44.021 for engaging in the  
22 business of an escrow agent by performing escrow services or any of the functions of an escrow agent  
23 within the state of Washington or with respect to transactions that involve personal property or real  
24 property located in the state of Washington without first obtaining a license.

1 **2.4 Requirement to Maintain Records in the State of Washington.** Based on the Factual  
2 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 18.44.400  
3 and WAC 208-680-530 for failing to maintain transaction records in the state of Washington, unless  
4 otherwise approved by the Director, for a period of six years from completion of the transaction.

5 **III. AUTHORITY TO IMPOSE SANCTIONS**

6 **3.1 Authority to Issue an Order to Cease and Desist and Take Affirmative Action.** Pursuant  
7 to RCW 18.44.440 and WAC 208-680-630, if the Director determines after notice and hearing that a  
8 person has violated any provision of the Act the director may issue an order requiring the person to  
9 cease and desist from the unlawful practice and to take such affirmative action as in the judgment of  
10 the director will carry out the purposes of the Act.

11 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 18.44.430(3) and WAC 208-680-  
12 640, the Director may issue orders removing from office or prohibiting from participation in the  
13 conduct of the affairs of any licensed escrow agent, any officer, controlling person, director,  
14 employee, or licensed escrow officer, or any person subject to licensing under the Act for violating  
15 any provisions of the Act or any lawful rules made by the Director pursuant thereto.

16 **3.3 Authority to Impose Fine.** Pursuant to RCW 18.44.430(3), the Director may impose a fine  
17 up to \$100 per day for each day's violation of the Act.

18 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410, WAC 208-680-620,  
19 and WAC 208-680-650, any person investigated by the Director shall pay for the cost of the  
20 investigation, calculated at the rate of \$62.50 per hour devoted to the investigation.

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1 **IV. NOTICE OF INTENT TO ENTER ORDER**

2 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above  
3 Factual Allegations and Grounds for Entry of Order constitute a basis for the entry of an Order under  
4 RCW 18.44.400, RCW 18.44.410, RCW 18.44.430, RCW 18.44.440 and WAC 208-680-630, which  
5 authorize the Director to enforce all laws, rules, and regulations related to the registration of escrow  
6 agents and licensing of escrow officers. Therefore, it is the Director's intent to ORDER that:

7 **4.1** Respondent Madison Settlement Services, LLC and Respondent David R. Breschi  
8 cease and desist from performing escrow services in the state of Washington until such  
9 time as Respondent Madison Settlement Services, LLC obtains a license from the  
10 Department or meets an exclusion from licensing as delineated in the Act.

11 **4.2** Respondent Madison Settlement Services, LLC and Respondent David R. Breschi be  
12 prohibited from participation in the conduct of the affairs of any licensed escrow agent  
13 for a period of five years.

14 **4.3** Respondent Madison Settlement Services, LLC and Respondent David R. Breschi  
15 jointly and severally pay a fine in the amount of \$10,000.

16 **4.4** Respondent Madison Settlement Services, LLC and Respondent David R. Breschi  
17 jointly and severally pay an investigation fee in the amount of \$2,000.

18 **4.5** Respondent Madison Settlement Services, LLC, its officers, employees, and agents  
19 maintain records in compliance with the Act.

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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). Respondents may make a written request for a hearing as set forth in  
5 the Notice of Opportunity for Adjudicative Hearing and to Defend accompanying this Statement of  
6 Charges.

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8 Dated this 24<sup>th</sup> day of July, 2017.

9  
10 /s/ \_\_\_\_\_  
11 CHARLES E. CLARK  
12 Director  
13 Division of Consumer Services  
14 Department of Financial Institutions

15 Presented by:

16 /s/ \_\_\_\_\_  
17 KENNETH J. SUGIMOTO  
18 Financial Legal Examiner

19 Approved by:

20 /s/ \_\_\_\_\_  
21 STEVEN C. SHERMAN  
22 Enforcement Chief