

ORDER SUMMARY – Case Number: C-18-2381

Name(s): Citadel Escrow, Inc.
Peter Z. Hom

Order Number: C-18-2381-20-CO01

Effective Date: 02/19/2020

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

License Effect: For a period of two years from the date of entry of this Consent Order, Respondents shall not apply to the Department for any license under any name.

Not Apply Until: 2/19/2022

Not Eligible Until: N/A

Prohibition/Ban Until: N/A

Investigation Costs	\$ N/A		Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$ 7,500.00	Due: Upon delivery of the CO	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 2/14/20
Assessment(s)	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Financial Literacy and Education	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$ N/A	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

Comments:

1
2
3
4
5
6

**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:

CITADEL ESCROW, INC.,
and PETER Z. HOM, President;

Respondents.

No.: C-18-2381-20-CO01

CONSENT ORDER

7
8
9
10
11
12
13
14

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Lucinda Fazio, Division of Consumer Services Director, and Citadel Escrow, Inc. (Respondent Citadel Escrow, Inc.) and Peter Z. Hom (Respondent Hom), President of Citadel Escrow, Inc. (collectively Respondents), 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:

15
16

AGREEMENT AND ORDER

17
18
19
20
21
22

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-18-2381-19-SC01 (Statement of Charges), entered July 11, 2019, (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. Respondents are agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

23
24

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 Respondents have been informed of the right to a
4 hearing before an administrative law judge, and hereby waive their 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, Respondents, by their signatures below, withdraw their appeal to the Office of
7 Administrative Hearings.

8 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the
9 Statement of Charges and agree that Respondents do not admit to any wrongdoing by its entry.

10 D. **Escrow Agent License Required.** It is AGREED that Respondents understand that in
11 order to perform any functions of an escrow agent in the state of Washington or with respect to
12 transactions that involve personal property or real property located in Washington, Respondents must
13 obtain a valid license issued by the director pursuant to the Act or qualify for an exemption from the
14 Act. It is further AGREED that Respondents will not perform any functions of an escrow agent in
15 the state of Washington or with respect to transactions that involve personal property or real property
16 located in Washington until such time as Respondents obtain a license in accordance with the Act or
17 qualifies for an exemption from the Act.

18 E. **Application for License.** It is AGREED that, for a period of two years from the date of
19 entry of this Consent Order, Respondents shall not apply to the Department for any license under any
20 name. It is further AGREED that, should Respondents apply to the Department for any license under
21 any name at any time later than two years from the date of entry of this Consent Order, such applying
22 Respondents shall be required to meet any and all application requirements in effect at that time, and
23

1 that this Consent Order shall not prohibit or limit such applying Respondents' license application
2 from being approved.

3 F. **Fine.** It is AGREED that Respondents shall pay a fine to the Department in the amount of
4 \$7,500, in the form of a cashier's check made payable to the "Washington State Treasurer," upon
5 delivery of this Consent Order to the Department, properly dated and signed.

6 G. **Records Retention.** It is AGREED that Respondent Citadel Escrow, Inc., its officers,
7 employees, and agents shall maintain records in compliance with the Act and provide the Director
8 with the location of the books, records and other information relating to Respondent Citadel Escrow,
9 Inc.'s escrow agent business, and the name, address and telephone number of the individual
10 responsible for maintenance of such records in compliance with the Act.

11 H. **Authority to Execute Order.** It is AGREED that the undersigned have represented and
12 warranted that they have the full power and right to execute this Consent Order on behalf of the
13 parties represented.

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

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

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

22 L. **Counterparts.** This Consent Order may be executed by the Respondents in any number
23 of counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which shall be

1 deemed to be an original, but all of which, taken together, shall constitute one and the same Consent
2 Order.

3
4 **RESPONDENTS:**

5 Citadel Escrow, Inc.
6 Peter Z. Hom

7 By:

8
9 /s/
Peter Z. Hom
President, Citadel Escrow, Inc.

1/17/20
Date

10
11 /s/
Peter Z. Hom
Individually

1/17/20
Date

12
13 Approved for Entry:

14
15 /s/
Robert W. Sargeant, WSBA
No.12816 Williams Kastner
Attorney for Respondents

6 February 2020
Date

16
17
18 **DO NOT WRITE BELOW THIS LINE**

19 THIS ORDER ENTERED THIS 19th DAY OF February, 2020.

20
21
22 /s/
Lucinda Fazio, Director
Division of Consumer Services
Department of Financial Institutions

1 Presented by:

2

/s/

3 KRISTINA M. SHENEFELT
4 Financial Legal Examiner

4

5 Approved by:

5

6 /s/

7 STEVEN C. SHERMAN
8 Enforcement Chief

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

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 CITADEL ESCROW, INC.,
and PETER Z. HOM, President,
6 Respondents.

No.: C-18-2381-19-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO CEASE AND DESIST,
PROHIBIT FROM INDUSTRY, IMPOSE
FINE, COLLECT INVESTIGATION FEE,
AND MAINTAIN RECORDS

7 **INTRODUCTION**

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

14 **I. FACTUAL ALLEGATIONS**

15 **1.1 Respondents.**

16 A. **Citadel Escrow, Inc. (Respondent Citadel Escrow, Inc.)** has never been licensed by
17 the Department of Financial Institutions of the State of Washington (Department) to conduct business
18 as an escrow agent.

19 B. **Peter Z. Hom (Respondent Hom)** was President of Respondent Citadel Escrow, Inc.
20 at all times relevant to this Statement of Charges. Respondent Hom has never been licensed by the
21 Department to engage in the business of an escrow agent in the state of Washington.
22
23
24

1 **1.2 Unlicensed Activity.** Between at least November 2016 and January 2017, Respondents
2 performed the functions of an escrow agent in at least two Washington mortgage loan transactions.
3 Respondents received approximately \$1,150.00 as “fees” for the transactions.

4 **1.3 Failure to Comply with Director’s Authority.** On November 8, 2017, the Department
5 issued a Subpoena to Provide Documents and Explanation (Subpoena) to Respondents. On
6 November 16, 2017, the Department received correspondence from Respondent Hom, but the
7 response failed to include the required explanation and documents. On December 19, 2017, the
8 Department received correspondence from Respondents’ attorney, Steven Ray Garcia. Mr. Garcia’s
9 response refused to comply with the Subpoena. On December 22, 2017, the Department issued an
10 Enforcement Letter reiterating that Respondents are required to fully respond to the Subpoena. As of
11 the date of this Statement of Charges, Respondents have not provided the Department with a
12 complete response.

13 **1.4 Failure to Maintain Records.** On November 16, 2017, the Department received
14 correspondence from Respondent Hom as a response to the Subpoena. In the response, Respondent
15 Hom stated, “most of the old files were destroyed to protect from identity theft.”

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

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

19 **2.1 Definition of Escrow.** Pursuant to RCW 18.44.011(7), “Escrow” means any transaction
20 wherein any person or persons, for the purpose of effecting and closing the sale, purchase, exchange,
21 transfer, encumbrance, or lease of real or personal property to another person or persons, delivers any
22 written instrument, money, evidence of title to real or personal property, or other thing of value to a
23 third person to be held by such third person until the happening of a specified event or the
24 performance of a prescribed condition or conditions, when it is then to be delivered by such third

1 person, in compliance with instructions under which he or she is to act, to a grantee, grantor,
2 promisee, promisor, obligee, obligor, lessee, lessor, bailee, bailor, or any agent or employee thereof.

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

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

11 **2.4 Requirement to Comply with Director’s Authority.** Based on the Factual Allegations set
12 forth in Section I above, Respondents are in apparent violation of RCW 18.44.420 by failing to
13 provide documents and other materials required by the Director.

14 **2.5 Requirement to Maintain Records in the State of Washington.** Based on the Factual
15 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 18.44.400
16 and WAC 208-680-530 for failing to maintain transaction records in the state of Washington for a
17 period of six years from completion of the transaction.

18 III. AUTHORITY TO IMPOSE SANCTIONS

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

1 the purposes of the Act.

2 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 18.44.400(5) and RCW
3 18.44.430(3), the Director may issue orders removing from office or prohibiting from participation in
4 the conduct of the affairs of any person subject to licensing under the Act for violating any provisions
5 of RCW 18.44.400 or WAC 208-680-530.

6 **3.3 Authority to Impose Fine.** Pursuant to RCW 18.44.171 and RCW 18.44.430(3), the
7 Director may impose a fine up to \$100 per day for each day's violation of the Act.

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

9 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above
10 Factual Allegations and Grounds for Entry of Order constitute a basis for the entry of an Order under
11 RCW 18.44.400, RCW 18.44.410, RCW 18.44.430, and RCW 18.44.440, which authorize the
12 Director to enforce all laws, rules, and regulations related to the registration of escrow agents and
13 licensing of escrow officers. Therefore, it is the Director's intent to ORDER that:

- 14 **4.1** Respondent Citadel Escrow, Inc. and Respondent Peter Z. Hom cease and desist from
15 performing escrow services in the state of Washington.
- 16 **4.2** Respondent Citadel Escrow, Inc. and Respondent Peter Z. Hom be prohibited from
17 participation in the conduct of the affairs of any licensed escrow agent for a period of
18 five years.
- 19 **4.3** Respondent Citadel Escrow, Inc. and Respondent Peter Z. Hom jointly and severally
20 pay a fine. As of the date of this Statement of Charges, the fine totals \$15,000.00.
- 21 **4.4** Respondent Citadel Escrow, Inc., its officers, employees, and agents maintain all
22 records involving Washington State escrow transactions in compliance with the Act.

23 **V. AUTHORITY AND PROCEDURE**

24 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist,
Prohibit From Industry, Impose Fine, Collect Investigation Fee, and Maintain Records (Statement of
Charges) is entered pursuant to the provisions of RCW 18.44.410, RCW 18.44.430, and RCW

1 18.44.440, and is subject to the provisions of chapter 34.05 RCW (the Administrative Procedure Act).
2 Respondents may make a written request for a hearing as set forth in the NOTICE OF
3 OPPORTUNITY FOR ADJUDICATIVE HEARING AND TO DEFEND accompanying this
4 Statement of Charges.

5
6 Dated this 11th day of July, 2019.

7
8 /s/
RICHARD ST. ONGE
9 Acting Director
10 Division of Consumer Services Department
of Financial Institutions

11 Presented by:

Approved by:

12
13 /s/
14 KRISTINA M. SHENEFELT
Financial Legal Examiner

/s/
15 STEVEN C. SHERMAN
Enforcement Chief