# Escrow Committee Webinar

**We will begin shortly**

**Call In #: 1-855-929-3239**
**Meeting #: 801 927 195**
**Password: October222019**

If you have a question during the presentation, please send a message to the presenter using the chat feature.

There will be a portion at the end of the webinar where there will be a Q&A. We will try to get to as many questions as possible.

- This webinar is being recorded and will be available on our website.

*If you run into technical difficulties contact WebEx support at:*

*1-866-229-3239*

# Escrow Committee Meeting Agenda

**Tuesday October 22, 2019**
**10:00 a.m.**
**Webinar**

Call in number: 1-855-929-3239
Meeting number: 801 927 195
Meeting password: October222019

1. Welcome – Rick St. Onge
2. Approve Meeting Minutes from July 2019
3. Licensing Update – Charles Moore
4. Examination Update – Joepaul Wong/ Alan Leingang
5. Enforcement Update – Robert Jones
6. Old Business
7. New Business

**Committee Members**
Philip Dryden, Chair
Laurie LeMay
Susan Berry
Aubryum M. Drugge
TBD

**Consumer Services Division Representatives:**
Rick St. Onge, Acting Division Directory
Cindy Fazio, Chief of Regulatory Affairs
Anya Tabb, Acting Examinations Program Manager Steve Sherman, Enforcement Program Manager Robert Jones, Enforcement Supervisor
Alan Leingang, Examinations Supervisor
Joepaul Wong, Examinations Supervisor
Charles Moore, Licensing Management Analyst
Michele Gill, Webinar Facilitator

# Escrow Committee Meeting Minutes
# July 16, 2019

Attendees:

## Committee Members Present:

Philip Dryden
Laurie LeMay
Aubryum M Drugge

## Consumer Services Division Representation:

Rick St. Onge, Acting Director of Consumer Services
Cindy Fazio, Chief of Regulatory Affairs
Devon Phelps, Financial Legal Examiner
Deborah Taellious, Licensing Chief
Alan Leingang, Examinations Supervisor
Steven Sherman, Enforcement Chief
Robert Jones, Enforcement Supervisor
Charles Moore, Licensing Supervisor
Michele Gill, Webinar Facilitator

## Guests:

**Guest list as generated by the webinar program – may not be complete*
Shalini
Tamara L. Warnke
Michele McGhuey

**Meeting Called to Order at 10:00 a.m.**

### Welcome

Quorum met, April 2019 minutes were approved

### Licensing Update

Escrow Agent Numbers as of June 30, 2019:

- 63 Main Offices (61 reported at April 2019 meeting)
- 11 Branch offices (11 reported at April 2019 meeting)
- 86 Active Escrow Officers ( 88 reported at April 2019 meeting)
- 26 Inactive Escrow officers (24 reported at April 2019 meeting)
- 112 Total Escrow Officers (115 reported at April 2019 meeting)

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## Examinations Update

- 4 Exams completed in April
- 4 Exams completed in May
- 2 Exams completed in June

**10 Exams completed from April - June 2019**
Average number of violations per exam: 0

### Common Violations

No common violations for Q2 2019

### Discussion Point

Wire fraud continues to be a significant concern.

## Enforcement Update

From April to June 2019, Enforcement received 4 Escrow complaints, 3 are for unlicensed activity and have been closed, and forwarded to investigation. The last one is for a bonding issue with a licensee and is still open at this time.

**Investigations:**
Investigations – Open (EARA only) 7
Investigations – Open (All Industries) 91

**Enforcement Actions—EARA**
**Statement of Charges (Issued in Period) 0**
**Consent Orders (Issued in period) 0**
**Final Orders (issued in period) 0**
**Civil Actions: (injunction, enforce subpoena) 0**
**Temporary Cease and Desist: 0**

## Old Business

At the April 2019 meeting, DFI talked about proposed legislation for moving the escrow program onto NMLS. Since then, the Governor has come out, through the Cabinet, with a very restrictive list of what legislation he wants to consider for the 2020 session. At this point in time, we do not believe that we will be running *any* legislation at all. This may change, and if it does, we will update you at the October 22nd meeting.

However, we do have a plan B for getting the escrow program on NMLS. DFI is going to look at rulemaking activity to transition the escrow officers onto the annual renewal. To accomplish this DFI will issue an interim license that will take them to the next annual renewal period. We will transition everyone in 2020. No one will be required to renew more than once in the time period, and the department would waive DFI's portion of the renewal fee for the officer license during this process. There will still be a system fee from NMLS, which DFI cannot waive. Any questions can be direct to Deborah Taellious at CSPMLicensing@dfi.wa.gov or Cindy Fazio CSRA@dfi.wa.gov.

## New Business

Rick received communication from FINCEN, a **Geographic Targeting Order**, dated May 14, 2019. specific to Title Companies acting in Escrow roles accepting purchase prices of real property in Cash, Cashiers Checks, Certified

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Checks, Personal Checks, Business Checks, Virtual Currency, money orders, wires, Traveler's Cheque, or purchases made without a bank loan or similar financing. There are 9 states involved, with specific areas in a number of states with King County as Washington state's targeted area. Accompanying the order are reporting and record keeping requirements as well. Aubryum advised, being in the title industry, she was aware of the Order and the company was working on meeting the requirements.

**Meeting Adjourned at 10:26 a.m.**
**You may listen to a recording of the entire meeting at: https://dfi.wa.gov/escrow-agents/committee**

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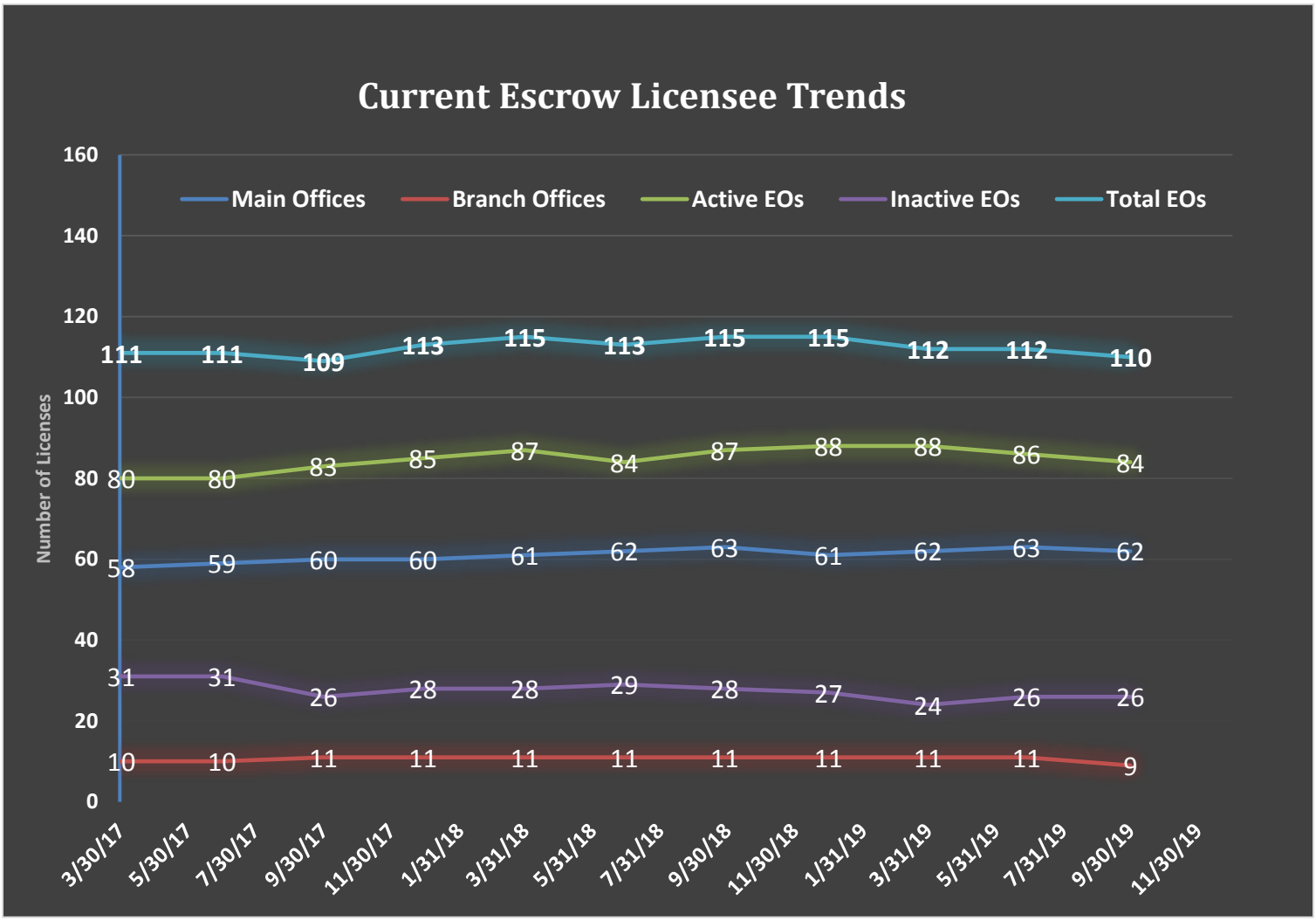
# Escrow Committee

## Licensing Unit Quarterly Report

## October 22, 2019

| | 9/30/2019 | 6/28/2019 | 3/31/2019 | 12/31/18 |
|---|---|---|---|---|
| Main Offices | 62 | 63 | 62 | 61 |
| Branch Offices | 9 | 11 | 11 | 11 |
| Active EOs | 84 | 86 | 88 | 88 |
| Inactive EOs | 26 | 26 | 24 | 27 |
| Total EOs | 110 | 112 | 112 | 115 |



# CS - Examination Unit Report
# Escrow Program

**Escrow Committee Meeting**
**October 22, 2019**

## Examination Summary

- 3 Exams completed in July
- 2 Exams completed in August
- 2 Exams completed in September

} **Seven exams completed from July to September 2019**

Average number of violations per exam: no findings

| Composite Rating | Number of Exams | Previous Avg. Exam Cost | Current Avg. Exam Cost | Exam Cost Change |
|---|---|---|---|---|
| 1 | 5 | $ 1,602.27 | $ 1,623.79 | $ 21.52 |
| 2 | 2 | $ 1,922.44 | $ 1,917.48 | $ (4.96) |
| 3 | 0 | $ 2,536.46 | N/A | N/A |
| 4 | 0 | $ 4,187.50 | N/A | N/A |
| 5 | 0 | $ 19,343.75 | N/A | N/A |
| No Rating | 0 | N/A | N/A | N/A |

## Common Violations

- **Information Security Program (ISP) best practices:** ISP version control guidelines:
  - Assign the document a version number(e.g. name the first version of the document ISP 1.1)
  - State the document most recent revision date (e.g. ISP 1.1 most recent revision date is October 1, 2017)
  - Include a table within the ISP documenting all versions of the document, revision date, and the changes made to the document. An example would be:

| Version | Revision Date | Change Detail |
|---|---|---|
| ISP 1.1 | Revised October 1, 2017 | ISP adopted and implemented |
| ISP 2.1 | Revised October 1, 2018 | Annual ISP training requirements added to document |
| ISP 3.1 | Revised October 1, 2019 | Social media policy added to document |

- **Required records:** Original voided checks and receipts must be maintained. Escrow agents may image all required escrow records and destroy the original documents except for voided checks and receipts.

**Escrow Committee**

**Enforcement Unit Quarterly Report**

**July 1, 2019 – Sept. 30, 2019**

| **Complaints** | **EARA Quarter** | **EARA 2019** | **All Industries Quarter** |
|---|---|---|---|
| Received in period | 5 | 16 | 327 |
| Closed in period | 4 | 16 | 339 |
| Open as of 9/30/2019 | **EARA** 3 | **Other Industries** 170 | **Total Complaints Open** 173 |

## Investigations

| | |
|---|---|
| Investigations – Open (EARA only) | 6 |
| Investigations – Open (all industries) | 88 |

Enforcement Actions 3rd Quarter

| | |
|---|---|
| CCSA | 2 |
| CLA | 8 |
| EARA | 6 |
| MBPA | 5 |
| UMSA | 1 |

## Enforcement Actions – EARA

| | |
|---|---|
| **Statement of Charges (issued in period)** | **2** |
| **Consent Orders (issued in period)** | **0** |
| **Criminal Referrals** | **0** |
| **Final Orders (issued in period)** | **4** |
| **Civil Actions: (injunction, enforce subpoena)** | **0** |
| **Temporary Cease and Desist** | **0** |

### EARA Final Orders

**C-18-2364-19-FO01** K. Thomas & Company 07/29/2019
**C-18-2364-19-FO02** Nicholas Barron Vaughey 07/29/2019
**C-18-2364-19-FO03** Andrew Barrett Vaughey 09/27/2019
**C-18-2525-19-FO01** Eliseo Betti, Jr. 09/16/2019

### EARA Statement of Charges

**C-18-2381-19-SC01** Citadel Escrow, Inc; Peter Z Hom 07/11/2019
**C-18-2525-19-SC01** American Freedom Assurance, Inc; Daniel Rover, Eliseo Betti, Jr. 08/19/2019