

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Escrow Agent Registration Act by:

Terri L. Gammons,

Respondent.

Order No.: C-02-088-03-SC01

TEMPORARY ORDER TO CEASE AND  
DESIST, STATEMENT OF CHARGES,  
AND NOTICE OF INTENT TO PROHIBIT  
PARTICIPATION IN THE ESCROW  
INDUSTRY AND TO IMPOSE FINES

THE STATE OF WASHINGTON TO:

Terri L. Gammons

**STATEMENT OF CHARGES**

Please take notice that the Department of Financial Institutions of the State of Washington (“Department”) has reason to believe that the Respondent, Terri L. Gammons, has violated the Escrow Agent Registration Act and that her violations justify the Department in entering an order under RCW 18.44.440 that she cease and desist from such violations. The Department finds that delay in ordering the Respondent to cease and desist from such violations would result in irreparable harm to the public interest and that a Temporary Order to Cease and Desist should be entered immediately. The Department also has reason to believe that grounds exist under RCW 18.44.410, RCW 18.44.430, and RCW 18.44.440 to prohibit Terri L. Gammons from participation in the escrow industry and to impose fines against her. The Department finds as follows:

TEMPORARY ORDER TO CEASE AND  
DESIST, STATEMENT OF CHARGES, and  
NOTICE OF INTENT TO ENTER ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 **TENTATIVE FINDINGS OF FACT**

2 **I. RESPONDENT**

3 Respondent, Terri L. Gammons (“Gammons”), conducted business as a designated  
4 escrow officer (“DEO”) for Admiral Escrow, LLC (“Admiral”), an escrow agent licensed  
5 under chapter 18.44 RCW at 3212 California Avenue SW, Seattle, Washington 98116. The  
6 Department licensed Gammons as a DEO effective October 22, 1998, and her license was  
7 cancelled on May 17, 2002.  
8

9 **II. SCHEME TO WITHDRAW TRUST FUNDS**

10 In or around June 1998, Gammons began working for Admiral. Within the month, she  
11 initiated a scheme to embezzle Admiral funds. From that time until around November 13,  
12 1998, Gammons prepared fifteen (15) checks, totaling \$7,063.00, drawn for her direct or  
13 indirect benefit on Admiral’s trust account. No written escrow or settlement instructions  
14 authorized these disbursements. These checks were made payable (1) directly to Gammons;  
15 (2) to named payees, but then exchanged for cashier’s checks appropriated by Gammons; (3) to  
16 payees whose names Gammons changed after issuing the check; and (4) to unauthorized parties  
17 for unauthorized expenses, such as Gammons’s personal creditors. Gammons also prepared six  
18 (6) additional trust checks for an amount totaling \$96,933.51, but Admiral stopped payment on  
19 these checks before funds were misappropriated. Admiral checks can be negotiated only with  
20 an authorized signature and counter-signature. Gammons had authority to sign Admiral checks  
21 but forged the required counter-signatures. Gammons’s acts caused Admiral’s books and  
22 accounts to reflect payments to improper payees.  
23  
24  
25

26 **TEMPORARY ORDER TO CEASE AND**  
27 **DESIST, STATEMENT OF CHARGES, and**  
28 **NOTICE OF INTENT TO ENTER ORDER**

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**Securities Division**  
**PO Box 9033**  
**Olympia, WA 98507-9033**  
**360-902-8760**

1 III. ADMISSION OF MISCONDUCT

2 In November 1998, Admiral escrow officer Laurie Robinson and Admiral co-owner  
3 Roger Cayce confronted Gammons about four (4) of the unauthorized checks described above  
4 in Tentative Finding of Fact II. Gammons initially denied everything but then acknowledged  
5 her involvement. Admiral referred the matter to the Seattle Police Department.  
6

7 IV. INDEPENDENT AUDIT

8 Admiral hired a Certified Public Accountant (“CPA”) to conduct an independent audit  
9 of Admiral. The CPA determined that Gammons had drawn 15 improper checks for a total of  
10 \$7,063.00. The CPA also determined that Gammons had prepared six (6) additional checks for  
11 improper disbursements totaling \$96,933.51, but that Admiral had stopped payment on them.  
12

13 V. IRREPARABLE HARM

14 The Department finds that continuation of the conduct described in Tentative  
15 Findings of Fact II through IV would result in irreparable harm to the public interest.  
16

17 Based upon the Tentative Findings of Fact, the following Conclusions of Law are  
18 made:

19 CONCLUSIONS OF LAW

20 I.

21 The conduct described in Tentative Findings of Fact II through IV is in violation of  
22 RCW 18.44.301(1) because Gammons employed a scheme to defraud Admiral and  
23 Admiral’s clients.  
24

25  
26 TEMPORARY ORDER TO CEASE AND  
27 DESIST, STATEMENT OF CHARGES, and  
28 NOTICE OF INTENT TO ENTER ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 II.

2 The conduct described in Tentative Findings of Fact II through IV is in violation of  
3 RCW 18.44.301(2) because Gammons engaged in an unfair or deceptive practice toward  
4 Admiral and Admiral’s clients.

5 III.

6 The conduct described in Tentative Findings of Fact II through IV is in violation of  
7 RCW 18.44.301(5) because Gammons received or took unauthorized possession of Admiral  
8 property and, with intent to defraud, omitted to make a full and true entry of this in Admiral’s  
9 books and accounts.

10 IV.

11 The conduct described in Tentative Findings of Fact II through IV is in violation of  
12 RCW 18.44.430(1)(e) because Gammons converted money or checks, delivered to her in trust,  
13 to her own use or the use of another person, in violation of the trust.

14 V.

15 The conduct described in Tentative Findings of Fact II through IV is in violation of  
16 WAC 208-680D-060, which requires a written instruction for all trust disbursements.

17 VI.

18 The conduct described in Tentative Findings of Fact II through IV is in violation of  
19 RCW 18.44.430(1)(i) because Gammons’s acts or conduct demonstrates untrustworthiness  
20 or a source of injury and loss to the public.

21 VII.

22 The Department finds and concludes that the violations described above of the  
23 Escrow Agent Registration Act and rules adopted thereunder, if continued, will result in  
24

25  
26 TEMPORARY ORDER TO CEASE AND  
27 DESIST, STATEMENT OF CHARGES, and  
28 NOTICE OF INTENT TO ENTER ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 irreparable harm to the public interest such that the issuance of a temporary cease and desist  
2 order is warranted under RCW 18.44.440.

3  
4 **VIII.**

5 The Department finds and concludes that the violations of the Escrow Agent  
6 Registration Act described above constitute grounds for prohibiting Gammons from  
7 participating in the escrow industry and imposing fines under RCW 18.44.410, RCW  
8 18.44.430, and RCW 18.44.440.

9  
10 **TEMPORARY ORDER TO CEASE AND DESIST**

11 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY ORDERED that  
12 Terri L. Gammons cease and desist from violating RCW 18.44.301(1), which prohibits  
13 schemes to defraud any person.

14 It is further ORDERED that Terri L. Gammons cease and desist from violating RCW  
15 18.44.301(2), which prohibits unfair or deceptive practices.

16 It is further ORDERED that Terri L. Gammons cease and desist from violating RCW  
17 18.44.301(5), which prohibits taking trust property for personal use without authorization.

18 It is further ORDERED that Terri L. Gammons cease and desist from violating RCW  
19 18.44.430(1)(e), which prohibits the conversion of money delivered in trust in violation of  
20 the trust.  
21

22 It is further ORDERED that Terri L. Gammons cease and desist from violating WAC  
23 208-680D-060, which prohibits trust disbursements without written instructions.  
24

25  
26 **TEMPORARY ORDER TO CEASE AND**  
27 **DESIST, STATEMENT OF CHARGES, and**  
28 **NOTICE OF INTENT TO ENTER ORDER**

**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**Securities Division**  
**PO Box 9033**  
**Olympia, WA 98507-9033**  
**360-902-8760**

1 It is further ORDERED that Terri L. Gammons cease and desist from violating RCW  
2 18.44.430(1)(i), which prohibits acts or conduct demonstrating untrustworthiness.

3  
4 **NOTICE OF INTENT TO PROHIBIT PARTICIPATION IN THE ESCROW**  
5 **INDUSTRY AND TO IMPOSE FINES**

6 Pursuant to RCW 18.44.410, RCW 18.44.430, and RCW 18.44.440, and based on  
7 the Department's findings and conclusions that Terri L. Gammons has violated the Escrow  
8 Agent Registration Act, the Department intends to ORDER:

- 9
- 10 I. That Terri L. Gammons be prohibited for ten (10) years from participating in the  
11 conduct of the affairs of any licensed escrow agent, including but not limited to being  
12 an escrow officer, principal, director, partner, manager, controlling person, stockholder,  
13 employee, or independent contractor of any escrow agent or other person subject to  
14 licensing under the Act; and
  - 15 II. That Terri L. Gammons shall pay fines in the amount of \$9,000.00, calculated at  
16 \$100.00 per day for thirty (30) days for 2 violations of RCW 18.44.301 and 1  
17 violation of RCW 18.44.430.

18 **AUTHORITY AND PROCEDURE**

19 This Temporary Order to Cease and Desist, Statement of Charges, and Notice of  
20 Intent to Prohibit Participation in the Escrow Industry and to Impose Fines is entered pursuant  
21 to the provisions of RCW 18.44.410, RCW 18.44.430, and RCW 18.44.440 and is subject to  
22 the provisions of chapter 34.05 RCW. The respondent, Terri L. Gammons, may make a  
23 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND  
24 AND OPPORTUNITY FOR HEARING accompanying this order.

25  
26 TEMPORARY ORDER TO CEASE AND  
27 DESIST, STATEMENT OF CHARGES, and  
28 NOTICE OF INTENT TO ENTER ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

1 If the respondent does not timely request a hearing, the Department intends to adopt  
2 the above Tentative Findings of Fact and Conclusions of Law as final and to enter an order  
3 prohibiting the respondent from participating in the escrow industry for a period of ten (10)  
4 years and imposing an \$9,000.00 fine against her.  
5

6 DATED this 12<sup>th</sup> day of November, 2003.  
7

8  
9 

10 Deborah R. Bortner  
11 Assistant Director  
12 Department of Financial Institutions

13 Approved by:

14 

15 Michael E. Stevenson  
16 Chief of Enforcement

17 Presented by:

18 

19 Andrew Ledbetter  
20 Financial Legal Examiner

21  
22  
23  
24  
25  
26 TEMPORARY ORDER TO CEASE AND  
27 DESIST, STATEMENT OF CHARGES, and  
28 NOTICE OF INTENT TO ENTER ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760