

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-05-038-05-SC01
Whether there has been a violation of the)
Escrow Agent Registration Act by:) STATEMENT OF CHARGES AND NOTICE
Cathy Marie Patrick) OF INTENT TO ENTER ORDER TO CEASE
Respondent) AND DESIST AND TO PROHIBIT
) PARTICIPATION IN THE ESCROW
) INDUSTRY

THE STATE OF WASHINGTON TO: Cathy Marie Patrick

STATEMENT OF CHARGES

Please take notice that the Department of Financial Institutions of the State of Washington ("Department") has reason to believe that Respondent, Cathy Marie Patrick, has violated the Escrow Agent Registration Act and that her violations justify the Department in entering an order under RCW 18.44.410, RCW 18.44.430 and RCW 18.44.440 to cease and desist from such violations and to prohibit her participation in the escrow industry. The Department finds as follows:

TENTATIVE FINDINGS OF FACT

RESPONDENT

1. During 2002, Cathy Marie Patrick ("Patrick") resided in Spokane, Washington. On March 27, 2002, Patrick filed a petition in Spokane, Washington for a voluntary Chapter 13 bankruptcy.

APPLICATION FOR LICENSED ESCROW AGENT

2. On January 24, 2002, Lilac City Closing & Escrow, Inc. ("Lilac City") filed an application with the Department to become a licensed escrow agent. Cathy Marie Patrick was

STATEMENT OF CHARGES

1 listed as a 50% owner of Lilac City and a Limited Practice Officer. Lilac City never became a
2 licensed escrow agent and on September 9, 2004, its application to become a licensed escrow
3 agent was withdrawn.

4 **FEDERAL WIRE FRAUD CONVICTION**

5 3. On May 6, 2004, in U.S. District Court for the Eastern District of Washington, Patrick
6 pled guilty to one count of federal wire fraud in connection with a scheme in which she
7 participated to defraud lenders by falsely representing the borrower's monthly income and other
8 personal financial information when closing an escrow transaction.

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

10 **CONCLUSIONS OF LAW**

11 1. The conduct described in the above Tentative Findings of Fact is in violation of RCW
12 18.44.301(1) because Patrick employed a scheme to defraud lenders.

13 2. The conduct described in the above Tentative Findings of Fact is in violation of RCW
14 18.44.301(2) because Patrick engaged in an unfair or deceptive practice toward lenders.

15 3. The Department finds and concludes that the violations of the Escrow Agent
16 Registration Act described above constitute grounds under RCW 18.44.410, RCW 18.44.430 and
17 RCW 18.44.440 for prohibiting Patrick from participating in the escrow industry.

18 **NOTICE OF INTENT TO ORDER RESPONDENT TO CEASE AND DESIST**

19 Based on the above Tentative Findings of Fact and Conclusions of Law, the Department
20 intends to order that Cathy Marie Patrick shall cease and desist from violations of RCW
21 18.44.301.
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