

**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:

OMNI CLOSING SERVICES, INC.,
SHEILA MARIE REIMER, Owner and Designated
Escrow Officer,
DIANE SUE GATES, Owner and Former
Designated Escrow Officer,

Respondents.

NO. C-07-511-09-CO04

**CONSENT ORDER
DIANE SUE GATES**

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Diane Sue Gates (hereinafter Respondent), 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 Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-511-08-SC01 (Statement of Charges), entered October 20, 2008, (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, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees 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 resolve the Statement of Charges.

Based upon the foregoing:

CONSENT ORDER
C-07-511-09-CO04
Diane Sue Gates

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

3 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing
4 before an administrative law judge, and hereby waives her right to a hearing and any and all administrative and
5 judicial review of the issues raised in this matter, or of the resolution reached herein. Accordingly, Respondent,
6 by her signature below, withdraws her appeal to the Office of Administrative Hearings.

7 C. **License Revocation.** It is AGREED that Respondent Diane Sue Gates' Escrow Officer license is
8 revoked.

9 D. **Prohibition from Industry.** It is AGREED that Respondent is prohibited from participating in the
10 conduct of the affairs of any escrow agent licensed by the Department or any person subject to licensure or
11 regulation by the Department for ten years from the date of entry of this Consent Order in any capacity, including
12 but not limited to: (1) any financial capacity whether active or passive; or (2) as an officer, director, principal,
13 escrow officer, designated escrow officer, or employee; or (3) any management, control, oversight or maintenance
14 of any trust account(s) in any way related to any escrow transaction; or (4) receiving, disbursing, managing or
15 controlling in any way, consumer trust funds in any way related to any escrow transaction.

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

21 F. **Declaration of Financial Condition and Confession of Judgment.** It is AGREED that Respondent
22 has provided the Department with a Declaration comprehensively describing her financial condition and
23 representing her current inability to pay the fine obligation agreed to in Paragraph G of this Consent Order. It is
24 further AGREED that, based on this Declaration, the Department has accepted a Confession of Judgment from
25

Respondent for the fine obligation agreed to in Paragraph G of this Consent Order. A copy of this Confession of Judgment is attached and incorporated into this Consent Order by this reference. Consistent with Chapter 4.60 of the Revised Code of Washington, the Department may immediately seek entry of the judgment. Respondent shall, upon the Department's request, fully and promptly cooperate with the Department in its efforts to get the judgment entered by the superior court.

G. Confession of Judgment for Fine. It is AGREED that Respondent has entered into a Confession of Judgment for a fine in the amount of \$5,000 owed to the Department.

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

I. **Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily entered into this Consent Order, which is effective when signed by the Director's designee.

J. Completely Read, Understood, and Agreed. It is AGREED that Respondent has read this Consent Order in its entirety and fully understands and agrees to all of the same.

[illegible]

1 **RESPONDENT:**

2
3 *Diane Sue Gates*

4 Diane Sue Gates
Individually

8-14-09
Date

5 DO NOT WRITE BELOW THIS LINE

6 THIS ORDER ENTERED THIS 2nd DAY OF September, 2009.

7
8 *Deborah Bortner*

9 DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

11 Presented by:

12
13 *M. T. Olson*

14 MARK T. OLSON
15 Financial Examiner



16 Approved by:

17 *James R. Brunelback*

18 JAMES R. BRUSSELBACK
19 Enforcement Chief

COPY
ORIGINAL FILED

SEP 18 2009

THOMAS R. FALL QUIST
SPOKANE COUNTY CLERK

STATE OF WASHINGTON
SPOKANE COUNTY SUPERIOR COURT

STATE OF WASHINGTON,
DEPARTMENT OF FINANCIAL
INSTITUTIONS,

Plaintiff,

v.

DIANE SUE GATES,

Defendant.

NO.

09204113 - 4

CONFESSION OF JUDGMENT

Judgment Summary

Judgment Creditor: State of Washington, Department of Financial Institutions

Attorneys for Department of Financial Institutions: Robert M. McKenna, Washington Attorney General
Chad C. Standifer, Assistant Attorney General

Judgment Debtor: Diane Sue Gates

Principal Judgment Amount for Fine: \$5,000.00 owed to the Department of Financial Institutions

Total Judgment Amount: \$5,000.00

Post-Judgment Interest (per annum): 12%

Pursuant to Chapter 4.60 of the Revised Code of Washington, Judgment by Confession, defendant Diane Sue Gates hereby authorizes entry of a judgment under the following terms:

CONFESSION OF JUDGMENT
DIANE SUE GATES

~~ORIGINAL~~
COPY

1 **Factual Basis for Judgment**

2 The State of Washington, Department of Financial Institutions and Diane Sue Gates
3 have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-
4 511-08-SC01 (Statement of Charges), entered October 20, 2008. Diane Sue Gates has agreed to
5 enter into a Confession of Judgment, pursuant to chapter 4.60 RCW, in the amount of
6 \$5,000.00, which she shall pay to the Department of Financial Institutions for a fine.

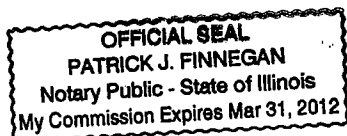
7 **Authorization for Entry of Judgment**

8 I, Diane Sue Gates, being duly sworn upon oath, acknowledge my debt of \$5,000.00 to
9 the Department of Financial Institutions and I authorize entry of judgment against me for the
10 amount set forth in the judgment summary above.

11 DATED this 14 day of Aug, 2009.

12 Diane Sue Gates
13 Diane Sue Gates

14 SUBSCRIBED AND SWORN TO before me in Normal, Illinois this 14
15 day of August, 2009.



16 Patrick J. Finnegan

17 Notary Public in and for the State of
18 Illinois, residing at Normal,
19 Illinois.

20 My Commission expires: March 31, 2012

21 **Order for Entry**

22 The above Confession of Judgment having been presented to this Court for entry in
23 accordance with RCW 4.60.070, the Court having found said Confession of Judgment to be
24 sufficient, now, therefore, it is hereby
25
26

1 ORDERED that the Clerk of this Court shall forthwith enter Judgment against Diane Sue
2 Gates, in accordance with the terms of the Confession of Judgment.

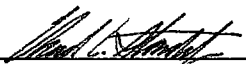
3 DONE IN OPEN COURT this 17 day of September, 2009.

4 MICHELLE RESSA

5
6 ~~JUDGE~~/COURT COMMISSIONER

7 Presented by:

8 ROBERT M. MCKENNA
9 Attorney General

10 
11 CHAD C. STANDIFER
12 Assistant Attorney General
13 WSBA No. 29724
14 Attorneys for State of Washington
15 Department of Financial Institutions
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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:

OMNI CLOSING SERVICES, INC.,
SHEILA MARIE REIMER, Owner and Designated
Escrow Officer,
DIANE SUE GATES, Owner and Former
Designated Escrow Officer,

Respondents.

NO. C-07-511-08-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AN
ORDER TO REVOKE LICENSES, IMPOSE
FINE, PROHIBIT FROM INDUSTRY, AND
COLLECT INVESTIGATION FEE

INTRODUCTION

Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions (Director) is responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act (the Act). After having conducted an investigation pursuant to RCW 18.44.420, WAC 208-680G-010, and WAC 208-680G-020, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Omni Closing Services, Inc. (Respondent Omni) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as an Escrow Agent on January 4, 2006 and continues to be licensed to date. Respondent Omni also holds a branch Escrow Agent license issued by the Department January 16, 2007. Respondent Omni is located in Spokane, WA.

B. Sheila Marie Reimer (Respondent Reimer) is 50% owner of Respondent Omni. Respondent Reimer was licensed by the Department as an Escrow Officer on April 13, 2001 and continues to be licensed to date. Respondent Reimer was the Designated Escrow Officer for Respondent Omni from January 4, 2006 to December 6, 2006, and has been the Designated Escrow Officer for Respondent Omni from March 28, 2007 to date.

1 **C. Diane Sue Gates (Respondent Gates)** is 50% owner of Respondent Omni. Respondent Gates
2 was licensed by the Department as an Escrow Officer on November 17, 2005 and continues to be licensed to
3 date. Respondent Gates was the Designated Escrow Officer for Respondent Omni from December 6, 2006 to
4 March 28, 2007.

5 **1.2 Lydia Jean Easter (Easter)** has been employed by Respondent Omni since at least August 2006. Easter
6 holds a Limited Practice Officer license, issued by the State of Washington Supreme Court. On or about May 6,
7 2008, the Department received an application for an Escrow Officer license from Easter. On October 20, 2008, the
8 Department issued Statement of Charges and Notice of Intention to Enter an Order to Deny License Application,
9 Impose Fine, Prohibit from Industry, and Collect Investigation Fee C-07-511-08-SC02 against Easter for alleged
10 violations of the Act.

11 **1.3 Prohibited Practices.** In at least five escrow transactions, Respondents and Easter directly or indirectly
12 employed a scheme, device, or artifice to defraud or mislead lenders.

13 **A.** In or around October 2006, Respondents and Easter facilitated an escrow transaction for the
14 purchase of real property located at 4508 N. Dick Rd, Spokane, WA by Buyer 1 from Seller 1. In this transaction,
15 Buyer 1 obtained two residential mortgage loans totaling \$173,500, the full purchase price of the property.

- 16 • Respondents and Easter received a Purchase and Sale Agreement stating Seller 1 would contribute up
17 to \$3,000 toward Buyer 1's closing costs.
- 18 • Respondents and Easter received written instructions signed by Buyer 1 and Seller 1 stating:
 - 19 ○ If any written instructions necessary to close the transaction according to the parties' agreement are
20 given to the closing agent by anyone other than the parties or their attorneys, including but not
21 limited to lenders, such instructions are accepted and agreed to by the parties;
 - 22 ○ If the closing agent receives conflicting instructions or determines, for any reason, that it cannot
23 comply with these instructions by the date for closing specified in the parties' agreement or in any
24 written extension of that date, it shall notify the parties [and] request further instructions; and
 - 25 ○ Sale proceeds for the seller's account in the sum of \$173,500.00, to be disbursed according to the
 settlement statement.

- Respondents and Easter received written instructions from the lender stating:
 - Seller concessions or contributions were not permitted unless authorized in writing by the lender;
 - Seller concessions or contributions were limited to the lesser of \$10,410 or the total of non-recurring closing costs;
 - Respondents and Easter must provide the lender with an estimated and final HUD-1 Settlement Statement (HUD-1) accurately reflecting all receipts and disbursements affecting the transaction; and
 - Respondents and Easter must contact the lender if they were unable to comply with the lender's instructions for any reason or if they became aware that any party had provided false or incomplete information or documentation to the lender or had concealed relevant information from the lender.
- Respondents and Easter received written instructions signed by Buyer 1 and Seller 1 to "pay \$22,000 out of seller proceeds to the buyer for repairs and upgrades to the home." Respondents and Easter did not disclose these instructions to the lender.
- Respondents and Easter provided the lender with a HUD-1 certified by Easter as a "true and exact copy of the original" which reflected a \$2,769.89 contribution from Seller 1 to Buyer 1, no cash to Buyer 1 at closing, and \$83,647.52 to Seller 1 at closing.
- Respondents' escrow file contained a HUD-1 marked "amended final" which reflected contributions of \$2,769.89 and \$22,000 from Seller 1 to Buyer 1, \$22,000 to Buyer 1 at closing, and \$61,897.52 to Seller 1 at closing. Respondents and Easter did not provide this "amended final" HUD-1 to the lender.
- At closing, Respondents and Easter disbursed \$22,000 to Buyer 1 and \$61,897.52 to Seller 1.

B. In or around February 2007, Respondents and Easter facilitated an escrow transaction for the purchase of real property located at 1824 W. York Ave, Spokane, WA (York property) by Matthew Van Hook (MVH)¹ from Seller 2. In this transaction, MVH obtained a \$160,000 residential mortgage loan, the full purchase price of the property.

- Respondents and Easter received a Purchase and Sale Agreement stating Seller 2 would contribute \$5,000 toward MVH's closing costs.

¹ Matthew Van Hook, Joshua Van Hook, and James Spargo were mortgage loan originators operating a branch location of a licensed mortgage broker at the time of the listed transactions and used Respondents and Easter as the closing agent on numerous residential mortgage loans they originated for themselves and other borrowers.

- 1 • Respondents and Easter received written instructions signed by MVH and Seller 2 stating:
 - 2 ○ If any written instructions necessary to close the transaction according to the parties' agreement are
 - 3 given to the closing agent by anyone other than the parties or their attorneys, including but not
 - 4 limited to lenders, such instructions are accepted and agreed to by the parties;
 - 5 ○ If the closing agent receives conflicting instructions or determines, for any reason, that it cannot
 - 6 comply with these instructions by the date for closing specified in the parties' agreement or in any
 - 7 written extension of that date, it shall notify the parties [and] request further instructions; and
 - 8 ○ Sale proceeds for the seller's account in the sum of \$160,000.00, to be disbursed according to the
 - 9 settlement statement.
- 10 • Respondents and Easter received written instructions from the lender stating:
 - 11 ○ The loan must be closed per the sales contract;
 - 12 ○ The lender's instructions took precedence over the sales contract and any deviations from the
 - 13 lender's instructions required written approval from the lender;
 - 14 ○ The maximum seller contribution was 3% of the sales price, not to exceed actual closing costs;
 - 15 ○ MVH was not to receive more than \$500 at closing;
 - 16 ○ MVH was not to receive more than his earnest money back;
 - 17 ○ no cash allowances could be provided for the borrower on the sales contract and no cash
 - 18 allowances could be credited to the borrower on the HUD-1; and
 - 19 ○ Respondents and Easter were to provide the lender with a certified HUD-1.
- 20 • Respondents and Easter received written instructions from Seller 2 to pay all of Seller 2's proceeds
- 21 from the sale to "Joshua Van Hook/James Spargo." Respondents and Easter subsequently received
- 22 written instructions from Seller 2 to "disregard the prior authorization for deposit." Respondents and
- 23 Easter subsequently received written instructions from Seller 2 to "go ahead and let the funds go to
- 24 [MVH]." Respondents and Easter subsequently received the address and bank account and bank
- 25 routing numbers for American Investment Group from Joshua Van Hook (MVH's brother).
- Respondents and Easter did not disclose these instructions to the lender.
- Respondents and Easter provided the lender with a HUD-1 marked "approved" which reflected a
- \$1,086.72 contribution from Seller 2 to MVH, no cash to MVH at closing, and \$38,034.96 to Seller 2
- at closing.

- At closing, Respondents and Easter disbursed \$36,377.57 to American Investment Group and no money to Seller 2. Respondents' escrow file did not contain a HUD-1 reflecting these disbursements, and Respondents and Easter did not provide the lender with a HUD-1 reflecting these disbursements.
- On or about February 1, 2007, Respondents and Easter provided the lender with an "Occupancy Affidavit" and a Deed of Trust, both signed by MVH and notarized by Easter. In these documents, MVH represented that he would be occupying the York property as his primary residence. Respondents and Easter were simultaneously facilitating an escrow transaction for MVH to purchase another property where MVH was representing to that lender that he would be occupying that property as his primary residence (see paragraph 1.3C).

C. In or around February 2007, Respondents and Easter facilitated an escrow transaction for the purchase of real property located at 1523 E. 11th Ave, Spokane, WA (11th Ave property) by MVH from Seller 3. In this transaction, MVH obtained a \$140,000 residential mortgage loan, the full purchase price of the property.

- Respondents and Easter received a Purchase and Sale Agreement stating Seller 3 would contribute 6% of MVH's closing costs and an addendum to the purchase and sale agreement stating that the seller contribution to MVH would not exceed \$3,500 or the actual closing costs.
- Respondents and Easter received written instructions signed by MVH and Seller 3 stating:
 - If any written instructions necessary to close the transaction according to the parties' agreement are given to the closing agent by anyone other than the parties or their attorneys, including but not limited to lenders, such instructions are accepted and agreed to by the parties;
 - If the closing agent receives conflicting instructions or determines, for any reason, that it cannot comply with these instructions by the date for closing specified in the parties' agreement or in any written extension of that date, it shall notify the parties [and] request further instructions; and
 - Sale proceeds for the seller's account in the sum of \$140,000.00, to be disbursed according to the settlement statement.
- Respondents' escrow file did not contain a copy of the lender's instructions.
- Respondents and Easter received a condition sheet from the lender including conditions that the seller credit could not exceed 3% and the seller credit could not exceed the actual closing costs.

- Respondents and Easter received the address and bank account and bank routing numbers for American Investment Group from Joshua Van Hook. Respondents and Easter subsequently received written instructions signed by Seller 3 and MVH to pay \$10,000 of Seller 3's proceeds from the sale to Seller 3 and any proceeds above \$10,000 to MVH and American Investment Group outside of closing. Respondents and Easter did not disclose these instructions to the lender.
- Respondents and Easter provided the lender with a HUD-1 which reflected a \$2,591.16 contribution from Seller 3 to MVH, no cash to MVH at closing, and \$30,017.84 to Seller 3 at closing.
- Respondents' escrow file contained a HUD-1 marked "amended final" which reflected a \$3,500 contribution from Seller 3 to MVH, no cash to MVH at closing, \$10,000 to Seller 3 at closing, and \$18,850.43 to "American Investment Group Agreement Disbursement" at closing. Respondents and Easter did not provide this "amended final" HUD-1 to the lender.
- At closing, Respondents and Easter disbursed \$10,000 to Seller 3 and \$18,850.43 to American Investment Group.
- On or about February 6, 2007, Respondents and Easter provided the lender with a Deed of Trust signed by MVH and notarized by Easter. In this document, MVH represented that he would be occupying the 11th Ave property as his primary residence. Respondents and Easter were simultaneously facilitating an escrow transaction for MVH to purchase another property where MVH was representing to that lender that he would be occupying that property as his primary residence (see paragraph 1.3B).

D. In or around March 2007, Respondents and Easter facilitated an escrow transaction for the refinance of a residential mortgage on real property located at 8324 N. Northview Ct, Spokane, WA (Northview property) for Shannon Van Hook (SVH)². In this transaction, SVH obtained a \$495,000 residential mortgage loan.

- At closing, Respondents and Easter disbursed \$124,950.50 to SVH.
- On or about March 24, 2007, Respondents and Easter provided the lender with an "Occupancy Agreement" and a Deed of Trust, both signed by SVH and the Deed of Trust notarized by Easter. In

² Shannon Van Hook is married to Joshua Van Hook.

1 these documents, SVH represented that she would be occupying the Northview property as her primary
2 residence. Respondents and Easter were simultaneously facilitating an escrow transaction for SVH to
3 purchase another property where SVH was representing to that lender that she would be occupying that
4 property as her primary residence (see paragraph 1.3E).

5 E. In or around March 2007, Respondents and Easter facilitated an escrow transaction for the
6 purchase of real property located at 108 S. Government Way, Spokane, WA (Government Way property) by SVH
7 from Seller 4. In this transaction, SVH obtained a \$275,000 residential mortgage loan, the full purchase price of the
8 property.

- 9 • Respondents and Easter received a Purchase and Sale Agreement stating Seller 4 would not contribute
10 any money toward SVH's closing costs and an addendum to the Purchase and Sale Agreement stating
11 that the sales price was \$175,000, SVH was purchasing the property for \$275,000, and SVH was
12 receiving \$100,000 for renovations. Respondents and Easter did not provide a copy of the addendum
13 to the Purchase and Sale Agreement to the lender.
- 14 • Respondents and Easter received written instructions signed by SVH and Seller 4 stating:
 - 15 ○ If any written instructions necessary to close the transaction according to the parties' agreement are
16 given to the closing agent by anyone other than the parties or their attorneys, including but not
17 limited to lenders, such instructions are accepted and agreed to by the parties; and
 - 18 ○ If the closing agent receives conflicting instructions or determines, for any reason, that it cannot
19 comply with these instructions by the date for closing specified in the parties' agreement or in any
20 written extension of that date, it shall notify the parties [and] request further instructions.
- 21 • Respondents and Easter received written instructions from the lender stating:
 - 22 ○ Respondents and Easter were required to provide the lender with a fully executed sales contract;
 - 23 ○ The loan must be closed in accordance with the terms of the provided sales contract;
 - 24 ○ The lender's instructions took precedence over the sales contract and any deviations from the
25 lender's instructions required written approval from the lender; and
 - No cash allowances could be provided for the borrower on the sales contract and no cash
allowances could be credited to the borrower on the HUD-1.

- Respondents and Easter received written instructions signed by Seller 4 to “disburse \$98,002.80 to American Investment Group per the Addendum of the Purchase and Sale Agreement.” Respondents and Easter subsequently received written instructions from MVH to “wire our Investment funds to American Investment Group Spokane LLC...business checking account....Myself James and Josh are on the account.” Respondents and Easter did not disclose these instructions to the lender.
- Respondents and Easter provided the lender with a HUD-1 marked “final” and “certified copy” and initialed by Easter which reflected \$137.15 due from SVH at closing, \$165,638.98 to Seller 4 at closing, and \$98,002.80 to “American Investment Group Sellers Instructions” at closing.
- At closing, Respondents and Easter disbursed \$165,638.98 to Seller 4 and \$98,002.80 to American Investment Group.
- On or about April 1, 2007, Respondents and Easter provided the lender with an “Occupancy Affidavit” and a Deed of Trust, both signed by SVH and notarized by Easter. In these documents, SVH represented that she would be occupying the Government Way property as her primary residence. Respondents and Easter were simultaneously facilitating an escrow transaction for SVH to obtain a residential loan to refinance another property where SVH was representing to that lender that she would be occupying that property as her primary residence (see paragraph 1.3D).

1.4 Compliance Examination. In June 2007, the Department conducted a compliance examination of Respondents’ escrow transactions during the period from June 1, 2006 through May 31, 2007.

A. Insufficient Oversight of Employees by the Designated Escrow Officer. During the period of examination, Respondents Reimer and Gates³ each failed to implement internal controls to detect and deter prohibited activity, failed to oversee the activity of Respondent Omni’s employees, and failed to ensure the accuracy of all required escrow records.

B. Failure to Receipt Sufficient Funds Prior to Disbursement from Trust Account. During the period of examination, Respondents disbursed settlement charges from at least five escrow accounts (sub-accounts

³ As discussed in Paragraph 1.1, Respondents Reimer and Gates were each the Designated Escrow Officer for Respondent Omni for a portion of the period of examination.

1 of Respondent Omni's trust account) prior to receiving sufficient deposits directly relating to those escrow accounts
2 in amounts at least equal to the disbursements. These five escrow accounts were overdrawn for periods ranging
3 from one (1) day to at least forty-eight (48) days. Four of these violations occurred while Respondent Reimer was
4 Respondent Omni's Designated Escrow Officer and one of these violations occurred while Respondent Gates was
5 Respondent Omni's Designated Escrow Officer.

6 **C. Failure to Retain the Endorsement Side of Checks.** During the period of examination,
7 Respondents failed to retain the endorsement (back) side of the checks issued from Respondent Omni's trust
8 account at Sterling Savings Bank.

9 **D. Failure to Retain Required Reconciliation Records.** During the period of examination,
10 Respondents failed to retain records supporting four month-end reconciliations. These records included reports
11 detailing receipt activity, incoming and outgoing wires, check activity, and outstanding instruments. These
12 violations occurred while Respondent Reimer was Respondent Omni's Designated Escrow Officer.

13 **1.5 Failure to Keep Department Informed.** On or about January 18, 2008, the Department received an
14 Escrow Officer Transfer Application form signed by Respondents Reimer and Gates which identified
15 Respondent Gates' home address as 2117 W. Sinto Ave, Spokane, WA (Sinto property). In or around October
16 2007, Respondent Gates sold the Sinto property. To date, Respondent Gates has failed to keep the Department
17 informed of her current home address.

18 **1.6 Prior Enforcement Action.**

19 **A.** In or around December 2003, the Department entered Consent Order S-03-195-03-CO01 with
20 Respondent Gates and two other Respondents⁴. The Consent Order contained Conclusions of Law that all three
21 of those Respondents, including Respondent Gates, had violated the Act and imposed a \$5,000 fine and a
22 \$1,500 investigation fee jointly and severally on all three of those Respondents. The full fine and \$1,000 of the
23 investigation fee were suspended based on future compliance with the Act.

24
25

⁴ State Wide Escrow, LLC and Michael Templeton.

B. In or around March 2004, the Department entered Consent Order C-03-136-03-CO01 with Respondent Reimer and two other Respondents⁵. The Consent Order contained Conclusions of Law that all three of those Respondents, including Respondent Reimer, had violated the Act and imposed a \$2,000 fine and a \$3,000 investigation fee jointly and severally on all three of those Respondents.

1.7 On-Going Investigation: The Department's investigation into the alleged violations of the Act by Respondents continues to date.

II. GROUNDS FOR ENTRY OF ORDER

2.1 Definition of Escrow Agent. Pursuant to RCW 18.44.011(6) "Escrow Agent" means any person engaged in the business of performing for compensation the duties of the third person referred to in RCW 18.44.011(4).

2.2 Definition of Designated Escrow Officer. Pursuant to RCW 18.44.011(10) “Designated Escrow Officer” means any licensed escrow officer designated by a licensed escrow agent and approved by the Director as the licensed escrow officer responsible for supervising that agent’s handling of escrow transactions, management of the agent’s trust account, and supervision of all other licensed escrow officers employed by the agent.

2.3 Designated Escrow Officer Responsibilities. Pursuant to RCW 18.44.071, every licensed escrow agent shall ensure that all escrow transactions are supervised by a licensed escrow officer. The designated escrow officer shall be responsible for that agent's handling of escrow transactions, management of the agent's trust account, and supervision of all other licensed escrow officers employed by the agent. Responsibility for the conduct of any licensed escrow officer covered by this chapter shall rest with the designated escrow officer having direct supervision of such person's escrow activities. Pursuant to WAC 208-680D-010, the designated escrow officer shall be responsible for the custody, safety, and correctness of entries of all required escrow records. The escrow officer retains this responsibility even though another person or persons may be assigned by the escrow officer the duties of preparation, custody, recording or disbursing.

⁵ Lilac City Closing & Escrow, LLC and Cathy M. Patrick

1 **2.4 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above, Respondents are in
2 apparent violation of:

- 3 • RCW 18.44.301(1) and WAC 208-680D-090(1) for directly or indirectly employing any scheme,
4 device, or artifice to defraud or mislead borrowers or lenders or to defraud any person;
- 5 • RCW 18.44.301(2) and WAC 208-680D-090(2) for directly or indirectly engaging in any unfair or
6 deceptive practice toward any person; and
- 7 • RCW 18.44.301(4) and WAC 208-680D-090(4) for knowingly making, publishing, or disseminating
8 any false, deceptive, or misleading information in the conduct of the business of escrow, or relative to
9 the business of escrow or relative to any person engaged therein.

10 **2.5 Failure to Comply with Escrow Instructions.** Based on the Factual Allegations set forth in Section I
11 above, Respondents are in apparent violation of WAC 208-680D-040(4), (7), and (9), and WAC 208-680D-060 for
12 failing to comply with escrow instructions in effecting and closing escrow agreements.

13 **2.6 Failure to Keep Adequate and Accurate Records.** Based on the Factual Allegations set forth in Section
14 I above, Respondents are in apparent violation of RCW 18.44.400(1), WAC 208-680D-020(1)(c), WAC 208-680D-
15 030(1), WAC 208-680D-040(1), (5), and (8), and WAC 208-680E-011(9) for failing to keep adequate and accurate
16 records.

17 **2.7 Failure to Receipt Sufficient Funds Prior to Disbursement from Trust Account.** Based on the Factual
18 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 18.44.400(3) and WAC
19 208-680E-011(14)(c) for making disbursements on escrow accounts without first receiving deposits directly
20 relating to those accounts in amounts at least equal to the disbursements.

21 **2.8 Failure to Keep Department Informed.** Based on the Factual Allegations set forth in Section I above,
22 Respondent Gates is in apparent violation of WAC 208-680D-080 for failing to keep the Department informed of
23 her current home address.

24 **2.9 Requirement to Maintain Records.** Pursuant to RCW 18.44.400 and WAC 208-680D-030, every
25 licensed escrow agent shall keep adequate records of all transactions handled by or through the agent for a period of

1 six years from completion of the transaction. These records shall be open to inspection by the director or the
2 director's authorized representatives.

3 **III. AUTHORITY TO IMPOSE SANCTIONS**

4 **3.1 Authority to Revoke License.** Pursuant to RCW 18.44.410(2), the Director may revoke the licenses of
5 violators of the laws and rules relating to escrow officers and escrow agents and may revoke the authority of an
6 escrow officer to act as the designated escrow officer of a person who commits violations of the Act or the rules
7 adopted under the Act. Pursuant to RCW 18.44.430(1), the Director may revoke the license of any escrow
8 agent or escrow officer if the Director finds that any partner, officer, director, controlling person, or employee
9 has committed any of the following acts or engaged in the following conduct:

- 10 • Violating any of the provisions of the Act or any lawful rules made by the Director pursuant
11 thereto. [RCW 18.44.430(1)(b)]
- 12 • Knowingly committing or being a party to, any material fraud, misrepresentation, concealment,
13 conspiracy, collusion, trick, scheme, or device whereby any other person lawfully relying upon the
14 word, representation, or conduct of the licensee or agent or any partner, officer, director, controlling
15 person, or employee acts to his or her injury or damage. [RCW 18.44.430(1)(d)]
- 16 • Committing acts or engaging in conduct that demonstrates the applicant or licensee to be
17 incompetent or untrustworthy, or a source of injury and loss to the public. [RCW 18.44.430(1)(i)]

18 **3.2 Authority to Impose Fines.** Pursuant to RCW 18.44.430(3) and WAC 208-680G-040(3), in addition to
19 or in lieu of license revocation, the Director may impose a fine of up to \$100 per day for each day's violation of the
20 Act or rules adopted under the Act.

21 **3.3 Authority to Prohibit from the Industry** Pursuant to RCW 18.44.430(3), in addition to or in lieu of
22 license revocation, the Director may prohibit from participation in the conduct of the affairs of a licensed escrow
23 agent, any officer, controlling person, director, employee, or licensed escrow officer.

1 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680G-050, the
2 expense of an examination or investigation pursuant to WAC 208-680G-010 or WAC 208-680G-020 inside or
3 outside this state shall be borne by the person examined or investigated.

4 **IV. NOTICE OF INTENTION TO ENTER ORDER**

5 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above Factual
6 Allegations, Grounds For Entry Of Order, and Authority to Impose Sanctions, constitute a basis for the entry of an
7 Order under RCW 18.44.410, RCW 18.44.430, and WAC 208-680G-030. Therefore, it is the Director's intention
8 to ORDER that:

- 9 **4.1** Respondent Omni Closing Services, Inc.'s license to conduct the business of an Escrow Agent be
revoked.
- 10 **4.2** Respondent Sheila Marie Reimer's Escrow Officer license be revoked.
- 11 **4.3** Respondent Diane Sue Gates' Escrow Officer license be revoked.
- 12 **4.4** Respondents Omni Closing Services, Inc., Sheila Marie Reimer, and Diane Sue Gates jointly and
13 severally pay a fine. As of the date of this Statement of Charges, the fine totals \$30,000.
- 14 **4.5** Respondent Diane Sue Gates pay the \$5,000 fine which was previously suspended under Consent Order
S-03-195-03-CO01 based on future compliance with the Act.
- 15 **4.6** Respondent Sheila Marie Reimer be prohibited from participation in the conduct of the affairs of a
16 licensed escrow agent, in any manner, for a period of five (5) years.
- 17 **4.7** Respondent Diane Sue Gates be prohibited from participation in the conduct of the affairs of a licensed
escrow agent, in any manner, for a period of five (5) years.
- 18 **4.8** Respondents Omni Closing Services, Inc., Sheila Marie Reimer, and Diane Sue Gates jointly and
19 severally pay an investigation fee. As of the date of this Statement of Charges, the investigation fee
totals \$8,430.42.
- 20 **4.9** Respondent Omni Closing Services, Inc. maintain all records involving Washington State escrow
21 transactions for a minimum of six (6) years following the completion of the escrow transaction, in
compliance with RCW 18.44.400 and WAC 208-680D-030.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke Licenses, Impose Fine, Prohibit from Industry, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW 18.44.410 and RCW 18.44.430, and is subject to the provisions of chapter 34.05 RCW. Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

DATED this 20th day of October, 2008.



DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:



MARK T. OLSON
Financial Examiner



Approved by:



JAMES R. BRUSSELBACK
Enforcement Chief