

Terms Completed

ORDER SUMMARY – Case Number: C-11-0778

Name(s):	GBS, LLC and Holly Jane Miller, former EVP
Order Number:	C-11-0778-14-CO01
Effective Date:	April 16, 2014
License Number:	GBS: 540-EA-30776
License Effect:	Voluntarily surrendered April 30, 2013
Not Apply Until:	April 17, 2019 – shall not apply to the Department for any license under any name.
Prohibition/Ban Until:	April 17, 2019 - both Respondents are prohibited from participating, in any capacity, in the conduct of the affairs of any escrow agent licensed by or subject to licensure or regulation by the Department.

Investigation Costs	\$ 5,000.00	Due: Upon entry	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 3/28/14
Fine	\$ 25,000.00	Due: Upon entry	Paid: <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 3/28/14
Assessment(s)	\$ 0	Due: N/A	Paid: N/A	Date: N/A
Restitution	\$ 0	Due: N/A	Paid: N/A	Date: N/A
Judgment	\$ 0	Due: N/A	Paid: N/A	Date: N/A
Satisfaction of Judgment Filed?	N/A			
No. of Victims:		~470 escrow files opened with no DEO supervision		

Comments: Company is required to maintain records provide the Director with location of the records and the contact information of the custodian in compliance with the Act.

1 subsidiaries, including Respondent GBS and Sitnasuak Financial Services, LLC, (SFS). Respondent
2 GBS was licensed by the Department of Financial Institutions (Department) as an Escrow Agent
3 from October 9, 2006, and conducted business in Washington from a main office location in Everett,
4 Washington. Until recently, Respondent GBS had an exclusive contract with the U.S. Department of
5 Housing and Urban Development (HUD) providing escrow services on sales of HUD-owned
6 properties located in Washington. Respondent GBS was licensed with the Department until April
7 30, 2013, when the company closed.

8 **1.3 Respondent Holly Jane Miller** (Respondent Miller) was the Executive Vice President of
9 Respondent GBS and was the Department's primary contact for Respondent GBS from July 1, 2008,
10 through April 2013. Respondent Miller resides in Overland Park, Kansas.

11 **1.4 Lack of Supervising Designated Escrow Officers.** On or about July 14, 2011, the licensed
12 Designated Escrow Officer (DEO) employed by Respondent GBS, D.S., was terminated by
13 Respondent Miller. Neither Respondent GBS nor Respondent Miller (collectively, Respondents)
14 notified the Department of the termination of their DEO, and did not name a proposed replacement
15 until on or about July 28, 2011. The replacement was not approved by the Department until on or
16 about September 30, 2011. For more than 75 days, Respondent GBS conducted business as an
17 Escrow Agent without having a licensed DEO available to supervise escrow transactions. During
18 that time period Respondent GBS accepted approximately 270 new escrow transactions from HUD.

19 **1.5** On or about March 25, 2012, the replacement DEO, A.S., was no longer available to supervise
20 escrow transactions at Respondent GBS. Respondents did not notify the Department of the loss of
21 their DEO or name a proposed replacement DEO until on or about April 17, 2012. The replacement
22 was not approved by the Department until on or about May 16, 2012. For more than 50 days,
23 Respondent GBS conducted business as an Escrow Agent without having a licensed DEO available

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1 to supervise escrow transactions. During that period of time Respondent GBS accepted
2 approximately 175 new escrow transactions from HUD.

3 **1.6** On or about September 11, 2012, the replacement DEO, A.T., advised the Department that her
4 last day working for Respondent GBS would be September 21, 2012. When Respondents were
5 unable to hire a replacement prior to her departure, the Department made an accommodation
6 allowing Respondent GBS one additional week to hire a licensed DEO. On or about September 26,
7 2012, the Department made a further accommodation, allowing a licensed DEO who was working at
8 the time for another licensed Escrow Agent, A.K., to also act as DEO for Respondent GBS. This
9 dual-DEO arrangement was approved until a licensed replacement was hired or through October 12,
10 2012, whichever came first. Respondents proved unable to hire a replacement, and the deadline was
11 extended to October 26, 2012. Respondents were still unable to hire a licensed DEO and the dual-
12 DEO arrangement ended on that date. The replacement was not approved by the Department until
13 on or about November 7, 2012. For more than 10 days, Respondent GBS conducted business as a
14 licensed Escrow Agent without having a licensed DEO available to supervise escrow transactions.
15 During that period of time Respondent GBS accepted approximately 25 new escrow transactions
16 from HUD.

17 **1.7 Failure to Report.** On or about July 15, 2011, and again on or about March 25, 2012, the
18 licensed DEOs employed by Respondent GBS left the company. In both events, Respondents did
19 not notify the Department of the loss of the DEO within 24 hours, and did not provide the
20 Department with the name of a proposed replacement DEO within five business days.

21 **1.8 Failure to Disclose or Produce to Director.** On or about September 20, 2012, the
22 Department conducted a conference call with Respondent Miller and Desiree Pfeffer, CEO of SFS,
23 to discuss the lack of a DEO at Respondent GBS. During that meeting the Department directed
24 Respondent Miller to immediately provide the Department with: (1) a copy of the contract between

1 Respondent GBS and HUD; (2) copies of monthly reconciliation reports; and (3) copies of any
2 notices sent by Respondents to HUD advising of changes to key personnel. Respondent Miller did
3 not immediately provide the requested documents.

4 **1.9** On October 11, 2012, the Department sent a written Directive to Respondent Miller seeking
5 immediate production of the documents requested on September 20, 2012. On October 12, 2012,
6 Respondent Miller provided some, but not all, of the requested documents.

7 **1.10** On or about April 3, 2013, the Department directed Respondent Miller to immediately provide
8 the Department with information related to: (1) the former DEO's plans; (2) HUD's process if
9 escrow files were returned to or transferred by HUD; and (3) the status of the escrow files in process
10 at Respondent GBS. Respondent Miller did not immediately provide the requested information.

11 **1.11** On or about April 4, 2013, the Department sent a written Directive to Respondent Miller
12 seeking immediate production of the information requested on April 3, 2013. Respondent Miller
13 provided some, but not all, of requested information.

14 **1.12** On or about April 8, 2013, the Department directed Respondent Miller to provide a letter from
15 the proposed acting DEO, C.C., assenting to taking on the position and responsibilities of a DEO.
16 Respondent Miller never provided the requested letter. On April 11, 2013, facing the imminent
17 issuance of a Temporary Order to Cease and Desist for continuing violations of the Act, Desiree
18 Pfeffer, CEO of SFS, provided the requested letter to the Department.

19 **II. CONCLUSIONS OF LAW**

20 **2.1 Lack of Supervising DEO.** On at least three occasions, for more than 135 days in total,
21 Respondent GBS conducted business as an Escrow Agent without ensuring that all escrow
22 transactions were supervised by a licensed DEO in violation of RCW 18.44.071 and WAC 208-680-
23 176. In addition, during the time Respondent GBS was conducting business without a licensed
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1 DEO, Respondent GBS accepted more than 470 new escrow files from HUD in violation of RCW
2 18.44.071 and WAC 208-680-176.

3 **2.2 Failure to Report.** On at least two occasions, Respondent Miller, as Executive Vice President
4 of Respondent GBS, and Respondent GBS, failed to report the loss of their Designated Escrow
5 Officer within one day, and further failed to provide the Department with the name of a proposed
6 replacement DEO within five days, in violation of RCW 18.44.301(10) and WAC 208-680-176.

7 **2.3 Failure to Disclose or Produce to Director.** On at least three occasions, Respondent Miller,
8 as Executive Vice President of Respondent GBS, and Respondent GBS, failed, upon demand, to
9 disclose information or produce documents to the Department in violation of RCW 18.44.430(1)(f).

10 **2.4 Engaging in Conduct Demonstrating Applicant is Incompetent.** Based on the Findings of
11 Fact, Respondent GBS engaged in conduct demonstrating the licensee to be incompetent in violation
12 of RCW 18.44.430(1)(i).

13 **AGREEMENT AND ORDER**

14 The Department of Financial Institutions, Division of Consumer Services, and Respondents
15 have agreed upon a basis for resolution of the matters alleged in the foregoing Findings of Fact and
16 Conclusions of Law. Pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act) and
17 RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the
18 Department's entry of this Consent Order.

19 Based upon the foregoing:

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

22 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to
23 a hearing before an administrative law judge, and hereby waive their right to a hearing and any and
24 all administrative and judicial review of the issues or resolution of this matter.

1 **C. Escrow Agent License.** It is AGREED that on April 30, 2013, Respondent GBS, LLC
2 surrendered its Escrow Agent license and closed its business operations in Washington.

3 **D. Prohibition from Industry: Respondent GBS, LLC.** It is AGREED and ORDERED
4 that, for a period of five years from the date of entry of this Consent Order, Respondent GBS, LLC is
5 prohibited from participating, in any capacity, in the conduct of the affairs of any escrow agent
6 licensed by or subject to licensure or regulation by the Department.

7 **E. Prohibition from Industry: Respondent Holly Jane Miller.** It is AGREED and
8 ORDERED that, for a period of five years from the date of entry of this Consent Order, Respondent
9 Holly Jane Miller is prohibited from participating, in any capacity, in the conduct of the affairs of
10 any escrow agent licensed by or subject to licensure or regulation by the Department.

11 **F. Application for License.** It is AGREED and ORDERED that, for a period of five years
12 from the date of entry of this Consent Order, Respondent GBS, LLC shall not apply to the
13 Department for any license under any name.

14 **G. Fine.** It is AGREED and ORDERED that Respondent GBS, LLC shall pay a fine to the
15 Department in the amount of \$25,000, in the form of a cashier's check made payable to the
16 "Washington State Treasurer," upon entry of this Consent Order.

17 **H. Investigation Fee.** It is AGREED and ORDERED that Respondent GBS, LLC shall pay
18 to the Department an investigation fee of \$5,000, in the form of a cashier's check made payable to
19 the "Washington State Treasurer," upon entry of this Consent Order. The Fine and Investigation Fee
20 may be paid in one \$30,000 cashier's check made payable to the "Washington State Treasurer."

21 **I. Records Retention.** It is AGREED and ORDERED that Respondent GBS, LLC, its
22 owners, officers, employees, and agents shall maintain records in compliance with the Act and
23 provide the Director with the location of the books, records and other information relating to
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1 Respondent GBS, LLC's business, and the name, address and telephone number of the individual
2 responsible for maintenance of such records in compliance with the Act.

3 **J. Authority to Execute Order.** It is AGREED that the undersigned have represented and
4 warranted that they have the full power and right to execute this Consent Order on behalf of the
5 parties represented.

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

10 **L. Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily
11 entered into this Consent Order, which is effective when signed by the Director's designee.

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

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1 **RESPONDENTS:**

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NAME
TITLE of Respondent GBS, LLC

Date



3-10-14

Holly Jane Miller
Individually and as former Executive
Vice President of Respondent GBS, LLC

Date

Approved as to form:

Mark D. Schedler, WSBA No. 7752
Williams, Kastner & Gibbs, PLLC
Attorneys for Respondents GBS, LLC and Holly J. Miller

Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS _____ DAY OF _____, 2014.

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

Presented by:

Approved by:

ANTHONY W. CARTER
Financial Legal Examiner

CHARLES E. CLARK
Enforcement Chief

1 **RESPONDENTS:**



4 NAME CEO Richard Strutz
5 TITLE of Respondent GBS, LLC

3-6-14
Date

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8 Holly Jane Miller
9 Individually and as former Executive
10 Vice President of Respondent GBS, LLC

Date

10 Approved as to form:



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12 Mark D. Schedler, WSBA No. 7752
13 Williams, Kastner & Gibbs, PLLC
14 Attorneys for Respondents GBS, LLC and Holly J. Miller

March 27, 2014
Date

14 DO NOT WRITE BELOW THIS LINE

15 THIS ORDER ENTERED THIS 16th DAY OF April, 2014.



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18 DEBORAH BÖRTNER
19 Director, Division of Consumer Services
20 Department of Financial Institutions

21 Presented by:



22 ANTHONY W. CARTER
23 Financial Legal Examiner

Approved by:



CHARLES E. CLARK
Enforcement Chief