

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

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

BARRETT ESCROW, INC. and
JENNY A. BARRETT, 50% Owner and
Designated Escrow Officer,

Respondents.

C-12-0938-15-TD02

TEMPORARY ORDER TO
CEASE AND DESIST AND
TAKE AFFIRMATIVE ACTION

THE STATE OF WASHINGTON TO:

Barrett Escrow, Inc.
Jenny A. Barrett

COMES NOW the Director of the Washington State Department of Financial Institutions (Director), by and through his designee Charles Clark, Division Director, Division of Consumer Services (designee), and finding that the public is likely to be substantially injured by delay in issuing an order to cease and desist, enters this Temporary Order to Cease and Desist and Take Affirmative Action (TCD2) pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act), based on the following findings:

I. FACTUAL FINDINGS

1.1 Respondent Barrett Escrow, Inc. (Respondent Barrett Escrow) was licensed to engage in the business of an Escrow Agent by the State of Washington Department of Financial Institutions (Department) pursuant to the Act until the license expired on December 31, 2014. Respondent Barrett Escrow, however, continues to engage in conducting the business of an escrow agent to date.

1.2 Respondent Jenny A. Barrett (Respondent Barrett) is 50% owner and was the Designated Escrow Officer of Respondent Barrett Escrow. Respondent Barrett is licensed as an escrow officer but her license is inactive as she has ceased representing a licensed escrow agent.

1 **1.3 Unlicensed Activity.** Upon expiration of Barrett Escrow's escrow agent license, Respondents
2 were no longer permitted to conduct the business of an escrow agent, including contract collections for
3 loans secured by real or personal property. Respondents however, have continued to conduct escrow
4 business and contract collections business for loans secured by real or personal property.

5 **1.4 Bond Cancellation.** On or about December 11, 2014, the Department received notification
6 from the issuer of Respondent Barrett Escrow's fidelity bond that the bond would be canceled as of
7 March 1, 2015. As of today's date the Department has not received a replacement bond.

8 **1.5 Failure to Comply with Director's Authority.** On or about December 3, 2014, the
9 Department issued a temporary order to cease and desist and take affirmative action (TCD) against
10 Respondent Barrett Escrow and Respondent Barrett (Respondents). The TCD, among other things,
11 ordered Respondents to:

- 12 a. cease and desist from accepting new escrow or contract collection clients;
- 13 b. resolve or transfer all open escrow files within 60 days;
- 14 c. transfer all contract collection accounts within 60 days; and
- 15 d. provide the Department with copies of all escrow documents for all escrow settlements
16 that were not transferred within 15 days of completion.

17 As of today's date, Respondents have not resolved or transferred all open escrow files or transferred all
18 collection accounts. In addition, Respondents have not provided the Department with copies of escrow
19 settlements that were not transferred.

20 **II. GROUNDS FOR ENTRY OF ORDER**

21 **2.1 Requirement to Maintain a License.** Based on Factual Allegations set forth in Section I
22 above, Respondents are in apparent violation of RCW 18.44.021 for engaging in the business of an
23 escrow agent by performing escrows or any of the functions of an escrow agent within the state of

1 Washington or with respect to transactions that involve personal property or real property located in
2 the state of Washington and by conducting contract collections business without being duly licensed
3 by the Department

4 **2.2 Requirement to Comply with the Director's Authority.** Based on the factual allegations set
5 forth in Section I above, Respondents are in apparent violation of RCW 18.44.400(1) and RCW
6 18.44.420(2) by failing to transfer active escrow and contract collection files, failing to send written
7 notice to all principals of escrow of contract collection accounts of the Temporary Order to Cease and
8 Desist C-12-0938-14-TD01, and failing to provide document and other materials required by the
9 Director.

10 **2.3 Requirement to Maintain Bond.** Based on the factual allegations set forth in Section I above,
11 Respondents are in apparent violation of RCW 18.44.201 for engaging in the business of an escrow
12 agent without maintaining the required bond.

13 **III. AUTHORITY TO ISSUE TEMPORARY ORDER TO CEASE AND DESIST**

14 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to RCW 18.44.440, if
15 the Director determines that a person has violated any provision of the Act or has violated any order or
16 rule of the Director the Director may issue an order requiring the person to cease and desist from the
17 unlawful practice and to take such affirmative action as in the judgment of the director will carry out
18 the purposes of the Act. The Director is authorized to issue a temporary order to cease and desist
19 whenever the Director makes a finding, in writing, that the public interest will be irreparably harmed
20 by delay in issuing a cease and desist order.

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IV. ORDER

Based on the above Factual Findings, Grounds for Entry of Order, and Authority, and pursuant to RCW 18.44.440, the Director finds that the public interest will be irreparably harmed by delay in issuing a cease and desist order. Therefore, the Director ORDERS that:

- 4.1 Respondents Barrett Escrow, Inc. and Jenny A. Barrett cease and desist from all escrow and contract collection activity, including, but not limited to ceasing and desisting from any withdrawals or outgoing transfers of any kind from escrow trust account # [REDACTED] and contract collection trust account # [REDACTED]
- 4.2 Respondents Barrett Escrow, Inc. and Jenny A. Barrett, within 5 business days of issuance of this TCD2, provide written notice to all principals of open escrows or open contract collection accounts of the receipt of this TCD2. The notice shall include the reason for the issuance of the TCD2 and afford the principals the right to choose the company or individual to which their escrow or contract collection accounts should be transferred.
- 4.3 Respondents Barrett Escrow, Inc. and Jenny A. Barrett transfer all open escrow files and contract collection accounts within 5 business days of receiving a response from the principals of the escrow and contract collection accounts. This transfer shall include any funds held in trust for each transferred escrow or contract collections account.
- 4.4 Respondents Barrett Escrow, Inc. and Jenny A. Barrett, within 5 business days of completion of transfer of services, provide the Department with name and contact information for the person(s) and/or company to which Respondents transferred any escrow files or contract collection accounts.
- 4.5 This order shall take effect immediately and shall remain in effect unless set aside, limited, or suspended in writing by an authorized court.

NOTICE

PURSUANT TO CHAPTER 18.44 RCW, YOU ARE ENTITLED TO A HEARING TO DETERMINE WHETHER THIS ORDER SHALL BECOME PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE ACCOMPANYING APPLICATION FOR ADJUDICATIVE HEARING, INCORPORATED HEREIN BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR ADJUDICATIVE HEARING FORM SO

1 THAT IT IS RECEIVED BY THE DEPARTMENT WITHIN TWENTY (20) DAYS OF THE DATE
2 THAT THIS ORDER WAS SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL
3 RESULT IN THE LOSS OF YOUR RIGHT TO A HEARING AND THE ENTRY OF A
4 PERMANENT ORDER TO CEASE AND DESIST ON THE 21ST DAY FOLLOWING SERVICE OF
5 THIS ORDER UPON YOU. SERVICE ON YOU IS DEFINED AS POSTING IN THE U.S. MAIL,
6 POSTAGE PREPAID, TO YOUR LAST KNOWN ADDRESS.

7 WITHIN 10 DAYS AFTER YOU HAVE BEEN SERVED WITH THIS TCD, YOU MAY
8 APPLY TO THE SUPERIOR COURT IN THE COUNTY OF YOUR PRINCIPAL PLACE OF
9 BUSINESS FOR AN INJUNCTION SETTING ASIDE, LIMITING, OR SUSPENDING THIS
10 ORDER PENDING THE COMPLETION OF THE ADMINISTRATIVE PROCEEDINGS
11 PURSUANT TO THIS NOTICE.

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13 DATED this 22nd day of September, 2015.

14 [REDACTED]
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16 CHARLES E. CLARK
Director, Division of Consumer Services
Department of Financial Institutions

17 Presented by:

18 [REDACTED]
19 DEVON P. PHELPS
Financial Legal Examiner

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21 Approved by:

22 [REDACTED]
23 STEVEN C. SHERMAN
Enforcement Chief



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C-12-0938-14-TD01

TEMPORARY ORDER TO
CEASE AND DESIST AND
TAKE AFFIRMATIVE ACTION

THE STATE OF WASHINGTON TO:

Barrett Escrow, Inc.
Jenny A. Barrett

I. FACTUAL FINDINGS

1.2 Respondent Jenny A. Barrett (Respondent Barrett) is 50% owner and the Designated Escrow Officer of Respondent Barrett Escrow. Respondent Barrett was licensed as an escrow officer during all periods relevant to this Order.

1 **1.3** On three separate occasions, July 9, 2014, July 28, 2014, and August 5, 2014, the Department's
2 Examination unit sent a request to Respondents to provide the manager's questionnaire and supporting
3 documentation. As of the date of this TCD, Respondents have not provided the requested documents.

4 **1.4** On or about October 8, 2014, the Department began an examination of the books and records
5 of Respondent Barrett Escrow. The Department noted that Respondents had not reconciled the
6 contract collection trust account since November 2013, and the escrow trust account had not been
7 reconciled since May 2014.

8 **1.5** On or about November 4, 2014, the Department served a subpoena on Respondents to provide
9 copies of reconciled trust account records for the contract collection account for every month from
10 October 2013 to September 2014. The records were due to the Department no later than 5 p.m. on
11 November 19, 2014.

12 **1.6** As of the date of this TCD, Respondents have not provided copies of the reconciled trust
13 account records as required by the subpoena.

14 **1.7** In addition, Respondents did not file a quarterly report for the second quarter of 2014, and filed
15 the quarterly reports late for the entirety of 2013 and the first and third quarters of 2014.

16 **II. GROUNDS FOR ENTRY OF ORDER**

17 **2.1 Failure to Reconcile.** Based on the Factual Findings set forth in Section I above, Respondents
18 are in apparent violation of RCW 18.44.400(1), WAC 208-680-410, and WAC 208-680-425 for failing
19 to reconcile the trust accounts.

20 **2.2 Failure to Provide Required Records.** Based on the Factual Findings set forth in Section I
21 above, Respondents are in apparent violation of RCW 18.44.301(10) for failing to provide the records
22 required in the Department's subpoena and WAC 208-680-425 for failing to file the quarterly reports
23 within the time period specified.

1 **III. AUTHORITY TO ISSUE TEMPORARY ORDER TO CEASE AND DESIST**

2 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to RCW 18.44.440, if
3 the Director determines that a person has violated any provision of the Act or has violated any order or
4 rule of the Director the Director may issue an order requiring the person to cease and desist from the
5 unlawful practice and to take such affirmative action as in the judgment of the director will carry out
6 the purposes of the Act. The Director is authorized to issue a temporary order to cease and desist
7 whenever the Director makes a finding, in writing, that the public interest will be irreparably harmed
8 by delay in issuing a cease and desist order.

9 **IV. ORDER**

10 Based on the above Factual Findings, Grounds for Entry of Order, and Authority, and pursuant
11 to RCW 18.44.440, the Director finds that the public interest will be irreparably harmed by delay in
12 issuing a cease and desist order. Therefore, the Director ORDERS that:

- 13 **4.1** Respondents Barrett Escrow, Inc. and Jenny A. Barrett cease and desist from accepting
14 new escrow or contract collection clients.
- 15 **4.2** Respondents Barrett Escrow, Inc. and Jenny A. Barrett resolve or transfer all open
16 escrow files and transfer all contract collection accounts within 60 days.
- 17 **4.3** Respondents Barrett Escrow, Inc. and Jenny A. Barrett, within 15 days of completion of
18 escrow services, provide the Department with copies of all escrow documents for all
19 escrow settlements that were not transferred.
- 20 **4.4** Respondents Barrett Escrow, Inc. and Jenny A. Barrett, within 5 business days of
21 issuance of this TCD, provide written notice to all principals of open escrows or
22 contract collection accounts of the receipt of the TCD. The notice shall include the
23 reason for the issuance of the TCD and the estimated date for completing the escrow.
The notice shall also afford the principals the right to transfer or withdraw the escrow or
transfer the contract collection account.
- 4.5** This order shall take effect immediately and shall remain in effect unless set aside,
limited, or suspended in writing by an authorized court.

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WITHIN 10 DAYS AFTER YOU HAVE BEEN SERVED WITH THIS TCD, YOU MAY APPLY TO THE SUPERIOR COURT IN THE COUNTY OF YOUR PRINCIPAL PLACE OF BUSINESS FOR AN INJUNCTION SETTING ASIDE, LIMITING, OR SUSPENDING THIS ORDER PENDING THE COMPLETION OF THE ADMINISTRATIVE PROCEEDINGS PURSUANT TO THIS NOTICE.

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1
2 DATED this 3rd day of December, 2014.



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

Presented by:

DEVON P. PHELPS
Financial Legal Examiner

Approved by:

CHARLES E. CLARK
Enforcement Chief