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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:

10820 EVERGREEN LLC, d/b/a HAGAN
ESCROW, and ROBERT MAPLE, 100% Owner,

Respondents.

No.: C-12-1063-12-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER AND
ORDER TO PROHIBIT FROM INDUSTRY,
TAKE AFFIRMATIVE ACTION, IMPOSE
FINE, COLLECT INVESTIGATION FEE,
AND MAINTAIN RECORDS

INTRODUCTION

Pursuant to RCW 18.44.410, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 18.44 RCW, the Escrow Agent Registration Act (Act). After having conducted an investigation pursuant to RCW 18.44.420 and WAC 208-680-620, 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. Respondent 10820 Evergreen LLC, d/b/a Hagan Escrow (Respondent Hagan Escrow) is headquartered at 10820 Evergreen Way Suite 200, Everett, Washington. Respondent Hagan Escrow became licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as an escrow agent in the state of Washington on or about May 27, 2010. Respondent Hagan Escrow submitted closure documents to the Department on or about November 2, 2011.

B. Respondent Robert Maple (Respondent Maple) is the 100% owner of Respondent Hagan Escrow.

1 **1.2 Failure to Reconcile Trust Account.** On or about November 2, 2011, the Department
2 received Respondent Hagan Escrow's Office Closure Form, which indicated that Respondent Hagan
3 Escrow's effective date of closure was October 31, 2011. On or about November 2, 2011, the
4 Department also received Respondent Hagan Escrow's Quarterly Office Closure Report and bank
5 records for the quarter ended September 30, 2011. These records, submitted by Respondent Hagan
6 Escrow's Designated Escrow Officer Terri Alexander, indicated that there were between 177 and 216
7 outstanding checks from Respondent Hagan Escrow's trust account. These checks totaled between
8 \$243,031.51 and \$370,576.12.

9 The Consumer Services Examinations Unit sent correspondence to Respondents through
10 Respondents' attorney and custodian of records, Thi Huynh, in March 2012, requesting that
11 Respondents file documents to show that the trust account had been reconciled. As of the date of this
12 Statement of Charges, no records regarding the reconciliation of the trust account have been received
13 by the Department.

14 **1.3 Failure to Submit Monthly Reports.** Respondents are required to submit monthly reports
15 for Respondent Hagan Escrow's trust account until the account has been reconciled and zeroed out.
16 Since on or about November 2, 2011, Respondents have submitted no further monthly reports for the
17 trust account.

18 **1.4 Failure to Submit Quarterly Reports.** Respondents are required to submit quarterly reports
19 for Respondent Hagan Escrow's operations and its trust account. Since on or about November 2,
20 2011, Respondents have not submitted quarterly reports for Respondent Hagan Escrow.

21 **1.5 Failure to Maintain Fidelity Bond, Errors and Omissions Bond, and Surety Bond.** On or
22 about April 27, 2012, Respondents' fidelity bond and errors and omissions bond and surety bond
23 expired. Respondents have not provided any evidence to the Department to show that the trust

1 account has been properly reconciled, nor have Respondents provided any evidence of replacement
2 fidelity, errors and omissions, or surety bonds.

3 **1.6 Failure to Respond to Department Directives.** On or about November 1, 2012, the
4 Department sent a directive to Respondents, requiring the production of the post-closure
5 reconciliation records and monthly and quarterly reports required under the Act. These items were
6 due to the Department on or before November 20, 2012. As of the date of this Statement of Charges,
7 Respondents have not provided the documents listed in the Directive.

8 **1.7 On-Going Investigation.** The Department's investigation into the alleged violations of the
9 Act by Respondents continues to date.

10 II. GROUNDS FOR ENTRY OF ORDER

11 **2.1 Requirement to Reconcile Trust Account.** Based on the Factual Allegations set forth in
12 Section I above, Respondents are in apparent violation of RCW 18.44.400(1) and WAC 208-680-
13 245(5) for failing to reconcile Respondent Hagan Escrow's trust account.

14 **2.2 Requirement to File Monthly Reports.** Based on the Factual Allegations set forth in
15 Section I above, Respondents are in apparent violation of RCW 18.44.400(1) and WAC 208-680-
16 245(5), for failing to file reports concerning its trust account within 30 days following the end of the
17 preceding month.

18 **2.3 Requirement to File Quarterly Reports.** Based on the Factual Allegations set forth in
19 Section I above, Respondents are in apparent violation of RCW 18.44.301(10) and WAC 208-680-
20 425 for failing to file a report concerning its operations and trust account administration and
21 reconciliation within 30 days following the end of each fiscal quarter.

22 **2.4 Requirement to Obtain and Maintain Fidelity and Surety Bonds.** Based on the Factual
23 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 18.44.211,

1 WAC 208-680-245(6), WAC 208-680-320, and WAC 208-680-310(4) for failing to provide the
2 Department with satisfactory evidence of bond coverage until Respondents' trust is reconciled.

3 **2.5 Requirement to Comply with the Director's Investigative Authority.** Based on the
4 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
5 18.44.420 for failing, upon demand, to disclose information within his or her knowledge to, or to
6 produce any document, book, or record in his or her possession for inspection of, the director or his
7 authorized representative.

8 III. AUTHORITY TO IMPOSE SANCTIONS

9 **3.1 Authority to Prohibit from Industry.** Pursuant to RCW 18.44.430(3), the Director may
10 prohibit any officer, controlling person, director, employee, or licensed escrow officer from
11 participation in the conduct of the affairs of any licensed escrow agent.

12 **3.2 Authority to Issue an Order to Take Affirmative Action.** Pursuant to RCW 18.44.410 and
13 WAC 208-680-630(1), the Director may require affirmative action to comply with the provisions of
14 the Act.

15 **3.3 Authority to Impose Fine.** Pursuant to RCW 18.44.430(3) and WAC 208-680-640(1)(d), in
16 addition to or in lieu of license denial, the Director may impose a fine of up to \$100 per day for each
17 day's violation of the Act.

18 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 18.44.410 and WAC 208-680-
19 650, the expense of an investigation pursuant to WAC 208-680-620 shall be borne by the entity
20 which is the subject of the investigation.

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

2 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above
3 Factual Allegations and Grounds for Entry of Order constitute a basis for the entry of an Order under
4 RCW 18.44.400, RCW 18.44.410, RCW 18.44.430, RCW 18.44.440 and WAC 208-680-630, which
5 authorize the Director to enforce all laws, rules, and regulations related to the registration of escrow
6 agents and licensing of escrow officers. Therefore, it is the Director's intention to ORDER that:

7 **4.1** Respondents 10820 Evergreen LLC, d/b/a Hagan Escrow, and Robert Maple be
8 prohibited from participation in the conduct of the affairs of any licensed escrow agent
for a period of ten years.

9 **4.2** Respondents 10820 Evergreen LLC, d/b/a Hagan Escrow, and Robert Maple, directly
10 or through the effort of third parties, produce the monthly and quarterly reports from
October 1, 2011, to present.

11 **4.3** Respondents 10820 Evergreen LLC, d/b/a Hagan Escrow, and Robert Maple jointly
12 and severally pay a fine. As of the date of this Statement of Charges, the fine totals
\$50,000.

13 **4.4** Respondents 10820 Evergreen LLC, d/b/a Hagan Escrow, and Robert Maple pay an
14 investigation fee. As of the date of this Statement of Charges, the investigation fee
totals \$512.50, calculated at \$62.50 per hour for 8.2 staff hours.

15 **4.5** Respondents 10820 Evergreen LLC, d/b/a Hagan Escrow, its officers, employees, and
16 agents maintain all records involving Washington State escrow transactions within the
state of Washington for a period of six years from completion of the escrow
17 transactions.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Prohibit from
3 Industry, Take Affirmative Action, Impose Fine, Collect Investigation Fee, and Maintain Records
4 (Statement of Charges) is entered pursuant to the provisions of RCW 18.44.410, RCW 18.44.430,
5 and RCW 18.44.440, and is subject to the provisions of chapter 34.05 RCW (The Administrative
6 Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE
7 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this
8 Statement of Charges.

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10 Dated this 14th day of March, 2013.



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13 DEBORAH BORTNER
14 Director
15 Division of Consumer Services
16 Department of Financial Institutions

17 Presented by:



18 SHANA L. OLIVER
19 Financial Legal Examiner

20 Approved by:



21 CHARLES E. CLARK
22 Enforcement Chief