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**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:

NORTH SOUND ESCROW, LLC and
STACY ANN BRADSHAW, Owner and
Designated Escrow Officer,

Respondents.

NO. C-14-1444-14-TD01

TEMPORARY ORDER TO
CEASE AND DESIST AND
TAKE AFFIRMATIVE ACTION

9 THE STATE OF WASHINGTON TO:

North Sound Escrow, LLC
Stacy Ann Bradshaw

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11 COMES NOW the Director of the State of Washington Department of Financial Institutions
12 (Director), by and through his designee Deborah Bortner, Division Director, Division of Consumer
13 Services (designee), and finding that the public is likely to be substantially injured by delay in
14 issuing a cease and desist order, enters this Temporary Order to Cease and Desist and Take
15 Affirmative Action (TCD) pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act
16 (Act), based on the following:

17 **I. FACTUAL ALLEGATIONS**

18 **1.1 North Sound Escrow, LLC (Respondent NSE)** is licensed to engage in the business of
19 an Escrow Agent by the State of Washington Department of Financial Institutions (Department)
20 pursuant to the Act.

21 **1.2 Stacy Ann Bradshaw (Respondent Bradshaw)** is owner and Designated Escrow
22 Officer of Respondent NSE.

1 **1.3** On or about February 10, 2014, Respondents provided an altered Accord Certificate of
2 Liability to Umpqua Bank. The copy of Respondent NSE's Accord Certificate of Liability
3 which Respondent Bradshaw provided to Umpqua Bank indicated that Respondent NSE's Errors
4 & Omissions (E&O) coverage was \$2 million. However, the insurer later provided the original
5 Certificate of Liability document to Umpqua Bank which showed that Respondent NSE's E&O
6 coverage was only \$1 million.

7 **1.4** On or about April 7, 2014, the Department began an examination of the books and
8 records of Respondent NSE. The Department reviewed Respondent NSE's bank accounts and
9 individual escrow files, including current disbursement ledgers, provided via email by
10 Respondent Bradshaw.

11 **1.5** The Department noted that the disbursement ledgers provided by Respondents differed
12 from the current disbursement ledgers printed by the Department directly from Respondent's
13 SMS system. In at least three escrow files, Respondents altered the disbursement ledgers to omit
14 voided checks.

15 **1.6** Additionally, in at least three escrow files Respondents diverted settlement funds from
16 Respondent NSE's trust account to Respondent NSE's general account.

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

18 **2.1 Altering Documents.** Based on the Factual Allegations set forth in Section I above,
19 Respondents are in apparent violation of RCW 18.44.301(1), (2), and (3) and RCW 18.44.301(4)
20 and (7) for altering documents and putting them off as true to Umpqua Bank.

21 **2.2 Providing False Documents.** Based on the Factual Allegations set forth in Section I
22 above, Respondents are in apparent violation of RCW 18.44.301(4) and (7) for knowingly
23 providing false documents to the Department.

1 **2.3 Diverting Funds.** Based on the Factual Allegations set forth in Section I above,
2 Respondents are in apparent violation of RCW 18.44.301(1), (2), (3), (5), (6), and (8) for
3 diverting settlement funds into Respondent NSE's general account.

4 III. AUTHORITY

5 **3.1 Authority to Issue Temporary Order to Cease and Desist and Take Affirmative**
6 **Action.** Pursuant to RCW 18.44.440, the Director is authorized to issue a temporary order to
7 cease and desist and take affirmative action whenever the Director makes a finding, in writing,
8 that the public interest will be irreparably harmed 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
11 pursuant to RCW 18.44.440, the Director finds that the public interest will be irreparably harmed
12 by delay in issuing a cease and desist order. Therefore, the Director ORDERS that:

13 **4.1** Respondents shall immediately cease and desist from the unlawful practices
14 alleged in Section II.

15 **4.2** Respondents shall immediately cease and desist from accepting new escrow
16 service customers.

17 **4.3** Respondents shall resolve or transfer all open escrow files within 30 days.

18 **4.4** Respondents shall, within 15 days of completion of escrow services, provide the
19 Department with copies of all escrow documents for all escrow settlements that were not
20 transferred.

21 **4.5** Respondents shall, within five business days of issuance of this TCD, provide
22 written notice to all principals of open escrows of the receipt of the TCD. The notice shall
23 include the reason for the issuance of the TCD and the estimated date for completing the escrow.

1 The notice shall also afford the principals the right to transfer or withdraw the escrow without
2 monetary loss.

3 **4.5** Respondents shall not remove or destroy any escrow files or records, including
4 those kept offsite. Further, Respondent Bradshaw shall not access any escrow file or records
5 stored at Alderwood Storage at 16902 Alderwood Mall Boulevard, Lynnwood, Washington
6 98036.

7 **4.6** This order shall take effect immediately and shall remain in effect unless set
8 aside, limited, or suspended in writing by an authorized court.

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1 DATED this 7th day of May, 2014.



[Redacted signature]

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

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6 Presented by:

7 [Redacted name]

8 DEVON P. PHELPS
9 Financial Legal Examiner

10 Approved by:

11 [Redacted name]

12 CHARLES E. CLARK
13 Enforcement Chief