

ORDER SUMMARY – Case Number: C-12-1020

Name(s): Lori Lynn Andrew

Order Number: C-12-1020-14-FO02

Effective Date: December 23, 2014

License Number: 540-DO-21090 (Designated Escrow Officer license)

License Effect: Revoked

Not Apply Until: December 23, 2039

Not Eligible Until: December 23, 2039

Prohibition/Ban Until: December 23, 2039

Exam Fee	\$ 150,000	Due: within 30 days of service	Paid: <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date:
Fine	\$ 0	Due	Paid: <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$ 0	Due	Paid: <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$ 0	Due	Paid: <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$ 0	Due	Paid: <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N			
No. of Victims:		N/A		

Comments:



**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS**

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

Hartman Escrow, Inc. and Lori Lynn Andrew,

Respondents.

No. C-12-1020-14-FO02

FINAL ORDER RE:
Lori Lynn Andrew

I. DIRECTOR'S CONSIDERATION

Procedural History. This matter has come before the Director of the Department of Financial Institutions of the State of Washington ("Director"), pursuant to RCW 34.05.440(2). On July 18, 2012, the Director, through his designee, Consumer Services Division Director Deborah Bortner, issued a Temporary Order to Cease and Desist ("TCD One"), Order No. C-12-1020-12-TD01, against Hartman Escrow, Inc. ("Respondent Hartman Escrow") and Lori Lynn Andrew, its owner and Designated Escrow Agent ("Respondent Andrew"). On July 20, 2012, the Department of Financial Institution ("Department") served the TCD One by First-Class mail on Respondent Hartman Escrow and Respondent Andrew ("Respondents").

On July 31, 2012, the Director, through Consumer Services Division Director Deborah Bortner, issued an Order Taking Possession of Hartman Escrow, Inc. ("Order Taking Possession"), Order No. C-12-1020-12-TP01, against Respondents. The Order Taking Possession was served on Respondents and executed by the Department on July 31, 2012. Respondents subsequently retained counsel, Attorney Kirk "Chip" Mosley of Tacoma, who requested an administrative hearing.

1 On August 7, 2012, the Department was contacted by additional counsel for Respondents,
2 Attorney Mark D. Schedler of Williams Kastner in Seattle, who advised that his firm would be
3 representing both Respondents in the Department's matter.

4 On August 7, 2012, the Director, through Consumer Services Division Director Deborah
5 Bortner, issued a second Temporary Order to Cease and Desist (TCD Two), Order No. C-12-1020-
6 12-TD02, against Respondents for failure to comply with certain aspects of the Order Taking
7 Possession. On August 9, 2012, Respondents were personally served with the TCD Two.

8 On August 9, 2012, an agent for Respondents delivered to the department an Application for
9 Adjudicative Hearing on behalf of Respondent Andrew. Mr. Mosley was identified as the attorney
10 representing Respondent Andrew. On August 10, 2012, Mr. Mosley advised the Department that he
11 intended to withdraw, and that Mr. Schedler would be representing both Respondents in the
12 Department's matter.

13 On August 16, 2012, the Department received from Mr. Schedler Applications for
14 Adjudicative Hearing on behalf of both Respondents with respect to the TCD One, Order Taking
15 Possession, and the TCD Two. Respondents also waived their right to have the hearing commence
16 while preserving their right to a hearing.

17 On September 13, 2012, the Department, through the Attorney General's Office, filed a
18 Petition for Appointment of General Receiver for Respondents in King County Superior Court,
19 Cause No. 12-2-30179-4KNT. Attorneys from the law offices of Williams Kastner in Seattle joined
20 the Department in proposing the Order Appointing General Receiver and negotiated a provision in
21 the Order Appointing General Receiver as follows:

22 Defendant Lori L. Andrew has accepted service and appeared in this action by
23 and through her attorneys, Mark D. Schedler and Mark S. Davidson, of Williams
24 Kastner. She has denied the allegations of the Petition. She has acknowledged
that the allegations, if true, would be sufficient to support the appointment of a

1 receiver in this matter. She has no objection to the appointment of a Receiver for
2 Hartman Escrow on the terms set forth in this Order.

3 The Order Appointing General Receiver for Respondent Hartman Escrow was entered by
4 King County Superior Court on September 20, 2012.

5 Approximately nine months later, on June 24, 2013, attorneys Mark D. Schedler and Mark S.
6 Davidson filed a Notice of Intent to Withdraw as Attorneys for Lori L. Andrew, and subsequently
7 withdrew from representation of Respondent Andrew in both the Receivership matter and in the
8 Department's Administrative matter.

9 On July 1, 2013, the Director, through Consumer Services Division Director Deborah
10 Bortner, issued a Statement of Charges and Notice of Intent to Enter an Order to Revoke Licenses,
11 Prohibit from Industry, and Charge and Collect Examination Fees against Respondents ("Statement
12 of Charges"), No. C-12-1020-13-SC01. On July 16, 2013, the Department served Respondents with
13 the Statement of Charges and accompanying documents by First-Class mail. The Statement of
14 Charges was accompanied by cover letters dated July 16, 2013, Notices of Opportunity to Defend
15 and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Respondents.

16 On August 5, 2013, Respondent Andrew filed an Application for Adjudicative Hearing with
17 the Department through attorney Kirk "Chip" Mosley of Tacoma.

18 Respondent Hartman defaulted on the Statement of Charges. Accordingly, on August 12,
19 2013, the Director, through Consumer Services Division Director Deborah Bortner, issued a Final
20 Order as to Respondent Hartman Escrow, Inc., No. C-12-1020-13-FO01. This Final Order addresses
21 only the remaining Respondent in this matter, Lori L. Andrew.

22 On October 22, 2013, the Department made a request to the Office of Administrative
23 Hearings ("OAH") to assign an Administrative Law Judge ("ALJ") to schedule and conduct a
24 hearing on the Statement of Charges.

1 On November 6, 2013, ALJ Leslie Birnbaum issued a Notice of Prehearing Conference
2 scheduling a prehearing conference on December 3rd, 2013. The Notice of Prehearing Conference,
3 sent by OAH to Respondent Andrew and her counsel, Mr. Mosley, stated: **"You must participate in**
4 **the conference. If you do not, a default may be entered. This means you lose the opportunity to**
5 **further challenge the agency action. RCW 34.05.440."** The Notice also stated that the parties and
6 their representatives had a continuing obligation to update OAH with any changes to their addresses
7 or telephone numbers.

8 On December 3, 2013, counsel for the Department and counsel for Respondent Andrew, Mr.
9 Mosley, attended a telephonic prehearing conference convened by ALJ Birnbaum at 1:00 p.m. On
10 December 4, 2013, ALJ Birnbaum issued a Notice of Hearing and Prehearing Conference Order
11 scheduling the hearing for May 15, 2014, and continuing on May 19 through May 23, 2014. That
12 Order, sent by OAH to Respondent Andrew and her counsel, Mr. Mosley, also stated: **"You must**
13 **participate in the conference. If you do not, a default may be entered. This means you lose the**
14 **opportunity to further challenge the agency action. RCW 34.05.440."** The Order also stated that
15 the parties and their representatives had a continuing obligation to update OAH with any changes to
16 their addresses or telephone numbers.

17 Due to scheduling conflicts, on February 14, 2014, the Department filed a Motion to Extend
18 or Continue Case Schedule ("Motion to Extend"). In the Declaration filed in support of the Motion
19 to Extend, counsel for the Department stated that he attempted, without success, "to reach opposing
20 counsel regarding a stipulated motion to continue the case schedule on multiple occasions from
21 February 10-14, 2014, via telephone and from February 12-14, 2014, via e-mail."

22 On March 4, 2014, ALJ Birnbaum issued a Notice of Status Conference and Motion Hearing
23 scheduling a telephonic status conference on March 20, 2014, to discuss the status of the case, the
24 Department's Motion to Extend, and noting that OAH had been unable to contact Mr. Mosley,

1 communication between the parties and OAH. The Notice, sent by OAH to Respondent Andrew and
2 her counsel, Mr. Mosley, also stated: **"You must participate in the conference. If you do not, a
3 default may be entered. This means you lose the opportunity to further challenge the agency
4 action. RCW 34.05.440."**

5 On March 20, 2014, a representative of the Department, counsel for the Department, and
6 counsel for Respondent Andrew, Mr. Mosley, attended a telephonic prehearing conference convened
7 by ALJ Birnbaum at 9:00 a.m. Mr. Mosley, responding to ALJ Birnbaum as to why he had not been
8 responsive to either the Department's or OAH's communications, apologized and advised that he
9 had moved his law office. He provided a post office box number in Federal Way, Washington, as
10 his new mailing address.

11 On March 26, 2014, ALJ Birnbaum issued a Notice of Hearing and Status Conference Order
12 granting the Department's Motion to Extend Case Schedule; re-scheduling the hearing to September
13 15 through 19, 2014; and scheduling another telephonic status conference for May 15, 2014. That
14 Order, sent by OAH to Respondent Andrew and her counsel, Mr. Mosley, also stated: **"You must
15 participate in the conference. If you do not, a default may be entered. This means you lose the
16 opportunity to further challenge the agency action. RCW 34.05.440."** The Order also stated that
17 the parties and their representatives had a continuing obligation to update OAH with any changes to
18 their addresses or telephone numbers.

19 On May 12, 2014, counsel for Department discovered that effective May 8, 2014, Mr.
20 Mosley had been disbarred by the Washington Bar Association for conversion of client funds in his
21 IOLTA account to his personal use. The Department notified ALJ Birnbaum the next day.

22 On May 15, 2014, a representative of the Department and counsel for the Department
23 attended the scheduled telephonic status conference convened by ALJ Birnbaum at 9:00 a.m. Neither
24 Respondent Andrew nor her counsel, Mr. Mosley, appeared. ALJ Birnbaum stated that mail

1 from OAH to Respondent Andrew had been returned to OAH dating back to March 4, 2014. The
2 Department provided ALJ Birnbaum with another address for Respondent Andrew, conducted an
3 immediate Internet search for more recent contact information, and offered to use its best efforts to
4 locate Respondent Andrew. During the status conference Mr. Mosley contacted Department's
5 counsel by e-mail and promised to provide a formal Notice of Withdrawal providing OAH and the
6 Department with his client's current contact information. Accordingly, the Department requested
7 that another status conference be scheduled in one month's time in order to provide Respondent
8 Andrew with time to locate new counsel.

9 On May 20, 2014, ALJ Birnbaum issued a Notice of Hearing and Status Conference Order
10 scheduling another telephonic status conference for June 12, 2014. ALJ Birnbaum included a
11 detailed chronology of all OAH contacts with Respondent Andrew noting that mail from OAH to
12 Respondent Andrew had been returned to OAH on four separate occasions dating back to March 4,
13 2014. That Order, sent by OAH to Respondent Andrew at her address of record, also stated: "**You**
14 **must participate in the conference. If you do not, a default may be entered. This means you**
15 **lose the opportunity to further challenge the agency action. RCW 34.05.440.**" The Order also
16 stated that the parties and their representatives had a continuing obligation to update OAH with any
17 changes to their addresses or telephone numbers.

18 On June 12, 2014, a representative of the Department and counsel for the Department
19 attended the scheduled telephonic status conference convened by ALJ Birnbaum at 10:00 a.m.
20 Neither Respondent Andrew nor any representative for Respondent Andrew appeared. Accordingly,
21 the Department moved for an order of default dismissing the administrative appeal.

22 On June 16, 2014, ALJ Birnbaum issued an Order of Default ("Order of Default") dismissing
23 Respondent Andrew's administrative appeal. ALJ Birnbaum noted that she had reviewed the history
24 of OAH Notices, Conferences, and Order; had determined that all documents had been sent to

Respondent Andrew's address of record; and concluded that Respondent Andrew received proper notice of all notices and orders. The Order of Default was mailed by OAH to Respondent Andrew's address of record by First Class mail the same date.

Pursuant to RCW 34.05.440(3), Respondent Andrew had seven (7) days from the date of service of the Order of Default to file a written motion with OAH requesting that the Order of Default be vacated, and stating the grounds relied upon. Respondent Andrew did not make a request to vacate the Order of Default during the statutory period. The Order of Default thus became an Initial Order.

Pursuant to RCW 34.05.464 and WAC 10-08-211, Respondent Andrew had twenty (20) days from the date of service of the Order of Default to file a Petition for Review of the Initial Order with the Office of the Director. Respondent Andrew did not file a Petition for Review during the statutory period.

A. Record Presented. The record presented to the Director for his review and for entry of a final decision included the following:

1. Temporary Order to Cease and Desist dated July 18, 2012, along with cover letter and documentation of service.
2. Order Taking Possession of Hartman Escrow, Inc. dated July 31, 2012, along with cover letter and documentation of service.
3. Temporary Order to Cease and Desist dated August 7, 2012, along with cover letter and documentation of service.
4. Application for Adjudicative Hearing to contest the Order Taking Possession of Hartman Escrow, Inc., filed by counsel for Lori Lynn Andrew and Hartman Escrow, Inc., dated August 7, 2012.
5. Application for Adjudicative Hearing to contest the Temporary Order to Cease and Desist and the Order Taking Possession of Hartman Escrow, Inc., filed by counsel for Lori Lynn Andrew and Hartman Escrow, Inc., dated August 16, 2012.
6. The Order Appointing General Receiver for Respondent Hartman Escrow, dated September 20, 2012.

7. Statement of Charges dated July 1, 2013, along with cover letter, Notice of Opportunity to Defend and Opportunity for Hearing, Applications for Adjudicative Hearing, and documentation of service.
8. Application for Adjudicative Hearing to contest Statement of Charges, filed by counsel for Lori Lynn Andrew dated August 2, 2013.
9. Final Order as to Respondent Hartman Escrow, Inc. dated August 12, 2013, along with documentation of service.
10. Request to OAH for Assignment of Administrative Law Judge schedule and conduct a hearing on the Statement of Charges, dated October 22, 2013.
11. Notice of Appearance of AAG Rupert representing the Department, dated October 30, 2013, along with documentation of service.
12. Notice of Prehearing Conference dated November 6, 2013, along with documentation of service.
13. Notice of Hearing and Prehearing Conference Order dated December 4, 2013, along with documentation of service.
14. Notice of Substitution of Counsel for the Department, with AAG McDonald now representing the Department, dated January 17, 2014, along with documentation of service.
15. Department's Motion to Extend or Continue Case Schedule, accompanied by Declaration of Counsel, dated February 14, 2014, along with documentation of service.
16. Notice of Status Conference and Motion Hearing dated March 4, 2014, along with documentation of service.
17. Notice of Hearing and Status Conference Order dated March 26, 2014, along with documentation of service.
18. Notice of Hearing and Status Conference Order dated May 20, 2014, along with documentation of service.
19. Order of Default dated June 16, 2014, along with documentation of service.

B. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(2), the

Director hereby adopts the Statement of Charges, which is attached hereto.

1 II. FINAL ORDER

2 Based upon the foregoing, and the Director having considered the record and being otherwise
3 fully advised, NOW, THEREFORE:

4 A. IT IS HEREBY ORDERED, That:

- 5 1. The license of Respondent LORI LYNN ANDREW to conduct business as a
6 designated escrow officer is revoked.
- 7 2. Respondent LORI LYNN ANDREW is prohibited from participation in the
8 conduct of the affairs of any licensed escrow agent for a period of twenty-five
9 (25) years.
- 10 3. Respondent LORI LYNN ANDREW shall pay to the Washington State
Department of Financial Institutions, within thirty (30) days of receipt of this
Final Order, an examination fee of One Hundred Fifty Thousand dollars
(\$150,000).

11 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent Andrew has the right to
12 file a Petition for Reconsideration stating the specific grounds upon which relief is requested. The
13 Petition must be filed in the Office of the Director of the Department of Financial Institutions by
14 courier at 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200,
15 Olympia, Washington 98504-1200, within ten (10) days of service of the Final Order upon
16 Respondent Andrew. The Petition for Reconsideration shall not stay the effectiveness of this order
17 nor is a Petition for Reconsideration a prerequisite for seeking judicial review in this matter.

18 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the
19 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a
20 written notice specifying the date by which it will act on a petition.

21 C. Stay of Order. The Director has determined not to consider a Petition to Stay the
22 effectiveness of this order. Any such requests should be made in connection with a Petition for
23 Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

1 D. Judicial Review. Respondent Andrew has the right to petition the Superior Court for
2 judicial review of this agency action under the provisions of chapter 34.05 RCW. For the
3 requirements for filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

4 E. Non-compliance with Order. If you do not comply with the terms of this order,
5 including payment of any amounts owed within thirty (30) days of receipt of this order, the
6 Department may seek its enforcement by the Office of the Attorney General to include the collection
7 of the examination fees imposed herein. The Department also may assign the amounts owed to a
8 collection agency for collection.

9 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for
10 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of
11 service attached hereto.

12 DATED this 25th day of December 2014.



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14 STATE OF WASHINGTON
15 DEPARTMENT OF FINANCIAL INSTITUTIONS

16 [Redacted Signature]
17 SCOTT JARVIS
18 Director
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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:

HARTMAN ESCROW, INC., and LORI L. ANDREW,
President and Designated Escrow Officer,

Respondents.

NO. C-12-1020-13-FO01

FINAL ORDER AS TO RESPONDENT
HARTMAN ESCROW, INC.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner (Director's designee), pursuant to RCW 34.05.440(1). On July 1, 2013, the Director's designee issued a Statement of Charges and Notice of Intent to Enter an Order to Revoke Licenses, Prohibit from Industry, and Charge and Collect Examination Fees (Statement of Charges) against Respondents Hartman Escrow, Inc. and Lori L. Andrew. A copy of the Statement of Charges is attached and incorporated into this order by reference. The Statement of Charges was accompanied by a cover letter, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent.

B. On September 20, 2012, a Seattle-based financial advisory company, Orse & Company, Inc., was appointed Receiver for Respondent Hartman Escrow, Inc. (Respondent). After service of the Statement of Charges, the Respondent, by and through the Receiver, elected to default on the Statement of Charges and communicated that intention to the Department.

C. Respondent did not request an adjudicative hearing within twenty calendar days after the Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-08-050(2).

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1 D. Record Presented. The record presented to the Director's designee for her review and entry of a final
2 decision included the Statement of Charges, cover letter, Notice of Opportunity to Defend and Opportunity
3 for Hearing, blank Application for Adjudicative Hearing for Respondent, proof of service, and an e-mail from
4 Receiver's counsel dated August 6, 2013, advising the Department of the default.

5 E. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the Director's designee
6 hereby adopts the Statement of Charges.

7 II. FINAL ORDER

8 Based upon the foregoing, and the Director's designee having considered the record and being otherwise
9 fully advised, NOW, THEREFORE:

10 A. IT IS HEREBY ORDERED, That:

- 11 1. Respondent Hartman Escrow, Inc.'s license to conduct business of as an Escrow Agent is
revoked.
- 12 2. Respondent Hartman Escrow, Inc. is prohibited from participation in the conduct of the affairs of
13 any escrow agent subject to licensure by the Director, in any manner, for a period of twenty-five
(25) years.

14 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a Petition for
15 Reconsideration stating the specific grounds upon which relief is requested. The Petition must be filed in the
16 Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road SW,
17 Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200, within
18 ten (10) days of service of the Final Order upon Respondent. The Petition for Reconsideration shall not stay
19 the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial review in
20 this matter. A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date
21 the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written notice
22 specifying the date by which it will act on a petition.

23 C. Stay of Order. The Director's designee has determined not to consider a Petition to Stay the
24 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial
25 Review made under chapter 34.05 RCW and RCW 34.05.550.

1 D. Judicial Review. Respondent has the right to petition the superior court for judicial review of this
2 agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition for
3 Judicial Review, see RCW 34.05.510 and sections following.

4 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial Review,
5 service is effective upon deposit of this order by the Department in the U.S. mail, declaration of service
6 attached hereto.

7
8 DATED this 12th day of August, 2013.



9 STATE OF WASHINGTON
10 DEPARTMENT OF FINANCIAL INSTITUTIONS

11 [Redacted Signature]
12 DEBORAH BORTNER
13 Director, Division of Consumer Services
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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:

HARTMAN ESCROW, INC., and LORI L. ANDREW,
President and Designated Escrow Officer,

Respondents.

NO. C-12-1020-13-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER AN
ORDER TO REVOKE LICENSES, PROHIBIT
FROM INDUSTRY, and CHARGE AND
COLLECT EXAMINATION FEES

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 (the Act). After having conducted an investigation pursuant to RCW 18.44.420, 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. RESPONDENTS

1.1 Hartman Escrow, Inc. (Respondent Hartman) is an active for-profit Washington corporation organized on December 13, 1994. Respondent Hartman has been licensed by the Department of Financial Institutions (Department) under the Act to conduct business as an escrow agent in the state of Washington since about June 2000. Until July 31, 2012, Respondent Hartman was licensed to operate from a main office located at 14237 Interurban Avenue South in Tukwila, license number 540-EA-18608, and from a branch office located at 519 Beach Avenue in Marysville, license number 540-EA-18608-44181.

1.2 Lori Lynn Andrew (Respondent Andrew) is the president and sole owner of Respondent Hartman. Respondent Andrew has been licensed by the Department under the Act to conduct business as the Designated Escrow Officer (DEO) of Respondent Hartman since about October 2002. Respondent Andrew's DEO license, number 540-DO-21090, is currently in "inactive" status. While it was active, Respondent Andrew was the sole DEO and supervisor of Respondent Hartman's main and branch offices.

II. REGULATORY BACKGROUND

2.1 On or about June 21, the Department began a for-cause examination of Respondent Hartman to investigate possible irregularities with the Respondent Hartman's KeyBank escrow trust account.

2.2 On or about July 10, 2012, the Department served Respondents Hartman Escrow, Inc. and Andrew (Respondents) with a subpoena requiring production of certain escrow documents and records (the documents). Respondents produced some, but not all, of the documents required.

2.3 On or about July 18, 2012, the Department issued a Temporary Order to Cease and Desist, number C-12-1020-12-TD01 (TCD01) against Respondents requiring them to immediately:

- a. Cease and desist from failing to provide the subpoenaed documents to the Department;
- b. Provide the requested documents to the Department; and
- c. Stop all transfers of funds from any trust account until the Department lifted TCD01.

Respondents produced some, but not all, of the documents required.

2.4 On or about July 31, 2012, after discovering that some of the documents produced by Respondents in response to the Subpoena had been altered, the Department issued an Order Taking Possession of Hartman Escrow, Inc. (the Order) taking possession of the property and business of Respondent Hartman Escrow pursuant to RCW 18.44.455, which provides the Director the authority to immediately take possession of an escrow agent in certain circumstances. In this case, the Order was based on findings that Respondents:

- a. Were conducting business in such an unsafe manner as to render its further operation hazardous to the public;
- b. Had neglected or failed to comply with an Order of the Director; and
- c. Had knowingly made or published a written statement of its affairs containing material statements which were false.

2.5 On or about August 7, 2012, in response to Respondents' failure to relinquish to the Department all of the property of Respondent Hartman, the Department issued a Temporary Order to Cease and Desist, number C-12-1020-12-TD02 (TCD02) against Respondents requiring Respondent Andrew to immediately:

- a. Cease and desist from engaging in any act, directly or indirectly, which affected Respondent Hartman;
- b. Surrender to the Department all escrow and other business files of Respondent Hartman;
- c. Surrender to the Department all business related equipment owned, leased, or rented by Respondent Hartman; and

1 d. Surrender to the Department all credit cards in the name of Respondent Hartman, as well
2 as all keys to property owned, leased, or rented by Respondent Hartman.

3 Respondent Andrew surrendered some, but not all, of the files, equipment, and credit cards required.

4 **2.6** On or about September 13, 2012, the Department filed a Petition for Appointment of General Receiver
5 for Respondent Hartman in King County Superior Court. On September 20, 2012, the Order Appointing
6 General Receiver for Respondent Hartman was entered by the Court. Respondent Andrew appeared by and
7 through her attorneys, denied the allegations, and acknowledged that the allegations, if true, would be
8 sufficient to support the appointment of a general receiver for Respondent Hartman.

9 **2.7** The Department's examination of Respondent Hartman, while winding down, is on-going.

10 **III. FACTUAL ALLEGATIONS**

11 **3.1 Neglecting or Failing to Comply with the Director's Authority.** On or about July 10, 2012, the
12 Department served Respondents with a subpoena requiring immediate production of all trust and bank
13 account reconciliation records; all trust account bank statements and cancelled checks; and all general account
14 bank statements and cancelled checks. Respondents produced partial records related to their trust and general
15 accounts, and some reconciliation records, but did not provide all the records required. On or about July 18,
16 2012, the Department issued TCD01 requiring Respondents to produce the requested records immediately.
17 Respondents failed to produce all of the required records. On or about August 7, 2012, the Department issued
18 TCD02 requiring Respondent Andrew to surrender escrow and business files, equipment, and credit cards
19 belonging to Respondent Hartman. Respondent Andrew surrendered some, but not all, of the files,
20 equipment, and credit cards required.

21 **3.2 Comingled Trust and General Accounts.** On or about June 6, 2012, Respondent Hartman's trust and
22 general operating accounts at KeyBank were closed. On or about June 25, 2012, Respondent Andrew opened
23 new business checking and savings accounts at BECU in the name of Respondent Hartman. Respondent
24 Andrew subsequently deposited into the new BECU business accounts comingled trust and general account
25 funds from the closed KeyBank accounts. In addition, Respondents accepted more than 40 deposits of trust
funds, totaling more than \$5 million, into the new BECU business accounts. Between at least June 6, 2012,

1 and July 31, 2012, when the Department took possession of Respondent Hartman, Respondents comingled
2 trust and non-trust funds in the BECU accounts.

3 **3.3 False Statements: Altered Bank Statements Filed with DFI.** On or about July 11, 2012, in response
4 to a subpoena issued by the Department, Respondents provided the Department with KeyBank trust and
5 general account statements. On or about July 25, 2012, the Department received the actual KeyBank trust
6 and general account statements from KeyBank. A comparison revealed that the statements provided to the
7 Department by Respondent Andrew had been altered to conceal more than 60 transactions involving more
8 than \$1.4 million in suspicious transfers, mostly involving transfers from the trust to the general account.

9 **IV. GROUNDS FOR ENTRY OF ORDER**

10 **4.1 Requirement to Comply with Director's Authority.** Based on the Factual Allegations set forth in
11 Section III above, Respondents are in apparent violation of RCW 18.44.301(10), which makes it a violation of
12 the Act for any escrow agent to fail to make any report or statement lawfully required by the Director.

13 **4.2 Prohibitions Against False Statements.** Based on the Factual Allegations set forth in Section III
14 above, Respondents are in apparent violation of RCW 18.44.301(4), (6), and (7), which make it a violation of
15 the Act for any escrow agent, controlling person, officer, or designated escrow officer to:

- 16 a. Knowingly make, publish, or disseminate any false, deceptive, or misleading information
in the conduct of the business of escrow;
- 17 b. Make, or concur in making, any false entry, in its books or accounts; and
- 18 c. Knowingly make or publish, or concur in making or publishing, any written report,
exhibit, or statement of its affairs or pecuniary condition containing any material
statement which is false.

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20 **4.3 Prohibitions Against Comingling.** Based on the Factual Allegations set forth in Section III above,
21 Respondents are in apparent violation of RCW 18.44.400(2) and WAC 208-680-410(2) for not keeping a
22 separate designated trust account authorized to receive funds, in which trust deposits are kept separate and
23 apart and segregated from the escrow agent's own funds.

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1 **V. AUTHORITY TO IMPOSE SANCTIONS**

2 **5.1 Authority to Revoke Licenses.** Pursuant to RCW 18.44.400(5), the Director may revoke the license of
3 any escrow agent for any violation of RCW 18.44.400. In addition, pursuant to RCW 18.44.430(1), the
4 Director may upon notice revoke the license of any escrow agent or escrow officer if the Director finds that a
5 licensee has violated any of the provisions of the Act or any lawful rules under the Act, including, failing,
6 upon demand, to produce any document, book, or record in his or her possession for inspection of the
7 Director's authorized representatives.

8 **5.2 Authority to Prohibit from Industry.** Pursuant to RCW 18.44.400(5), the Director may prohibit from
9 the industry any escrow agent or escrow officer for any violation of RCW 18.44.400. In addition, pursuant to
10 RCW 18.44.430(3), the Director may upon notice prohibit from participation in the conduct of the affairs of
11 any licensed escrow agent, any officer, controlling person, director, employee, or licensed escrow officer, if
12 the Director finds that a licensee has violated any of the provisions of the Act or any lawful rules under the
13 Act, including, committing acts or engaging in conduct that demonstrates the applicant or licensee to be
14 incompetent or untrustworthy.

15 **5.3 Authority to Charge and Collect Examination Fees.** Pursuant to RCW 18.44.121(1)(d) and
16 WAC 208-680-610, the Director may charge and collect an hourly examination fee.

17 **VI. NOTICE OF INTENT TO ENTER ORDER**

18 Respondents' violations of the provisions of chapter 18.44 RCW as set forth in the above Factual
19 Allegations and Grounds for Entry of Order constitute a basis for the entry of an Order under RCW 18.44.410
20 and RCW 18.44.430, which authorize the Director to enforce all laws and rules related to the regulation of
21 escrow agents and officers. Therefore, it is the Director's intent to ORDER that:

22 **6.1** Respondent Hartman Escrow, Inc.'s escrow agent license be revoked;

23 **6.2** Respondent Lori Lynn Andrew's designated escrow officer license be revoked;

24 **6.3** Respondents Hartman Escrow, Inc. and Lori Lynn Andrew be prohibited from participation
25 in the conduct of the affairs of any licensed escrow agent for twenty five (25) years; and


6.4 Respondent Lori Lynn Andrew pay an examination fee of \$150,000.

VII. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intent to Enter an Order to Revoke Licenses, Prohibit from Industry, and Charge and Collect Examination Fees (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, the Administrative Procedure Act. 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 1st day of July, 2013.





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

Presented by:


ANTHONY W. CARTER
Senior Enforcement Attorney

Approved by:


CHARLES E. CLARK
Enforcement Chief

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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:

HARTMAN ESCROW, INC. and
LORI L. ANDREW,
Owner and Designated Escrow Officer,

Respondents.

C-12-1020-12-TD02

TEMPORARY ORDER TO
CEASE AND DESIST

THE STATE OF WASHINGTON TO: LORI L. ANDREW

COMES NOW the Director of the Washington State Department of Financial Institutions (Director), by and through his designee Deborah Bortner, Division Director, Division of Consumer Services (designee), and finding that the public interest will be irreparably harmed by delay in issuing an order to cease and desist, enters this temporary order to cease and desist pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act), based on the following findings:

I. FACTUAL FINDINGS

1.1 Failure to Comply with Director's Authority.

On or about July 10, 2012, the Department served Respondents with a Subpoena to Provide Documents and Records requiring Respondent Andrew to provide certain records by July 16, 2012, or a Temporary Cease and Desist Order (TCD) would be issued. Respondent Andrew did not provide the records by the due date and on or about July 18, 2012, the Department issued a TCD requiring Respondent Andrew to produce the records immediately. The TCD was served on Respondent Andrew on or about the same day, and served by Federal Express overnight delivery on July 28, 2012, but Respondent Andrew did not provide the records as required.

1 **1.2 Providing Altered Bank Statements.** On or about June 21, 2012, Respondent Andrew provided
2 the Department with copies of what she represented to be the monthly statements for Respondent
3 Hartman Escrow's general account at Key Bank. On or about July 25, 2012, the Department received
4 copies of the actual monthly statements for the general account directly from Key Bank. A comparison
5 of the two sets of statements revealed that among other deceptions, Respondent Andrew had altered the
6 account statements she provided the Department to conceal more than \$2.1 million in transfers from the
7 trust account to the general account. The differences between the general account statements provided by
8 Respondent Andrew and those provided by Key Bank are as follows:
9

Hartman Escrow, Inc. General Account Bank Statements	
Dec-11	The statement was altered to conceal 6 transfers totaling \$23,754.28 from the trust account to the general account.
Jan-12	The statement was altered to conceal 13 transfers totaling \$188,135.42 from the trust account to the general account, and did not include a page listing a \$5,000 transfer from the savings account to the general account.
Feb-12	The statement was altered to conceal 8 transfers totaling \$161,074.45 from the trust account to the general account.
Mar-12	The statement was altered to conceal 7 transfers totaling \$359,864.86 from the trust account to the general account, and a separate transfer of \$291,164.86 from the trust account to the general account.
Apr-12	The statement was altered to conceal a transfer totaling \$145,582.28 from the general account to the trust account, and a \$5,000 transfer from the general account to Respondent Andrew's personal account.
May-12	The statement did not include three pages, two of which listed 18 transfers totaling \$237,507.32 from the trust account to the general account. Another missing page listed a \$10,404.49 transfer from the general account to the trust account and two credit card payments totaling \$45,785.15.
Jun-12	The statement was altered to conceal 15 transfers totaling \$762,758.15 from the trust account to the general account, and did not include a page listing a \$5,000 transfer from the savings account to Respondent Andrew's personal account.

22 **1.3 Conducting Business in such an Unsafe Manner as to Render its Further Operation**

23 **Hazardous to the Public.** The Department reviewed bank statements and reconciliation records of
24 Respondent Hartman Escrow, Inc. and noted numerous questionable transactions. For example, two
25

1 month-end reconciliation Trial Balance reports printed on April 30, 2012, show the escrow trust
2 account of Respondent Hartman Escrow to be significantly overdrawn. The first report lists 13
3 overdrawn escrow accounts with an aggregate negative balance of \$1,090,755.09; the second report
4 lists 13 overdrawn escrow accounts, but with a lower aggregate negative balance of \$205,400.94. The
5 overdrawn escrow accounts indicate Respondent Andrew disbursed more money from the accounts
6 than received. The number and aggregate dollar amount of the overdrawn escrow accounts is unusual,
7 and indicates much larger shortages in the trust account may exist.

8
9 The June 2012 general account statement for Respondent Hartman Escrow shows six transfers
10 from the general account to the trust account totaling \$678,548. The number and aggregate dollar
11 amount of these transfers are unusual, and indicates an attempt to "cover" overdrawn escrow accounts.

12 The Department has identified suspicious transactions in Respondent Hartman Escrow's general
13 account between December 2011 and July 2012 of approximately:

- 14 • \$2.1 million in transfers from the trust account to the general account;
- 15 • \$212,000 in checks and transfers payable to Respondent Andrew or her husband;
- 16 • \$103,000 in checks payable to casinos in Washington and Nevada; and
- \$65,000 in checks and transfers payable to a Nordstrom-branded VISA credit card.

17 **1.4 Order Taking Possession/Termination of Employment.** On or About July 31, 2012, the
18 Director issued an Order Taking Possession of Hartman Escrow, Inc. and served a copy of the Order
19 on Respondent Andrew. In its capacity as the controlling entity for Hartman Escrow, Inc., the
20 Department has terminated the employment of Respondent Andrew as Designated Escrow Officer,
21 Escrow Officer, and any other employment capacity for Hartman Escrow, Inc.

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II. GROUNDS FOR ENTRY OF ORDER

2.1 Requirement to Comply with Director's Authority. Based on the Factual Allegations set forth in Section I above, Respondent Andrew is in apparent violation of RCW 18.44.400(1) and RCW 18.44.420(2) by failing to provide documents and other materials required by the Director.

2.2 Prohibition against Making Material False Statements. Based on the Factual Allegations set forth in Section I above, Respondent Andrew is in apparent violation of RCW 18.44.301(7) by making materially false statements to the Director concerning the affairs of Hartman Escrow, Inc.

2.3 Requirement to Properly Administer Funds held in Trust. Based on the Factual Allegations set forth in Section I above, Respondent Andrew is in apparent violation of RCW 18.44.301(2) and WAC 208-680-410 by failing to properly administer funds held in trust.

2.4 Status of Escrow Officer License. Based on the Factual Allegations set forth in Section I above, and pursuant to RCW 18.44.101, Respondent Andrew's license to conduct business as an Escrow Officer is no longer in force and must be surrendered to the Department.

III. AUTHORITY TO ISSUE TEMPORARY ORDER TO CEASE AND DESIST

3.1 Authority to Issue Temporary Order to Cease and Desist. Pursuant to RCW 18.44.440, the Director is authorized to issue a temporary order to cease and desist whenever the Director makes a finding, in writing, that the public interest will be irreparably harmed by delay in issuing a cease and desist order.

IV. ORDER

Based on the above Factual Findings, Grounds for Entry of Order, and Authority to Issue Temporary Order to Cease and Desist, 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:

1 **4.1** Respondent Lori L. Andrew shall immediately cease and desist from engaging in any act or
2 acts, directly, indirectly, or through any 3rd party, which in any way affects Hartman Escrow, Inc. Such
3 acts include, but are not limited to, conducting any escrow transaction or any part of any escrow
4 transaction, conducting any contract collection activity, accessing or attempting to access any account
5 in the name of Hartman Escrow, Inc. in or at any financial institution of any kind, obtaining or
6 attempting to obtain credit of any kind on behalf of Hartman Escrow, Inc., incurring any debt on behalf
7 of Hartman Escrow, Inc., accessing or attempting to access any computer system, telephone messaging
8 system, or any other business system of Hartman Escrow, Inc., accessing any real or personal property
9 owned by or registered in the name of Hartman Escrow, Inc., or any other act having any relationship
10 to Hartman Escrow, Inc.
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12 **4.2** Respondent Lori L. Andrew shall immediately surrender to the Department all escrow files of
13 Hartman Escrow, Inc. regardless of the status of the file or the current location of the file (other than
14 those at the Tukwila office), and including any and all copies of said files. Further, Respondent
15 Andrew shall immediately surrender to the Department any and all other files related to the business
16 operations of Hartman Escrow, Inc., any and all title and ownership documents for property owned by
17 Hartman Escrow, Inc., any and all documents and contracts evidencing property or services leased or
18 rented in the name of Hartman Escrow, Inc., and any and all documents of any nature belonging to
19 Hartman Escrow, Inc.
20

21 **4.3** Respondent Lori L. Andrew shall immediately surrender to the Department all business related
22 equipment owned, leased, or rented by Hartman Escrow, Inc., including, but not limited to: cell
23 phones, smart phones, computers, and all other business equipment of any nature, regardless of whose
24 possession such equipment is currently in.
25

1 4.4 Respondent Lori L. Andrew shall immediately surrender to the Department all credit cards for
2 any and all accounts in the name of Hartman Escrow, Inc, and all keys to any property owned, rented,
3 or leased by Hartman Escrow, Inc, including office keys and truck keys, regardless of whose
4 possession such credit cards and keys are currently in.

5 4.5 All files, documents, and property which Respondent Andrew has been ordered to immediately
6 surrender must be surrendered at the Hartman Escrow, Inc. Tukwila office location between 8:00 a.m.
7 and 5:00 p.m. no later than the first business day following service of this Order on Respondent
8 Hartman.

9 4.6 This order shall take effect immediately and shall remain in effect unless set aside, limited, or
10 suspended in writing by an authorized court.
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12 **NOTICE**

13 PURSUANT TO CHAPTER 18.44 RCW, YOU ARE ENTITLED TO A HEARING WITHIN
14 14 DAYS OF REQUEST TO DETERMINE WHETHER THIS ORDER SHALL BECOME
15 PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE
16 ACCOMPANYING APPLICATION FOR ADJUDICATIVE HEARING, INCORPORATED HEREIN
17 BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR
18 ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF
19 FINANCIAL INSTITUTIONS WITHIN 20 DAYS OF THE DATE THAT THIS ORDER WAS
20 SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF
21 YOUR RIGHT TO A HEARING AND THE ENTRY OF A PERMANENT ORDER TO CEASE AND
22 DESIST ON THE 21ST DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU. SERVICE ON
23 YOU IS DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST
24 KNOWN ADDRESS.
25

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

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7 DATED this 17th day of August, 2012.



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[Redacted Signature]

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

[Redacted Signature]

STEVEN C. SHERMAN
Financial Legal Examiner Supervisor

Approved by:

[Redacted Signature]

CHARLES E. CLARK
Enforcement Chief

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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:

HARTMAN ESCROW, INC., and
LORI L. ANDREW, Owner and Designated
Escrow Officer,

Respondents.

No. C-12-1020-12-TP01

ORDER TAKING POSSESSION OF
HARTMAN ESCROW, INC.

THE STATE OF WASHINGTON TO: HARTMAN ESCROW, INC.
LORI L. ANDREW

COMES NOW the Director of the Washington State Department of Financial Institutions (Director),
by and through his designee Deborah Bortner, Division Director, Division of Consumer Services, and
finding that Hartman Escrow, Inc., an Escrow Agent licensed pursuant to chapter 18.44 RCW, the
Escrow Agent Registration Act (Act), is conducting its business in such an unsafe or unsound manner as
to render its further operations hazardous to the public, and further finding that Hartman Escrow, Inc. has
refused to comply with an Order of the Director pursuant to the Act, enters this Order Taking Possession
of Hartman Escrow, Inc. pursuant to the Act and based on the following:

I. FACTUAL FINDINGS

**1.1 Conducting Business in such an Unsafe Manner as to Render its Further Operation
Hazardous to the Public.** The Department reviewed bank statements and reconciliation records
received from Respondents Hartman Escrow, Inc. and Lori L. Andrew (Respondents) and noted
numerous questionable transactions. For example, two month-end reconciliation Trial Balance reports
printed on April 30, 2012, show the escrow trust account of Respondent Hartman Escrow, Inc.
(Respondent Hartman Escrow) to be significantly overdrawn. The first report lists 13 overdrawn

escrow accounts with an aggregate negative balance of \$1,090,755.09; the second report lists 13 overdrawn escrow accounts, but with a lower aggregate negative balance of \$205,400.94. The overdrawn escrow accounts indicate Respondent Hartman Escrow has disbursed more money from the accounts than they received. The number and aggregate dollar amount of the overdrawn escrow accounts is unusual, and indicates much larger shortages in the trust account may exist.

The June 2012 general account statement for Respondent Hartman Escrow shows six transfers from the general account to the trust account totaling \$678,548. The number and aggregate dollar amount of these transfers are unusual, and indicates an attempt to "cover" overdrawn escrow accounts.

The Department has identified suspicious transactions in Respondent Hartman Escrow's general account between December 2011 and July 2012 of approximately:

- \$2.1 million in transfers from the trust account to the general account;
- \$212,000 in checks and transfers payable to Respondent Lori L. Andrew or her husband;
- \$103,000 in checks payable to casinos in Washington and Nevada; and
- \$65,000 in checks and transfers payable to a Nordstrom-branded VISA credit card.

1.2 Neglecting or Failing to Comply with any Order by the Director issued under the Act. On or about July 10, 2012, the Department served Respondents with a Subpoena to Provide Documents and Records requiring production of the following:

1. All reconciliation records;
2. All trust account bank statements and cancelled checks; and
3. All general account bank statements and cancelled checks.

Respondents were instructed to produce the records immediately unless otherwise agreed by the Department in writing. Respondents provided partial records related to their trust and general accounts, and some reconciliation records, but did not provide all the records required. On or about July 11, 2012, the Department notified Respondents that unless the remainder of the records were produced by July 16,

2012, the Department would issue a Temporary Cease and Desist Order (TCD) compelling production of the records. Respondents did not produce the records as required.

On or about July 18, 2012, the Department issued a TCD requiring Respondents to produce the records immediately. The TCD was served on Respondents on or about the same day, and served by Federal Express overnight delivery on July 28, 2012. To date, Respondents have failed to produce the required records.

1.3 Altered Bank Statements. On or about June 21, 2012, Respondent Lori L. Andrew (Respondent Andrew) provided the Department with copies of what she represented to be the monthly statements for Respondent Hartman Escrow's general account at Key Bank. On or about July 25, 2012, the Department received copies of the actual monthly statements for the general account directly from Key Bank. A comparison of the two sets of statements revealed that among other deceptions, Respondent Andrew had altered the account statements she provided the Department to conceal more than \$2.1 million in transfers from the trust account to the general account. The differences between the general account statements provided by Respondent Andrew and those provided by Key Bank are as follows:

Hartman Escrow, Inc. General Account Bank Statements	
Dec-11	The statement was altered to conceal 6 transfers totaling \$23,754.28 from the trust account to the general account.
Jan-12	The statement was altered to conceal 13 transfers totaling \$188,135.42 from the trust account to the general account, and did not include a page listing a \$5,000 transfer from the savings account to the general account.
Feb-12	The statement was altered to conceal 8 transfers totaling \$161,074.45 from the trust account to the general account.
Mar-12	The statement was altered to conceal 7 transfers totaling \$359,864.86 from the trust account to the general account, and a separate transfer of \$291,164.86 from the trust account to the general account.
Apr-12	The statement was altered to conceal a transfer totaling \$145,582.28 from the general account to the trust account, and a \$5,000 transfer from the general account to Respondent Andrew's personal account.

May-12	The statement did not include three pages, two of which listed 18 transfers totaling \$237,507.32 from the trust account to the general account. Another missing page listed a \$10,404.49 transfer from the general account to the trust account and two credit card payments totaling \$45,785.15.
Jun-12	The statement was altered to conceal 15 transfers totaling \$762,758.15 from the trust account to the general account, and did not include a page listing a \$5,000 transfer from the savings account to Respondent Andrew's personal account.

II. GROUNDS FOR ENTRY OF ORDER

2.1 Conducting Business in such an Unsafe Manner as to Render its Further Operation

Hazardous to the Public. Based on the Factual Allegations set forth in Section I above, the Director finds that Respondents are conducting business in such an unsafe manner as to render its further operation hazardous to the public.

2.2 Requirement to Comply with Director's Authority. Based on the Factual Allegations set forth in Section I above, the Director finds that Respondents have neglected or refused to comply with an Order by the Director issued under the Act.

2.3 Prohibition Against False Statements. Based on the Factual Allegations set forth in Section I above, the Director finds that Respondent Andrew, as Designated Escrow Officer and owner of Respondent Hartman Escrow has knowingly made or published a written report, exhibit, or statement of its affairs or pecuniary condition, containing material statements which are false, and omitted making statements required by law to be contained therein.

III. AUTHORITY TO TAKE POSSESSION

3.1 Authority to Take Possession of the Property and Business of Hartman Escrow, Inc.

Pursuant to RCW 18.44.455, the Director may immediately take possession of the property and

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business of a licensee whenever it appears to the Director that, as a result of an examination, report, investigation, or complaint:

- (a) The licensee is conducting its business in such an unsafe or unsound manner as to render its further operations hazardous to the public;
- (b) The licensee has suspended payment of its trust obligations; or
- (c) The licensee neglects or refuses to comply with any order of the director made pursuant to this chapter unless the enforcement of such an order is restrained in a proceeding brought by the licensee.

The Director may retain possession of the licensee's property and business until the licensee resumes business or its affairs are finally liquidated as provided in RCW 18.44.470. The licensee may only resume business upon those terms as the Director may prescribe.

3.2 Authority to Conduct the Business of Hartman Escrow, Inc. Pursuant to RCW 18.44.457, the Director has the power and authority to conduct the licensee's business and take any action on behalf of the licensee that the licensee could lawfully take on its own behalf, including but not limited to discontinuing any violations and unsafe or injurious practices, making good any deficiencies, and making claims against the licensee's fidelity bond, errors and omissions bond, or surety bond on behalf of Hartman Escrow, Inc.

IV. ORDER

Based on the above Factual Findings, Grounds for Entry of Order, and Authority to Take Possession, and pursuant to RCW 18.44.410, RCW 18.44.420, RCW 18.44.455, and WAC 208-680-645, the Director ORDERS that:

4.1 The Director hereby takes possession of the property and business of Respondent Hartman Escrow. During the time that the Director retains possession of the property and business of a

licensee, the Director shall have the power and authority to conduct the licensee's business and take any action on behalf of the licensee that the licensee could lawfully take on its own behalf.

4.2 The Department shall maintain possession of Respondent Hartman Escrow until the licensee is able to resume business or the business is fully liquidated.

4.3 The Director, the Department, and its employees shall not be subject to liability for actions under RCW 18.44.455 and RCW 18.44.457, and no moneys from the Department's fund shall be required to be expended on behalf of Respondent Hartman Escrow or its clients, creditors, employees, shareholders, members, investors, or any other party or entity.

4.4 Respondents Hartman Escrow, Inc. and Lori L. Andrew shall immediately notify the Department of the location of the books, records, and escrow files of Respondent Hartman Escrow and shall provide the Department with all means necessary for the Department to obtain immediate access to such books, records, and escrow files.

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 THE DEPARTMENT HAS LAWFULLY TAKEN POSSESSION OF THE PROPERTY AND BUSINESS OF HARTMAN ESCROW, INC. 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 THAT IT IS RECEIVED BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN 20 DAYS OF THE DATE THAT THIS ORDER WAS SERVED ON YOU WILL CONSTITUTE A DEFAULT AND

1 WILL RESULT IN THE LOSS OF YOUR RIGHT TO A HEARING. SERVICE ON YOU IS
2 DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST KNOWN
3 ADDRESS. BE ADVISED THAT DEFAULT WILL RESULT ON THE 21ST DAY FOLLOWING
4 SERVICE OF THIS ORDER UPON YOU.

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

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12 DATED this 31st day of July, 2012.



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

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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:

C-12-1020-12-TD01

HARTMAN ESCROW, INC. and
LORI L. ANDREW,
Owner and Designated Escrow Officer,

TEMPORARY ORDER TO
CEASE AND DESIST

Respondents.

THE STATE OF WASHINGTON TO: HARTMAN ESCROW, INC.
LORI L. ANDREW

COMES NOW the Director of the Washington State Department of Financial Institutions (Director), by and through his designee Deborah Bortner, Division Director, Division of Consumer Services (designee), and finding that the public interest will be irreparably harmed by delay in issuing an order to cease and desist, enters this temporary order to cease and desist pursuant to chapter 18.44 RCW, the Escrow Agent Registration Act (Act), based on the following findings:

I. FACTUAL FINDINGS

1.1 Failure to Comply with Director's Authority.

A. On or about July 10, 2012, the Department served Respondents with a Subpoena to Provide Documents and Records requiring Respondents to provide the following records for the period of July 1, 2011, to the date of service:

1. All reconciliation records
2. All trust account bank statements
3. All trust account cancelled checks
4. All general account bank statements
5. All general account cancelled checks

1 Respondents were instructed to provide the records immediately unless otherwise agreed by the
2 Department in writing. Respondents provided some records related to their trust and general business
3 bank accounts and some reconciliation records, but did not provide reconciliation records for 6 of the 12
4 months they were to provide; including the most recent two-month period of May and June 2012. The
5 Department attempted to work with Respondents for several days to obtain the records that had not been
6 provided but was unsuccessful in obtaining them. On or about July 11, 2012, the Department notified
7 Respondents that the remainder of the required records must be provided on July 16, 2012, or a
8 Temporary Cease and Desist Order would be issued. Respondents, however, did not provide the records
9 and have not provided them to date.

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

12 **2.1 Requirement to Comply with Director's Authority.** Based on the Factual Allegations set
13 forth in Section I above, Respondents are in apparent violation of RCW 18.44.400(1) and RCW
14 18.44.420(2) by failing to provide documents and other materials subpoenaed by the Director.

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

16 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to RCW 18.44.440, the
17 Director is authorized to issue a temporary order to cease and desist whenever the Director makes a
18 finding, in writing, that the public interest will be irreparably harmed by delay in issuing a cease and
19 desist order.

21 **IV. ORDER**

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

1 4.1 Respondents Hartman Escrow, Inc. and Lori L. Andrew shall immediately cease and desist
2 from failing to provide the subpoenaed records to the Department.

3 4.2 Respondents Hartman Escrow, Inc. and Lori L. Andrew shall immediately provide the
4 Department with the following records for the period of July 1, 2011, to present:

- 5 1. All reconciliation records
- 6 2. All trust account bank statements
- 7 3. All trust account cancelled checks
- 8 4. All general account bank statements
- 9 5. All general account cancelled checks

10 4.3 Respondents Hartman Escrow, Inc. and Lori L. Andrew shall immediately cease and desist
11 from withdrawing any funds from any trust account, or wiring funds from any trust account, or issuing
12 checks or drafts from any trust account, or in any manner cause funds from any trust account to be
13 removed until such time as the Department receives the records set forth above and lifts this
14 Temporary Order to Cease and Desist.

15 4.4 This order shall take effect immediately and shall remain in effect unless set aside, limited, or
16 suspended in writing by an authorized court.

17 NOTICE

18 PURSUANT TO CHAPTER 18.44 RCW, YOU ARE ENTITLED TO A HEARING WITHIN
19 14 DAYS OF REQUEST TO DETERMINE WHETHER THIS ORDER SHALL BECOME
20 PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE
21 ACCOMPANYING APPLICATION FOR ADJUDICATIVE HEARING, INCORPORATED HEREIN
22 BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE APPLICATION FOR
23 ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF
24 FINANCIAL INSTITUTIONS WITHIN 20 DAYS OF THE DATE THAT THIS ORDER WAS
25 SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF

1 YOUR RIGHT TO A HEARING AND THE ENTRY OF A PERMANENT ORDER TO CEASE AND
2 DESIST ON THE 21ST DAY FOLLOWING SERVICE OF THIS ORDER UPON YOU. SERVICE ON
3 YOU IS DEFINED AS POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST
4 KNOWN ADDRESS.

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

11 DATED this 18th day of July, 2012.



12 [Redacted Signature]
13
14 DEBORAH BORTNER
15 Director
16 Division of Consumer Services
17 Department of Financial Institutions

16 Presented by:

17 [Redacted Signature]
18
19 STEVEN C. SHERMAN
20 Financial Legal Examiner Supervisor

20 Approved by:

21 [Redacted Signature]
22
23 CHARLES E. CLARK
24 Enforcement Chief