STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY

DIVISION OF MORTGAGE LENDING

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In re:

Las Vegas Escrow Services, LLC and Patricia Bascom,

Respondents.

ORDER TO DISCONTINUE (CEASE AND DESIST) AND NOTICE OF RIGHT TO REQUEST HEARING

The licensing and regulation of escrow agencies and escrow agents in the State of Nevada is governed by Chapter 645A of the Nevada Revised Statutes (hereinafter "NRS") and Chapter 645A of the Nevada Administrative Code (hereinafter "NAC"). The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (hereinafter the "Division") has the general duty to exercise supervision and control over escrow agencies and escrow agents, as well as escrow agency activity. *See*, NRS 645A.050, NRS 645A.090 and NRS 645A.110. Pursuant to that authority, the Division makes the following Factual Allegations, Conclusions of Law, and Order, as follows:

FACTUAL ALLEGATIONS

1. Las Vegas Escrow Services, LLC (hereinafter "Respondent LV Escrow") is a limited liability company organized and existing under the laws of the State of Nevada since on or about August 28, 2008. Currently, LV Escrow's status with the Nevada Secretary of State is "active."

2. Pursuant to NRS 645A.041(1) and (4) and NRS 645A.042, Respondent deposited a certificate of deposit in the amount of $20,000 as a substitute form of security in lieu of the surety bond required to obtain a license under NRS 645A.

3. Pursuant to NRS chapter 645A, Respondent was issued an escrow agency license, License Number 3220, on August 19, 2009.

4. The Division currently classifies Respondent's escrow agency license status as 'closed'.

5. Patricia Ann Bascom, an individual (hereinafter "Respondent Bascom"), was licensed by the Division as an escrow agent on behalf of Respondent LV Escrow on August 19, 2009. The Division currently Bascom's license as "closed."

6. Based upon information and belief, and at all relevant times herein mentioned, Respondent Bascom was the sole owner, officer and manager of Respondent LV Escrow Services.

7. LV Escrow Services and Bascom are hereinafter referred to individually as Respondent or collectively as Respondents.

8. Pursuant to NRS 645A.050(2)(b) "[i]n addition to the other duties imposed upon him by law, the Commissioner shall:... [c]onduct or cause to be conducted each year an examination of each escrow agency licensed pursuant to this chapter."

9. Pursuant to NRS 645A.050(2)(b), the Division commenced a regularly scheduled annual examination of Respondent on November 2, 2009 which revealed, among other things, that Respondents:

a. Conducted unlicensed escrow activity prior to being issued a license pursuant to NRS 645A by the Division, as evidenced by the "Orders Report by Open Date" report submitted by Respondents to the Division, which reflects that the first escrow file, #091603, was opened on April 13, 2009, and which is also evidenced by account activity in Respondent's Bank of America Escrow Trust Account on May 5, 2009, over three (3) months prior to Respondent(s) being issued a license(s) pursuant to NRS 645A by the Division.

b. Respondent Failed to deposit and keep in full force and effect a

corporate surety bond, or substitute form of security, in the amount of at least $50,000 required for an escrow agency if the average monthly balance of the trust account or escrow account maintained by that agency is more than $50,000 but not more than $250,000:

1. Respondent deposited a certificate of deposite in the amount of $20,000 as a substitute form of security in lieu of the surety bond required to obtain a license under NRS 645A.

2. Respondent's average monthly balance of the trust account or escrow account it maintained for the months of August 2009, September 2009, and October 2009 was $132,323.76;

c. Failed to maintain complete and suitable records of all escrow transactions it conducted, including, but not limited to, records which clearly identify: the name, address and telephone number of each homeowner; the account number of each loan; the address and contact information of each lender or loan servicer related to each loan; the amount and date of each deposit; and the amount and date of each withdrawal with the name of each recipient;

d. Failed, at all times, to monthly reconcile balances on deposit equal to all money collected and deposited and not legitimately disbursed to reconcile its bank accounts; and

e. Failed to submit an annual financial statement reviewed by an independent public accountant to the Division.

10. Pursuant to NRS 645A.041(1), "[e]xcept as otherwise provided in NRS 645A.042, as a condition to doing business in this State, each escrow agency shall deposit with the Commissioner and keep in full force and effect a corporate surety bond payable to the State of Nevada, in the amount set forth in subsection 4, which is executed by a corporate surety satisfactory to the Commissioner and which names as principals the escrow agency

and all escrow agents employed by or associated with the escrow agency."

11. Pursuant to NRS 645A.041(4):

"Each escrow agency shall deposit a corporate surety bond that complies with the provisions of this section or a substitute form of security that complies with the provisions of NRS 645A.042 in the following amount based upon the average monthly balance of the trust account or escrow account maintained by the escrow agency pursuant to NRS 645A.160:

AVERAGE MONTHLY BALANCE	AMOUNT OF BOND OR SECURITY REQUIRED
$50,000 or less	$20,000
More than $50,000 but not more than $250,000	$50,000"

12. Pursuant to NAC 645A.050, "[e]ach escrow agency that maintains a trust account shall keep a record of all money deposited in the account. These records are subject to inspection by the Commissioner or his authorized representative and must include, without limitation: a. The name of the person who sent the money to the escrow agency; b. The account in which the money was deposited; c. The name of the person to whom the money belongs; d. The date the money was received; e. The date that money was deposited into the account; f. The date of each withdrawal from the account; g. Any other pertinent information concerning the account, including, without limitation, escrow instructions and servicing agreements; and (h) Any other pertinent information concerning the account, including, without limitation, escrow instructions and servicing agreements." *See* NAC 645A.050(5).

13. Pursuant to NRS 645A.171, "No escrow officer or person who acts as an escrow agent may disburse money from an escrow account unless deposits which are at least equal in value to the proposed disbursements and which relate directly to the transaction for which the money is to be disbursed have been received." *See* NRS 645A.171(1).

14. Pursuant to NRS 645A.210 "[i]t is unlawful for any person, unless exempted under NRS 645A.015, to engage in or carry on, or hold himself or herself out as engaging in or carrying on, the escrow business or act in the capacity of an escrow agent or agency

without first obtaining a license as an escrow agent or agency."

15. Pursuant to NRS 645A.040 "[e]xcept as otherwise provided in this section, an escrow agency shall submit to the Commissioner, not later than 120 days after the last day of each fiscal year of the escrow agency, a financial statement that: (a) Is dated not earlier than the last day of the fiscal year of the escrow agency; and (b) Has been prepared based on the books and records of the escrow agency by an independent public accountant who has a valid permit to engage in the practice of public accounting in this State." See NRS 645A.040(1). Further, "[i]f an escrow agency maintains a trust account pursuant to NRS 645A.160, the financial statement submitted pursuant to this section must: (a) If the trust account has an average monthly balance of $250,000 or less, be reviewed by an independent public accountant before it is submitted to the Commissioner. The review must be consistent with the standards set out in sections 400 to 408, inclusive, of the *Statements on Standards for Accounting and Review Services* published by the American Institute of Certified Public Accountants; and (b) If the trust account has an average monthly balance that exceeds $250,000, be audited before it is submitted to the Commissioner. The escrow agency shall ensure that the public accountant who prepares the report of an audit submits a copy of the report to the Commissioner and the escrow agency at the same time." See NRS 645A.040(3).

16. Pursuant to 645A.050 "[i]f the Commissioner determines that an escrow agency has not complied with the provisions of subsections 2 to 15, inclusive, he may require the escrow agency to deliver an audited financial statement that is prepared, using the records of the escrow agency, by a certified public accountant who holds a certificate to engage in the practice of public accounting in this State. Except as otherwise provided in this subsection, the financial statement must be submitted to the Commissioner not later than 60 days after the Commissioner requests the financial statement from the escrow agency. The

Commissioner may grant a reasonable extension for the submission of the financial statement if an extension is requested not later than 60 days after the Commissioner requests the financial statement from the escrow agency.

17. Pursuant to NRS 645A.110 "[i]f upon investigation it appears that the agent or agency is so conducting business or an unlicensed person is engaged in the escrow business, the Commissioner may: (a) Order the person to discontinue conducting business in an injurious manner or in violation of this chapter..."

VIOLATIONS OF LAW

After examination, the Division determined that Respondents:

1. Conducted unlicensed escrow agency and/or escrow agent activity prior to being properly licensed by the Division pursuant to NRS 645A;

2. Failed to deposit and maintain a sufficient surety bond and/or substitute form of security based upon the average monthly balance of the trust account or escrow account maintained by the escrow agency, in violation of NRS 645A.041;

3. Failed to maintain complete and suitable records of all escrow transactions it conducted, in violation of NAC 645A.050;

4. Failed, at all times, to monthly reconcile balances on deposit equal to all money collected and deposited and not legitimately disbursed to reconcile its bank accounts, in violation of NRS 645A.171(1); and

5. Failed to submit an annual financial statement reviewed by an independent public accountant to the Division, in violation of NRS 645A.040 and NRS 645A.050.

ORDER

NOW, THEREFORE, pursuant to NRS 622.080 and NRS 645A.110, the Commissioner of the Division hereby orders that Respondents, and each of them, **IMMEDIATELY DISCONTINUE CONDUCTING BUSINESS IN VIOLATION OF NRS CHAPTER 645A AND**

IMMEDIATELY CEASE AND DESIST from soliciting and conducting any and all escrow agency activity in the State of Nevada except upon the following conditions:

1. Respondents shall immediately notify in writing every party involved in an open escrow transaction, loan servicing, payment collection or loan pool servicing of this Order;

2. Respondents shall delete from all advertising material, including but not limited to Respondents' websites, any and all references to its ability to conduct escrow activity in the state of Nevada for which a license under Chapter 645A is required, and all references to its escrow agency license number.

3. Respondents shall, **within three (3) business days** from the date of service of this Order on Respondents, provide to the Commissioner in writing:

i. A list of all open escrow transactions and loan pool transactions;

ii. The office address and telephone number for every office location of Respondents, along with the location or locations where its books and records are located.

4. Respondents shall, within **ten (10) days** from the date of service of this Order on Respondents, provide to the Commissioner in writing, a complete accounting of all moneys held in trust for any person for whom Respondents are acting within the scope of their licenses. Such accounting shall include a complete list of all open transactions by party name and address, including loans and accounts being serviced or for which payments are being collected; a list of every person for whom trust moneys are being held, along with the amount of moneys held on each such person's behalf; and a list of all bank accounts (including bank account number and bank name and address) where any such trust moneys, however denominated (such as tax, insurance, loan payment , interest reserve or construction control accounts), are held, along with the balances in such accounts.

All written communication to the Division must be sent by U.S. Postal Service or private carrier or delivery service to:

Commissioner
Division of Mortgage Lending
7220 Bermuda Road, Suite A
Las Vegas, NV 89119

IT IS FURTHER ORDERED that Respondents' failure to abide by any of the above-referenced conditions now imposed upon its license under NRS Chapter 645A shall constitute grounds for summary suspension, revocation or other discipline deemed appropriate in the discretion and within the statutory authority of the Commissioner.

IT IS FURTHER ORDERED, pursuant NRS 645A.110(2)(a), that upon filing a verified petition with the Division within **30 (thirty) days** of receipt of this Order to Discontinue (Cease and Desist), Respondents, and each of them, shall be entitled to a hearing with regard to the contents of this Order to Cease and Desist. Each Respondent is advised, however, that the provisions of this Order to Cease and Desist are effective immediately upon such Respondent being served therewith, whether or not such Respondent requests a hearing.

Should Respondents request a hearing, Respondents are advised of the following:

a) Respondent is entitled to be represented by legal counsel at its own cost and expense; b) At any hearing Respondent shall be entitled to respond and to present evidence and argument on all issues involved; c) Requests may be made to the Commissioner for the issuance of subpoenas; however, the Commissioner may request the proposed testimony of any such person prior to the issuance of the subpoena; and d) Unless precluded by law, the parties may agree to an informal resolution or settlement prior to any hearing.

Should Respondent not request a hearing within **thirty (30) days** of service of the instant Order, the Division will enter a Final Order in this matter. Respondent is advised, however, that

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the provisions of this Order are effective immediately upon Respondent being served therewith, whether or not Respondent requests a hearing.

Dated this 5th day of October, 2010.

State of Nevada
Department of Business and Industry
Division of Mortgage Lending

By: Joseph L. Waltuch
Joseph L. Waltuch, Commissioner

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on, October 7, 2010, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, ORDER TO DISCONTINUE (CEASE AND DESIST) AND NOTICE OF RIGHT TO REQUEST HEARING for LAS VEGAS ESCROW SERVICES, LLC AND PATRICIA BASCOM, addressed as follows:

Patti Bascom
Las Vegas Escrow Services, LLC
3531 E. Russell Road #G
Las Vegas, NV 89120

Certified Receipt Number: 7008 1830 0002 7959 6434

DATED this 6th day of October, 2010

By: Susan Slack
Employee of the Division