

STATE OF WASHINGTON

MIKE KREIDLER  
STATE INSURANCE COMMISSIONER



Phone: (360) 725-7000  
www.insurance.wa.gov

**FILED**

OFFICE OF  
INSURANCE COMMISSIONER

2013 MAR 14 P 1:26

Hearings Unit, DIC  
Patricia D. Peterson  
Chief Hearing Officer

In Re the Matter of

FIRST AMERICAN TITLE  
INSURANCE COMPANY,

Respondent

NO. 13-0021

NOTICE OF HEARING

**TO:** Jerry Kindinger, Counsel for Respondent  
Ryan Swanson & Cleveland  
1201 3<sup>rd</sup> Avenue, Suite 3400  
Seattle, Washington 98101-3034

The Honorable Mike Kreidler, Insurance Commissioner of the State of Washington, proposes disciplinary action against your client and hereby issues this Notice of Hearing. The Insurance Commissioner submits the following as the basis of this Notice of Hearing in accordance with RCW 48.04.010.

**1. PARTIES AND JURISDICTION**

1.1 Pursuant to the Insurance Code, Title 48 RCW, the Insurance Commissioner is authorized to regulate the business of insurance and enforce the insurance laws of Washington State in order to protect the public interest.

1.2 First American Title Insurance Company, ("FATICO" or "the Company") is an authorized insurer domiciled in California and, therefore, is subject to Title 48 RCW and Chapter 284 WAC. FATICO issues title insurance.

1.3 Jurisdiction and venue are appropriate under, among other provisions, RCW 48.02.060, RCW 48.05.185, and RCW 48.04.010.



## 2. FACTS

2.1 On fifty-three (53) occasions in 2011 and on forty-five (45) occasions in 2012, FATICO gave three hour Department of Licensing-approved clock hour class #C7643, titled "Distressed Properties: Title & Escrow Issues" to hundreds of licensed producers of title insurance business without charging the licensees a fee. Clock hour classes are needed by real estate professionals to maintain their license status with the Department of Licensing. The class included sections on short sales and short sale fraud, bankruptcy, Department of Licensing audits, landlord tenant law, loan modifications, homeowners insurance, errors and omissions insurance, arms length affidavits, equity skimming, and other topics that were not solely title insurance, escrow, or title to real property.

2.2 On October 3, 2011, FATICO gave the same three credit clock hour class at the Seattle-King County Association of Realtors, a trade association. The classroom seated sixty-two (62) students and was billed as being "sold out." The class was given without charge, but the estimated benefit conferred on the trade association and attendees, presuming even a below market rate of \$30 per student, was \$1,860. In addition, FATICO made a donation to the trade association of \$500.00 in cash and \$179.70 for snacks and beverages.

2.3 On fifty-six (56) occasions in 2011, and on sixteen (16) occasions in 2012, FATICO gave a three hour Department of Licensing-approved clock hour class titled "Foreclosures and Title to Real Property" to hundreds of licensed producers of title insurance business without charging the licensees a fee. The class included sections on auctions, types and stages of foreclosure, alternatives to foreclosure, "robosigning," notary fraud, the Servicemembers Civil Relief Act, and other topics that were not solely title insurance, escrow, or title to real property.

## 3. APPLICABLE LAW AND ALLEGED VIOLATIONS

3.1 By conducting educational seminars at no charge when the content of the seminars were not restricted solely to education regarding title insurance, title to real property, and escrow topics, FATICO violated WAC 284-29-235(1).

3.2 By giving a trade association a thing of value exceeding \$1,000 per educational seminar to the trade association, FATICO violated WAC 284-29-220(5)(b)(i).

#### 4. SANCTIONS REQUESTED

Pursuant to RCW 48.05.185, the Commissioner seeks imposition of a fine against FATICO in an amount to be determined at hearing and/or any other sanction provided for therein.

#### 5. NOTICE OF HEARING

The Commissioner will convene a hearing at a date, location, and time to be determined, to consider the allegations above and the sanctions to be imposed upon FATICO pursuant to RCW 48.04.010 and RCW 48.05.185. At the hearing, the Commissioner will present evidence showing that FATICO violated a statute effectuated by the Commissioner pursuant to his authority under RCW 48.02.060, and that the sanction requested above is authorized under the law. FATICO may cross-examine the Commissioner's witnesses and present any defenses, evidence, or arguments it may have in opposition.

Dated this 14<sup>th</sup> day of March, 2013.

MIKE KREIDLER  
Insurance Commissioner

By:   
Marcia G. Stacklof  
Staff Attorney  
Legal Affairs Division

CERTIFICATE OF SERVICE

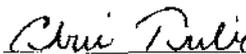
The undersigned certifies under the penalty of perjury under the laws of the State of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the State of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing NOTICE OF HEARING on the following individuals in the manner indicated:

Jerry Kindinger, Counsel for Respondent  
Ryan Swanson & Cleveland  
1201 3<sup>rd</sup> Avenue, Suite 3400  
Seattle, Washington 98101-3034  
(XXX) Via U.S. Mail

Patricia Peterson, J.D., Chief Hearing Officer  
Washington State Insurance Commissioner  
5000 Capitol Blvd  
Tumwater, WA 98501  
(XXX) Via Hand Delivery

**SIGNED** this 14<sup>th</sup> day of March, 2013, at Tumwater, Washington.

  
Chris Tribe