

**FILED**

2015 OCT -1 P 12:08

**BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER**

HEARINGS UNIT  
OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of the Form A Application  
For the Proposed Acquisition of Control  
of:

Docket No. 15-0021

**RETITLE INSURANCE COMPANY  
f/k/a MASON COUNTY TITLE  
INSURANCE COMPANY,**

MOTION TO VACATE  
ORDER NO. 15-0021

A Washington domestic insurer,

by

**RETITLE HOLDING COMPANY,  
LLC,**

An Idaho limited liability company.

The Insurance Commissioner for the state of Washington ("OIC"), by and through the undersigned, his authorized designee, submits the following Motion to Vacate Order No. 15-0021 ("Motion") and rescind the Form A conditional approval contained therein. This motion is based on the accompanying Declaration of Ronald J. Pastuch Re: Motion to Vacate Order No. 15-0021 ("Declaration") and attachment(s) thereto, and the files and pleadings in this case. A proposed order is respectfully submitted with this Motion.

**FACTS**

On September 5, 2014, REtitle Holding Company, LLC ("REtitle" or "Applicant") filed an application for approval of the proposed merger of Mason County Title Insurance Company ("Company"). On March 31, 2015, the OIC held a hearing under the presiding officer, Judge George Finkle (Ret.), who had been delegated the responsibility to determine the matter. On April 2, 2015, the presiding officer issued Order No. 15-0021, approving the

1 application of control of the Company. The presiding officer approved the application subject  
2 to the fulfillment of certain conditions. Those conditions included the Company's application  
3 for a license to operate in California and subsequent move of its operations to California upon  
4 licensure.

5 On May 5, 2015, the Company changed its corporate name to REtitle Insurance  
6 Company. On July 29, 2015, the OIC received notice from the Applicant that the Company's  
7 application to California was withdrawn due to the California requirement for additional  
8 capital funds as a condition to licensure. The contract between the Applicant and the Company  
9 was to be terminated, and the underlying proposed acquisition by the Applicant abandoned, as  
10 a consequence of the need to withdraw the California application. On August 8, 2015, the OIC  
11 received an executed termination notice of the stock purchase agreement between parties  
12 representing the Applicant and the Company. (Exhibit A to Declaration.)

13 **MOTION**

14 RCW 48.31B.015(6)(b) provides that no person may enter into an agreement to seek to  
15 acquire voting securities of a domestic insurer without the approval of the Insurance  
16 Commissioner. Further, RCW 48.31B.015(4)(a)(ii)(C) provides that the Insurance  
17 Commissioner may condition the approval of a merger or other acquisition on the removal of  
18 the basis of disapproval within a specified period of time. To that end, Order No. 15-0021  
19 provides that the closing on the acquisition of the Company by the Applicant shall not occur  
20 unless and until the certificate of authority is issued to the Company by the Insurance  
21 Commissioner of the State of California. (Order 15-0021, page 7.) Under the Order, if  
22 California did not license the Company or the Applicant abandoned its proposed acquisition  
23 due to the inability to obtain a certificate of authority from California, the Company would  
24 remain in Washington and may have its administrative supervision extended. *Id.*

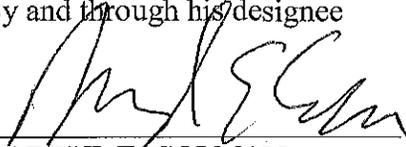
25 The Applicant has not fulfilled the required conditions of Order No. 15-0021. Namely,  
26 the Company was unable to obtain a licensure in California and the Applicant subsequently

1 abandoned its proposed acquisition of the Company as a consequence of the inability to obtain  
2 a certificate of authority from California. (Declaration, page 3.) Moreover, the Applicant did  
3 not obtain control of the Company and the owner of the Company did not execute the sale or  
4 change of control of the Company to the Applicant. *Id.* Since the conditions of Order No. 15-  
5 0021 have not been met, and will not be met, the OIC respectfully requests that the existing  
6 Order No. 15-0021 be vacated, and the conditional Form A approval of the purchase of the  
7 Company by the Applicant be rescinded. (RCW 48.31B.015; Order 15-0021, pages 6-7). The  
8 OIC further requests that the administrative supervision of the Company be extended upon the  
9 finding and notice under RCW 48.31.400. (Order 15-0021, page 7.)

10  
11 DATED this 1st day of October, 2015.

12   
13 MIKE KREIDLER  
14 Insurance Commissioner

15 By and through his designee

16   
17  
18 DARRYL E. COLMAN  
19 Insurance Enforcement Specialist  
20 Legal Affairs Division  
21  
22  
23  
24  
25  
26

1 CERTIFICATE OF MAILING

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

6 On the date given below I caused to be filed and served the foregoing Motion to Vacate  
7 Order No. 15-0021, Declaration of Ronald J. Pastuch Re: Motion to Vacate Order No. 15-0021  
8 and [Proposed] Order Vacating Final Order on Application for Proposed Acquisition of  
9 Control on the following individuals as indicated below:

10 Via hand delivery and email.

11 Judge George Finkle (Ret.)  
12 Presiding Officer  
Office of the Insurance Commissioner  
kellyc@oic.wa.gov

13 Via email and by depositing in the U.S. mail via state Consolidated Mail Service with proper  
14 postage affixed.

15 James J. Dufficy, Managing Member  
16 REtitle Holding Company LLC  
2900 Bristol Street, Suite G-203  
17 Costa Mesa, CA 92626  
jdufficy@retitlegroup.com

18 David C. Bayley, CEO  
19 REtitle Insurance Company, f/k/a Mason County Title Insurance Company  
PO Box 278  
20 Shelton, WA 98584  
david.b@masoncountytile.com

21 Via email.

22 Ben Slaughter, Attorney at Law for REtitle Holding Company  
23 BSlaughter@idalaw.com

24 Dated this 1st day of October, 2015, in Tumwater, Washington.

25   
26 JOSH PACE  
Secretary Senior, Legal Affairs Division

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BEFORE THE STATE OF WASHINGTON  
OFFICE OF INSURANCE COMMISSIONER

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In the Matter of the Form A Application  
For the Proposed Acquisition of Control  
of:

Docket No. 15-0021

**RETITLE INSURANCE COMPANY**  
**f/k/a MASON COUNTY TITLE**  
**INSURANCE COMPANY,**

DECLARATION OF RONALD J.  
PASTUCH RE: MOTION TO  
VACATE ORDER NO. 15-0021

A Washington domestic insurer,

by

**RETITLE HOLDING COMPANY,**  
**LLC,**

An Idaho limited liability company.

Ronald J. Pastuch, under penalty of perjury under the laws of the state of Washington,  
declares as follows:

1. I am the Holding Company Manager in the Company Supervision Division of  
the Washington State Office of the Insurance Commissioner ("OIC"). I am over the age of  
eighteen years old and I am competent to testify in this matter. I make this Declaration based  
upon my personal knowledge.

2. On September 5, 2014, REtitle Holding Company, LLC ("REtitle" or  
"Applicant") filed an application for approval of the proposed merger of Mason County Title  
Insurance Company ("Company") in its application for acquisition of control dated September  
5, 2014. The OIC received this request for acquisition of control on September 11, 2014.

DECLARATION OF RONALD J.  
PASTUCH RE: MOTION TO VACATE  
ORDER NO. 15-0021  
OIC Docket No. 15-0021

1           3.       On March 31, 2015, the OIC held a hearing under the presiding officer, Judge  
2 George Finkle (Ret.), who had been delegated the responsibility to determine the matter.

3           4.       On April 2, 2015, the presiding officer issued Order No. 15-0021 approving the  
4 application of control of the Company. The presiding officer approved the application subject  
5 to the fulfillment of certain conditions. Those conditions included the Company's application  
6 for a license to operate in California and subsequent move of its operations to California upon  
7 licensure.

8           5.       Under the Order, if California did not license the Company or the Applicant  
9 abandoned its proposed acquisition due to the inability to obtain a certificate of authority from  
10 California, the Company would remain in Washington and may have its administrative  
11 supervision extended.

12          6.       Specifically, the Order provided that the closing on the acquisition of the  
13 Company by the Applicant should not occur unless and until the certificate of authority is  
14 issued to the Company by the Insurance Commissioner of the State of California.

15          7.       On May 5, 2015, the Company changed its corporate name to REtitle Insurance  
16 Company.

17          8.       On July 29, 2015, the OIC received notice from the Applicant that the  
18 Company's application to California was withdrawn due to the California requirement for  
19 additional capital funds as a condition to licensure. The contract between the Applicant and  
20 the Company was to be terminated, and the underlying proposed acquisition by the Applicant  
21 abandoned, as a consequence of the need to withdraw the California application.

22          9.       On August 8, 2015, the OIC received an executed termination notice of the  
23 stock purchase agreement between parties representing the Applicant and the Company  
24 ("Exhibit A").

25          10.       I have reviewed these submittals. My analysis was performed under the criteria  
26 and conditions set forth in Order No. 15-0021 and RCW 48.31B.015. From my analysis,

- 1 a. REtitle Insurance Company had submitted an application for licensure to  
2 California.
- 3 b. REtitle Insurance Company subsequently withdrew its application for  
4 licensure to California after the company was unable to obtain licensure in  
5 California.
- 6 c. The parties representing the Applicant and the Company agreed to terminate  
7 their agreement for the acquisition of the Company.
- 8 d. The Applicant has not fulfilled the required conditions of Order No. 15-  
9 0021. Namely, the Company was unable to obtain a licensure in California  
10 and the Applicant subsequently abandoned its proposed acquisition of the  
11 Company as a consequence of the inability to obtain a certificate of  
12 authority from California.
- 13 e. The Applicant did not obtain control of the Company and the owner of the  
14 Company did not execute the sale or change of control of the Company to  
15 the Applicant. The owner of the Company before the application of control  
16 filing received by the OIC remains the current owner of the Company as of  
17 the date of this Declaration.

18 11. As of the date of this Declaration, my recommendation based on these facts in  
19 this Declaration is that the existing Order No. 15-0021 should be vacated, and the conditional  
20 Form A approval of the purchase of the Company by the Applicant should be rescinded. I  
21 further recommend that the administrative supervision of the Company may be extended upon  
22 the finding and notice under RCW 48.31.400.

23 SIGNED this 1st day of October 2015.

24   
25 Ronald J. Pastuch  
26

**REtitle INSURANCE COMPANY**

**PO Box 278  
Shelton, WA 98584**

August 24, 2015

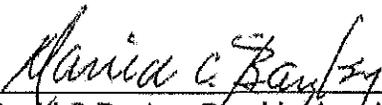
Ron Pastuch, CPA  
Holding Company Manager  
Washington Office of Insurance Commissioner  
PO Box 40255  
Olympia WA 98504-0255

Re: Termination of Stock Purchase Agreement between  
REtitle Holding Company LLC, David C Bayley and Mason County Title  
Insurance Company

Dear Mr. Pastuch:

The Second Amended Stock Purchase Agreement dated January 26, 2015 between  
REtitle Holding Company LLC, David C Bayley and Mason County Title Insurance  
Company was terminated effective July 21, 2015.

Signed:

  
\_\_\_\_\_  
David C Bayley, President and Shareholder  
REtitle Insurance Company fka Mason County Title Insurance Company

  
\_\_\_\_\_  
W. Ben Slaughter, Attorney for James Dufficy and REtitle Holding Company LLC  
Jones Gledhill Fuhrman Gourley, P.A., Attorneys at Law  
PO Box 1097  
Boise, ID 83701

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In the Matter of the Form A Application  
For the Proposed Acquisition of Control  
of:

**RETITLE INSURANCE COMPANY  
f/k/a MASON COUNTY TITLE  
INSURANCE COMPANY,**

A Washington domestic insurer,

by

**RETITLE HOLDING COMPANY,  
LLC,**

An Idaho limited liability company.

No. 15-0021

[PROPOSED] ORDER  
VACATING FINAL ORDER ON  
APPLICATION FOR PROPOSED  
ACQUISITION OF CONTROL

TO: James J. Dufficy, Managing Member  
REtitle Holding Company LLC  
2900 Bristol Street, Suite G-203  
Costa Mesa, CA 92626

David C. Bayley, CEO  
REtitle Insurance Company, f/k/a Mason County Title Insurance Company  
PO Box 278  
Shelton, WA 98584

AND TO: Mike Kreidler, Insurance Commissioner  
James T. Odiorne, J.D., CPA, Chief Deputy Insurance Commissioner, Acting  
Deputy Commissioner, Company Supervision  
AnnaLisa Gellermann, Deputy Commissioner, Legal Affairs Division  
Darryl Colman, Insurance Enforcement Specialist, Legal Affairs Division  
Ronald Pastuch, Holding Company Manager, Company Supervision  
Office of the Insurance Commissioner  
PO Box 40255  
Olympia WA 98504-0255

[PROPOSED] ORDER VACATING FINAL  
ORDER ON APPLICATION FOR  
PROPOSED ACQUISITION  
OIC Docket No. 15-0021

1

Office of Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

The Insurance Commissioner of the state of Washington filed a Motion to Vacate the Final Order on Application for Proposed Acquisition of Control, No. 15-0021, under the above docket number. The Insurance Commissioner's presiding officer, the undersigned, who has been delegated the authority to hear this matter, and pursuant to the authority set forth in RCW 48.02.060, RCW 48.31B.015, and Order No. 15-0021, and having reviewed the Motion, its accompanying documents, as well as the official records and files of the Office of the Insurance Commissioner, finds as follows:

**BASIS FOR ORDER**

1. REtitle Insurance Company, formally known as Mason County Title Insurance Company ("the Company"), is a Washington-domiciled title insurer. The Company, wholly owned by David C. Bayley, has been in existence since 1912 and holds a Certificate of Authority, issued by the Insurance Commissioner in 1958, to transact title insurance business.

2. REtitle Holding Company, LLC ("REtitle") is an Idaho limited liability company formed on June 11, 2014, for the purpose of acquiring the Company. REtitle filed a Statement regarding the Acquisition of Control of a Domestic Insurer (Form A) of the Company on September 11, 2014.

3. On March 31, 2015, the Insurance Commissioner held a hearing regarding the proposed acquisition of control before Judge George Finkle (Ret.), who was delegated the responsibility to act as Presiding Officer in this matter.

4. On April 2, 2015, the Presiding Officer entered a Final Order on Application for Proposed Acquisition of Control, No. 15-0021, approving the acquisition of control of the Company which was subject to conditions stated in the Order. Namely, the Order provides that the closing on the acquisition of the Company by the Applicant shall not occur unless and until the certificate of authority is issued to the Company by the Insurance Commissioner of the State of California.

5. Further, the Company and REtitle were to submit the Company's application for admission to California within 30 days after the date of entry of the Order.

6. The Order also provides that if California does not license the Company or if REtitle abandons its proposed acquisition of the Company as a consequence of the inability to

obtain a certificate of authority from California, then the administrative supervision of the Company may be extended upon the finding and notice under RCW 48.31.400.

7. *REtitle* was unable to obtain a certificate of authority from California and has subsequently abandoned its proposed acquisition of the Company.

8. *REtitle* has not satisfied the conditions stipulated in Order No. 15-0021, which requires *REtitle* and the Company to obtain a certificate of authority from California.

9. *REtitle* has abandoned its proposed acquisition of the Company. The stock purchase agreement between parties of *REtitle* and the Company was terminated and the proposed acquisition was not consummated.

10. On August 28, 2015, the parties representing *REtitle* and the Company provided the Insurance Commissioner their executed notice of termination of the second amended stock purchase agreement dated January 26, 2015 between *REtitle*, David C. Bayley, and the Company, effective July 21, 2015.

11. Since the stock purchase agreement between parties of *REtitle* and the Company was terminated, the Form A statement was not consummated.

12. David C. Bayley remains the sole owner and CEO of the Company.

13. RCW 48.31B.015(6)(b) provides that no person may enter into an agreement to seek to acquire voting securities of a domestic insurer without the approval of the Insurance Commissioner.

14. RCW 48.31B.015(4)(a)(ii)(C) provides that the Insurance Commissioner may condition the approval of a merger or other acquisition on the removal of the basis of disapproval within a specified period of time.

15. Pursuant to RCW 48.31B.015 and the terms of Order No. 15-0021, the conditions for approval of the acquisition of the Company by the Applicant were not met. The underlying stock purchase agreement has been unwound, as evidenced by the notice of termination from the contracting parties. Therefore, the Insurance Commissioner's approval of the transaction should be rescinded, the transaction disapproved and Order No. 15-0021 should be vacated.

**ORDER**

Pursuant to the foregoing Basis for Order, the Insurance Commissioner hereby orders as follows:

1. Order No. 15-0021 is hereby VACATED. The Insurance Commissioner's conditional approval of the purchase of the Company by the Applicant is hereby rescinded and the transaction disapproved.

2. The administrative supervision of the Company may be extended upon the finding and notice under RCW 48.31.400.

Dated this \_\_\_\_\_ day of October, 2015.

\_\_\_\_\_  
PRESIDING OFFICER