

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO**

STATE OF IDAHO, Department of	)	
Finance, Securities Bureau,	)	Docket No. 2014-18-01
	)	
Complainant,	)	CONSENT ORDER TO
	)	CEASE AND DESIST
vs.	)	
	)	
The Land Title Company of Pend Oreille	)	
County, Inc., and Judy C. Kokanos,	)	
	)	
Respondents,	)	
_____	)	

The Director of the Department of Finance, pursuant to the authority of the Idaho Escrow Act, Idaho Code §30-901, *et seq.*, has reasonable grounds to believe that violations of the Idaho Escrow Act (“Act”) have occurred as follows:

**RESPONDENTS**

1. The Land Title Company of Pend Oreille County Inc. (“Land Title”) initially filed to incorporate in the state of Washington on October 2, 1989. Judy Kokanos (“Kokanos”) has been the governing person for the corporation since January 1, 2005.
2. Land Title, located at 309 S. Washington Ave, Newport, Washington, was initially licensed as a title agency with the Washington State Insurance Commission on February 25, 1980. Land Title’s license expired on June 1, 2012 and was reinstated on August 16, 2012. Land Title has an active website, advertising its main office in Newport, Washington and an office in Priest River, Idaho. The Priest River office has been closed. Land Title’s website identifies Kokanos as the LPO, limited practice officer, which is a designation allowing her to draw up certain legal documents relating to escrow and the transfer of property.
3. Land Title is neither licensed nor exempt from licensing under the provisions of the Act.

### BACKGROUND

4. On or about January 27, 2014, the Idaho Department of Finance received a complaint from an Oregon resident regarding an Idaho property real estate transaction. The Oregon resident stated that he sold his property to an Idaho resident and that Land Title was hired to serve as the escrow agent for the purchase and sale transaction. The Oregon resident stated that the sale on his Idaho property was closed and funded on or around January 6, 2014, but complained that Land Title would not disburse the funds from its escrow account.

5. On or around January 29, 2014, Land Title received an incoming wire transfer in the amount of \$40,000 from an unrelated purchase and sale transaction. Land Title used the proceeds from the \$40,000 transaction to remedy the unpaid balance associated with the Idaho land that was sold by the Oregon resident.

### COUNT ONE

6. Paragraphs 1 through 5 set forth above are fully incorporated herein by this reference.

7. Pursuant to §30-903 of the Act, it is unlawful for any person to directly or indirectly engage in or carry on, or purport to engage in or carry on, the business of, or act in the capacity of, an escrow agency in or from Idaho without first obtaining a license under this chapter. The requirements of this chapter shall also apply to any escrow transaction effecting the sale, transfer, encumbrance or lease to another person of any real or personal property located in Idaho.

8. Land Title and Kokanos acted as an unlicensed escrow agency for property located in Idaho, thereby violating Idaho Code § 30-903.

### COUNT TWO

10. Paragraphs 1 through 5 set forth above are fully incorporated herein by this reference.

11. Pursuant to §30-919(5) of the Act, no escrow agency licensee or person required to be licensed under this chapter, or any of its officers, directors, members,

general partners, employees or agents shall fail to promptly distribute funds, deeds or other personal property or instruments pursuant to escrow instructions.

12. The Idaho purchase and sale real estate transaction closed and was funded on or around January 6, 2014. Land Title did not distribute funds to the sellers until on or around January 29, 2014, which was not prompt, thereby violating Idaho Code §30-919(5).

### COUNT THREE

14. Paragraphs 1 through 5 set forth above are fully incorporated herein by this reference.

15. Pursuant to §30-919(7) of the Act, no escrow agency licensee or person required to be licensed under this chapter, or any of its officers, directors, members, general partners, employees or agents shall fail to deliver, without reasonable cause, within a reasonable time after the close of an escrow, to the respective parties of an escrow transaction, any money, documents or other properties held in escrow in violation of the provisions of the escrow instructions.

16. Land Title did not have enough funds in its trust account to meet its disbursement obligation to the Oregon resident. Land Title used the deposit of another escrow customer to pay this distribution.

17. Respondents failed to deliver to the Oregon resident funds held in escrow relating to his real estate transaction, but instead delivered funds from an unrelated transaction, thereby violating Idaho Code §30-919(7).

### CEASE AND DESIST ORDER

NOW, THEREFORE, PURSUANT TO IDAHO CODE § 30-920(a), IT IS HEREBY ORDERED THAT LAND TITLE AND JUDY KOKANOS, IMMEDIATELY CEASE AND DESIST FROM:

A. Unlawfully, directly or indirectly, engaging in or carrying on, the business of, or acting in the capacity of, an escrow agency in or from Idaho including any escrow transaction effecting the sale, transfer, encumbrance or lease to another person of any real or personal property located in Idaho.



ACKNOWLEDGMENT, AGREEMENT AND CONSENT BY RESPONDENT

18. Respondents consent to the entry of this Order, including the findings, and admit to the conduct and violations alleged by the Complainant.
19. Respondents agree not to accept any funds relating to new escrow transactions requiring escrow licensing pursuant to the Idaho Escrow Act until such time as they are properly licensed under the Act. Such transactions shall include properties located in Idaho and/or sellers entering into a purchase sales agreement who live in Idaho and/or buyers entering into a purchase and sales agreement who live in Idaho.
20. Respondents agree to personally inject cash into the Land Title escrow account to insure funds are available for prompt distribution to any person covered by the provisions of the Idaho Escrow Act who is owed funds from a pending escrow transaction with Land Title.
21. The foregoing Cease and Desist Order is necessary and appropriate, in the public interest, and for the protection of the public.
22. Respondents acknowledge their rights to notice and an opportunity for a hearing on this Order, but waive voluntarily these rights.
23. Respondents acknowledge and understand that this Consent Order is an administrative action that must be disclosed to the Department on future licensing and renewal forms. The disclosure requirements of other states may also require disclosure of the same.
23. Respondents agree that in the event either of them applies for licensing in Idaho under that Act, Complainant may examine all books and records of Respondents relating to the application, as provided by the Act, and specifically may examine all reconciliation documents for the 12 months preceding the application.

ACKNOWLEDGMENT, AGREEMENT AND CONSENT

DATED this 4<sup>th</sup> day of February, 2014.

Judy C. Kokanos  
JUDY C. KOKANOS

DATED this 4<sup>th</sup> day of February, 2014.

THE LAND TITLE COMPANY OF  
PEND OREILLE COUNTY INC.

BY \_\_\_\_\_  
NAME Judy Kokanos  
TITLE President & LPO

IT IS SO ORDERED.

DATED this 5<sup>TH</sup> day of FEBRUARY, 2014.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
\_\_\_\_\_  
GAVIN M. GEE, Director  
Idaho Department of Finance

