

ORDER NO. 2015-009

IN THE MATTER OF:	§	BEFORE:
	§	
ESCROW HILL LIMITED	§	
AND	§	
ADMINISTRATION SERVICES, LLC	§	
D/B/A ESCROWHILL.COM	§	THE BANKING COMMISSIONER
AND	§	OF TEXAS
ANDEE HILL	§	
	§	
AUCKLAND, NEW ZEALAND	§	
AND	§	
WESTMINSTER, CALIFORNIA	§	AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, the matter of Escrow Hill Limited (Escrow Hill), a New Zealand company whose principal address is in Auckland, New Zealand; Administration Services, LLC d/b/a EscrowHill.com (Administration Services), a Nevada limited liability company whose principal address is in Westminster, California; and Ms. Andee Hill, Chief Executive Officer of Administration Services (collectively, Respondents), was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

1. Escrow Hill is a New Zealand company, with its principal address listed as Level 4, 55 Anzac Avenue, Auckland 1010, New Zealand.
2. Administration Services is a Nevada limited liability company, with its principal address listed as 16360 Jupiter Circle, Westminster, California 92683.
3. Andee Hill is the Chief Executive Officer of Administration Services.
4. The Texas Department of Banking (Department) has jurisdiction over Respondents and the subject matter of this proceeding pursuant to *Texas Finance Code* Chapter 151. The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to *Texas Finance Code* §§ 151.702, 151.706, and 151.707.

5. Respondents have been properly notified regarding their right to an administrative hearing under *Texas Finance Code* Chapter 151 (Chapter 151). Respondents are currently represented in this proceeding by attorneys Bradley J. Aiken and F. John Podvin, Jr.
6. The statutory provisions at issue in this matter include *Texas Finance Code* §§ 151.301 – 151.302, 151.702 and 151.706 – 151.707.
7. Any violation of this Order could subject Respondents to additional regulatory or enforcement actions authorized by *Texas Finance Code* § 151.701, and other provisions of Texas law. Nothing in this Order diminishes the regulatory or enforcement powers of the Department, the Commissioner, or the Finance Commission of Texas under Chapter 151 or other applicable law.
8. Respondents acknowledge that the Commissioner may bring other proceedings against them (including any affiliates) and issue other orders including but not limited to cease and desist orders. By signing this Order, Respondents do not waive their rights to a hearing or other rights listed below as to any proceedings other than the current one.
9. For purposes of this proceeding, Respondents knowingly and voluntarily waive:
 - a. Service upon Respondents of this Order;
 - b. The right to present defenses to the allegations in this proceeding;
 - c. Notice and hearing prior to imposition of this Order;
 - d. The filing of proposed findings of fact and conclusions of law;
 - e. The issuance of a proposal for decision by an administrative law judge;
 - f. The filing of exceptions and briefs with respect to such proposal for decision;
 - g. Any review of this Order by the Texas Finance Commission; and
 - h. Judicial review of this Order as provided by *Texas Government Code* § 2001.171 et seq., and any other challenge to the validity of this Order.
10. The Commissioner has considered the matter and finds as follows:
 - a. Escrow Hill’s primary business is providing domain escrow services for internet transactions through its webpage located at <https://www.escrowhill.com/>. Escrow Hill’s website claims that “EscrowHill.com is an online escrow service that employs a staff of industry experienced individuals eager to assist you with your sale or purchase.” Escrow Hill’s FAQ page, available at <https://www.escrowhill.com/faq/>, states that “Escrowhill.com is a neutral third

party that holds funds while the sale/purchase of merchandise is being transacted between Buyers, Sellers, and Brokers.” Under Finance Code § 151.301(b)(4) and Department Legal Opinion No. 13-01, escrow services constitute money transmission.

- b. The EscrowHill.com website is operated by Administration Services. Administration Services provides marketing, customer support, and general business services to Escrow Hill.
- c. The Department has not licensed Respondents to engage in the business of money transmission in Texas.
- d. Escrow Hill Limited has not applied for a money transmission license.
- e. Administration Services, LLC has not applied for a money transmission license.
- f. Escrow Hill Limited is a New Zealand Registered Financial Service Provider (FSP331446).
- g. On November 26, 2014, the Commissioner issued Order No. 2014-027 against Escrow Hill Limited; Administration Services, LLC d/b/a EscrowHill.com; and Andee Hill. Respondents were ordered to cease and desist from engaging in unauthorized money services business activities in Texas, including advertising to and solicitation of persons in Texas, whether conducted through Respondents’ actions or through those of affiliates. Respondents were further ordered to configure the website EscrowHill.com to refuse customer registration or transactions from persons located in Texas until such time as Respondents obtained the required license, and to confirm to the Department in writing, within seven days of the effective date of the order, that it had been completed. Respondents were also ordered to confirm to the Department in writing, within seven days of the effective date of the order, that any pending transactions with Texas customers that were outstanding on the effective date of the Order had been completed.
- h. Respondents did not request a hearing on Order No. 2014-027 and it became effective on December 22, 2014.

- i. When the Department visited the EscrowHill.com website on December 22, 2014, the website had been reconfigured and the footer of the website stated “Escrow services are not available to California or Texas residents.”
- j. On December 30, 2014, the Department received a letter from Respondents in response to the cease and desist order. The letter confirmed that the EscrowHill.com website had been reconfigured to refuse customer registrations and transactions for Texas residents and that there were no pending escrow transactions involving Texas residents as of either the effective date of the order or the date of the letter. On January 7, 2015, the Department learned that the EscrowHill.com website had again been modified and no longer contained the statement that “Escrow services are not available to California or Texas residents.” All statements regarding services being unavailable to Texas residents had been removed, including from the website’s footer and registration page. The footer of the website instead stated “All escrow services described on this website are provided by Escrow Hill Limited, a New Zealand Registered Financial Service Provider (FSP331446), or the Law offices of Greenberg & Lieberman, LLC and subject to applicable terms and conditions.”
- k. As of January 14, 2015, the “Edit Profile” page of the EscrowHill.com website included a section that contained two options to select from: one to be selected by residents of Arizona, California, Idaho, Texas or Washington, and the other to be selected by residents of all other states. This new section stated that “The purpose of determining your residency is to direct your transaction to an escrow agent compliant to your location.”
- l. Respondents did not obtain a money transmission license in Texas or otherwise contact the Department before modifying the website and reconfiguring it to allow customer registrations and transactions for Texas residents.
- m. The Department issued a Notice of Hearing on January 30, 2015, Docket No. BM-1503-14-277, to determine whether the Commissioner should assess administrative penalties for violations of Order No. 2014-027 and the *Texas Finance Code*.

- n. As of February 18, 2015, the EscrowHill.com website had again been modified. As of that date it contained a statement that “Escrow services are not available to Texas residents.” Additionally, the “Edit Profile” page of website no longer offered Texas as an option on the state/province dropdown list.
- o. Prior to November 2014, Escrow Hill completed four transactions for Texas residents totaling \$415,500.
- p. The Department regulates money transmission under the authority of *Texas Finance Code* Chapter 151, Subchapter B.
- q. *Texas Finance Code* § 151.302(a) provides that “a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as a person that engages in the business of money transmission” without a license. Because Escrow Hill completed money transmissions for Texas residents without a license until at least November 2014, Escrow Hill was in violation of *Texas Finance Code* § 151.302(a).
- r. Order No. 2014-027 specifically ordered Respondents to configure the EscrowHill.com website to refuse customer registrations and transactions for persons located in Texas until such time as Respondents obtained the required license. From approximately January 7 to February 18, 2015, the EscrowHill.com website allowed customer registrations for persons located in Texas, even though Respondents had not obtained a money transmission license in Texas as required. Because Respondents permitted customer registrations for persons located in Texas without obtaining the required license, Respondents were in violation of Order No. 2014-027.
- s. As required by *Texas Finance Code* § 151.707(d), the Commissioner has considered the seriousness of the violations, Respondents’ compliance history, and Respondents’ good faith in attempting to comply with Chapter 151. The Commissioner finds that Respondents’ prior compliance history is unsatisfactory because Respondents modified the EscrowHill.com website to remove all statements regarding services being unavailable to Texas residents without obtaining the required money transmission license. Modifying the EscrowHill.com website in this manner was a violation of Order No. 2014-027,

which specifically ordered Respondents to configure the website EscrowHill.com to refuse customer registration or transactions from persons located in Texas until such time as Respondents obtained the required license.

- t. The Commissioner also finds that Respondents have not shown good faith in attempting to comply with Chapter 151. Respondents have demonstrated willful disregard for the requirements of Chapter 151 by ignoring the Department's requests and by first adding, then deliberately removing the language on the EscrowHill.com website that stated its services were not available to Texas residents. Such language was added to the EscrowHill.com website on or about December 6, 2014, in direct response to the Department's order to cease and desist activity. The language was removed approximately one month later, on or before January 7, 2015. Respondents had numerous communications with the Department's Assistant General Counsel Brenna McGee concerning this matter. Respondents are under a cease and desist order and aware of licensing requirements. Respondents did not apply for a license or otherwise directly inquire with the Department about removing the newly-added language and soliciting and accepting Texas resident transactions prior to making the new modifications to EscrowHill.com. Moreover, in addition to the removal of some language, Respondents took the affirmative step of adding a new section to the "Edit Profile" page where customers had to select their state of residence so as to direct their transactions to escrow agents compliant to their locations. This additional section made clear that Respondents' escrow services were available to Texas residents through "an escrow agent compliant to your location."
 - u. Based on these findings the Commissioner finds that a penalty of \$30,000 is appropriate.
11. Respondents agree to the terms of this Order solely for the purpose of this proceeding, and without admitting or denying any violations of law or regulations pursuant to *Texas Government Code* § 2001.056 and *Texas Finance Code* § 151.706.

ORDER

It is hereby ORDERED, ADJUDGED and DECREED that:

1. Respondents shall not engage in activities in violation of *Texas Finance Code* Chapter 151, including advertising to and soliciting persons in Texas, whether conducted through Respondents' activities or through those of others, and shall take all actions necessary to comply with the requirements of *Texas Finance Code* Chapter 151.
2. Respondents shall configure the website EscrowHill.com to refuse customer registrations and transactions from persons located in Texas, and the website shall remain configured that way until such time as Respondents obtain the necessary license to conduct money transmission in Texas. Respondents shall confirm to the Department in writing, within 10 days of the effective date of this Order, that the configurations have been completed.
3. Respondents will pay \$30,000 to the Department as an administrative penalty under *Texas Finance Code* § 151.707 for operating an unlicensed money transmission business in Texas and for violating Order No. 2014-027. The entire penalty shall be payable to the Department within 10 days of the effective date of this Order.
4. All the provisions of the Order to Cease and Desist Activity, No. 2014-027, are still in effect except to the extent that they conflict with this Order. In case of conflict, the provisions in this Order control.

Effective Date

This Order against Respondents is effective on the date signed by the Commissioner, and subject to its terms, Respondents may not appeal.

Signed on this 7th day of April, 2015.

//s// Stephanie Newberg for
Charles G. Cooper
Banking Commissioner of Texas

AGREED AS TO FORM AND SUBSTANCE:

Escrow Hill Limited

By: //s// Greg McNair
Gregg McNair
Director

Date: 3 April 2015

Administration Services, LLC d/b/a EscrowHill.com

By: //s// A. Hill
Andee Hill
Chief Executive Officer

Date: April 3, 2015

APPROVED AS TO FORM:

//s// Bradley J. Aiken
Bradley J. Aiken
Counsel for Escrow Hill Limited,
Administration Services, LLC d/b/a EscrowHill.com,
and Andee Hill

Date: April 3, 2015

//s// F. John Podvin, Jr.
F. John Podvin, Jr.
Counsel for Escrow Hill Limited,
Administration Services, LLC d/b/a EscrowHill.com,
and Andee Hill

Date: April 3, 2015

//s// Brenna McGee
Brenna McGee
Assistant General Counsel
Texas Department of Banking

Date: April 7, 2015