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Department of Insurance
State of Idaho

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE

STATE OF IDAHO

In the Matter of:

The **CLOSING SOURCE**, an Idaho limited liability company;

an unlicensed entity engaged in the business of title insurance;

RESPONDENT.

Docket No. 18-3450-18

**CEASE AND DESIST ORDER
AND NOTICE**

TO: THE CLOSING SOURCE, an Idaho limited liability company;
DIAMANTINA RUMBAUGH, managing member; and,
ROBERT FERDINAND, member.

Pursuant to the authority granted to the Director of the Idaho Department of Insurance (“Department”) in the Idaho Insurance Code, section 41-101, *et seq.*, Idaho Code, in particular section 41-213(1)(a), Idaho Code, in addition to the Administrative Procedures Act, Idaho Code § 67-5201, *et seq.*, the Director of the Department issues this CEASE AND DESIST ORDER without prior notice but with the opportunity for hearing based upon the following:

IDAHO LAW

Idaho law defines title insurance as the “certification or guarantee of title or ownership, or insurance of owners of property or others having an interest therein or liens or encumbrances thereon, against loss by encumbrance, or defective titles, or invalidity, or adverse claim to title.” Section 41-508(1), Idaho Code. Title 41, chapter 27, Idaho Code, governs the business of title insurance in the state of Idaho and is applicable to “all title insurance companies, title insurance rating organizations, title insurance agents, applicants for title insurance, policyholders and to all persons and business entities engaged in the business of title insurance.” Section 41-2704, Idaho Code. The business of title insurance includes:

- (1) The making, or proposing to make, as an insurer, guarantor or surety, or proposing any contract or policy of title insurance, which shall include all certificates . . .;
- (2) Transacting or proposing to transact any phase of title insurance including solicitations, negotiations preliminary to and execution of a contract of title insurance, and matters subsequent to the issuance of such contract;
- (3) The performance of any act included herein by a title insurer or a title insurance agent including, but not limited to, handling of escrows, settlements or closing incident to any contract or policy of title insurance;
- (4) The issuance of closing or settlement protection by a title insurer . . .;
- (5) The doing, or proposing to do, any business in substance equivalent to any of the foregoing in the manner designated to evade the provisions of this chapter.

Section 41-2704(1) to (5), Idaho Code. No person, firm, association or corporation may act as a title insurance agent on behalf of any title insurer without first having obtained a license from the Director of the Department. *See*, section 41-2710, Idaho Code.

Idaho Code § 41-213(1)(a) authorizes the Director to issue an order requiring a person to cease and desist from engaging in any act or practice constituting a violation of the Idaho Insurance Code.

Idaho Code § 67-5247 provides that an agency may act through an emergency proceeding in a situation involving an immediate danger to the public health, safety, or welfare requiring immediate agency action.

RESPONDENT

1. The Closing Source, LLC, (“Closing Source”) is an Idaho limited liability company with an address of 3597 E. Monarch Sky Lane, Meridian, Idaho 83646. According to records on file with the Idaho Secretary of State, the managing member and registered agent of Closing Source is Diamantina Rumbaugh. The registered agent’s address is 3597 E. Monarch Sky Lane, Meridian, Idaho 83646. The remaining member is Robert Ferdinand, whose address of record is also 3597 E. Monarch Sky Lane, Meridian, Idaho 83646.

2. Neither Closing Source nor any of its members holds any license issued by the Idaho Department of Insurance.

FINDINGS OF FACT

3. On or about January 31, 2018, the Department received a phone call from a consumer complainant (the “Complainant”), stating that Closing Source was doing business at its Meridian, Idaho, offices as a title agent and escrow agent. The Complainant called the Department to determine whether Closing Source was properly licensed.

4. The Complainant is the owner of an out-of-country timeshare real property interest. The Complainant is involved in a timeshare property interest sales agreement that involved an out-of-state buyer and Closing Source. The Complainant believed that, in closing the transaction in question, she would have been responsible to front all the costs of transferring the timeshare. Based on her experience as a retired real estate attorney, the Complainant expressed

an articulate, reasonably genuine fear that the proposed transaction involving Closing Source was a scam.

5. The Department commenced an investigation on information received from the Complainant. The Department's investigation showed that Closing Source is using a Meridian, Idaho-based office to provide title insurance services and escrow agent services, along with the following additional facts:

- a. Closing Source's business address is located at The Village in Meridian, Idaho, namely 3597 E. Monarch Sky Lane, Meridian, Idaho 83646, and uses Idaho an Idaho-based telephone number and facsimile number;
- b. Closing Source maintains a website entitled "www.theclosingsrc.com", and said website states that Closing Source provides the following services: (a) that it provides access to title insurance and related information services; (b) that it records transaction documents in the country where the property is located; and (c) that it prepares title insurance policies.
- c. Closing Source is not licensed as a title insurance agent or firm as required by Idaho law.

6. Immediate and timely action is necessary to prevent harm to the public and to take immediate steps to prevent Closing Source from doing any further unlicensed activity out of its Idaho-based office with domestic, foreign, or alien businesses and prospects.

CONCLUSIONS OF LAW

Based on the facts as set forth above, the Director concludes as a matter of law that:

- a. Closing Source is engaged in the business of title insurance as defined in section 41-2704, Idaho Code;

- b. Closing Source is not properly licensed as a title insurance agent or firm as required in chapter 27, title 41, Idaho Code; and,
- c. Closing Source is operating as a title agency or firm and is engaging in unlicensed activity, and that immediate action is needed to prevent present and future damage and further abuse.

Based on the foregoing findings of fact and conclusions of law, the Director enters the following order:

ORDER TO CEASE AND DESIST

NOW, THEREFORE, acting pursuant to the public interest and Idaho Code § 41-213(1)(a), it is hereby ORDERED, and this does ORDER, that THE CLOSING SOURCE, LLC, its managing members, members, officers, employees, agents and successors, immediately CEASE AND DESIST from operating or functioning in any way as a title insurance agent, firm, or entity in the state of Idaho without first being licensed, as defined and as required under Title 41, Chapter 27, Idaho Code, and all other relevant applicable parts of the Idaho Insurance Code, Title 41, Idaho Code.

NOTICE

THE CLOSING SOURCE, LLC, IS HEREBY NOTIFIED that this Cease and Desist Order is a final order of the Director, subject to the Respondent's right to timely file a **motion for reconsideration** or a **request for hearing**. Pursuant to Idaho Code §§ 41-232 and 67-5246, the Respondent may file a motion for reconsideration of this Cease and Desist Order or a request for hearing within fourteen (14) days of the service of this Order.

Any hearing and subsequent proceedings in this matter will be conducted in accordance with Chapter 2, Title 41, of the Code and the Idaho Administrative Procedure Act, Idaho Code § 67-5201, *et seq.*

If the Respondent timely files a **motion for reconsideration**, the Department will dispose of such motion within twenty-one (21) days of its receipt, or the motion will be considered denied by operation of law, pursuant to Idaho Code § 67-5246(4).

If the Respondent timely files a **request for hearing**, the Respondent will be notified of the date, time and place of the hearing, as well as the name of the presiding officer. At the hearing, the Respondent will be entitled to enter an appearance, introduce evidence, examine and cross-examine witnesses, make arguments, and generally participate in the conduct of the proceedings. The Respondent may also be represented by legal counsel at its own expense.

Any motion for reconsideration or request for hearing must be timely made in writing, addressed to:

Dean L. Cameron, Director
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043

With a copy sent to:

John C. Keenan
Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, Idaho 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this FINAL ORDER may appeal from such order to the district court by filing a petition in the district court of the county in which:

- a. a hearing was held;
- b. the final agency action was taken;
- c. the party seeking review of the order resides, or
- d. the real property or personal property that was the subject of the agency action is located.

An appeal must be filed within twenty-eight (28) days: (a) of the issuance of this Order, (b) of the issuance of an order denying a motion for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. Idaho Code § 67-5273(2). The filing of an appeal to the district court does not itself stay the effectiveness of enforcement of the order being appealed.

IT IS SO ORDERED.

DATED and EFFECTIVE this 6 day of February, 2018.

STATE OF IDAHO
DEPARTMENT OF INSURANCE



DEAN L. CAMERON
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have on this 7th day of February 2018, caused a true and correct copy of the foregoing CEASE AND DESIST ORDER AND NOTICE to be served upon the following by the designated means:

The Closing Source, LLC
3597 E. Monarch Sky Lane
Meridian, ID 83646

- first class mail
- certified mail
- hand delivery
- via facsimile
- via email

Diamantina Rumbaugh
Managing Member & Registered Agent
The Closing Source, LLC
3597 E. Monarch Sky Lane
Meridian, ID 83646

- first class mail
- certified mail
- hand delivery
- via facsimile
- via email

Robert Ferdinand
Member
The Closing Source, LLC
3597 E. Monarch Sky Lane
Meridian, ID 83646

- first class mail
- certified mail
- hand delivery
- via facsimile
- via email

John C. Keenan
Deputy Attorney General
Idaho Department of Insurance
700 W. State Street, 3rd Floor
P.O. Box 83720
Boise, ID 83720-0043

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- via facsimile
- via email



Pamela Murray
Assistant to the Director