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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. Q & S ESCROW, INC., Respondent.	File Nos.: 963-1818 ACCUSATION

The Complainant is informed and believes, and based upon such information and belief, alleges and charges Respondent as follows:

I

Respondent Q & S Escrow, Inc. ("Q & S") is an escrow agent licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.). The licensed location of Q & S is 4747 Viewridge Avenue, Suite 108, San Diego, California 92123.

Jonathan C. Alvinito ("Alvinito"), was at all times relevant herein, the president and sole shareholder of Q & S.

Franklin Roxas ("Roxas") was an escrow officer at Q & S from March 2011 through mid-October 2011.

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II

On or about January 19, 2012, the Commissioner, by and through staff, commenced a special examination of Q & S to review escrow files handled by Roxas based upon information received by the Department of Corporations ("Department") that Roxas had been disbursing trust funds to unauthorized persons. The special examination disclosed that Q & S, by and through Alvinito and Roxas, had made eighteen (18) unauthorized disbursements of trust funds totaling $79,811.67 between at least February 23, 2011 and January 11, 2012 in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. Alvinito had made thirteen (13) of the unauthorized disbursements for a total of $63,808.28. Roxas had made five (5) of the unauthorized disbursements for a total of $16,003.39.

Each of the unauthorized disbursements of trust funds caused a shortage to exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1. Q & S has replaced $23,078.00, but a trust account shortage of $58,730.62 still exists, including the three (3) debit balances discussed below.

The special examination further disclosed that Q & S had failed to (i) reconcile the trust account since February 2011 in violation of Financial Code section 17404 and California Code of regulations, title 10, section 1732.2, (ii) have a person meeting the requirements of Financial Code section 17200.8 stationed at the licensed location since July 2011, (iii) prevent its bank from charging fees to the trust account in violation of California Code of Regulations, title 10, section 1738, (iv) maintain the trust funds in an account designated as an escrow or trust account in violation of Financial Code section 17409, (v) provide documents and information in a timely fashion in violation of Financial Code section 17405, (vi) notify the Department of employee embezzlement in violation of Financial Code section 17414, subdivision (c), and (vii) submit its annual reports for fiscal year ends December 31, 2010 and December 31, 2011 in violation of Financial Code section 17406.

The special examination also revealed debit balances in violation of California Code of Regulations, title 10, section 1738.1 in four (4) escrows totaling $1,996.97, of which $1,990.00 were caused by overdrawn escrow fees.

The unauthorized disbursements noted during the special examination are described as follows:

1. Commencing on or about April 20, 2011 and continuing through at least January 11, 2012, Q & S, by and through Alvinito, made six (6) unauthorized disbursements of trust funds to Alvinito totaling $38,078.00 via withdrawals from the trust account.

2. Commencing on or about February 23, 2011 and continuing through at least March 7, 2011, Q & S, by and through Alvinito, made six (6) unauthorized disbursements of trust funds to Alvinito from at least four escrows totaling $13,180.30 via issuance of checks from the trust account.

3. On or about December 28, 2011, in escrow number 11-1019-FR, Q & S, by and through Alvinito, diverted a refund from Stewart Title Company in the amount of $12,549.98 to SettlementOne Title Company, a company owned by Alvinito.

4. Commencing on or about May 2, 2011 and continuing through at least August 25, 2011, Q & S, by and through Roxas, made five (5) unauthorized disbursements of trust funds to Stephen Bushue, the domestic partner of Roxas, from four (4) escrows totaling $16,000.39 via issuance of checks from the trust account.

III

California Financial Code section 17608 provides in pertinent part:

> The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:
>
> (b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

IV

Complainant finds that, by reason of the foregoing, Respondent Q & S Escrow, Inc. has violated Financial Code sections 17200.8, 17404, 17405, 17406, 17409, 17414(a)(1), and 17414(c) and California Code of Regulations, title 10, sections 1732.2, 1738, 1738.1, and 1738.2.

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WHEREFORE, IT IS PRAYED that the escrow agent's license of Respondent Q & S Escrow, Inc. be revoked.

Dated: October 8, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
Judy L. Hartley
Senior Corporations Counsel

State of California – Department of Corporations