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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. CORNER ESCROW, INC., Respondent.	File No.: 963-2489 ORDER TO DISCONTINUE VIOLATIONS PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 17602

TO: CORNER ESCROW, INC.
161 Fashion Lane, Suite 101
Tustin, California 92780

The California Corporations Commissioner ("Commissioner") finds that:

1. Respondent, Corner Escrow, Inc. ("Corner Escrow"), a California corporation incorporated on March 8, 2005, currently holds an escrow agent's license number 963-2489 pursuant to the Escrow Law of the State of California (California Financial Code section 17000 et seq.). Corner Escrow has been licensed by the Commissioner since March 11, 2008. Its principal office location is 161 Fashion Lane, Suite 101, Tustin, California 92780.

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2. Corner Escrow maintains a licensed branch office location at 169 Saxony Road, Suite 204, Encinitas, California 92024. This branch location has been licensed by the Commissioner since July 1, 2011.

3. At all times relevant herein, Kimberly M. Diaz ("Diaz"), is the president and sole shareholder of Corner Escrow.

4. On or around April 12, 2012, Corner Escrow filed with the Department of Corporations ("Department") multiple applications for escrow agent's branch licenses ("Applications") including without limitation one for 27270 Madison Avenue, Temecula, CA 92590[1].

5. In connection with its Applications, Corner Escrow submitted its December 31, 2011 unaudited financial statement ("12/2011 financial statement"). The 12/2011 financial statement included a balance sheet showing a general account balance of $110,574.31. However, the bank account statement showed a general account balance of only $23,055.14.

6. On or around June 6, 2012, the Department requested an updated unaudited financial statement. In response to the Department's request, Corner Escrow provided its May 31, 2012 unaudited financial statement ("5/2012 financial statement"). However, the 5/2012 financial statement included a balance sheet showing a general account balance of $131,985.58, whereas the bank account statement showed a general account balance of only $11,834.77.

7. In or around June 2012, Corner Escrow's audited financial statements were received by the Department. They disclosed that (i) on December 16, 2011, a transfer of $8,000 was made from the Encinitas branch's trust account to a personal checking account, and (ii) on January 11, 2012, a transfer of $25,000 was made from the Encinitas branch's trust account to a personal checking account. These transfers caused trust account shortages in violation of California Code of Regulations, title 10, section 1738.1.

8. Corner Escrow did not discover that the $8,000 and $25,000 transfers were mistakenly taken out of the trust account instead of the general account until on or around March 30, 2012. This is because for the months of December 2011 and January 2012, Corner Escrow failed to

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reconcile at least once each month the bank accounts contained in the general ledger with the bank statements of the general accounts, in violation of California Code of Regulations, title 10, section 1732.3.

9. On or around July 3, 2012, the Department commenced a regulatory examination of Corner Escrow. The examination revealed, among other things, that during the months of July 2011 through January 2012 and May 2012, Corner Escrow's general bank account dropped below $25,000 in excess of current liabilities, in violation of California Financial Code section 17210, subdivision (a).

10. On or around July 13, 2012, Respondent submitted to the Department a letter ("July 13, 2012 Letter") stating that the December 16, 2011 transfer of $8,000 as well as the January 11, 2012 transfer of $25,000 from the Encinitas branch's trust account to a personal checking account "occurred at the bank level when a . . . [bank] representative mistakenly transferred from Corner Escrow Trust account instead of the requested General Account."

11. Corner Escrow also forwarded a letter from the bank addressed to Diaz dated September 11, 2012, that confirmed that, "due to a bank error, the funds were taken from the Corner Escrow, Inc. . . . checking account and not the Corner Escrow, Inc. (General Account). This error was discovered on March 30, 2012 and the transfers were corrected."

12. Corner Escrow's trust account bank statements confirmed that on March 30, 2012 the two alleged erroneous transfers of $8,000 and $25,000 were appropriately returned to the trust account from the personal checking account, thereby correcting the aforementioned trust account shortages made in violation of California Code of Regulations, title 10, section 1738.1.

13. On or around July 31, 2012, Corner Escrow submitted an unaudited financial statement that accurately stated the general account balance, thereby correcting the aforementioned misstatements of material facts made on its 12/2011 and 5/2012 financial statements. Corner Escrow also submitted bank reconciliations for its general account indicating that as of July 31, 2012 it had liquid assets of at least $25,000 in excess of current liabilities, thereby correcting the

[1] On or around June 6, 2012, this was changed to 27450 Ynez Road, Suite 125, Temecula, CA 92591.

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aforementioned deficiencies in liquid assets for the periods of July 2011 through January 2012 and May 2012.

14. Pursuant to California Financial Code section 17209.3, the Commissioner may refuse to issue any license being applied for if upon the Commissioner's examination and investigation, and after appropriate hearing, the Commissioner finds that the proposed licensee's financial program is unsound, or that a false statement of a material fact has been made in the application for license.

Pursuant to the Settlement Agreement between Corner Escrow, Inc. and the California Corporations Commissioner, Corner Escrow, Inc. will voluntarily withdraw its outstanding branch application license for all locations except for the Temecula office. The Commissioner agrees to expeditiously grant the Temecula branch license application provided that no further actions are commenced under the Escrow Law against Corner Escrow during the continued pendency of the Temecula branch license application.

NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING, it is hereby ORDERED under the provisions of California Financial Code sections 17602 and 17604 that Corner Escrow, Inc. immediately discontinue violating California Financial Code section 17210 and California Code of Regulations, title 10, sections 1732.3 and 1738.1.

Dated: November 13, 2002
Los Angeles, CA

California Corporations Commissioner

By_____
Mary Ann Smith
Deputy Commissioner

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