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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, v. WEE PREFER ESCROW, Respondent.	File No.: 963-2546 **ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 17415**

TO: WEE PREFER ECROW, INC.
642 E. Katella Avenue
Orange, CA 92867

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

1. Wee Prefer Escrow (WPE) is an escrow agent licensed by the California Corporations Commissioner ("Commissioner") pursuant to the provisions of the Escrow Law of the State of California (Financial Code section 17000 *et seq*.) ("Escrow Law"). Wee Prefer Escrow has its principal place of business located at 642 E. Katella Avenue, Orange, California 92867.

2. Financial Code section 17210 requires an escrow agent licensed by the California Department of Corporations ("DOC") to maintain a tangible net worth of at least fifty thousand dollars ($50,000) including liquid assets of at least twenty-five thousand dollars ($25,000) in excess of current liabilities.

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3. On November 28, 2011, the DOC detected that WPE had a liquid asset deficiency of fifty-nine thousand four hundred seventy-one dollars ($59,471.00), a tangible net worth deficiency of sixty-three thousand six hundred seventy dollars ($63,670.00), and a qualified opinion from its independent accountant, Behm & Company. If the opinion of the independent accountant is qualified, Financial Code section 17406 authorizes the Commissioner to take such action as appropriate to permit the accountant to remove the qualifications. Accordingly, the DOC requested WPE to submit proof of correcting the deficiencies by December 28, 2011, including a plan of action and reassurances that additional capital would be provided as necessary if unprofitable operations continued.

4. On December 8, 2011, WPE submitted a plan to contribute additional capital of ten thousand dollars (hereinafter the $10,000 deposits) per month starting in November 2011.

5. On December 13, 2011, the DOC requested WPE to submit financial statements for November 2011 to determine if the $10,000 deposits would suffice. The DOC also noted that WPE had not remitted employee payroll withholdings to the Internal Revenue Service or the State of California. Accordingly, the DOC requested WPE to address the withholdings issue, and to submit any corrective action taken to date.

6. On December 14, 2011, WPE assured the DOC that it made a $10,000 deposit in November. WPE also indicated that it was working on a payment schedule with the Internal Revenue Service for the employee withholdings.

7. In a series of three phone calls with the DOC, WPE assured the DOC that it would submit the November 2011 financial statements and would provide proof of monthly $10,000 deposits, as required by WPE's corrective action plan: 1) on January 5, 2012, WPE assured the DOC that it would submit its November 30, 2011 financial statements; 2) on January 13, 2012, WPE assured the DOC that it would fax the financial statements and make an additional $10,000 deposit in two days; and 3) on February 22, 2012, WPE contacted the DOC with further assurances that it would fax proof of two $10,000 deposits.

8. On March 16, 2012, the DOC informed WPE again that it had not yet received WPE's November 2011 financial statements or proof of any $10,000 deposits. Accordingly, the DOC

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requested WPE to submit February 2012 financial statements and proof of any $10,000 deposits made to date.

9. On March 18, 2012, WPE submitted its November 2011 financial statements. These financial statements indicated a liquid asset deficiency of sixty-one thousand seven hundred seventy-four dollars and thirty-eight cents ($61,774.38) and a tangible net worth deficiency of seventy-one thousand six hundred eight dollars and twenty-two cents ($71,608.22). Although WPE showed two $10,000 deposits made on December 14, 2011 and January 23, 2012, these two deposits were nothing more than a transfer from one WPE general account to another; thus, no additional capital has been deposited by WPE as required by its corrective action plan.

10. On June 20, 2012, the DOC contacted WPE and requested an updated financial statement for May 2012. No report has been received to date.

11. It has been more than eight months since WPE submitted its corrective action plan to make monthly $10,000 deposits. The liquid asset and tangible net worth deficiencies of WPE remain uncorrected and have worsened.

12. Based upon the foregoing, WPE has permitted its tangible net worth to be lower than the minimum required by section 17210, and has failed to maintain its liquid assets in excess of current liabilities, in violation of section 17210.

NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that Wee Prefer Escrow immediately discontinue acceptance of any new escrow or joint control business, and of money, documents or other property in connection therewith.

This order is to remain in full force and effect until further order of the Commissioner.

Section 17415 of the Financial Code provides as follows:

> (a) If the commissioner, as a result of any examination or from any report made to him or her, shall find that any person subject to this division is in an insolvent condition, is conducting escrow business in such an unsafe or injurious manner as to render further operations hazardous to the public or to customers, has failed to comply with the provisions of Section 17212.1 or 17414.1, has permitted its tangible net worth to be lower than the minimum required by law, has failed to maintain its liquid assets in excess

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of current liabilities as set forth in Section 17210, or has failed to comply with the bonding requirements of Chapter 2 (commencing with Section 17200) of this division, the commissioner may, by an order addressed to and served by registered or certified mail or personal service on such person and on any other person having in his or her possession or control any escrowed funds, trust funds or other property deposited in escrow with said person, direct discontinuance of the disbursement of trust funds by the parties or any of them, the receipt of trust funds, the delivery or recording of documents received in escrow, or other business perations. No person having in his or her possession any of these funds or documents shall be liable for failure to comply with the order unless he or she has received written notice of the order. Subject to subdivision (b), the order shall remain in effect until set aside by the commissioner in whole or in part, the person has been adjudged bankrupt, or pursuant to Chapter 6 (commencing with Section 17621) of this division the commissioner has assumed possession of the escrow agent.

(b) Within 15 days from the date of an order pursuant to subdivision (a), the person may request a hearing under the Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the Government Code. Upon receipt of a request, the matter shall be set for hearing to commence within 30 days after such receipt unless the person subject to this division consents to a later date. If no hearing is requested within 15 days after the mailing of service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right for a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

DATED: September 6, 2012
Sacramento, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
MARY ANN SMITH
Deputy Commissioner

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