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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE

CENTRAL JUSTICE CENTER

THE PEOPLE OF THE STATE OF CALIFORNIA, BY AND THROUGH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, Petitioner, vs. EFFICIENT SERVICES ESCROW GROUP, Respondent.	Case No.: PETITION FOR RECEIVER TO LIQUIDATE AND WIND UP BUSINESS (California Financial Code Section 17636) (No Fee-Government Code Section 6103)

Petitioner, the People of the State of California, by and through the Commissioner of Corporations of the State of California ("Commissioner" or "Petitioner"), administers the provisions of the California Escrow Law (Financial Code § 17000 et seq.), and the regulations issued pursuant thereto (Title 10, California Code of Regulations, Chapter 3, Subchapter 9, Sections 1700 et seq.), which regulate the business and activities of independent escrow agents.

Petitioner having issued an Order Taking Possession of the Property and Business of Efficient Services Escrow Group on March 8, 2013 pursuant to Financial Code Section 17621, respectfully states:

1. On December 2, 2008, Petitioner issued an escrow agent's license pursuant to the Escrow Law to Efficient Services Escrow Group ("Efficient"), a California corporation. Pursuant to that license, Petitioner authorized Efficient to engage in business as an escrow agent within the State of California. The license is currently valid and unrevoked. Efficient's licensed location was 19671 Beach Boulevard, Suite 207, Huntington Beach, California 92648. However, Efficient was found to be operating out of 19671 Beach Boulevard, Suite 215, Huntington Beach, California 92648.

2. Robert C. Crenshaw ("R. Crenshaw") is, and was at all times relevant herein, the president and sole shareholder of Efficient.

3. On or about February 25, 2013, Petitioner received information from Escrow Agents' Fidelity Corporation ("EAFC"), the fidelity insurer for the independent escrow industry, that Efficient had notified EAFC on or about February 22, 2013 that Efficient had suffered shortages in its trust accounts totaling $1,558,339.00. Based upon such information, on or about February 26, 2013, Petitioner, by and through staff, commenced a special examination of the books and records of Efficient.

4. The special examination disclosed that Efficient had shortages in its two trust accounts totaling $1,558,339.00. The special examination disclosed that the shortages were apparently caused by "cyber theft" when funds on deposit in the trust accounts of Efficient were wired out of the country. The respective dates and amounts of the unauthorized wires were December 17, 2012 in the amount of $432,215.00, January 24, 2013 in the amount of $563,112.00, and January 30, 2013 in the amount of $563,112.00.

5. At the time the unauthorized wires occurred in January 2013, Efficient was in violation of Financial Code section 17404 and California Code of Regulations, title 10, section 1732.2(a)(3), which require escrow agent licensees to reconcile their trust account(s) on a monthly basis. The December 31, 2012 bank account statement for the trust account ending in 2416 clearly showed the unauthorized wire in the amount of $432,215.00 on December 17, 2012.

6. The regulatory examination of Efficient recently completed in September 2012 disclosed that Efficient was not maintaining its books and records in accordance with the requirements of the Escrow Law, in particular, its trust account books and records. Petitioner

discussed the violations of the Escrow Law with respect to the maintenance of proper books and records with Efficient during an exit conference and ensured that Efficient had corrected the violations prior to completion of the regulatory examination.

7. Based upon the findings of the special examination, on or about February 26, 2013, Petitioner made written demand to Efficient to cure the $1,558,339.00 shortage in the trust accounts no later than close of business February 27, 2013. Efficient failed to cure the shortage by close of business February 27, 2013. At that time, Petitioner determined that the manner in which Efficient was conducting business was unsafe and injurious and on February 28, 2013, Petitioner issued an Order to Discontinue Escrow Activities Pursuant to California Financial Code Section 17415 against Efficient.

8. Efficient was given seven business days after it was served with the Order to Discontinue Escrow Activities to cure the trust account shortages. Notwithstanding, only $432,215.00 of the shortage was cured by close of business March 7, 2013 after Efficient's bank was able to retrieve the funds from the December 17, 2012 wire leaving trust account shortages totaling $1,126,224.00.

9. On March 7, 2013, when after further time, Efficient remained unable to correct the trust account shortages, Petitioner issued a Demand For and Order Taking Possession of the Property and Business pursuant to Financial Code Section 17621 and an Order Appointing Conservator pursuant to Financial Code Section 17630, which orders were personally served on Efficient on March 8, 2013.

10. Pursuant to the Order Appointing Conservator, Peter A. Davidson of the Law Firm of Ervin Cohen & Jessup LLP ("Conservator") took possession of the property, business and assets of Efficient on March 8, 2013.

11. Pursuant to Financial Code section 17622, Efficient had ten (10) days after the taking to apply to the superior court for an order to enjoin further proceedings by Petitioner. The ten-day period elapsed on March 18, 2013, and there has been no action commenced by Efficient to contest the Demand For and Order Taking Possession of the Property and Business pursuant to Financial Code Section 17621 and Order Appointing Conservator pursuant to Financial Code Section 17630.

12. On review of Efficient's books and records and assets, Petitioner has concluded that it would be futile to proceed under a conservatorship with the conduct of the business of Efficient as there are no assets from which to pursue the avenues necessary to ascertain the exact amount of the trust account shortage, identify all trust claimants, restore the trust account to the extent feasible, and thereby make the trust fund claimants as whole as possible.

13. Pursuant to Financial Code Section 17636, Petitioner is authorized to petition the superior court for the appointment of a receiver to liquidate the affairs of a licensee after having taken possession of the property and business of said licensee.

14. Petitioner submits that the appointment of a receiver by this court over Efficient is necessary to properly liquidate the affairs of Efficient and to provide the greatest protection possible to the customers of Efficient. The petitioner submits that a situation exists wherein irreparable harm will be suffered by the public unless and until a receiver is appointed over Efficient in order to wind up and liquidate the business and affairs of Efficient.

Wherefore, Petitioner prays:

A. This Court issue an order naming Peter A. Davidson as the receiver over the business, property, assets and affairs of Efficient, whether directly or indirectly, owned beneficially or otherwise by, or in the possession, custody or control of Efficient, or to which Efficient has any right of possession, custody or control, irrespective of whomsoever holds such property and assets, including all such property, insurance, and assets which Efficient carries or maintains, in order to obtain an adequate accounting of Efficient’s property, assets and liabilities; secure a marshaling of such property and assets; and to forthwith begin winding up and liquidating the business and affairs of Efficient in accord with the provisions of Financial Code Sections 17635 through 17654, and for said order appointing such receiver to further provide that:

(1) The receiver prior to entry upon the duties described herein, take an oath to faithfully perform the duties of a receiver and to observe all of the instructions of this Court;

(2) The receiver is authorized, empowered and directed:

(a) To review, observe, discover and make notes regarding all the real and personal property, premises and other assets of, or in the possession of Efficient, where ever situated,

including all accounts of Efficient in financial depositary institutions, and of any other property in which Efficient has an interest regardless by whom it may be held on an ongoing basis pursuant to this Court's order;

(b) To undertake an independent review into the financial condition, other affairs and transactions of Efficient and render a report within 90 days or how ever long the Court orders reflecting the existence and value of all assets and property subject to the review, observation and/or discovery by the receiver and of the extent of any liabilities, both those claimed by others to exist and those which the receiver believes to be the legal obligations of Efficient, including a review of any possible conflicts of interest and any further information the receiver believes may assist in an equitable disposition of this matter, and to include in its report the receiver's opinion regarding the ability of Efficient to meet its obligations as they come due, and his recommendation regarding the necessity for, and the best method of handling, preserving or disposing of such property and/or assets;

(c) To retain and employ the Law Firm of Ervin Cohen & Jessup LLP to assist and advice and represent the receiver in the performance of his duties and responsibilities and such other attorneys as the Court may approve upon written application of the receiver;

(d) To retain and employ LoBuglio & Sigman, CPA's, his accountants, and such other persons, clerical and professional, to perform such tasks as may be necessary to aid the receiver in the performance of his duties and responsibilities;

(e) To be the sole signatory on all bank accounts of Efficient;

(f) To bring such proceedings as are necessary to enforce the provisions hereof;

(g) To bring such actions as are necessary to modify the provisions hereof;

(h) To make such payments and disbursements from the funds so taken into custody, control, and possession of the receiver or otherwise received by him, as may be necessary and advisable in discharging his duties as receiver;

(i) To carry on the lawful business activities of Efficient to preserve escrow party assets and to foreclose and/or actively seek and negotiate with potential buyers, assignees or other parties who may be interested in acquiring or purchasing real or personal property subject to court approval;

(j) To institute, prosecute, defend, compromise, intervene and become a party either in his own name or in the name of Efficient to such suits, actions, or proceedings as may be necessary for the protection, maintenance, recoupment, recovery, or preservation of the assets or property of Efficient and its escrow parties, with prior court approval; and

(k) To divert, take possession of and secure all mail of Efficient, in order to screen such mail, and to effect a change in the rights to use any and all post office boxes and other mail collection facilities used by Efficient.

B. For an order that the receiver is hereby vested with, and is authorized, directed, and empowered to exercise, all of the powers of Efficient's officers and directors or persons who exercise similar powers and perform similar duties, whose authority are hereby suspended; and Efficient's officers, agents, employees, representatives, directors, successors in interest, attorneys in fact and all persons acting in concert or participating with them, are hereby divested of, restrained and barred from exercising any of the powers herein vested in this receiver.

C. For an order permitting any local, state or federal law enforcement and regulatory agency having jurisdiction over matters relating to Efficient's business to review, without exception, all reports of the receiver and all books, records, and files of Efficient at any time during normal business hours, and to make any abstract or copies of said documents as it desires.

D. For an order directing that Efficient and its respective officers, directors, agents, servants, employees, successors, assigns, affiliates, and other persons or entities under their control and all persons or entities in active concert or participation with them, and each of them, shall turn over to the receiver records, documentation, charts and/or descriptive material of all funds, assets, property owned beneficially or otherwise, and all other assets of Efficient wherever situated, and all books and records of accounts, title documents and other documents in their possession or under their control, which relate, directly or indirectly, to assets or property of Efficient or belonging to its escrow parties, now held by Efficient or any of them or to the business or operations of Efficient or each of them.

E. For an order that this Court will retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein or to entertain any

suitable application or motion by Petitioner and/or receiver for additional relief or modification of any order made herein within the jurisdiction of this Court.

F. For an order that, except by leave of court, and during the pendency of this Receivership, all parties to escrows held by Efficient, creditors, and any other persons seeking relief of any kind, in law or in equity, from Efficient, and all others acting on behalf of any such escrow parties, creditors or other persons including sheriffs, marshals, servants, agents and employees are restrained from:

(1) commencing, prosecuting, continuing or enforcing any suit or proceeding;

(2) executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any property owned or in the possession of Efficient or its affiliates, or the receiver appointed herein, where ever situated;

(3) commencing or continuing judicial or non-judicial foreclosure proceedings or proceedings for the appointment of a receiver of any property owned or claimed by Efficient;

(4) creating, perfecting, or enforcing any lien or encumbrance against any real or personal property;

(5) accelerating the due date of any obligation or claimed obligation;

(6) exercising any right of set-off;

(7) taking, retaining, retaking or attempting to retake possession of any real or personal property;

(8) withholding or diverting any rent or other obligation;

(9) doing any act or other thing whatsoever to interfere with the possession of or management by the receiver herein and of the property and assets, owned or controlled by Efficient or in the possession of Efficient or to in any way interfere with said receiver or to interfere in any manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over Efficient.

G. For an order that any and all provisions of any agreement entered into by and between any third party and Efficient, including, by way of illustration, but not limited to, the following types

of agreements (as well as any amendments, assignments, or modifications thereto): financial guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust, mortgages, indemnification agreements, subrogation agreements, subordination agreements, pledge agreements, assignments of rents or other collateral, letters of credit, leases, insurance policies, guaranties, escrow agreements, management agreements, real estate brokerage and rental agreements, servicing agreements, attornment agreements, consulting agreements, easement agreements, license agreements, franchise agreements, or employment contracts that provide in any manner that selection, appointment or retention of a receiver or trustee by any court, or entry of an order such as hereby made, shall be deemed to be, or otherwise operate as a breach, violation, event of default, termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation, shall be stayed, and the assertion of any and all rights and remedies relating thereto shall also be stayed and barred, except as otherwise ordered by the Court, and the Court shall retain jurisdiction over any cause of action that has arisen or may otherwise arise under any such provision.

H. For an order that at such time as the financial condition of Efficient, including the trust fund status, has been ascertained by the receiver and at such time as the assets and trust funds have been marshaled and all liabilities have been determined, the receiver shall file an application with the Court for disposition of such assets and trust funds. The application shall propose in detail the winding up and liquidation of Efficient and the distribution of assets and trust funds. If necessary, the receiver shall be authorized to propose and carry out a partial liquidation and distribution; retaining such funds pending final distribution as are necessary to finance any pertinent litigation or the remaining operation of the receivership.

I. For an order that the receiver shall be paid an hourly rate of $475.00 for his services and shall be entitled to reimbursement for usual and customary expenses, including out of pocket expenditures on behalf of the receivership estate, which shall be paid from surety bond proceeds, if any, and then if insufficient, from the trust funds, and that the State of California shall have no liability whatsoever for any costs, fees and/or out pocket expenses that may result from such receivership. The receiver and any professional hired by him shall make application to this Court on a monthly basis for payment of reasonable fees and expenses incurred by the receiver or such

professional, and shall be entitled to payment of said fees and expenses on account as hereinafter provided, including payment of all reasonable fees and expenses incurred by the receiver in his capacity as conservator or any professional rendering services during the conservatorship from the date of appointment as conservator through to the date of appointment as receiver, and shall be entitled to payment of said conservator fees and expenses on account as hereinafter provided. Copies of such applications to the Court shall be promptly served on all attorneys of record for parties in this action, who shall have ten (10) calendar days following the filing and service of such application to file any objections thereto with the Court, and serve any such objections by facsimile and mail on the receiver. If no objections are filed with the Court and served within the ten (10) calendar day period, the receiver shall thereupon draw funds from the receivership estate sufficient to pay one-hundred percent (100%) of out-of-pocket expenses and seventy-five percent (75%) of such fees, including all professional fees, and other expenses such as in office copying and facsimile charges, without further order of the Court. To the extent the fees and costs requested relate to the Conservator's or his professional's fees and expenses, one-hundred percent (100%) of said fees and expenses shall be paid. If any objections are filed, the receiver may draw funds from the receivership estate sufficient to pay any amounts as to which there are no objections, and the Court will conduct a hearing on any objections upon motion of the receiver or the objecting party. At such hearing, the compensation of the receiver or other professional making application, as well as allowable disbursements and expenses, will be determined by the Court, and the receiver will be directed to draw funds from the receivership estate to pay one-hundred percent (100%) and seventy-five percent (75%), respectively, of the amounts so determined by the Court. Notwithstanding such interim monthly payments of fees and expenses, all fees and expenses shall be submitted to the Court for its approval by a properly noticed request for fees, stipulation of all parties or the receiver's Final Account and Report. Upon approval of the fees and expenses of the receiver or other professional, any hold back amounts still due and owing to the receiver or other professional shall be paid from the receivership estate.

J. For an order prohibiting the disbursement of Efficient's trust funds until a reconciliation of Efficient's trust account has been completed and the Petitioner has approved the reconciliation of which said approval shall not be unreasonably withheld, except to pay the costs and

expenses of the receivership as provided for in paragraph I. above.

K. For an order that the receiver be required to file a bond with the Court in this matter in the amount of $10,000.00.

Dated: March 25, 2013
Los Angeles, California

JAN LYNN OWEN
Commissioner of Corporations

By_____
JUDY L. HARTLEY
Attorney for Petitioner,
Commissioner of Corporations