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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, Complainant, vs. EFFICIENT SERVICES ESCROW GROUP, Respondent.	File No. 963-2549 ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT TO FINANCIAL CODE SECTION 17415

TO: EFFICIENT SERVICES ESCROW GROUP
19671 Beach Boulevard, Suite 207
Huntington Beach, California 92648

FIRST FOUNDATION BANK
18101 Von Karman Avenue, Suite 750
Irvine, California 92612

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

1. On or about February 25, 2013, the Commissioner received information from Escrow Agent's Fidelity Corporation ("EAFC"), the fidelity insurer for the independent escrow industry, that Respondent Efficient Services Escrow Group ("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, the Commissioner, by and through staff, commenced a special examination

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of the books and records of Efficient on or about February 26, 2013.

2. 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 when someone "hacked" into a computer of Efficient and thereafter caused monies on deposit in the trust accounts of Efficient to be wired out of the country. The respective dates and amounts of the 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.

3. At the time the unauthorized wires occurred in January, 2013, Efficient was in violation of California Code of Regulations, title 10, section 1732.2(a)(3), which requires 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.

4. 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. The Department of Corporations' examiner discussed the violations of the Escrow Law with respect to the maintenance of proper books and records with Efficient during an exit conference. Efficient had been previously warned during its regulatory examination in 2009 regarding its then failure to maintain proper books and records.

5. Based upon the findings of the special examination, on or about February 26, 2013, the Commissioner 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 has failed to cure the shortage and continues in its failure to cure the trust account shortage.

Based upon the foregoing, Efficient is conducting escrow business in such an unsafe and injurious manner as to render further operations hazardous to the public or to customers.

NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING THEREFORE, it is hereby ORDERED, under the provisions of section 17415 of the Financial Code, that Efficient Services Escrow Group and any person having in his or her possession any escrow

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funds or trust funds immediately discontinue the receipt or disbursement of any escrow or joint control money, documents or other property in its possession, custody or control.

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 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 operations. 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 is the subject of an order for relief in bankruptcy, or pursuant to Chapter 6 (commencing with Section 17621) of this division the commissioner has assumed possession of the escrow agent.
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> (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: February 28, 2013
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Corporations

By_____
Mary Ann Smith
Deputy Commissioner
Enforcement Division

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