PRESTON DuFAUCHARD
California Corporations Commissioner
ALAN S. WEINGER
Deputy Commissioner
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DEPARTMENT OF CORPORATIONS
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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, v. DIVERSITY ESCROW, INC., Respondent.	File No.: 963-2596 **ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT TO FINANCIAL CODE SECTION 17415**

TO: DIVERSITY ESCROW, INC.
17037 Chastsworth Street, Suite 101
Granada Hills, California 91345

CITY NATIONAL BANK
5601 East Slauson Avenue
City of Commerce, California 90040

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

1. The California Department of Corporations ("Department") commenced a special examination of Diversity Escrow Inc. ("Diversity"), which resulted in the following findings:

A. The Department's examiner found that Diversity had issued a post-dated check in the amount of $300,000.00, without written authorization from the parties to the escrow and without

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having received the seller's funds, which resulted in a trust account shortage, in violation of section 17414, subdivision (a)(1) of the Financial Code and California Code of Regulations, title 10, sections 1738, 1738.1 and 1738.2;

B. Diversity had failed to prepare its daily banking and trust reconciliations in violation of Financial Code section 17404 and California Code of Regulations, title 10, section 1732.2. Diversity's last prepared daily banking report was on February 2, 2011 and the last prepared trust banking reconciliation was in July 2010;

C. Pursuant to Financial Code section 17210, all licensees under the California Escrow Law (Fin. Code, §§ 17000 et seq.) ("Escrow Law") are required to maintain, at all times, liquid assets in the amount of at least $25,000.00 and a tangible net worth of at least $50,000.00. The special examination disclosed that as of January 31, 2011, Diversity had a liquid asset deficiency in the amount of at least $12,998.77 and a tangible net worth deficiency of at least $19,354.71 in violation of Financial Code section 17210.

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

NOW, BASED UPON THE FOREGING, AND GOOD CAUSE APPEARING THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that Diversity Escrow, Inc. and any person having in his or her possession any escrow or trust funds or general account funds to discontinue immediately the receipt or disbursement of any such funds, 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.

Financial Code section 17415 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

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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.

(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 or service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

DATED: July 5, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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