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**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

**TO:** Auctionstrader.net  
Charlottenstrasse 65  
Berlin, 10117, Germany

Auctionstrader.net  
C. Arzobispo Morcillo 14, 2d  
Madrid, 28007, Spain

Torre Angelo  
Mainstrasse 5  
Mannheim, 68167, Germany

**DESIST AND REFRAIN ORDER**  
**(For violations of sections 17200, 17210.2 and 17403 of the California Financial Code)**

The California Corporations Commissioner finds that:

1. Auctionstrader.net and Torre Angelo have engaged in the business of an escrow agent by advertising escrow services over the internet at [www.auctionstrader.net](http://www.auctionstrader.net) from on or about March 15, 2004, to the present as follows:

a) Auctionstrader.net represents on its website that the process works as follows: The buyer and seller agree to the terms of a transaction. The buyer then sends payment to Auctionstrader.net, and Auctionstrader.net verifies the funds are good. Auctionstrader.net authorizes the seller to ship the goods, and verifies that the buyer receives the goods. The buyer decides whether to accept or return the goods before the inspection period expires. If the buyer accepts the goods, Auctionstrader.net pays the seller.

1                   b) Auctionstrader.net claims on its website that its process protects both buyers and  
2 sellers from fraud with this five-step process.

3                   c) Auctionstrader.net and Torre Angelo have represented themselves to be an  
4 independent escrow company based in Berlin, Germany, operated by Auctionstrader, Inc., “a licensed  
5 and accredited escrow company that operates in compliance with currently applicable escrow  
6 regulations.”

7                   d) Auctionstrader.net and Torre Angelo have further represented themselves to be  
8 licensed escrow agents by disseminating e-mail claiming that the company is a branch of Dynamic  
9 Escrow, Inc., located at 16177 Brookhurst Street, Fountain Valley, California, 92708, with  
10 Department of Corporations escrow agents’ license number 963-1863.

11                   e) Although the Department of Corporations issued escrow agents’ license number  
12 963-1863 to Dynamic Escrow, Inc., at the above-listed Fountain Valley address, neither  
13 Auctionstrader.net nor Torre Angelo is affiliated with Dynamic Escrow, Inc. Moreover, Dynamic  
14 Escrow, Inc., does not process escrows involving personal property over the Internet.

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16                   2. Auctionstrader.net and Torre Angelo have disseminated or caused to be disseminated false,  
17 misleading and/or deceptive representations which falsely state that Auctionstrader.net has an “active  
18 and efficient collaboration with the IFCC (Internet Fraud Complaint Center).”

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20                   3. Neither Auctionstrader.net nor Torre Angelo has been issued a license from the  
21 Commissioner authorizing them to conduct business as an escrow agent, as required by California  
22 Financial Code section 17200.

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24                   4. Neither Auctionstrader.net nor Torre Angelo are exempt from the licensing requirements  
25 of Section 17200.

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27                   5. Neither Auctionstrader.net nor Torre Angelo has been issued a license from the  
28 Commissioner authorizing them to use words indicating that they are in the escrow business, as

1 required by California Financial Code section 17403.

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3 6. Neither Auctionstrader.net nor Torre Angelo are affiliated in any way with the IFCC.

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5 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that  
6 Auctionstrader.net and Torre Angelo and their officers directors, partners, agents, employees and/or  
7 servants are in violation of California Financial Code sections 17200, 17210.2(a) and 17403(a).  
8 Pursuant to California Financial Code section 17416, Auctionstrader.net and Torre Angelo are hereby  
9 ordered to desist and refrain from engaging in the business of receiving escrows for deposit or  
10 delivery without first obtaining a license from the Commissioner. Pursuant to California Financial  
11 Code section 17403(b), Auctionstrader.net and Torre Angelo are further ordered to immediately  
12 desist and refrain from issuing, circulating, or publishing any advertisement by means of any  
13 communication, including any website, or making use of or circulating any letterheads, billheads,  
14 blank notes, blank receipts, blank escrow instructions, certificates, circulars, or any written or printed  
15 paper containing any fictitious or corporate name or other words indicating that they are in the  
16 escrow business. Pursuant to California Financial Code section 17210.2(c), Auctionstrader.net and  
17 Torre Angelo are further ordered to immediately desist and refrain from disseminating, or causing or  
18 permitting to be disseminated, in any manner whatsoever, any statement or representation which is  
19 false, misleading, or deceptive, or which omits to state material information, or which refers to the  
20 supervision of that agent by the State of California or any department or official thereof.  
21 Auctionstrader.net and Torre Angelo are further ordered to immediately desist and refrain from  
22 disseminating or causing or permitting to be disseminated, in any manner whatsoever, any statement  
23 or representation that Auctionstrader.net is in any manner associated with the IFCC.

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1 This Order is necessary, in the public interest, for the protection of investors and consistent with the  
2 purposes, policies and provisions of the California Escrow Law. This order shall remain in full force  
3 and effect until further order of the California Corporations Commissioner.

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Dated: June 17, 2004  
Sacramento, California

WILLIAM P. WOOD  
California Corporations Commissioner

By: \_\_\_\_\_  
VIRGINIA JO DUNLAP  
Deputy Commissioner  
Enforcement and Legal Services