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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
9 OF THE STATE OF CALIFORNIA  
10

11 In the Matter of THE CALIFORNIA )  
COMMISSIONER OF BUSINESS )  
12 OVERSIGHT, )

FILE NO. 963-2640

13 Complainant, )

**ORDER TO DISCONTINUE ESCROW  
ACTIVITIES UNDER FINANCIAL  
CODE SECTION 17415**

14 v. )

15 23/7 ESCROW, INC. )

16 Respondent. )  
17 )  
18 )  
19 )  
20 )

21 TO: 23/7 ESCROW, INC.  
22 111 South Illinois Street  
23 Anaheim, California 92805  
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1 THE CALIFORNIA COMMISSIONER OF THE BUSINESS OVERSIGHT FINDS THAT:

2 1. 23/7 Escrow, Inc. (“23/7”) is an escrow agent licensed by the California  
3 Commissioner of Business Oversight (“Commissioner”) under the provisions of the Escrow Law of  
4 the State of California (Fin. Code, § 17000 et seq.) (“Escrow Law”). 23/7 has its principal place of  
5 business located at 111 South Illinois Street, Anaheim, California.

6 2. 23/7 received its escrow agent’s license from the Commissioner on or about October  
7 21, 2011.

8 3. 23/7 has refused to submit its books, papers, and affairs to the Commissioner for  
9 inspection in violation of Financial Code section 17405 and California Code of Regulations, title 10,  
10 section 1730, as follows:

11 A. On or about March 10, 2014, the Department of Business Oversight (“Department”)  
12 issued a demand letter to Theresa Davies (“Davies”), president of 23/7. In the demand letter, the  
13 Department requested 23/7’s trust account reconciliations from January 2013 through December  
14 2013; month-end reports from January 2013 through December 2013; current financial statements  
15 (including balance sheet and income statements of the general account as of December 31, 2013);  
16 general ledgers; and bank reconciliations from January 2013 to December 2013. The Department  
17 warned Davies in its demand letter that 23/7’s failure to provide its escrow books and records by 9:00  
18 a.m. on March 19 would result in an administrative action referral.

19 B. On or about March 19, 2014, the Department’s examiner arrived at the licensed  
20 location at the appointed time to receive the items demanded by the Department in its March 10  
21 letter. The examiner was told by a 23/7 employee that the books and records were not available for  
22 inspection and that Davies would not be in the office that day. To date, 23/7 has failed to provide the  
23 Commissioner with the books and records she had requested in her March 10 demand letter.

24 C. Given 23/7’s refusal to grant the Department access to its books and records, the  
25 Commissioner is presently unable to determine the condition of the trust account, *i.e.*, whether or not  
26 there are trust account shortages and/or whether 23/7 presently meets the tangible net worth and  
27 liquid asset requirements set forth in Financial Code section 17210.5.

28 4. 23/7 has failed to maintain its books and records in accordance with the Escrow Law:

1           A.       23/7 is not maintaining its books and records in a manner that allows the  
2 Commissioner to determine compliance with the Escrow Law in (Fin. Code, § 17000 et seq.) in  
3 violation of Financial Code section 17404 and California Code of Regulations, title 10, section 1730.  
4 23/7 has not properly reconciled the trust account since first having received its escrow agent's  
5 license on or about October 21, 2011. The Department attempted to conduct a regulatory examination  
6 of the business commencing on or about November 5, 2012, but found that 23/7 had not reconciled  
7 its trust account and did not maintain an escrow trial balance or escrow ledgers as required by the  
8 Escrow Law. While 23/7 did maintain a manual control during that period, the accountant hired by  
9 23/7 to reconcile the trust account failed to perform the reconciliation. The Department has made  
10 multiple demands on 23/7 to provide its current books and records but 23/7 continues to fail to  
11 comply with the Commissioner's demands.

12           B.       Annual audit reports are a critical tool in assessing the financial health and well-being  
13 of escrow agents operating within the State of California. Under Financial Code section 17406  
14 licensees are required to file an annual audit report within 105 days after the close of their fiscal year.  
15 23/7's fiscal year-end is August 31st. 23/7 has failed to submit its annual audit reports for its past two  
16 fiscal years, August 31, 2012 and August 31, 2013, in violation of 17406.

17           Based upon the foregoing, 23/7 is conducting its escrow business in such an unsafe and  
18 injurious manner as to render further operations hazardous to the public or to customers.

19           **NOW, BASED UPON THE FOREGOING, AND GOOD CAUSE APPEARING**  
20 **THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that**  
21 **23/7 Escrow, Inc. immediately discontinue acceptance of any new escrow or joint control business,**  
22 **and of money, documents, or other property in connection therewith.**

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

24           Financial Code section 17415 provides as follows:

25                   (a) If the commissioner, as a result of any examination or from any  
26                   report made to him or her, shall find that any person subject to this  
27                   division is in an insolvent condition, is conducting escrow business in  
28                   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 by 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: March 24, 2014  
Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By: \_\_\_\_\_  
Mary Ann Smith  
Deputy Commissioner