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6 Attorneys for Complainant

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

10
11 In the Matter of the Accusation of THE) File No.: 963-2431
12 COMMISSIONER OF BUSINESS)
OVERSIGHT,) ACCUSATION
13)
Complainant,)
14)
vs.)
15)
16 BLUE DIAMOND ESCROW, INC.,)
Respondent.)
17)
18)
19)

20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I

23 Respondent Blue Diamond Escrow, Inc. (“Blue Diamond”) is an escrow agent licensed by
24 the Commissioner of Business Oversight ("Commissioner" or "Complainant") pursuant to the
25 Escrow Law of the State of California (California Financial Code Section 17000 et seq.). Blue
26 Diamond has its principal place of business located at 2900 Adams Street, Suite A-435, Riverside,
27 California 92504.
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1 Aimee Quigley (“Quigley”) was at all times relevant herein the president and sole
2 shareholder of Blue Diamond.

3 II

4 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
5 file an annual audit report containing audited financial statements (“audit report”) within one
6 hundred and five (105) days after the close of their fiscal year. Blue Diamond’s fiscal year end is
7 December 31. Accordingly, Blue Diamond was required to file its audit report for the fiscal year
8 end December 31, 2012 (“2012 audit report”) on or before April 15, 2013.

9 On or about November 5, 2012, the Commissioner notified Blue Diamond in writing that its
10 2012 audit report was due April 15, 2013. Blue Diamond failed to file the 2012 audit report by April
11 15, 2013.

12 On or about April 25, 2013, a follow up letter was sent to Blue Diamond concerning its
13 failure to file the 2012 audit report. Blue Diamond was notified in the letter that failure to file to the
14 2012 audit report could result in assessment of penalties, a special examination and/or administrative
15 action.

16 On or about November 4, 2013, the Commissioner notified Blue Diamond in writing that its
17 audit report for the fiscal year end December 31, 2013 (“2013 audit report”) was due on April 15,
18 2014. Blue Diamond failed to file the 2013 audit report by April 15, 2014.

19 On or about May 2, 2014, a follow up letter was sent to Blue Diamond concerning its failure
20 to file the 2013 audit report. Blue Diamond was notified in the letter that failure to file to the 2013
21 audit report could result in assessment of penalties, a special examination and/or administrative
22 action.

23 Blue Diamond has yet to file its 2012 and 2013 audit reports as required by Financial Code
24 section 17406.

25 III

26 Pursuant to Financial Code section 17202, all licensees under the Escrow Law are required to
27 maintain a surety bond of \$25,000, \$35,000, or \$50,000 depending upon the prior year’s average
28 escrow trust fund obligations. Blue Diamond had a surety bond in the amount of \$50,000. Blue

1 Diamond’s surety bond expired on April 19, 2013 and no replacement was obtained by Blue
2 Diamond.

3 On or about April 22, 2013, the Commissioner issued an Order to Discontinue Escrow
4 Activities to Blue Diamond pursuant to Financial Code section 17202 for failure to maintain the
5 required surety bond. This Order was served on Blue Diamond by way of certified, return receipt
6 mail at its licensed location on or about April 24, 2013.

7 Blue Diamond has yet to obtain a replacement surety bond in violation of Financial Code
8 section 17202.

9 IV

10 Pursuant to Financial Code section 17348, all licensees under the Escrow Law are required to
11 file two escrow liability reports (“liability reports”) with the Commissioner no later than February 15
12 of each year for the prior calendar year. One liability report requires escrow agent licensees to list
13 escrow liability for all transactions covered by Escrow Agent’s Fidelity Corporation (“EAFC”). The
14 second liability report requires escrow agent licensees to list escrow liability for all non EAFC
15 transactions.

16 In or about early January 2014, a package for reporting escrow liabilities by February 15,
17 2014 was sent to Blue Diamond. Blue Diamond failed to file the liability reports by February 15,
18 2014.

19 On or about March 17, 2014, a follow up letter was sent to Blue Diamond concerning its
20 failure to file the 2013 liability reports. Blue Diamond was notified in the letter that failure to file to
21 the 2013 liability reports could result in an examiner being dispatched to the company to collect the
22 information and that Blue Diamond would be billed for the examiner’s visit.

23 Blue Diamond has yet to file its 2013 liability reports as required by Financial Code section
24 17348.

25 V

26 On or about April 10, 2014, as a result of Blue Diamond’s failure to file its 2013 liability
27 reports as described in Section IV above, a Department of Business Oversight (“Department”)
28 examiner was assigned to visit Blue Diamond to collect the information necessary for the liability

1 reports. On or about April 11, 2014, a Department examiner went to the licensed location of Blue
2 Diamond only to find that the premises were vacant and the telephone number had been
3 disconnected. Financial Code section 17213.1 requires licensees under the Escrow Law to notify the
4 Commissioner at least thirty (30) days in advance before removing its business from the licensed
5 location. Blue Diamond has yet to notify the Commissioner as to its current location.

6 VI

7 Pursuant to Financial Code Section 17207, on or before June 30 of each year, all licensees
8 under the Escrow Law are required to pay an annual assessment in the amount fixed and noticed by
9 the Commissioner on or before May 30 in accordance with Financial Code section 17207.

10 On or about May 30, 2013, the Commissioner notified Blue Diamond by invoice number
11 ES0080 that the amount of the annual assessment for 2013 was \$2,800 and that it was due on or
12 before June 30, 2013. Blue Diamond has yet to pay its 2013 annual assessment that was due no later
13 than June 30, 2013.

14 On or about May 30, 2014, the Commissioner notified Blue Diamond by invoice number
15 ES0090 that the amount of the annual assessment for 2014 was \$2,800 and that it was due on or
16 before June 30, 2014. Blue Diamond has yet to pay its 2014 annual assessment that was due no later
17 than June 30, 2014.

18 VII

19 California Financial Code section 17608 provides in pertinent part:

20 The commissioner may, after notice and a reasonable opportunity to
21 be heard, suspend or revoke any license if he finds that:

22 (b) The licensee has violated any provision of this division or any
23 rule made by the commissioner under and within the authority of this
24 division.

24 VIII

25 Complainant finds that, by reason of the foregoing, Respondent Blue Diamond Escrow, Inc.
26 has violated Financial Code sections 17202, 17207, 17213.1, 17348, and 17406 and it is in the best
27 interests of the public to revoke the escrow agent's license of Respondent Blue Diamond Escrow,
28 Inc.

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WHEREFORE, IT IS PRAYED that the escrow agent’s license of Respondent Blue Diamond Escrow, Inc. be revoked.

Dated: October 8, 2014
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Corporations Counsel