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6 Attorneys for Complainant
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9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA
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12 In the Matter of THE COMMISSIONER OF) File No.: 963-0037
BUSINESS OVERSIGHT,)
13) DEMAND FOR AND ORDER TAKING
Complainant,) POSSESSION OF THE TRUST FUNDS AND
14) ESCROW RECORDS OF PIRON ESCROW,
vs.) INC. PURSUANT TO FINANCIAL CODE
15) SECTION 17621
16 BUILDERS CONTROL SERVICE CO.,)
17)
Respondent.)
18)
19)

20 TO: BUILDERS CONTROL SERVICE CO.
7447 n. Figueroa Street, Suite 305
Los Angeles, California 90041

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22 1ST ENTERPRISE BANK
818 W. 7th Street, Suite 220
23 Los Angeles, California 90017
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25 FARMERS AND MERCHANTS BANK
5101 Lakewood Boulevard
26 Lakewood, California 90712
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1 PACIFIC CITY BANK
2 3701 Wilshire Boulevard, Suite 401
3 Los Angeles, California 90010

4 BANC OF CALIFORNIA fka
5 PRIVATE BANK OF CALIFORNIA
6 1880 Century Park East, Suite 104
7 Los Angeles, CA 90067

8 CITIZENS BUSINESS BANK
9 1010 East Colorado Blvd.
10 Pasadena, California 91106

11 WHEREAS, Jan Lynn Owen, the Commissioner of Business Oversight ("Commissioner"),
12 has found that Builders Control Service Co. ("Builders Control" or "Respondent"), a joint control
13 agent subject to the Escrow Law (Fin. Code, § 17000 et seq.), is unable to remedy certain conditions
14 set forth in the Notice and Summary of Findings Pursuant to Financial Code section 17621 issued by
15 the Commissioner on March 11, 2014; and

16 WHEREAS, Respondent is conducting its escrow business in an unsafe, injurious and
17 unauthorized manner, so as to render further operations hazardous to the public or to customers in
18 that Respondent:

19 (a) has violated Financial Code section 17423(c) by allowing its president, Joseph E.
20 Cochran ("Cochran"), to continue to sign on the trust account(s) after Cochran was personally served
21 with bar pleadings, which pursuant to Financial Code section 17423(c) prohibited Cochran from
22 further processing any escrow or joint control transactions or signing on any trust accounts during
23 the pendency of the action;

24 (b) has commingled at least \$2,334,782.89 in trust funds with the funds of its parent
25 company Insurance/Surety Services, Inc. in violation of Financial Code section 17409, which
26 commingling occurred by and through Cochran after Cochran was prohibited from signing on the
27 trust account(s) pursuant to Financial Code section 17423(c);

28 (c) by commingling trust funds with the funds of Insurance/Surety Services, Inc., has
caused a shortage to exist in numerous trust accounts in an unknown amount, but possibly
\$2,334,782.89 in violation of California Code of Regulations, title 10, section 1738.1;

1 (d) has failed to comply with the Commissioner’s written demand issued on or about
2 March 11, 2014 to return the trust funds it had transferred to its parent;

3 (e) has failed to reconcile the trust accounts since November 30, 2013 in violation of
4 Financial Code section 17404 and California Code of Regulations, title 10, section 1732.2; and

5 (f) has failed to grant the Commissioner access to its books and records in violation of
6 Financial Code section 17405.

7 NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the
8 Commissioner, effective this date, hereby demands and takes possession of the trust funds of
9 Builders Control Service Co., whether in the name of Builders Control Service Co., Insurance/Surety
10 Services, Inc. or otherwise and any indemnity funds paid or to be paid by Escrow Agents’ Fidelity
11 Corporation, and all bank and escrow records pertinent thereto, and will retain possession thereof
12 until the Commissioner appoints a conservator, or until its affairs are finally liquidated as provided
13 for in Division 6, Chapter 6 of the Financial Code, or it resumes business with the consent and upon
14 such conditions as the Commissioner may prescribe.

15 This Demand For and Order Taking Possession is effective as of the date hereof.

16 March 11, 2014
17 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

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19 By _____
20 Mary Ann Smith
21 Deputy Commissioner
22 Enforcement Division
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