

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 MIRANDA LEKANDER (BAR NO. 210082)
Senior Corporations Counsel
4 DEPARTMENT OF BUSINESS OVERSIGHT
1515 K Street, Suite 200
5 Sacramento, California 95814
Telephone: (916) 322-8730 Fax: (916) 445-6985
6 Attorneys for Complainant

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

11 In the Matter of THE COMMISSIONER OF) File No.: 963-0108
BUSINESS OVERSIGHT,)
12)
13 Complainant,) **ORDER TO DISCONTINUE ESCROW**
14 v.) **ACTIVITIES PURSUANT TO FINANCIAL**
15 EXECUTIVE ESCROW COMPANY,) **CODE SECTION 17415**
16 Respondent.)
17)
18)

19 TO: EXECUTIVE ESCROW COMPANY
20 115 South El Camino Real
21 San Clemente, California 92672

22 THE COMMISSIONER OF THE CALIFORNIA DEPARTMENT OF BUSINESS
23 OVERSIGHT (“DEPARTMENT”) FINDS THAT:

24 A. Executive Escrow Company has failed to maintain, at all times, liquid assets in the
25 amount of at least \$25,000.00 and a tangible net worth of at least \$50,000.00, as required by
26 Financial Code section 17210 under the California Escrow Law (Fin. Code, §§ 17000 *et seq.*)
27 (“Escrow Law”).

28 B. A regulatory examination commenced by the Department on December 4, 2012

1 disclosed that for the period ending September 30, 2012, Executive Escrow Company had a liquid
2 asset deficiency in the amount of at least \$19,662.60 and a tangible net worth deficiency of at least
3 \$164,554.28 in violation of Financial Code section 17210.

4 C. On or about March 11, 2013, the Commissioner made written demand upon Executive
5 Escrow Company to provide proof of correction of the liquid asset and tangible net worth
6 deficiencies within 30 days of the date of the letter. Executive Escrow Company failed to provide
7 evidence that it had cured the deficiencies.

8 D. The Department's subsequent review of the Annual Report of Executive Escrow
9 Company for the period ended September 30, 2013 disclosed a liquid asset deficiency in the amount
10 of at least \$21,381.62 and a tangible net worth deficiency of at least \$164,554.28 in violation of
11 Financial Code section 17210.

12 E. On or about May 13, 2014, the Commissioner made another written demand upon
13 Executive Escrow Company to provide proof of correction of the liquid asset and tangible net worth
14 deficiencies within 30 days of the date of the letter.

15 F. To date, Executive Escrow Company has failed and continues to fail to provide the
16 Commissioner evidence that it has cured the liquid asset and tangible net worth deficiencies, in
17 violation of Financial Code section 17210.

18 Based upon the foregoing, Executive Escrow Company is conducting its escrow business in
19 such an unsafe or injurious manner as to render further operations hazardous to the public or to
20 customers.

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

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

26 Financial Code section 17415 provides:

- 27 (a) If the commissioner, as a result of any examination or from any report
28 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

1 injurious manner as to render further operations hazardous to the public or to
2 customers, has failed to comply with the provisions of section 17212.1 or
3 17414.1, has permitted its tangible net worth to be lower than the minimum
4 required by law, has failed to maintain its liquid assets in excess of current
5 liabilities as set forth in Section 17210, or has failed to comply with the
6 bonding requirements of Chapter 2 (commencing with Section 17200) of this
7 division, the commissioner may, by an order addressed to and served by
8 registered or certified mail or personal service on such person and on any other
9 person having in his or her possession or control any escrowed funds, trust
10 funds or other property deposited in escrow with said person, direct
11 discontinuance of the disbursement of trust funds by the parties or any of them,
12 the receipt of trust funds, the delivery or recording of documents received in
13 escrow, or other business operations. No person having in his or her
14 possession any of these funds or documents shall be liable for failure to
15 comply with the order unless he or she has received written notice of the order.
16 Subject to subdivision (b), the order shall remain in effect until set aside by the
17 commissioner in whole or in part, the person is the subject of an order for relief
18 in bankruptcy, or pursuant to Chapter 6 (commencing with Section 17621) of
19 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).

20 DATED: September 24, 2014

Sacramento, California

JAN LYNN OWEN

Commissioner of Business Oversight

23 By _____

MARY ANN SMITH

Deputy Commissioner

Enforcement Division