

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
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Corporations Counsel  
4 DEPARTMENT OF CORPORATIONS  
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6 Attorneys for Complainant

8  
9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA

11 In the Matter of THE CALIFORNIA )  
CORPORATIONS COMMISSIONER, )

File No.: 963-2596

12 Complainant, )

**DEMAND FOR AND ORDER TAKING  
POSSESSION OF THE TRUST FUNDS AND  
ESCROW RECORDS OF DIVERSITY  
ESCROW, INC. PURSUANT TO  
FINANCIAL CODE SECTION 17621**

13 v. )

14 DIVERSITY ESCROW, INC., )

15 Respondent. )  
16 )  
17 )

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19 TO: DIVERSITY ESCROW, INC.  
17037 Chatsworth St., Suite 101  
20 Granada Hills, California 91345

21 CITY NATIONAL BANK  
22 5601 East Slauson Avenue  
City of Commerce, California 90040

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24 WHEREAS, Preston DuFauchard, the California Corporations Commissioner  
25 ("Commissioner"), has found that Diversity Escrow, Inc. ("Respondent" or, alternatively,  
26 "Diversity"), an escrow agent subject to the California Escrow Law (Fin. Code, §§ 17000 et seq.)  
27 ("Escrow Law"), is unable to remedy certain conditions set forth in the Notice and Summary of  
28 Findings Pursuant to section 17621 of the Financial Code issued by the Commissioner on July 18,

1 2011; and

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

5 (a) issued a post-dated check in the amount of \$300,000.00, without written authorization  
6 from the parties to the escrow and without having received the seller's funds, which resulted in a trust  
7 account shortage in violation of section 17414, subdivision (a)(1) of the Financial Code and  
8 California Code of Regulations, title 10, sections 1738, 1738.1 and 1738.2;

9 (b) failed to maintain its books and records in accordance with the Escrow Law by failing  
10 to prepare its daily banking and trust reconciliations in violation of Financial Code section 17404  
11 and title 10, section 1732.2 of the California Code of Regulations. Diversity's last prepared daily  
12 banking report was on February 2, 2011 and the last prepared trust account banking reconciliation  
13 was in July 2010;

14 (c) failed to meet the liquidity and tangible net worth requirements under the Escrow  
15 Law, Financial Code section 17210, in that as of January 31, 2011, Diversity had a liquid asset  
16 deficiency in the amount of at least \$12,998.77 and a tangible net worth deficiency of at least  
17 \$19,354.71; and

18 (d) abandoned its business.

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NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the Commissioner, effective this date, hereby demands and takes possession of the trust accounts of Diversity Escrow, Inc. and all bank and escrow records pertinent thereto and will retain possession thereof until the Commissioner appoints a conservator, or until its affairs are finally liquidated as provided for in Division 6, Chapter 6 of the Financial Code, or it resumes business with the consent and upon such conditions as the Commissioner may prescribe.

DATED: July 19, 2011  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner  
Enforcement Division