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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
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12 In the Matter of the Accusation of THE) Case No.: 963-2122
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
16 vs.)
17 SHIRAZ ESCROW, INC. and JAMSHID)
SARAJ,)
18)
19 Respondents.)

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 Shiraz Escrow, Inc. ("Shiraz") is, and was at all times relevant herein, an escrow
24 agent licensed by the California Corporations Commissioner ("Commissioner" or "Complainant")
25 pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 et
26 seq.). Shiraz has its principal place of business located at 6520 Platt Avenue, Suite 836, West Hills,
27 California 91307.
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1 Respondent Jamshid Saraj ("Saraj") was at all times relevant herein, the owner and president,
2 of Shiraz.

3 II

4 On July 5, 2006, the Commissioner commenced a regulatory examination of the books and
5 records of Shiraz. The regulatory examination disclosed that Shiraz had moved its escrow business
6 without prior notice to the Commissioner in violation of California Financial Code section 17213.1.
7 Additionally, it was discovered that Shiraz did not have a person stationed at its business location
8 that met the experience requirements of California Financial Code section 17200.8., but not before
9 Shiraz filed a false Summary of Personnel with the Commissioner indicating its approved manager
10 was still with Shiraz despite this manager having not been employed with Shiraz for several months.
11 The regulatory examination further revealed that Shiraz had failed to maintain books and records in
12 accordance with the Escrow Law as follows:

13 a. Shiraz had not reconciled its trust account since its licensure on January 26, 2005 in
14 violation of Financial Code Section 17404 and California Code of Regulations, title 10, sections
15 1732 and 1732.2.

16 b. Shiraz had failed to prepare monthly escrow liability reports since its licensure on
17 January 26, 2005 in violation of Financial Code Section 17404 and California Code of Regulations,
18 title 10, sections 1732 and 1732.2.

19 c. Shiraz had failed to prepare a manual control since its licensure on January 26, 2005
20 in violation of Financial Code Section 17404 and California Code of Regulations, title 10, sections
21 1732 and 1732.2.

22 The Commissioner has been unable to determine whether a shortage exists in the trust
23 account of Shiraz or whether Shiraz meets the tangible net worth and liquid asset requirements of the
24 Financial Code section 17210 due to the condition of the books and records.

25 As a result of the above-described violations and unsafe and injurious practices, the
26 Commissioner, on October 17, 2006, issued an Order To Discontinue Escrow Activities against
27 Shiraz pursuant to California Financial Code section 17415.

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III

California Financial Code section 17200.8 provides in relevant part:

Within the organization of each escrow agent corporation, either as an owner, officer, or employee, there shall be one or more persons possessing a minimum of five years of responsible escrow or joint control experience to be stationed at the main office of the corporation At least one such qualified person shall be stationed on duty at each business location licensed by this division during the time the location is open for business. . . .

California Financial Code section 17213.1 states in pertinent part:

(a) An escrow agent's business shall not be removed from the premises or address shown on the license without the prior approval of the commissioner, and notice of any intended change shall be transmitted to the commissioner not less than 30 days prior to the date of the intended change of location; . . .

California Financial Code section 17404 provides:

Every person subject to this division shall keep and use in its business, books, accounts, and records which will properly enable the commissioner to determine whether the escrow functions performed by such person comply with the provisions of this division and with all rules made by the commissioner under this division.

California Code of Regulations, title 10, section 1732 provides:

An escrow agent shall maintain its books, records and accounts in accordance with generally accepted accounting principles and good business practice.

California Code of Regulations, title 10, section 1732.2 provides:

An escrow agent shall establish and maintain currently the following books with reference to its escrow accounts:

- (a) Escrow ledger containing a separate ledger sheet for each escrow;
- (b) Escrow liability controlling account;
- (c) Cash receipt and disbursement journal or a file containing copies of all receipts and checks and/or check stubs of checks issued by the escrow agent as a medium of posting to the records referred to in subsections (a) and (b) in which case adding machine tapes of totals of receipts and checks shall be retained. The records referred to in subsections (a) and (b) shall be reconciled at least once each month with the bank statements of the "trust" or "escrow" account. The records referred to in subsection (a) shall be reconciled at least once each week with the liability controlling account referred to in subsection (b).

IV

Financial Code section 17608 provides in pertinent part:

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

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

(c) Any fact or condition exists which, if it had existed at the time of the original application for such license, reasonably would have warranted the commissioner in refusing originally to issue such license.

California Financial Code section 17209.3 provides in relevant part:

The commissioner may refuse to issue any license being applied for, and shall refuse to issue any license being applied for if upon the commissioner's examination and investigation, and after appropriate hearing, the commissioner finds any of the following:

(b) That any incorporator, officer, or director of the applicant has, within the last 10 years, been (1) convicted of or pleaded nolo contendere to a crime, or (2) committed any act involving dishonesty, fraud, or deceit, which crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with the provisions of this division.

(c) That there is no officer or manager possessing a minimum of five years of responsible escrow or joint control experience stationed or to be stationed at the main office of the corporation and that there is no officer, manager or employee possessing a minimum of four years of responsible escrow or joint control experience stationed or to be stationed at each branch.

(f) The applicant, any officer, director, general partner, or incorporator of the applicant, or any person owning or controlling, directly or indirectly, 10 percent or more of the outstanding equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a foreign jurisdiction.

California Financial Code section 17423 provides in pertinent part:

(a) The commissioner may, after appropriate notice and opportunity for hearing, by order, . . . bar from any position of employment, management, or control any escrow agent, or any other person, if the commissioner finds either of the following:

(1) That the . . . bar is in the public interest and that the person has

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committed or caused a violation of this division or rule or order of the commissioner, which violation was either known or should have been known by the person committing or causing it or has caused material damage to the escrow agent or to the public.

V

Complainant finds that, by reason of the foregoing, Respondents have violated California Financial Code sections 17200.8, 17213.1 and 17404 and sections 1732 and 1732.2 of title 10 of the California Code of Regulations and that a fact or condition now exists (act of dishonesty-false Summary of Personnel), that if it had existed at the time of original licensure, reasonably would have warranted the Commissioner in refusing to issue the license to Shiraz, and it is in the best interests of the public to revoke the escrow agent’s license of Respondent Shiraz, and to bar Respondent Saraj from any position of employment, management or control of any escrow agent.

WHEREFORE, IT IS PRAYED that the escrow agent’s license of Respondent Shiraz be revoked, and that Respondent Saraj be barred from any position of employment, management or control of any escrow agent.

Dated: October 17, 2006
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner



By _____
Judy L. Hartley
Senior Trial Counsel