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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

13 In the Matter of:) ESCROW LICENSE NO.: 963-2006

14)
15 THE COMMISSIONER OF FINANCIAL) ACCUSATION TO REVOKE ESCROW
PROTECTION AND INNOVATION,) AGENT’S LICENSE

16)
17) (Fin. Code, §§ 17608 and 17602.5)
18 Complainant,)

19 v.)

20 DRIVEN ESCROW SERVICES, INC.,)

21)
22 Respondent.)
23)

24 The Complainant, Commissioner of Financial Protection and Innovation, brings this action
25 in the public interest and alleges and charges as follows:

26 I.

27 **Introduction**

28 1. The Commissioner is authorized to administer and enforce the provisions of the

1 California Escrow Law (Escrow Law) (Fin. Code, § 17000 et seq.) and the rules and regulations
2 promulgated in title 10 of the California Code of Regulations (CCR).

3 2. At all relevant times, Driven Escrow Services, Inc. (Driven Escrow) was a licensed
4 escrow agent with its principal place of business located at 1940 W. Orangewood Avenue, Suite
5 110-3, Orange, California 92868.

6 3. At all relevant times, Anthony Baez (Baez) was the president, co-owner and control
7 person of Driven Escrow.

8 4. Under the provisions of Financial Code sections 17608 and 17602.5, the
9 Commissioner as head of the Department of Financial Protection and Innovation (DFPI) brings this
10 action to revoke the escrow agent’s license of Driven Escrow for:

- 11 a. Knowingly or recklessly directing or participating in activities that constitute theft
12 or fraud in escrow transactions, in violation of Financial Code section 17414,
13 subdivision (a)(1);
- 14 b. Knowingly or recklessly making unauthorized transfers of trust funds, causing a
15 total trust shortage of \$493,678.00, in violation of Financial Code section 17414,
16 subdivision (a)(1) and 10 CCR sections 1738 and 1738.2;
- 17 c. Conducting escrow business in such an unsafe or injurious manner as to render
18 further operations hazardous to the public or to customers, in violation of
19 Financial Code section 17415;
- 20 d. Issuing checks drawn on the trust account without sufficient credit balance to pay
21 the sellers’ proceeds, in violation of 10 CCR section 1741.2;
- 22 e. Failing to provide the Commissioner with complete books and records, and
23 escrow files necessary to complete the special and regulatory examinations, in
24 violation of Financial Code section 17405, subdivision (b);
- 25 f. Failing to file its 2022 annual audit report, in violation of Financial Code section
26 17406, subdivision (a);
- 27 g. Failing to file its 2022 annual escrow liability report, in violation of Financial
28 Code section 17348;

- 1 h. Failing to maintain general ledgers and to reconcile general bank account with
- 2 general bank account statement at least once a month, in violation of 10 CCR
- 3 section 1732.2;
- 4 i. Failing to meet liquid asset and tangible net worth requirements, in violation of
- 5 Financial Code section 17210, subdivision (a);
- 6 j. Failing to pay its 2022-2023 special assessment in the amount of \$1,000.00, in
- 7 violation of Financial Code section 17207, subdivision (h)(2); and
- 8 k. Closing its business and failing to submit a closing audit report performed by an
- 9 independent certified public accountant, in violation of Financial Code
- 10 section 17600.

11 **II.**

12 **Factual Background**

13 5. On January 24, 2023, the DFPI commenced a special examination of Driven Escrow
14 following notification of irregular transfers of trust funds from the company’s trust account to its
15 general operating account.

16 6. In connection with the examination, the DFPI requested that Driven Escrow produce
17 its books and records, including but not limited to, statements for its general and trust accounts, trust
18 account reconciliation reports, and daily transaction reports covering the period from July 2022
19 through February 2023. Driven Escrow failed to provide complete documentation in response to this
20 request.

21 **Fraud, Theft, Unauthorized Fund Transfers and Trust Account Shortages**

22 7. Preliminary findings indicated a trust account shortage totaling \$266,500.00,
23 comprised of unauthorized internal transfers of \$237,500.00 from the trust account to the general
24 account between October 3, 2022, and February 1, 2023, and two reconciling items resulting in debit
25 balances of \$29,000.00.

26 8. Trust account reconciliations and bank statements show that Baez ordered dozens of
27 Direct Debit Authorization (DDA) Debit Memos to transfer funds, as well as other fund transfers
28 from Driven Escrow’s trust account to its general account totaling \$237,500.00.

1 9. On February 6, 2023, the DFPI demanded Driven Escrow to cure the \$266,500.00
2 trust shortage and provide proof of cure.

3 10. On February 7, 2023, Baez provided the DFPI a copy of a check in the amount of
4 \$266,500.00 issued from The Breakfast Club, LLC (Breakfast Club) and deposited into Driven
5 Escrow’s trust account the same day. Baez was Breakfast Club’s managing member. The deposit
6 was reversed the next day, leaving the trust shortage unresolved.

7 11. On September 7, 2023, the DFPI requested records from 2022–2023, including
8 account statements and escrow files.

9 12. On or about September 19, 2023, Driven Escrow attempted to surrender its license
10 but submitted incomplete documentation.

11 13. Due to noncompliance, the DFPI obtained reconciliation reports and bank statements
12 from third-party sources.

13 14. These records revealed additional trust shortages totaling \$227,178.00 from March
14 24, 2023 to August 25, 2023, including \$226,478.00 in unauthorized transfers and two reconciling
15 items resulting in debit balances of \$700.00.

16 15. Between January 31 and August 29, 2023, Driven Escrow disbursed \$120,209.97 to
17 Anthony Baez and \$63,550.00 to his father, Mark Baez.

18 16. The total unresolved trust shortage was \$493,678.00, which was not cured by Baez or
19 Driven Escrow. As such, on May 24, 2024, the Commissioner took possession of Driven Escrow’s
20 trust account and appointed a conservator.

21 **Escrow Number 001862-LH**

22 17. A review of Escrow number 001862-LH shows the sellers were owed proceeds in the
23 total amount of \$645,685.05.

24 18. On September 1, 2023, Driven Escrow issued a check in the amount of \$645,685.05
25 (check number 6108) to the sellers. The seller tried to cash the check on September 5, 2023. Check
26 number 6108 was returned due to insufficient funds in Driven Escrow’s trust account.

27 19. Driven Escrow’s trust account had a negative balance as of September 5, 2023.

28 20. Check number 6108 was cancelled, and Driven Escrow issued check number 6124 in

1 the amount of \$645,715.05 (\$645,685.05 + \$30 cancelled check fee) to the sellers. The sellers tried
2 to cash check number 6124 in the amount of \$645,715.05 on September 11, 2023. Check number
3 6124 also was not processed due to insufficient funds in Driven Escrow’s trust account.

4 21. Driven Escrow had a negative balance of \$135,760.56 in its trust account as of
5 September 11, 2023.

6 22. On September 13, 2023, the sellers received a wire transfer for \$450,000.00.

7 23. Driven Escrow owed the remaining proceeds of \$195,715.05 to the sellers.

8 24. The sellers made several demands to Baez and Driven Escrow to pay the remaining
9 proceeds. Driven Escrow failed to pay the outstanding proceeds.

10 25. On or about February 22, 2024, the sellers filed a civil complaint against Driven
11 Escrow and Baez in the Superior Court of California, County of Los Angeles.

12 **Failure to Provide Complete Books and Records and Files**

13 26. From January 24, 2023 to March of 2024, the DFPI requested Driven Escrow to
14 provide a list of items needed to conduct the special and regulatory examinations, including, but not
15 limited to, its financials, trust account and general account statements, escrow files, a closing audit
16 report, and a report showing proof that it had corrected the trust shortage and paid the sellers’
17 remaining proceeds.

18 27. Driven Escrow provided incomplete information and failed to produce all the
19 requested information.

20 28. On January 12, 2024, the DFPI met with Baez and Driven Escrow’s counsel and
21 discussed the status of Driven Escrow’s business, the outstanding books and records requests, the
22 trust account shortage, outstanding proceeds due to sellers, the outstanding closing audit report, and
23 other outstanding issues.

24 29. On January 16, 2024 and March 28, 2024, the DFPI sent follow-up letters to Driven
25 Escrow’s counsel and Baez requesting Driven Escrow to produce all the outstanding financials,
26 reports, and documents, and also demanded that Driven Escrow replenish the trust shortage.

27 30. Driven Escrow never produced all the requested information, in violation of Financial
28 Code section 17405, subdivision (b).

1 **Failure to Maintain at All Times the Required Liquid Assets and Tangible Net Worth**

2 31. Pursuant to Financial Code section 17210, subdivision (a), all licensees under the
3 Escrow Law are required to maintain at all times a tangible net worth of \$50,000.00, including liquid
4 assets of at least \$25,000.00 in excess of current liabilities.

5 32. Driven Escrow’s general account had a cash balance of less than \$25,000 since
6 September of 2022, in violation of Financial Code section 17210, subdivision (a).

7 **Failure to Maintain Books with Reference to Escrow Accounts**

8 33. Driven Escrow failed to maintain general ledgers and reconcile these with general
9 bank account statements at least once a month as required by 10 CCR section 1732.2.

10 **Failure to File 2022 Annual Audit Report**

11 34. Financial Code section 17406, subdivision (a) requires all licensees under the Escrow
12 Law to file an annual audit report containing audited financial statements within 105 days after the
13 close of the calendar or the licensee’s fiscal year, as applicable. Failure to file the annual audit report
14 by the deadline subjects licensees to penalties pursuant to Financial Code section 17408.

15 35. Driven Escrow never filed its annual audit report for its fiscal year ended May 31,
16 2022, which was due on October 13, 2022, in violation of Financial Code section 17406, subdivision
17 (a).

18 **Failure to File 2022 Annual Escrow Liability Report**

19 36. Pursuant to Financial Code section 17348, each escrow licensee is required to furnish
20 to the DFPI on or before February 15 of each year, an annual escrow liability report, comprising a
21 schedule of the company’s escrow liability for the prior 12-month period ended December 31, along
22 with a list of the company’s officers, stockholders, managers, and employees as of that date.

23 37. As of the date of this notice, Driven Escrow never filed its annual escrow liability
24 report for the 12-month period ended December 31, 2022, which was due February 15, 2023, in
25 violation of Financial Code section 17348.

26 **Failure to Pay Special Assessment**

27 38. Driven Escrow failed to pay a 2022-2023 special assessment levied against them
28 pursuant to Financial Code section 17207, subdivision (h)(1), in the amount of \$1,000.00 for

1 estimated expenses associated with the costs of performing the special examination.

2 **Failure to Submit Closing Audit Report**

3 39. On or about September 19, 2023, Driven Escrow submitted a request to surrender its
4 license and provided an incomplete surrender package.

5 40. Baez informed the DFPI that he had closed down the business and the accounts.

6 41. On October 13, 2023, the DFPI requested Driven Escrow to comply with Financial
7 Code section 17600, subdivision (b), including, but not limited to, submitting its closing audit report.

8 42. Driven Escrow never submitted the required closing audit and comply with Financial
9 Code section 17600, subdivision (b). As such, the surrender remained incomplete.

10 **III.**

11 **Applicable Law**

12 43. Financial Code section 17602.5 provides:

13 If any licensed escrow agent fails to make any reports required by law or
14 by the commissioner within ten (10) days from the day designated for the
15 making of the reports, or within any extension of time granted by the
16 commissioner, or fails to include therein any matter required by law or by
17 the commissioner, such failure shall constitute grounds for the suspension
or revocation of the license held by such escrow agent.

18 44. Financial Code section 17608 provides, in relevant part:

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

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

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

25 45. Financial Code section 17414 provides in pertinent part:

26 (a) It is a violation for any person subject to this division or any
27 director, stockholder, trustee, officer, agent, or employee of any such
28 person to do any of the following:

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(1) Knowingly or recklessly disburse or cause the disbursal of escrow funds otherwise than in accordance with escrow instructions, or knowingly or recklessly to direct, participate in, or aid or abet in a material way, any activity which constitutes theft or fraud in connection with any escrow transaction.

46. Financial Code section 17405 provides in pertinent part:

(a) The business, accounts and records of every person performing as an escrow agent, whether required to be licensed under this division or not, are subject to inspection and examination by the commissioner at any time without prior notice. The provisions of this section shall not apply to persons specified in Section 17006.

(b) Any person subject to this division shall, upon request, exhibit and allow inspection and copying of any books and records by the commissioner or his or her authorized representative.

47. Financial Code section 17406 provides in pertinent part:

(a) Each licensee shall submit to the commissioner, at the licensee's own expense, an audit report containing audited financial statements covering the calendar year or, if the licensee has an established fiscal year, then for that fiscal year, within 105 days after the close of the calendar or fiscal year, as applicable. At that time, each licensee shall also file additional relevant information as the commissioner may require.

48. Financial Code section 17210 provides in pertinent part:

(a) An escrow agent licensed on or after January 1, 1986, shall maintain at all times a tangible net worth of fifty thousand dollars (\$50,000), including liquid assets of at least twenty-five thousand dollars (\$25,000) in excess of current liabilities.

49. Financial Code section 17207 provides in pertinent part:

The commissioner shall charge and collect the following fees and assessments:

(h)(2) If payment is not made within 60 days, the commissioner may assess and collect a penalty, in addition to the special assessment, of 10 percent of the special assessment for each month or part of a month that the payment is delayed or withheld. If an escrow agent fails to pay the special assessment on or before 60 days following the day upon which payment is due, the commissioner may by order summarily

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suspend or revoke the certificate issued to the company. If an order is made under this subdivision, the provisions of paragraph (5) of subdivision (e) shall apply.

50. Financial Code section 17600 provides in pertinent part:

(b) A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from a certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report, a determination has been made by the commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

51. Financial Code section 17415 provides in pertinent part:

(a) If the commissioner, as a result of any examination or from any report made to the commissioner, shall find that any person subject to this division is in an insolvent condition, is conducting or has conducted escrow business in such an unsafe or injurious manner as to render further operations hazardous to the public or to customers, is failing or has failed to comply with the provisions of Section 17212.1 or 17414.1, is permitting or has permitted its tangible net worth to be lower than the minimum required by law, is failing or has failed to maintain its liquid assets in excess of current liabilities as set forth in Section 17210, or is failing or has failed to comply with the bonding requirements of Chapter 2 (commencing with Section 17200) of this division, the commissioner may, by an order addressed to and served by registered or certified mail or by personal service on such person and on any other person having in their possession or control any escrowed funds, trust funds, or other property deposited in escrow with said person, direct discontinuance of the disbursement of trust funds by the parties or any of them, the receipt of trust funds, the delivery or recording of documents received in escrow, or other business operations. No person having in their possession any of these funds or documents shall be liable for failure to comply with the order unless they received written notice of the order. Subject to subdivision (b), the order shall remain in effect until set aside by the commissioner in whole or in part, the person is the subject of an order for relief in bankruptcy, or pursuant to Chapter 6 (commencing with Section

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17621) of this division the commissioner has assumed possession of the escrow agent.

52. Financial Code section 17348 provides:

In order to permit Fidelity Corporation to fulfill its obligation under this chapter, the commissioner shall furnish a list of all persons licensed under this division as of December 31 of each year and a copy of an escrow liability schedule filed with the commissioner. Each member on or before February 15 shall furnish to the commissioner and Fidelity Corporation the schedule of its escrow liability for each of its licensed locations as of the last day of each month for the preceding 12 months which ended December 31. A list of officers, directors, stockholders, trustees, agents, managers, and employees as of that date shall also be submitted to Fidelity Corporation, with the schedule. The schedule shall be in the form and contain such information as the commissioner may require.

IV.

Prayer

Based on the forgoing, the Commissioner finds that Driven Escrow Services, Inc. conducted business in an unsafe and injurious manner and violated Financial Code sections 17414, 17405, 17406, 17348; 17207; 17600 and 17210, and 10 CCR sections 1738, 1732.2, 1738.2 and 1741.2.

WHEREFORE, IT IS PRAYED under the authority of Financial Code sections 17608 and 17602.5, that the escrow agent’s license of Driven Escrow Services, Inc. be revoked.

Dated: November 18, 2025
San Diego, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By: _____
AFSANEH EGHBALDARI
Senior Counsel
Enforcement Division