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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the matter of) File No.: 963 2336
)
)
DIAMOND ROSE ESCROW, INC.)
)
a licensee under the Escrow Law)
)

ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT
TO SECTION 17415, CALIFORNIA FINANCIAL CODE

TO: DIAMOND ROSE ESCROW, INC.
550 East Carson Plaza Drive, Suite 208
Carson, California 90746

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

DIAMOND ROSE ESCROW, INC. has failed to comply with the bonding requirements of the Escrow Law (California Financial Code, Section 17202) in that effective January 28, 2009, Bond No. 435916 issued by American Contractors Indemnity Company in favor of DIAMOND ROSE ESCROW, INC. expired and no replacement bond has been obtained.

Based upon the foregoing, DIAMOND ROSE ESCROW, INC. is conducting escrow business in violation of Section 17202 of the Financial Code and is conducting business in an

1 unsafe and injurious manner as to render further operations hazardous to the public or to
2 customers.

3 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
4 THEREFORE, it is hereby ORDERED, under the provisions of Section 17415 of the California
5 Financial Code, that DIAMOND ROSE ESCROW, INC. immediately discontinue acceptance of
6 any new escrow or joint control business, and of money, documents or other property in
7 connection therewith.

8 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

9 Section 17415 of the Financial Code provides as follows:

10 (a) If the commissioner, as a result of any examination or from
11 any report made to him or her, shall find that any person subject to this
12 division is in an insolvent condition, is conducting business in such an
13 unsafe or injurious manner as to render further operations hazardous to the
14 public or to customers, has failed to comply with the provisions of Section
15 17212.1 or 17414.1, has permitted its tangible net worth to be lower than
16 the minimum required by law, has failed to maintain its liquid assets in
17 excess of current liabilities as set forth in Section 17210, or has failed to
18 comply with the bonding requirements of Chapter 2 (commencing with
19 Section 17200) of this division, the commissioner may, by an order
20 addressed to and served by registered or certified mail or by personal
21 service on such person and on any other person having in his or her
22 possession or control any escrowed funds, trust funds or other property
23 deposited in escrow with said person, direct discontinuance of the
24 disbursement of trust funds by the parties or any of them, the receipt of
25 trust funds, the delivery or recording of documents received in escrow, or
26 other business operations. No person having in his or her possession any of
27 these funds or documents shall be liable for failure to comply with the
28 order unless he or she has 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 has been adjudged bankrupt,
or pursuant to Chapter 6 (commencing with Section 17621) of this division
the commissioner has assumed possession of the escrow agent.

(b) Within 15 days from the date of any 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
or 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 15 days after the mailing or service of such notice and
none is ordered by the commissioner, the failure to request a hearing shall

1 constitute a waiver of the right to a hearing. Neither the request for a
2 hearing nor the hearing itself shall stay the order issued by the
3 commissioner under subdivision (a).

4 Dated: January 28, 2009
5 Los Angeles, California

6 Preston DuFauchard
7 California Corporations Commissioner

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9 By _____
10 Kathleen R. Partin
11 Special Administrator
12 (213) 576-7595
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1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MARISA I. URTEAGA-WATKINS SBN 236398
4 Corporations Counsel
Department of Corporations
5 1515 K Street, Ste. 200
6 Sacramento, California 95814
Telephone: (916) 445-9626
7 Facsimile: (916) 445-6985

8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA
12
13

14 In the Matter of THE CALIFORNIA) File No.: 9632336
CORPORATIONS COMMISSIONER,)
15) 1) ACCUSATION FOR REVOCATION
Complainant,) OF ESCROW LICENSE; and
16) 2) ORDER IMPOSING PENALTIES
vs.)
17)
18 DIAMOND ROSE ESCROW, INC.,)
Respondent.)
19)

20 The Complainant is informed and believes and based upon such information and belief,
21 alleges and charges as follows:

22 **I.**

23 DIAMOND ROSE ESCROW, INC. (“Respondent” or “Diamond”) is an escrow agent
24 licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant
25 to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.).

26 **II.**

27 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
28 file an annual audit report containing audited financial statements (“Annual Report”) within one

1 hundred and five (105) days after the close of their fiscal year. Diamond’s fiscal year end is
2 December 31, 2009. Accordingly, Respondent was required to file its Annual Report on or before
3 April 15, 2010. A reminder letter was issued to Respondent in or about November 2009.

4 On or about May 19, 2010, a demand letter was sent to Respondent concerning its failure to
5 file the Annual Report. Respondent was notified in the letter that failure to file the Annual Report
6 could result in assessment of penalties, a special examination and/or administrative action.
7 Respondent has yet to file the Annual Report as required by Financial Code section 17406.

8 III.

9 Pursuant to Financial Code sections 17202 and 17202.1, all licensees under the Escrow Law
10 are required to file a surety bond with the Commissioner. In lieu of the surety bond, a licensee may
11 deposit a cash bond in the amount required with the Commissioner. Diamond has failed to maintain
12 its surety bond or deposit with the Commissioner a cash bond, as required. Bond No. 435916 issued
13 by American Contractors Indemnity Company in favor of Diamond expired in or about January
14 2009. Diamond has not obtained a replacement bond.

15 On or about January 28, 2009, the Commissioner issued an Order to Discontinue Escrow
16 Activities Pursuant to California Financial Code section 17415 to Diamond. To date, the surety bond
17 has not been reinstated or replaced, and a cash bond is not on deposit with the Commissioner. The
18 Order to Discontinue Escrow Activities Pursuant to California Financial Code section 17415 remains
19 in effect.

20 IV.

21 Pursuant to Financial Code section 17207, all licensees under the Escrow Law are required to
22 pay an annual license fee or assessment for each location in an amount not to exceed \$2,800.00
23 (“Assessment”). Payment for the Assessment was due June 30, 2010. A penalty of 10% is due for
24 each month or partial month the payment is not received after June 30, 2010, pursuant to Financial
25 Code section 17207(e)(3) (“Assessment Penalty”). Diamond, to date, has yet to pay the Assessment
26 and/or Assessment Penalty. An Assessment Penalty of \$1,960.00 has accrued to date in addition to
27 the Assessment of \$2,800.00, totaling \$4,760.00.

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IV.

In addition, Respondent is deficient in maintaining its business pursuant to the Escrow Law. Diamond has improperly abandoned their business and ceased all operations. Specifically, Diamond (1) failed to notify the Department of a change in their address, in violation of Financial Code section 17213.1; (2) failed to maintain its books, records and accounts in accordance with generally accepted accounting principles and good business practices, in violation of California Code of Regulations section 1732; and (3) failed to notify the Commissioner of its current location and the location of books, records and accounts, in violation of California Code of Regulations section 1730.

V.

Financial Code section 17602.5 provides in pertinent part as follows:

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

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.

Financial Code section 17408 provides in pertinent part:

(b) The commissioner may, impose, by order, a penalty on any person who fails, within the time specified in any written demand of the commissioner, (1) to make and file with the commissioner any report required by law or requested by the commissioner, or (2) to furnish any material information required by the commissioner to be included in the report. The amount of the penalty may not exceed one hundred dollars (\$100) for each day for the first five days the report or information is overdue and, thereafter, may not exceed five hundred dollars (\$500) for each day the report or information is overdue.

(c) If, after an order has been made under subdivision (b), a request for hearing is filed in writing within 30 days of the date of

1 service of the order by the person to whom the order was directed, a
2 hearing shall be held in accordance with the Administrative
3 Procedure Act, Chapter 5 (commencing with Section 11500) of Part 1
4 of Division 3 of Title 2 of the Government Code, and the
5 commissioner shall have all the powers granted under that chapter.

6 (d) If the person fails to file a written request for a hearing within
7 30 days of the date of service of the order, the order imposing the
8 penalty shall be deemed a final order of the commissioner, and the
9 penalty shall be paid within five business days.

10 (e) If a hearing is requested, the penalty shall be paid within five
11 business days after the effective date of any decision in the case
12 ordering payment to be paid.

13 **VI.**

14 **ORDER IMPOSING PENALTIES**
15 **PURSUANT TO FINANCIAL CODE SECTION 17408**

16 Pursuant to Financial Code section 17408, Respondent shall pay a penalty for failure to file
17 the Annual Report. Pursuant to Financial Code section 17408(b), penalties begin to accrue within the
18 time specified in the Commissioner's demand. The Commissioner issued a letter on May 19, 2010
19 that demanded the Annual Reports be filed within ten (10) days of the date of the letter.
20 Consequently, penalties begin accruing on May 29, 2010. To date, the report has not been filed by
21 Respondent.

22 NOW, THEREFORE, DIAMOND ROSE ESCROW, INC. is hereby ordered to pay the
23 Commissioner a total of One Hundred Twenty Thousand Dollars (\$120,000.00).¹

24 **VII.**

25 Complainant finds that, by reason of the foregoing, Diamond has violated Financial Code
26 sections 17202, 17207, 17213.1 and 17406. Complainant also finds that, by reason of the foregoing,
27 Diamond has violated California Code of Regulations section 1730 and 1732. These violations

28 ¹ Accrued Penalties = \$100.00 per day for the first five (5) days of delinquency (May 29, 2010 – June 2, 2010) then
\$500.00 per day for each day of delinquency thereafter. Penalties shall accrue until the Annual Report is filed with the
Department.

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constitute grounds for the revocation of its escrow agent’s license pursuant to Financial Code section 17602.5.

WHEREFORE, IT IS PRAYED that the DIAMOND ROSE ESCROW, INC.’s escrow agent’s license be revoked, pursuant to Financial Code section 17608.

Dated: January 31, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MARISA I. URTEAGA-WATKINS SBN 236398
4 Corporations Counsel
Department of Corporations
5 1515 K Street, Ste. 200
6 Sacramento, California 95814
Telephone: (916) 445-9626
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8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA
12

13
14 In the Matter of THE CALIFORNIA) File No.: 9632336
CORPORATIONS COMMISSIONER,)
15) ORDER REVOKING ESCROW AGENT’S
Complainant,) LICENSE PURSUANT TO CALIFORNIA
16) FINANCIAL CODE SECTION
vs.) 17608
17)
18 DIAMOND ROSE ESCROW, INC.,)
Respondent.)
19)
20)

21 TO: DIAMOND ROSE ESCROW, INC.
22 550 East Carson Plaza Drive, Suite 208
Carson, CA 90746
23

24 NOW THEREFORE, the California Corporations Commissioner having found that
25 DIAMOND ROSE ESCROW, INC.: (1) failed to timely file its annual audit report containing
26 audited financial statements for its fiscal year ending in December 31, 2009, as required by
27 California Financial Code section 17406; (2) failed to maintain its surety bond, as required by
28 California Financial Code section 17415; (3) failed to pay an annual license fee or assessment, as

1 required by California Financial Code section 17207; and (4) has improperly ceased all operations
2 and abandoned their business, in contravention of the California Escrow Law.

3 It is ordered that the escrow agent’s license issued to DIAMOND ROSE ESCROW, INC. is
4 hereby revoked. As required by California Financial Code section 17406(c), DIAMOND ROSE
5 ESCROW, INC. shall submit to the Commissioner, at its own expense, on or before 105 days after
6 the date of this revocation order, a closing audit report as of that effective date.

7 IT IS SO ORDERED.

8
9
10 Dated: April 13, 2011
11 Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

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13 By _____
14 ALAN S. WEINGER
15 Deputy Commissioner
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