

1 MARY ANN SMITH
Deputy Commissioner
2 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
3 Department of Corporations
320 West 4th Street, Ste. 750
4 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

5 Attorneys for Complainant

6
7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA

9
10 In the Matter of the Accusation THE) File No.: 963-2388
COMMISSIONER OF CORPORATIONS OF)
11 THE STATE OF CALIFORNIA,) ACCUSATION
12)
Complainant,)
13)
14 vs.)
15 EDWARD T. ANDERSEN,)
16 Respondent.)
17 _____)

18 The Complainant is informed and believes, and based upon such information and belief,
19 alleges and charges Respondent as follows:

20 I

21 Respondent Edward T. Andersen ("Andersen") was at all times relevant herein an escrow
22 officer at Legends Escrow Service, Inc. ("Legends"), an escrow agent licensed by the Commissioner
23 of Corporations of the State of California ("Commissioner" or "Complainant") pursuant to the
24 Escrow Law of the State of California (California Financial Code Section 17000 et seq.). The
25 licensed location of Legends is 8885 Rio San Diego Drive, Suite 240, San Diego, California 92108.

26 II

27 On or about November 19, 2009, the Commissioner, by and through staff, commenced a
28 special examination of Legends to review escrow files handled by Andersen based upon information

1 received by the Department of Corporations (“Department”) that Andersen had been making
2 unauthorized disbursements of trust funds to himself and others. The special examination disclosed
3 that Andersen had made nine (9) unauthorized disbursements of trust funds totaling \$21,232.48
4 between June 9, 2008 and March 23, 2009 in violation of Financial Code section 17414(a)(1) and
5 California Code of Regulations, title 10, sections 1738 and 1738.2. Each of the unauthorized
6 disbursements of trust funds described below also caused a shortage to exist in the trust account in
7 violation of California Code of Regulations, title 10, section 1738.1.

8 The unauthorized disbursements noted during the special examination are described as
9 follows:

10 1. Escrow Number 367 – closed 9-26-08:

11 (a) On or about June 19, 2008, Andersen made a disbursement of trust funds to Union
12 Bank of California in the amount of \$1,545.00 via wire transfer. The outgoing wire instructions
13 state the money is for “payoff to WAMU FA Classic (Citibank)”. There was no authorization for
14 this disbursement. On or about October 1 and 17, 2008, respectively, Andersen replaced the funds
15 by way of a \$1,000.00 cashier’s check and a \$595.00 money order.

16 2. Escrow Number 410 – closed 7-08-08:

17 (a) On or about July 7, 2008, Andersen made a disbursement of trust funds to N.Jeffreies,
18 Inc. in the amount of \$800.00 via wire transfer. The outgoing wire instructions state the money is
19 for “accom.payoff”. There was no authorization for this disbursement. On or about July 10, 2008,
20 Andersen covered the unauthorized disbursement by canceling escrow fees of \$1,895.00 due
21 Legends in the transaction and re-issuing the escrow fee transfer to Legends for the sum of only
22 \$1,095.00.

23 3. Escrow Number 454 – closed 8-25-08:

24 (a) On or about September 15, 2008, Andersen made a disbursement of trust funds to
25 Chase in the amount of \$1,687.48 via wire transfer. The outgoing wire instructions state the money
26 is for “payoff accommodation”. There was no authorization for this disbursement.

27 (b) On or about September 15, 2008, Andersen made a disbursement of trust funds to
28 himself in the amount of \$500.00 via wire transfer. The outgoing wire request instructions state the

1 funds are stated the money is for “accommodation payoff”. There was no authorization for this
2 disbursement.

3 (c) On or about November 6, 2008, Andersen replaced the funds described in paragraphs
4 3(a) and (b) by way of a \$2,187.48 cashier’s check.

5 4. Escrow Number 539 – closed 11-24-08:

6 (a) On or about November 5, 2008, Andersen made a disbursement of trust funds to
7 himself in the amount of \$3,000.00 via wire transfer. The outgoing wire request instructions state
8 the money is for “proceeds”. There was no authorization for this disbursement. On or about
9 December 5, 2008, Andersen replaced \$2,950.00 of the unauthorized trust funds he disbursed to
10 himself via a cashier’s check.

11 5. Escrow Number 541 – canceled:

12 (a) On or about December 4, 2008, Andersen made a disbursement of trust funds to
13 himself in the amount of \$2,950.00 via wire transfer. The outgoing wire request instructions state
14 the money is for “Accomm. Payoff”. There was no authorization for this disbursement.

15 6. Escrow Number 570 – canceled:

16 (a) On or about January 12, 2009, Andersen made a disbursement of trust funds to
17 himself in the amount of \$3,950.00 via wire transfer. The outgoing wire request instructions state
18 the money is for “Accommodation Payoff”. There was no authorization for this disbursement. On or
19 about February 2, 2009, Andersen replaced \$3,950.00 of the unauthorized trust funds he disbursed to
20 himself via a cashier’s check.

21 7. Escrow Number 753 – canceled:

22 (a) On or about February 2, 2009, Andersen made a disbursement of trust funds to
23 himself in the amount of \$3,950.00 via wire transfer. The outgoing wire request instructions state
24 the money is for “pre-release of funds”. There was no authorization for this disbursement.

25 (b) On or about March 23, 2009, Andersen made a disbursement of trust funds to the
26 buyer in escrow number 541 in the amount of \$2,850.00 via wire transfer. There was no
27 authorization for this disbursement.

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

III

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 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.

IV

Complainant finds that, by reason of the foregoing, Respondent Edward T. Andersen has violated Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738, 1738.1, and 1738.2 and it is in the best interests of the public to bar Respondent Edward T. Andersen from any position of employment, management or control of any escrow agent.

WHEREFORE, IT IS PRAYED that Respondent Edward T. Andersen be barred from any position of employment, management or control of any escrow agent.

Dated: March 13, 2013
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Corporations

By _____
Judy L. Hartley
Senior Corporations Counsel