

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Corporations
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of THE CALIFORNIA) File No.: 963-1201
CORPORATIONS COMMISSIONER,)
12)
13 Complainant,) ORDER AMENDING DEMAND FOR AND
14 vs.) ORDER TAKING POSSESSION OF
APPLE ESCROW,) PROPERTY AND BUSINESS AND ORDER
15) APPOINTING CONSERVATORSHIP
16 Respondent.)
17)
18)

19 The California Corporations Commissioner finds that:

- 20 1. Apple Escrow, a California corporation ("Apple"), is an escrow agent licensed by the
21 California Corporations Commissioner ("Commissioner"), pursuant to the Escrow Law of the State
22 of California (Section 17000, et seq. of the California Financial Code).
- 23 2. According to the documents filed with the Commissioner by Apple, William
24 Champion is the president of Apple and Mary Ann Palmer ("Palmer") is the operator and manager of
25 Apple.
- 26 3. On April 20, 2010, the Commissioner issued an Order To Discontinue Escrow
27 Activities against Apple pursuant to Financial Code section 17415 for causing trust account
28 shortages and failure to maintain proper books and records.

1 4. For reasons stated in the documents listed below and dated April 20, 2010, which
2 included the trust account shortages and failure to maintain proper books and records, the
3 Commissioner took possession of Apple and appointed Peter A. Davidson of the law firm of Ervin
4 Cohen & Jessup LLP (“Davidson”) as Conservator by issuing the following documents:

5 A. Demand For and Order Taking Possession of Property and Business Pursuant to
6 Section 17621 of the California Financial Code (the "Order Taking Possession").

7 B. Notice and Summary of Findings Pursuant to Section 17621 of the California
8 Financial Code.

9 C. Order Appointing Peter A. Davidson as Conservator Pursuant to Section 17630 of the
10 California Financial Code (the "Conservatorship Order").

11 5. Pursuant to both the Order Taking Possession and the Conservatorship Order, all
12 persons, including Campion and Palmer, who had possession, custody or control of any of the
13 property, business and records of Apple, were required to turn over to the Conservator such property,
14 business and records, including the Apple escrow agent's license.

15 6. On April 20, 2010, Davidson took possession of the property, business, assets and
16 records of Apple to the extent known, and pursuant to Section 17630 of the California Financial
17 Code, took actions to conserve the property, business and assets of Apple pending the further
18 disposition of the business.

19 7. The Conservator has made every effort possible to reconcile the trust account of
20 Apple, but has been able to prepare only a tentative trust reconciliation at this time.

21 8. A final reconciliation of the trust account, if possible, pursuit of the Proof of Loss
22 Claim filed with the Escrow Agent’s Fidelity Corporation, identification of trust fund claimants, and
23 distribution of such trust funds, remain to be completed and are of paramount importance in the
24 protection of persons beneficially interested in the escrow trust funds of Apple.

25 9. The Commissioner is prepared to return possession of Apple to Campion and/or
26 Palmer, except for the escrow agent’s license of Apple or any of Apple’s trust affairs, which shall
27 remain in the possession of Davidson, and include, but are not limited to, the remaining trust funds,
28 any recovery under the Proof of Loss Claim filed with Escrow Agent’s Fidelity Corporation, and the

1 banking and escrow records, and is satisfied that he can safely do so and it is in the public interest.

2 Now, good cause appearing, IT IS HEREBY ORDERED that The Demand For and Order
3 Taking Possession of Property and Business Pursuant to California Financial Code Section 17621
4 and Order Appointing Pater A. Davidson As Conservator Pursuant to California Financial Code
5 Section 17630 are hereby amended to provide as follows:

6 1. All remaining non-trust cash assets of Apple in the Conservator's current possession
7 shall be applied to the payment of conservatorship expenses previously incurred and outstanding.

8 2. Any further remaining assets and property of Apple in the possession of the
9 Conservator, not including the leased premises and equipment and corporate records which were
10 previously returned to Palmer by Davidson in or about April 2010, and the business affairs and
11 liabilities, if any, and all outstanding obligations and liabilities relating thereto are hereby returned to
12 Campion and/or Palmer, with the exception of the escrow agent's license of Apple and Apple's trust
13 affairs.

14 3. Pursuant to Financial Code section 17630, Davidson shall retain all the rights,
15 powers, and privileges of Apple, its officers and directors, and the powers and rights of the
16 Commissioner previously conferred in connection with his retention of the trust affairs.

17 4. As previously ordered, all expenses of the conservatorship shall be paid out of the
18 assets of Apple and shall be a lien thereon which shall be prior to any other lien.

19 This Order is effective on the date hereof and may be amended or terminated upon further
20 order of the Commissioner at any time.

21 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

22 Dated: October 19, 2010
23 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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25 By _____
26 Alan S. Weinger
27 Deputy Commissioner
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