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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Auctionstrader.net
Charlottenstrasse 65
Berlin, 10117, Germany

Auctionstrader.net
C. Arzobispo Morcillo 14, 2d
Madrid, 28007, Spain

Torre Angelo
Mainstrasse 5
Mannheim, 68167, Germany

DESIST AND REFRAIN ORDER
(For violations of sections 17200, 17210.2 and 17403 of the California Financial Code)

The California Corporations Commissioner finds that:

1. Auctionstrader.net and Torre Angelo have engaged in the business of an escrow agent by advertising escrow services over the internet at www.auctionstrader.net from on or about March 15, 2004, to the present as follows:

a) Auctionstrader.net represents on its website that the process works as follows: The buyer and seller agree to the terms of a transaction. The buyer then sends payment to Auctionstrader.net, and Auctionstrader.net verifies the funds are good. Auctionstrader.net authorizes the seller to ship the goods, and verifies that the buyer receives the goods. The buyer decides whether to accept or return the goods before the inspection period expires. If the buyer accepts the goods, Auctionstrader.net pays the seller.

1 b) Auctionstrader.net claims on its website that its process protects both buyers and
2 sellers from fraud with this five-step process.

3 c) Auctionstrader.net and Torre Angelo have represented themselves to be an
4 independent escrow company based in Berlin, Germany, operated by Auctionstrader, Inc., “a licensed
5 and accredited escrow company that operates in compliance with currently applicable escrow
6 regulations.”

7 d) Auctionstrader.net and Torre Angelo have further represented themselves to be
8 licensed escrow agents by disseminating e-mail claiming that the company is a branch of Dynamic
9 Escrow, Inc., located at 16177 Brookhurst Street, Fountain Valley, California, 92708, with
10 Department of Corporations escrow agents’ license number 963-1863.

11 e) Although the Department of Corporations issued escrow agents’ license number
12 963-1863 to Dynamic Escrow, Inc., at the above-listed Fountain Valley address, neither
13 Auctionstrader.net nor Torre Angelo is affiliated with Dynamic Escrow, Inc. Moreover, Dynamic
14 Escrow, Inc., does not process escrows involving personal property over the Internet.

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16 2. Auctionstrader.net and Torre Angelo have disseminated or caused to be disseminated false,
17 misleading and/or deceptive representations which falsely state that Auctionstrader.net has an “active
18 and efficient collaboration with the IFCC (Internet Fraud Complaint Center).”

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20 3. Neither Auctionstrader.net nor Torre Angelo has been issued a license from the
21 Commissioner authorizing them to conduct business as an escrow agent, as required by California
22 Financial Code section 17200.

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24 4. Neither Auctionstrader.net nor Torre Angelo are exempt from the licensing requirements
25 of Section 17200.

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27 5. Neither Auctionstrader.net nor Torre Angelo has been issued a license from the
28 Commissioner authorizing them to use words indicating that they are in the escrow business, as

1 required by California Financial Code section 17403.

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3 6. Neither Auctionstrader.net nor Torre Angelo are affiliated in any way with the IFCC.

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5 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that
6 Auctionstrader.net and Torre Angelo and their officers directors, partners, agents, employees and/or
7 servants are in violation of California Financial Code sections 17200, 17210.2(a) and 17403(a).
8 Pursuant to California Financial Code section 17416, Auctionstrader.net and Torre Angelo are hereby
9 ordered to desist and refrain from engaging in the business of receiving escrows for deposit or
10 delivery without first obtaining a license from the Commissioner. Pursuant to California Financial
11 Code section 17403(b), Auctionstrader.net and Torre Angelo are further ordered to immediately
12 desist and refrain from issuing, circulating, or publishing any advertisement by means of any
13 communication, including any website, or making use of or circulating any letterheads, billheads,
14 blank notes, blank receipts, blank escrow instructions, certificates, circulars, or any written or printed
15 paper containing any fictitious or corporate name or other words indicating that they are in the
16 escrow business. Pursuant to California Financial Code section 17210.2(c), Auctionstrader.net and
17 Torre Angelo are further ordered to immediately desist and refrain from disseminating, or causing or
18 permitting to be disseminated, in any manner whatsoever, any statement or representation which is
19 false, misleading, or deceptive, or which omits to state material information, or which refers to the
20 supervision of that agent by the State of California or any department or official thereof.
21 Auctionstrader.net and Torre Angelo are further ordered to immediately desist and refrain from
22 disseminating or causing or permitting to be disseminated, in any manner whatsoever, any statement
23 or representation that Auctionstrader.net is in any manner associated with the IFCC.

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1 This Order is necessary, in the public interest, for the protection of investors and consistent with the
2 purposes, policies and provisions of the California Escrow Law. This order shall remain in full force
3 and effect until further order of the California Corporations Commissioner.

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Dated: June 17, 2004
Sacramento, California

WILLIAM P. WOOD
California Corporations Commissioner

By: _____
VIRGINIA JO DUNLAP
Deputy Commissioner
Enforcement and Legal Services