

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

6 Attorneys for Complainant
7
8

9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of THE COMMISSIONER OF) File No.: 963-0037
BUSINESS OVERSIGHT,)
13) ORDER TERMINATING
Complainant,) CONSERVATORSHIP
14)
15 vs.)
16 BUILDERS CONTROL SERVICE CO.,)
17 Respondent.)
18)
19)

20 The Commissioner of Business Oversight finds as follows:

- 21 1. Builders Control Service Co., a California corporation ("Builders"), was a joint
22 control/escrow agent licensed by the Commissioner of Business Oversight ("Commissioner"),
23 pursuant to the Escrow Law of the State of California (Financial Code §§ 17000, et seq.).
24 2. According to the documents filed with the Commissioner by Builders, Joseph E.
25 Cochran ("Cochran") was the president and manager.
26 3. For reasons stated in the documents listed below and dated March 11, 2014, which
27 included commingling of trust funds, a trust account shortage, and failure to maintain books and
28 records, the Commissioner took possession of the trust funds of Builders and all bank and escrow

1 records pertinent thereto and appointed Peter A. Davidson as Conservator over Builders by issuing
2 the following documents:

3 A. Demand For and Order Taking Possession of the Trust Funds and Escrow Records of
4 Builders Control Service Co. Pursuant to California Financial Code Section 17621, and

5 B. Order Appointing Peter A. Davidson as Conservator Pursuant to Financial Code
6 Section 17630, and

7 C. Notice and Summary of Findings Pursuant to Financial Code Section 17621.

8 4. Pursuant to both the Order Taking Possession and the Conservatorship Order, all
9 persons, including Cochran, who had possession, custody or control of any of the trust funds and
10 bank account and escrow records of Builders, became obligated to turn over to the Conservator such
11 trust funds and records.

12 5. The Conservator took possession of the trust funds, and, pursuant to Financial Code
13 Section 17630, took actions to conserve those trust funds pending further disposition of the trust
14 affairs.

15 6. On June 5, 2014, the Commissioner issued an order revoking the escrow agent/joint
16 control license of Builders. This revocation was after an administrative hearing and pursuant to the
17 March 18, 2014 Proposed Decision of Administrative Law Judge Jill Schlichtmann adopted by the
18 Commissioner of Business Oversight on May 1, 2014 to become effective on May 31, 2014.

19 7. The Conservator has conducted a reconciliation of the escrow trust account(s) of
20 Builders and obtained the approval of the Commissioner to make a distribution of the Builders trust
21 funds, including funds repaid by Cochran to cure the trust account shortage.

22 8. The Conservator has distributed to those parties identified as being owed funds from
23 Builders' trust accounts 100% of the amount owed to such trust fund claimants and paid 100% of the
24 outstanding trust checks. In addition, the Conservator paid to the Controller the \$6,219.53 that
25 should have been escheated previously by Builders.

26 9. The Commissioner is satisfied that termination of the conservatorship may be done
27 safely and is in the public interest.

28 10. The Conservator has provided to the Commissioner a final report of the

1 conservatorship.

2 11. Concurrently herewith, the Commissioner has appointed Corporations Examiner
3 Azucena Manalo to act as limited conservator over the banking and escrow records of Builders in
4 order that such records are retained for the period required by California Code of Regulations, title
5 10, section 1737. Accordingly, the Conservator has transferred the escrow records to the limited
6 conservator.

7 Now, good cause appearing, IT IS HEREBY ORDERED that:

8 1. The March 11, 2014 conservatorship is hereby terminated pursuant to California
9 Financial Code Section 17634.

10 2. The Commissioner hereby ratifies those actions taken by the Conservator with respect
11 to the trust funds, indemnity funds, and the bank and escrow records, and the Conservator, the State
12 of California and each of their respective employees and agents is hereby released from any and all
13 obligation and/or liability arising out of or relating to the March 11, 2014 conservatorship of
14 Builders.

15 Dated: July 29, 2014
16 Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

17
18 By _____
19 Mary Ann Smith
20 Deputy Commissioner
21
22
23
24
25
26
27
28