

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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Lead Corporations Counsel
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5 Department of Corporations
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7 Attorneys for Complainant
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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

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12 In the Matter of the Accusation of THE) Case No.: 963-2000
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) SUSPENSION ORDER
14)
Complainant,)
15)
16 vs.)
17 A BETTER CHOICE ESCROW, INC.,)
18 Respondent.)
19)
20)

21 Pursuant to the Settlement Agreement entered into between the California Corporations
22 Commissioner ("Commissioner") and A Better Choice Escrow, Inc. ("Better Escrow") on January ,
23 2007, attached and incorporated herein as Exhibit A, it is hereby ordered that the escrow agent's
24 license issued to Better Escrow is suspended for a period of seven (7) calendar days commencing on
25 January 18, 2007, during which period Better Escrow shall not accept any new escrow business, but
26 may continue to service prior and open escrows, in accordance with California Financial Code
27 section 17609.
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1 It is further ordered that Better Escrow shall provide the Commissioner at close of business
2 on January 17, 2007 a list of all open escrows with escrow numbers and escrow party names along
3 with a copy of the signed escrow instructions and signed deposit receipt(s) for the last opened
4 escrow. Open escrow means an escrow wherein the parties to such escrow have already entered into
5 a binding agreement and monies and/or escrow instructions have been submitted to Better Escrow
6 regarding the transaction. Better Escrow is additionally ordered to immediately engage its certified
7 public accounting firm to review the records of Better Escrow after the suspension has been
8 completed to determine Better Escrow's compliance this Order and report its findings to the
9 Department within 30 days of completion of the suspension.

10 Pursuant to the terms of the Settlement Agreement, Better Escrow admits the following for
11 purposes of this Order and any future proceedings initiated by or brought before the California
12 Corporations Commissioner only:

13 1. Better Escrow is, and at all times relevant herein was, an escrow agent licensed by the
14 Commissioner pursuant to the Escrow Law of the State of California (California Financial Code
15 Section 17000 et seq.). Better Escrow has its principal place of business located at 5831 Firestone
16 Boulevard, South Gate, California 90280.

17 2. Pursuant to California Financial Code section 17406, Better Escrow was required to
18 submit its audited financial statement for its fiscal year ended September 30, 2004 ("2004 audit
19 report") to the Commissioner by January 15, 2005.

20 3. On August 18, 2004, the Commissioner notified Better Escrow in writing that its
21 2004 audit report was due January 15, 2005. Better Escrow failed to submit the 2004 audit report by
22 January 15, 2005.

23 4. On January 24, 2005, Better Escrow was sent a further letter demanding that the 2004
24 audit report be filed and notifying Better Escrow that California Financial Code section 17408
25 authorizes penalties for failure to file the report at \$100.00 per day for the first five days and \$500.00
26 per day thereafter. Better Escrow was also notified in the letter that failure to file the 2004 audit
27 report could result in an administrative action.

28 5. Better Escrow had not filed its 2004 audit report as of May 10, 2006.

1 6. Pursuant to California Financial Code section 17406, Better Escrow was required to
2 submit its audited financial statement for its fiscal year ended September 30, 2005 (“2005 audit
3 report”) to the Commissioner by January 16, 2006.

4 7. On August 9, 2005, the Commissioner notified Better Escrow in writing that its 2005
5 audit report was due January 16, 2006. Better Escrow failed to submit the 2005 audit report by
6 January 15, 2006.

7 8. On January 23, 2006, Better Escrow was sent a further letter demanding that the 2005
8 audit report be filed and notifying Better Escrow that California Financial Code section 17408
9 authorizes penalties for failure to file the report at \$100.00 per day for the first five days and \$500.00
10 per day thereafter. Better Escrow was also notified in the letter that failure to file the 2005 audit
11 report could result in an administrative action.

12 9. Better Escrow had not filed its 2005 audit report as of May 10, 2006.

13 10. On December 29, 2004, a report of the regulatory examination commenced on
14 September 15, 2004 was sent to Better Escrow. The regulatory examination report requested
15 responses to noted exceptions including debit balances, unauthorized early disbursements, no
16 approved escrow manager, and failure to file fingerprints on at least seven employees. Better
17 Escrow was required to respond to the regulatory examination report in writing within 30 days.
18 Better Escrow failed to respond to the regulatory examination report within the 30 days.

19 11. On February 4, 2005, Better Escrow was sent a further letter demanding that the
20 response to the regulatory examination report be filed immediately.

21 12. On March 4, 2005, Better Escrow was sent a further letter demanding that the
22 response to the regulatory examination report be filed immediately and notifying Better Escrow that
23 California Financial Code section 17408 authorizes penalties for failure to file the report at \$100.00
24 per day for the first five days and \$500.00 per day thereafter.

25 13. Better Escrow had not filed its response to the regulatory examination report as of
26 May 10, 2006.

27 14. Pursuant to California Financial Code section 17348, all licensees under the Escrow
28 Law are required to file an annual Report of Escrow Liability By Month (“2003 Report”) on or

1 before February 15 of each year for the preceding 12 month period ended December 31. In late
2 2003, a Report form was sent to all Escrow Law licensees with a notice that the Report was due on
3 February 15, 2004. Better Escrow failed to submit the 2003 Report by the February 15, 2004
4 deadline.

5 15. On March 18, 2004, a follow up letter was sent to Better Escrow demanding the 2003
6 Report be filed immediately and notifying Better Escrow that California Financial Code section
7 17408 authorizes penalties for failure to file the report at \$100.00 per day for the first five days and
8 \$500.00 per day thereafter.

9 16. Better Escrow did not file its 2003 Report until April 16, 2004.

10 17. Pursuant to California Financial Code section 17348, all licensees under the Escrow
11 Law are required to file an annual Report of Escrow Liability By Month (“2004 Report”) on or
12 before February 15 of each year for the preceding 12 month period ended December 31.

13 18. In late 2004, a Report form was sent to all Escrow Law licensees with a notice that
14 the Report was due on February 15, 2005. Better Escrow failed to submit the 2004 Report by the
15 February 15, 2005 deadline.

16 19. Better Escrow did not file its 2004 Report until April 8, 2005.

17 Dated: January 16, 2007
18 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

19 By _____
20 Kathleen R. Partin
21 Special Administrator, Escrow Law
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