

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
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5 Attorneys for Complainant

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

9
10 In the Matter of THE COMMISSIONER OF) File No. 963-2549
CORPORATIONS OF THE STATE OF)
11 CALIFORNIA,) ORDER TO DISCONTINUE ESCROW
12) ACTIVITIES PURSUANT TO FINANCIAL
Complainant,) CODE SECTION 17415
13)
14 vs.)
15 EFFICIENT SERVICES ESCROW GROUP,)
16 Respondent.)
17)

18 TO: EFFICIENT SERVICES ESCROW GROUP
19 19671 Beach Boulevard, Suite 207
20 Huntington Beach, California 92648
21 FIRST FOUNDATION BANK
22 18101 Von Karman Avenue, Suite 750
Irvine, California 92612

23 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

24 1. On or about February 25, 2013, the Commissioner received information from Escrow
25 Agent’s Fidelity Corporation (“EAFC”), the fidelity insurer for the independent escrow industry, that
26 Respondent Efficient Services Escrow Group (“Efficient”) had notified EAFC on or about February
27 22, 2013 that Efficient had suffered shortages in its trust accounts totaling \$1,558,339.00. Based
28 upon such information, the Commissioner, by and through staff, commenced a special examination

1 of the books and records of Efficient on or about February 26, 2013.

2 2. The special examination disclosed that Efficient had shortages in its two trust
3 accounts totaling \$1,558,339.00. The special examination disclosed that the shortages were
4 apparently caused when someone “hacked” into a computer of Efficient and thereafter caused
5 monies on deposit in the trust accounts of Efficient to be wired out of the country. The respective
6 dates and amounts of the wires were December 17, 2012 in the amount of \$432,215.00, January 24,
7 2013 in the amount of \$563,112.00, and January 30, 2013 in the amount of \$563,112.00.

8 3. At the time the unauthorized wires occurred in January, 2013, Efficient was in
9 violation of California Code of Regulations, title 10, section 1732.2(a)(3), which requires escrow
10 agent licensees to reconcile their trust account(s) on a monthly basis. The December 31, 2012 bank
11 account statement for the trust account ending in 2416 clearly showed the unauthorized wire in the
12 amount of \$432,215.00 on December 17, 2012.

13 4. The regulatory examination of Efficient recently completed in September 2012
14 disclosed that Efficient was not maintaining its books and records in accordance with the
15 requirements of the Escrow Law, in particular, its trust account books and records. The Department
16 of Corporations’ examiner discussed the violations of the Escrow Law with respect to the
17 maintenance of proper books and records with Efficient during an exit conference. Efficient had
18 been previously warned during its regulatory examination in 2009 regarding its then failure to
19 maintain proper books and records.

20 5. Based upon the findings of the special examination, on or about February 26, 2013,
21 the Commissioner made written demand to Efficient to cure the \$1,558,339.00 shortage in the trust
22 accounts no later than close of business February 27, 2013. Efficient has failed to cure the shortage
23 and continues in its failure to cure the trust account shortage.

24 Based upon the foregoing, Efficient is conducting escrow business in such an unsafe and
25 injurious manner as to render further operations hazardous to the public or to customers.

26 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
27 THEREFORE, it is hereby ORDERED, under the provisions of section 17415 of the Financial Code,
28 that Efficient Services Escrow Group and any person having in his or her possession any escrow

1 funds or trust funds immediately discontinue the receipt or disbursement of any escrow or joint
2 control money, documents or other property in its possession, custody or control.

3 This order is to remain in full force and effect until further order of the Commissioner.

4 Section 17415 of the Financial Code provides as follows:

5 (a) If the commissioner, as a result of any examination or from any
6 report made to him or her, shall find that any person subject to this
7 division is in an insolvent condition, is conducting escrow business in
8 such an unsafe or injurious manner as to render further operations
9 hazardous to the public or to customers, has failed to comply with
10 the provisions of Section 17212.1 or 17414.1, has permitted its tangible
11 net worth to be lower than the minimum required by law, has failed to
12 maintain its liquid assets in excess of current liabilities as set forth in
13 Section 17210, or has failed to comply with the bonding requirements
14 of Chapter 2 (commencing with Section 17200) of this division, the
15 commissioner may, by an order addressed to and served by registered
16 or certified mail or personal service on such person and on any other
17 person having in his or her possession or control any escrowed funds,
18 trust funds or other property deposited in escrow with said person,
19 direct discontinuance of the disbursement of trust funds by the parties
20 or any of them, the receipt of trust funds, the delivery or recording of
21 documents received in escrow, or other business operations. No person
22 having in his or her possession any of these funds or documents shall be
23 liable for failure to comply with the order unless he or she has received
24 written notice of the order. Subject to subdivision (b), the order shall remain
25 in effect until set aside by the commissioner in whole or in part, the person
26 is the subject of an order for relief in bankruptcy, or pursuant to Chapter 6
27 (commencing with Section 17621) of this division the commissioner has assumed
28 possession of the escrow agent.

(b) Within 15 days from the date of an order pursuant to subdivision (a),
the person may request a hearing under the Administrative Procedure Act,
Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the
Government Code. Upon receipt of a request, the matter shall be set for hearing
to commence within 30 days after such receipt unless the person subject
to this division consents to a later date. If no hearing is requested within
15 days after the mailing of service of such notice and none is ordered by
the commissioner, the failure to request a hearing shall constitute a waiver
of the right for a hearing. Neither the request for a hearing nor the hearing
itself shall stay the order issued by the commissioner under subdivision (a).

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Dated: February 28, 2013
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Corporations

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division

1 MARY ANN SMITH
Deputy Commissioner
2 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA
10

11 In the Matter of THE COMMISSIONER OF) File No.: 963-2549
CORPORATIONS OF THE STATE OF)
12 CALIFORNIA,) ORDER APPOINTING PETER A. DAVIDSON
13 Complainant,) AS CONSERVATOR PURSUANT TO
14) CALIFORNIA FINANCIAL CODE SECTION
vs.) 17630
15)
16 EFFICIENT SERVICES ESCROW GROUP,)
17 Respondent.)
18)

19 I, JAN LYNN OWEN, Commissioner of Corporations of the State of California
20 (“Commissioner”), pursuant to Financial Code section 17630, do hereby appoint Peter A. Davidson
21 of the law firm of Ervin Cohen & Jessup LLP as Conservator of Efficient Services Escrow Group in
22 order that he may take possession of the property, business and assets of said escrow agent for the
23 protection of the escrow agent, the customers of the escrow agent, its creditors, and the public.

24 The conservator, pursuant to Financial Code section 17630, shall have all the rights, powers,
25 and privileges of Efficient Services Escrow Group, its officers and directors, and shall have the same
26 powers and rights as the Commissioner, while he is in possession of the property, business and assets
27 of the escrow agent. These rights, powers and privileges shall include all acts as are necessary or
28 expedient to collect, conserve and protect the escrow agent's assets, property and business including

1 (a) the collection, recovery and compromise of claims, deeds, property and rights in favor of or
2 belonging to the escrow agent; (b) the execution of all deeds, conveyances, agreements, compliances
3 and instruments of every kind and nature in connection with the business, property or affairs of said
4 escrow agent; (c) the employment of accountants and attorneys to the extent reasonably necessary;
5 and (d) with prior consent of the Commissioner, the institution, maintenance and defense of suits
6 related to the affairs of the escrow agent, the filing of petitions or applications in court or elsewhere
7 for all purposes.

8 All expenses of the Conservatorship shall be paid out of the assets of the licensee and shall
9 be a lien thereon which shall be prior to any other lien.

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

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

13 Dated: March 7, 2013
14 Los Angeles, California

JAN LYNN OWEN
Commissioner of Corporations

16 By _____
17 Mary Ann Smith
18 Deputy Commissioner
19 Enforcement Division
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1 MARY ANN SMITH
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2 JUDY L. HARTLEY (CA BAR NO. 110628)
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of THE COMMISSIONER OF) File No.: 963-2549
CORPORATIONS OF THE STATE OF)
12 CALIFORNIA,) DEMAND FOR AND ORDER TAKING
13 Complainant,) POSSESSION OF PROPERTY AND
14) BUSINESS PURSUANT TO CALIFORNIA
vs.) FINANCIAL CODE SECTION 17621
15)
16 EFFICIENT SERVICES ESCROW GROUP,)
17 Respondent.)
18)

19 WHEREAS, Jan Lynn Owen, the Commissioner of Corporations of the State of California
20 (“Commissioner”), has found that Efficient Services Escrow Group ("Respondent"), an escrow agent
21 subject to the Escrow Law (California Financial Code § 17000 et seq.), is unable to remedy certain
22 conditions set forth in the Notice and Summary of Findings Pursuant to California Financial Code
23 section 17621 issued by the Commissioner on March 7, 2013; and

24 WHEREAS, Respondent is conducting escrow business in an unsafe, injurious and
25 unauthorized manner, so as to render further operations hazardous to the public and to customers in
26 that Respondent:

27 (a) Despite demand by the Commissioner, has been unable to cure shortages in its trust
28 accounts totaling \$1,126,224.00 apparently caused by “cyber theft” when funds on deposit in the

1 trust accounts of Respondent were wired out of the country on (i) December 17, 2012 in the amount
2 of \$432,215.00, (ii) January 24, 2013 in the amount of \$563,112.00, and (iii) January 30, 2013 in the
3 amount of \$563,112.00. The trust account shortage originally totaled \$1,558,339.00, but the bank
4 was able to retrieve the December 17, 2012 wire in the amount of \$432,215.00.

5 (b) Despite previous warnings as recently as September 2012, failed to maintain books
6 and records in accordance with the requirements of Financial Code section 17404 and California
7 Code of Regulations, title 10, section 1732.2(a)(3), which allowed the initial unauthorized wire of
8 \$432,215.00 to go undetected thereby impeding Respondent’s ability to prevent the two further
9 unauthorized wires totaling \$1,126,224.00.

10 NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the
11 Commissioner hereby demands and takes possession of the property and business of Respondent
12 Efficient Services Escrow Group, effective March 8, 2013, and will retain possession thereof until
13 the Commissioner appoints a conservator, or until its affairs are finally liquidated as provided for in
14 Division 6, Chapter 6 of the California Financial Code, or it resumes business with the consent and
15 upon such conditions as the Commissioner may prescribe.

16 Dated: March 7, 2013
17 Los Angeles, California

JAN LYNN OWEN
Commissioner of Corporations

19 By _____
20 Mary Ann Smith
21 Deputy Commissioner
22 Enforcement Division
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA
10

11 In the Matter of THE COMMISSIONER OF) File No.: 963-2549
CORPORATIONS OF THE STATE OF)
12 CALIFORNIA,) NOTICE AND SUMMARY OF FINDINGS
13) PURSUANT TO CALIFORNIA FINANCIAL
Complainant,) CODE SECTION 17621
14)
vs.)
15)
16 EFFICIENT SERVICE ESCROW GROUP,)
Respondent.)
17)
18)

19 TO: EFFICIENT SERVICES ESCROW GROUP
20 19671 Beach Boulevard, Suite 207
Huntington Beach, California 92648
21
FIRST FOUNDATION BANK
22 18101 Von Karman Avenue, Suite 750
Irvine, California 92612
23

24 Please take notice that the Commissioner of Corporations of the State of California finds:

25 1. Efficient Services Escrow Group (“Respondent”), is an escrow agent holding a valid and
26 unrevoked license issued by the Commissioner of Corporations of the State of California
27 (“Commissioner”), pursuant to the Escrow Law of the State of California (California Financial Code
28 sections 17000).

1 2. On or about February 25, 2013, the Commissioner received information from Escrow
2 Agent’s Fidelity Corporation (“EAFC”), the fidelity insurer for the independent escrow industry, that
3 Respondent had notified EAFC on or about February 22, 2013 that Respondent had suffered
4 shortages in its trust accounts totaling \$1,558,339.00. Based upon such information, the
5 Commissioner, by and through staff, commenced a special examination of the books and records of
6 Respondent on or about February 26, 2013.

7 3. The special examination disclosed that Respondent had shortages in its two trust
8 accounts totaling \$1,558,339.00. The special examination disclosed that the shortages were
9 apparently caused by “cyber theft” when funds on deposit in the trust accounts of Respondent were
10 wired out of the country. The respective dates and amounts of the unauthorized wires were
11 December 17, 2012 in the amount of \$432,215.00, January 24, 2013 in the amount of \$563,112.00,
12 and January 30, 2013 in the amount of \$563,112.00.

13 4. At the time the unauthorized wires occurred in January 2013, Respondent was in
14 violation of Financial Code section 17404 and California Code of Regulations, title 10, section
15 1732.2(a)(3), which require escrow agent licensees to reconcile their trust account(s) on a monthly
16 basis. The December 31, 2012 bank account statement for the trust account ending in 2416 clearly
17 showed the unauthorized wire in the amount of \$432,215.00 on December 17, 2012.

18 5. The regulatory examination of Respondent recently completed in September 2012
19 disclosed that Respondent was not maintaining its books and records in accordance with the
20 requirements of the Escrow Law, in particular, its trust account books and records. The Department
21 of Corporations’ examiner discussed the violations of the Escrow Law with respect to the
22 maintenance of proper books and records with Respondent during an exit conference. Respondent
23 had been previously warned during its regulatory examination in 2009 regarding its then failure to
24 maintain proper books and records.

25 6. Based upon the findings of the special examination, on or about February 26, 2013,
26 the Commissioner made written demand to Respondent to cure the \$1,558,339.00 shortage in the
27 trust accounts no later than close of business February 27, 2013. Respondent failed to cure the
28 shortage by close of business February 27, 2013 causing the Commissioner to issue an Order to

1 Discontinue Escrow Activities Pursuant to California Financial Code Section 17415 against
2 Respondent on February 28, 2013..

3 7. Respondent has had seven business days since it was served with the Order to
4 Discontinue Escrow Activities to cure the trust account shortages. Notwithstanding, only
5 \$432,215.00 of the shortage has been cured when Respondent’s bank was able to retrieve the funds
6 from the December 17, 2012 wire. However, trust account shortages totaling \$1,126,224.00 remain.

7 8. Financial Code section 17621 provides in pertinent part:

8 Whenever it appears to the Commissioner that any escrow agent subject
9 to this division:

10 ...

11 (b) Is conducting escrow business in an unsafe and unauthorized manner;

12 (c) Has violated its charter or any law of the State of California;

13 ...

14 the commissioner shall dispatch a written notice and summary of findings,
15 as referred to in Section 17415, to the principal officer of the escrow agent
16 involved or to its manager of record; and such escrow agent shall be afforded
17 a reasonable opportunity to comply or otherwise effect such remedy as the
18 commissioner may deem acceptable. However, should the escrow agent so
19 notified fail to comply within five days of receipt of the notice, or as soon as
20 it appears to the commissioner that no compliance is possible, or in the event
21 prompt delivery of the prescribed written notice is impossible, the commissioner
22 may forthwith take possession of the property and business of such escrow agent
23 and retain possession until such escrow agent resumes business or its affairs be
24 finally liquidated as provided in this chapter. The escrow agent, with the consent
25 of the commissioner, may resume business upon such conditions as the
26 commissioner may prescribe.

27 9. Based upon the foregoing, the Commissioner finds that Respondent has violated
28 Financial Code section 17404 and California Code of Regulations, title 10, section 1732.2, is
conducting escrow business in an unsafe and unauthorized manner, and that no compliance is
possible.

10. Pursuant to Financial Code sections 17621 and 17630, it is also necessary that a
conservator be appointed as specified in the accompanying Order Appointing Peter A. Davidson As
Conservator Pursuant to California Financial Code Section 17630.

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Dated: March 7, 2013
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Corporations

By _____
Judy L. Hartley
Senior Corporations Counsel
Enforcement Division

1 MARY ANN SMITH
Deputy Commissioner
2 JUDY L. HARTLEY (CA BAR NO. 110628)
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6 Attorneys for Petitioner
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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF ORANGE
10 CENTRAL JUSTICE CENTER
11

12 THE PEOPLE OF THE STATE OF) Case No.:
CALIFORNIA, BY AND THROUGH THE)
13 COMMISSIONER OF CORPORATIONS OF) PETITION FOR RECEIVER TO LIQUIDATE
THE STATE OF CALIFORNIA,) AND WIND UP BUSINESS
14)
15 Petitioner,) (California Financial Code Section 17636)
16 vs.) (No Fee-Government Code Section 6103)
17)
18 EFFICIENT SERVICES ESCROW GROUP,)
Respondent.)
19

20 Petitioner, the People of the State of California, by and through the Commissioner of
21 Corporations of the State of California (“Commissioner” or “Petitioner”), administers the provisions
22 of the California Escrow Law (Financial Code § 17000 et seq.), and the regulations issued pursuant
23 thereto (Title 10, California Code of Regulations, Chapter 3, Subchapter 9, Sections 1700 et seq.),
24 which regulate the business and activities of independent escrow agents.

25 Petitioner having issued an Order Taking Possession of the Property and Business of
26 Efficient Services Escrow Group on March 8, 2013 pursuant to Financial Code Section 17621,
27 respectfully states:
28

1 1. On December 2, 2008, Petitioner issued an escrow agent's license pursuant to the
2 Escrow Law to Efficient Services Escrow Group ("Efficient"), a California corporation. Pursuant to
3 that license, Petitioner authorized Efficient to engage in business as an escrow agent within the State
4 of California. The license is currently valid and unrevoked. Efficient's licensed location was 19671
5 Beach Boulevard, Suite 207, Huntington Beach, California 92648. However, Efficient was found to
6 be operating out of 19671 Beach Boulevard, Suite 215, Huntington Beach, California 92648.

7 2. Robert C. Crenshaw ("R. Crenshaw") is, and was at all times relevant herein, the
8 president and sole shareholder of Efficient.

9 3. On or about February 25, 2013, Petitioner received information from Escrow Agents'
10 Fidelity Corporation ("EAFC"), the fidelity insurer for the independent escrow industry, that
11 Efficient had notified EAFC on or about February 22, 2013 that Efficient had suffered shortages in
12 its trust accounts totaling \$1,558,339.00. Based upon such information, on or about February 26,
13 2013, Petitioner, by and through staff, commenced a special examination of the books and records of
14 Efficient.

15 4. The special examination disclosed that Efficient had shortages in its two trust
16 accounts totaling \$1,558,339.00. The special examination disclosed that the shortages were
17 apparently caused by "cyber theft" when funds on deposit in the trust accounts of Efficient were
18 wired out of the country. The respective dates and amounts of the unauthorized wires were
19 December 17, 2012 in the amount of \$432,215.00, January 24, 2013 in the amount of \$563,112.00,
20 and January 30, 2013 in the amount of \$563,112.00.

21 5. At the time the unauthorized wires occurred in January 2013, Efficient was in
22 violation of Financial Code section 17404 and California Code of Regulations, title 10, section
23 1732.2(a)(3), which require escrow agent licensees to reconcile their trust account(s) on a monthly
24 basis. The December 31, 2012 bank account statement for the trust account ending in 2416 clearly
25 showed the unauthorized wire in the amount of \$432,215.00 on December 17, 2012.

26 6. The regulatory examination of Efficient recently completed in September 2012
27 disclosed that Efficient was not maintaining its books and records in accordance with the
28 requirements of the Escrow Law, in particular, its trust account books and records. Petitioner

1 discussed the violations of the Escrow Law with respect to the maintenance of proper books and
2 records with Efficient during an exit conference and ensured that Efficient had corrected the
3 violations prior to completion of the regulatory examination.

4 7. Based upon the findings of the special examination, on or about February 26, 2013,
5 Petitioner made written demand to Efficient to cure the \$1,558,339.00 shortage in the trust accounts
6 no later than close of business February 27, 2013. Efficient failed to cure the shortage by close of
7 business February 27, 2013. At that time, Petitioner determined that the manner in which Efficient
8 was conducting business was unsafe and injurious and on February 28, 2013, Petitioner issued an
9 Order to Discontinue Escrow Activities Pursuant to California Financial Code Section 17415 against
10 Efficient.

11 8. Efficient was given seven business days after it was served with the Order to
12 Discontinue Escrow Activities to cure the trust account shortages. Notwithstanding, only
13 \$432,215.00 of the shortage was cured by close of business March 7, 2013 after Efficient's bank was
14 able to retrieve the funds from the December 17, 2012 wire leaving trust account shortages totaling
15 \$1,126,224.00.

16 9. On March 7, 2013, when after further time, Efficient remained unable to correct the
17 trust account shortages, Petitioner issued a Demand For and Order Taking Possession of the Property
18 and Business pursuant to Financial Code Section 17621 and an Order Appointing Conservator
19 pursuant to Financial Code Section 17630, which orders were personally served on Efficient on
20 March 8, 2013.

21 10. Pursuant to the Order Appointing Conservator, Peter A. Davidson of the Law Firm of
22 Ervin Cohen & Jessup LLP ("Conservator") took possession of the property, business and assets of
23 Efficient on March 8, 2013.

24 11. Pursuant to Financial Code section 17622, Efficient had ten (10) days after the taking to
25 apply to the superior court for an order to enjoin further proceedings by Petitioner. The ten-day
26 period elapsed on March 18, 2013, and there has been no action commenced by Efficient to contest
27 the Demand For and Order Taking Possession of the Property and Business pursuant to Financial
28 Code Section 17621 and Order Appointing Conservator pursuant to Financial Code Section 17630.

1 12. On review of Efficient's books and records and assets, Petitioner has concluded that it
2 would be futile to proceed under a conservatorship with the conduct of the business of Efficient as
3 there are no assets from which to pursue the avenues necessary to ascertain the exact amount of the
4 trust account shortage, identify all trust claimants, restore the trust account to the extent feasible, and
5 thereby make the trust fund claimants as whole as possible.

6 13. Pursuant to Financial Code Section 17636, Petitioner is authorized to petition the
7 superior court for the appointment of a receiver to liquidate the affairs of a licensee after having
8 taken possession of the property and business of said licensee.

9 14. Petitioner submits that the appointment of a receiver by this court over Efficient is
10 necessary to properly liquidate the affairs of Efficient and to provide the greatest protection possible
11 to the customers of Efficient. The petitioner submits that a situation exists wherein irreparable harm
12 will be suffered by the public unless and until a receiver is appointed over Efficient in order to wind
13 up and liquidate the business and affairs of Efficient.

14 Wherefore, Petitioner prays:

15 A. This Court issue an order naming Peter A. Davidson as the receiver over the business,
16 property, assets and affairs of Efficient, whether directly or indirectly, owned beneficially or
17 otherwise by, or in the possession, custody or control of Efficient, or to which Efficient has any right
18 of possession, custody or control, irrespective of whomsoever holds such property and assets,
19 including all such property, insurance, and assets which Efficient carries or maintains, in order to
20 obtain an adequate accounting of Efficient's property, assets and liabilities; secure a marshaling of
21 such property and assets; and to forthwith begin winding up and liquidating the business and affairs
22 of Efficient in accord with the provisions of Financial Code Sections 17635 through 17654, and for
23 said order appointing such receiver to further provide that:

24 (1) The receiver prior to entry upon the duties described herein, take an oath to faithfully
25 perform the duties of a receiver and to observe all of the instructions of this Court;

26 (2) The receiver is authorized, empowered and directed:

27 (a) To review, observe, discover and make notes regarding all the real and personal
28 property, premises and other assets of, or in the possession of Efficient, where ever situated,

1 including all accounts of Efficient in financial depository institutions, and of any other property in
2 which Efficient has an interest regardless by whom it may be held on an ongoing basis pursuant to
3 this Court's order;

4 (b) To undertake an independent review into the financial condition, other affairs and
5 transactions of Efficient and render a report within 90 days or how ever long the Court orders
6 reflecting the existence and value of all assets and property subject to the review, observation and/or
7 discovery by the receiver and of the extent of any liabilities, both those claimed by others to exist
8 and those which the receiver believes to be the legal obligations of Efficient, including a review of
9 any possible conflicts of interest and any further information the receiver believes may assist in an
10 equitable disposition of this matter, and to include in its report the receiver's opinion regarding the
11 ability of Efficient to meet its obligations as they come due, and his recommendation regarding the
12 necessity for, and the best method of handling, preserving or disposing of such property and/or
13 assets;

14 (c) To retain and employ the Law Firm of Ervin Cohen & Jessup LLP to assist and
15 advice and represent the receiver in the performance of his duties and responsibilities and such other
16 attorneys as the Court may approve upon written application of the receiver;

17 (d) To retain and employ LoBuglio & Sigman, CPA's, his accountants, and such other
18 persons, clerical and professional, to perform such tasks as may be necessary to aid the receiver in
19 the performance of his duties and responsibilities;

20 (e) To be the sole signatory on all bank accounts of Efficient;

21 (f) To bring such proceedings as are necessary to enforce the provisions hereof;

22 (g) To bring such actions as are necessary to modify the provisions hereof;

23 (h) To make such payments and disbursements from the funds so taken into custody,
24 control, and possession of the receiver or otherwise received by him, as may be necessary and
25 advisable in discharging his duties as receiver;

26 (i) To carry on the lawful business activities of Efficient to preserve escrow party assets
27 and to foreclose and/or actively seek and negotiate with potential buyers, assignees or other parties
28 who may be interested in acquiring or purchasing real or personal property subject to court approval;

1 (j) To institute, prosecute, defend, compromise, intervene and become a party either in
2 his own name or in the name of Efficient to such suits, actions, or proceedings as may be necessary
3 for the protection, maintenance, recoupment, recovery, or preservation of the assets or property of
4 Efficient and its escrow parties, with prior court approval; and

5 (k) To divert, take possession of and secure all mail of Efficient, in order to screen such
6 mail, and to effect a change in the rights to use any and all post office boxes and other mail
7 collection facilities used by Efficient.

8 B. For an order that the receiver is hereby vested with, and is authorized, directed, and
9 empowered to exercise, all of the powers of Efficient's officers and directors or persons who exercise
10 similar powers and perform similar duties, whose authority are hereby suspended; and Efficient's
11 officers, agents, employees, representatives, directors, successors in interest, attorneys in fact and all
12 persons acting in concert or participating with them, are hereby divested of, restrained and barred
13 from exercising any of the powers herein vested in this receiver.

14 C. For an order permitting any local, state or federal law enforcement and regulatory
15 agency having jurisdiction over matters relating to Efficient's business to review, without exception,
16 all reports of the receiver and all books, records, and files of Efficient at any time during normal
17 business hours, and to make any abstract or copies of said documents as it desires.

18 D. For an order directing that Efficient and its respective officers, directors, agents,
19 servants, employees, successors, assigns, affiliates, and other persons or entities under their control
20 and all persons or entities in active concert or participation with them, and each of them, shall turn
21 over to the receiver records, documentation, charts and/or descriptive material of all funds, assets,
22 property owned beneficially or otherwise, and all other assets of Efficient wherever situated, and all
23 books and records of accounts, title documents and other documents in their possession or under
24 their control, which relate, directly or indirectly, to assets or property of Efficient or belonging to its
25 escrow parties, now held by Efficient or any of them or to the business or operations of Efficient or
26 each of them.

27 E. For an order that this Court will retain jurisdiction of this action in order to implement
28 and carry out the terms of all orders and decrees that may be entered herein or to entertain any

1 suitable application or motion by Petitioner and/or receiver for additional relief or modification of
2 any order made herein within the jurisdiction of this Court.

3 F. For an order that, except by leave of court, and during the pendency of this
4 Receivership, all parties to escrows held by Efficient, creditors, and any other persons seeking relief
5 of any kind, in law or in equity, from Efficient, and all others acting on behalf of any such escrow
6 parties, creditors or other persons including sheriffs, marshals, servants, agents and employees are
7 restrained from:

- 8 (1) commencing, prosecuting, continuing or enforcing any suit or proceeding;
- 9 (2) executing or issuing or causing the execution or issuance of any court attachment,
10 subpoena, replevin, execution or other process for the purpose of impounding or taking possession of
11 or interfering with or creating or enforcing a lien upon any property owned or in the possession of
12 Efficient or its affiliates, or the receiver appointed herein, where ever situated;
- 13 (3) commencing or continuing judicial or non-judicial foreclosure proceedings or
14 proceedings for the appointment of a receiver of any property owned or claimed by Efficient;
- 15 (4) creating, perfecting, or enforcing any lien or encumbrance against any real or
16 personal property;
- 17 (5) accelerating the due date of any obligation or claimed obligation;
- 18 (6) exercising any right of set-off;
- 19 (7) taking, retaining, retaking or attempting to retake possession of any real or personal
20 property;
- 21 (8) withholding or diverting any rent or other obligation;
- 22 (9) doing any act or other thing whatsoever to interfere with the possession of or
23 management by the receiver herein and of the property and assets, owned or controlled by Efficient
24 or in the possession of Efficient or to in any way interfere with said receiver or to interfere in any
25 manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over
26 Efficient.

27 G. For an order that any and all provisions of any agreement entered into by and between
28 any third party and Efficient, including, by way of illustration, but not limited to, the following types

1 of agreements (as well as any amendments, assignments, or modifications thereto): financial
2 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust, mortgages,
3 indemnification agreements, subrogation agreements, subordination agreements, pledge agreements,
4 assignments of rents or other collateral, letters of credit, leases, insurance policies, guaranties,
5 escrow agreements, management agreements, real estate brokerage and rental agreements, servicing
6 agreements, attornment agreements, consulting agreements, easement agreements, license
7 agreements, franchise agreements, or employment contracts that provide in any manner that
8 selection, appointment or retention of a receiver or trustee by any court, or entry of an order such as
9 hereby made, shall be deemed to be, or otherwise operate as a breach, violation, event of default,
10 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation, shall
11 be stayed, and the assertion of any and all rights and remedies relating thereto shall also be stayed
12 and barred, except as otherwise ordered by the Court, and the Court shall retain jurisdiction over any
13 cause of action that has arisen or may otherwise arise under any such provision.

14 H. For an order that at such time as the financial condition of Efficient, including the
15 trust fund status, has been ascertained by the receiver and at such time as the assets and trust funds
16 have been marshaled and all liabilities have been determined, the receiver shall file an application
17 with the Court for disposition of such assets and trust funds. The application shall propose in detail
18 the winding up and liquidation of Efficient and the distribution of assets and trust funds. If
19 necessary, the receiver shall be authorized to propose and carry out a partial liquidation and
20 distribution; retaining such funds pending final distribution as are necessary to finance any pertinent
21 litigation or the remaining operation of the receivership.

22 I. For an order that the receiver shall be paid an hourly rate of \$475.00 for his services
23 and shall be entitled to reimbursement for usual and customary expenses, including out of pocket
24 expenditures on behalf of the receivership estate, which shall be paid from surety bond proceeds, if
25 any, and then if insufficient, from the trust funds, and that the State of California shall have no
26 liability whatsoever for any costs, fees and/or out of pocket expenses that may result from such
27 receivership. The receiver and any professional hired by him shall make application to this Court on
28 a monthly basis for payment of reasonable fees and expenses incurred by the receiver or such

1 professional, and shall be entitled to payment of said fees and expenses on account as hereinafter
2 provided, including payment of all reasonable fees and expenses incurred by the receiver in his
3 capacity as conservator or any professional rendering services during the conservatorship from the
4 date of appointment as conservator through to the date of appointment as receiver, and shall be
5 entitled to payment of said conservator fees and expenses on account as hereinafter provided. Copies
6 of such applications to the Court shall be promptly served on all attorneys of record for parties in this
7 action, who shall have ten (10) calendar days following the filing and service of such application to
8 file any objections thereto with the Court, and serve any such objections by facsimile and mail on the
9 receiver. If no objections are filed with the Court and served within the ten (10) calendar day period,
10 the receiver shall thereupon draw funds from the receivership estate sufficient to pay one-hundred
11 percent (100%) of out-of-pocket expenses and seventy-five percent (75%) of such fees, including all
12 professional fees, and other expenses such as in office copying and facsimile charges, without
13 further order of the Court. To the extent the fees and costs requested relate to the Conservator's or
14 his professional's fees and expenses, one-hundred percent (100%) of said fees and expenses shall be
15 paid. If any objections are filed, the receiver may draw funds from the receivership estate sufficient
16 to pay any amounts as to which there are no objections, and the Court will conduct a hearing on any
17 objections upon motion of the receiver or the objecting party. At such hearing, the compensation of
18 the receiver or other professional making application, as well as allowable disbursements and
19 expenses, will be determined by the Court, and the receiver will be directed to draw funds from the
20 receivership estate to pay one-hundred percent (100%) and seventy-five percent (75%), respectively,
21 of the amounts so determined by the Court. Notwithstanding such interim monthly payments of fees
22 and expenses, all fees and expenses shall be submitted to the Court for its approval by a properly
23 noticed request for fees, stipulation of all parties or the receiver's Final Account and Report. Upon
24 approval of the fees and expenses of the receiver or other professional, any hold back amounts still
25 due and owing to the receiver or other professional shall be paid from the receivership estate.

26 J. For an order prohibiting the disbursement of Efficient's trust funds until a
27 reconciliation of Efficient's trust account has been completed and the Petitioner has approved the
28 reconciliation of which said approval shall not be unreasonably withheld, except to pay the costs and

1 expenses of the receivership as provided for in paragraph I. above.

2 K. For an order that the receiver be required to file a bond with the Court in this matter in
3 the amount of \$10,000.00.

4 Dated: March 25, 2013
5 Los Angeles, California

JAN LYNN OWEN
Commissioner of Corporations

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8 By _____
9 JUDY L. HARTLEY
10 Attorney for Petitioner,
11 Commissioner of Corporations
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FILED

SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE

CENTRAL JUSTICE CENTER

JUL-2 2013

ALAN CARLSON, Clerk of the Court

BY K. PERAZA

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE

CENTRAL JUSTICE CENTER

THE PEOPLE OF THE STATE OF	)	Case No.: 30-2013-00639413-CU-PT-CJC
CALIFORNIA, BY AND THROUGH THE)	
COMMISSIONER OF CORPORATIONS OF	)	Assigned To: Judge David T. McEachen
THE STATE OF CALIFORNIA,	)	Dept: C21
	)	[PROPOSED] ORDER APPOINTING
Petitioner,	)	RECEIVER TO LIQUIDATE AND WIND UP
	)	BUSINESS
vs.)	
	)	Date: July 2, 2013
EFFICIENT SERVICES ESCROW GROUP,	)	Time: 1:30 p.m.
	)	Dept: C21
Respondent.	)	No Trial Date
	)	Action filed: March 25, 2013

The application for an Order Appointing a Receiver to Liquidate and Wind Up Business was heard this date, July 2, 2013 at 1:30 p.m. by this Court, the Honorable David T. McEachen presiding. Petitioner appeared by Counsel Judy L. Hartley. Respondent appeared by no appearance.

This Court having considered the application, petition, points and authorities and supporting declarations and exhibits filed in the above matter by the Commissioner of Corporations, the opposition filed by Respondent, if any, and upon a hearing before this Court, and GOOD CAUSE APPEARING THEREFOR:

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IT IS HEREBY ORDERED:

That Peter A. Davidson be appointed as receiver over the business, property, assets and affairs of Efficient Services Escrow Group (“Efficient”), whether directly or indirectly, owned beneficially or otherwise by, or in the possession, custody or control of Efficient, or to which Efficient has any right of possession, custody or control, irrespective of whomsoever holds such property and assets, including all such property, insurance, and assets which Efficient carries or maintains, in order to obtain an adequate accounting of Efficient's property, assets and liabilities; secure a marshaling of such property and assets; and to forthwith begin winding up and liquidating the business and affairs of Efficient in accord with the provisions of the California Escrow Law.

IT IS FURTHER ORDERED THAT:

1. Peter A. Davison (the “receiver”), prior to entry upon the duties described herein, take an oath to faithfully perform the duties of a receiver and to observe all of the instructions of this Court.

2. The receiver is authorized, empowered and directed:

(a) To review, observe, discover and make notes regarding all the real and personal property, premises and other assets of, or in the possession of Efficient, where ever situated, including all accounts of Efficient in financial depository institutions, and of any other property in which Efficient has an interest regardless by whom it may be held on an ongoing basis pursuant to this Court's order;

(b) To undertake an independent review into the financial condition, other affairs and transactions of Efficient and render a report within 90 days or how ever long the Court orders reflecting the existence and value of all assets and property subject to the review, observation and/or discovery by the receiver and of the extent of any liabilities, both those claimed by others to exist and those which the receiver believes to be the legal obligations of Efficient, including a review of any possible conflicts of interest and any further information the receiver believes may assist in an equitable disposition of this matter, and to include in its report the receiver's opinion regarding the ability of Efficient to meet its obligations as they come due, and his recommendation regarding the

1 necessity for, and the best method of handling, preserving or disposing of such property and/or
2 assets;

3 (c) To retain and employ the Law Firm of Ervin Cohen & Jessup LLP to assist and
4 advice and represent the receiver in the performance of his duties and responsibilities and such other
5 attorneys as the Court may approve upon written application of the receiver;

6 (d) To retain and employ LoBuglio & Sigman, CPA's, his accountants, and such other
7 persons, clerical and professional, to perform such tasks as may be necessary to aid the receiver in
8 the performance of his duties and responsibilities;

9 (e) To be the sole signatory on all bank accounts of Efficient;

10 (f) To bring such proceedings as are necessary to enforce the provisions hereof;

11 (g) To bring such actions as are necessary to modify the provisions hereof;

12 (h) To make such payments and disbursements from the funds so taken into custody,
13 control, and possession of the receiver or otherwise received by him, as may be necessary and
14 advisable in discharging his duties as receiver;

15 (i) To carry on the lawful business activities of Efficient to preserve escrow party assets
16 and to foreclose and/or actively seek and negotiate with potential buyers, assignees or other parties
17 who may be interested in acquiring or purchasing real or personal property subject to court approval;

18 (j) To institute, prosecute, defend, compromise, intervene and become a party either in
19 his own name or in the name of Efficient to such suits, actions, or proceedings as may be necessary
20 for the protection, maintenance, recoupment, recovery, or preservation of the assets or property of
21 Efficient and its escrow parties, with prior court approval; and

22 (k) To divert, take possession of and secure all mail of Efficient, in order to screen such
23 mail, and to effect a change in the rights to use any and all post office boxes and other mail
24 collection facilities used by Efficient.

25 3. The receiver is hereby vested with, and is authorized, directed, and empowered to
26 exercise, all of the powers of Efficient's officers and directors or persons who exercise similar
27 powers and perform similar duties, whose authority are hereby suspended; and Efficient's officers,
28 agents, employees, representatives, directors, successors in interest, attorneys in fact and all persons

1 acting in concert or participating with them, are hereby divested of, restrained and barred from
2 exercising any of the powers herein vested in this receiver.

3 4. Any local, state or federal law enforcement and regulatory agency having jurisdiction
4 over matters relating to Efficient's business shall be entitled to review, without exception, all reports
5 of the receiver and all books, records, and files of Efficient at any time during normal business
6 hours, and to make any abstract or copies of said documents as it desires.

7 5. Efficient and its respective officers, directors, agents, servants, employees,
8 successors, assigns, affiliates, and other persons or entities under their control and all persons or
9 entities in active concert or participation with them, and each of them, shall turn over to the receiver
10 records, documentation, charts and/or descriptive material of all funds, assets, property owned
11 beneficially or otherwise, and all other assets of Efficient wherever situated, and all books and
12 records of accounts, title documents and other documents in their possession or under their control,
13 which relate, directly or indirectly, to assets or property of Efficient or belonging to its escrow
14 parties, now held by Efficient or any of them or to the business or operations of Efficient or each of
15 them.

16 6. This Court will retain jurisdiction of this action in order to implement and carry out
17 the terms of all orders and decrees that may be entered herein or to entertain any suitable application
18 or motion by Petitioner and/or receiver for additional relief or modification of any order made herein
19 within the jurisdiction of this Court.

20 7. During the pendency of this receivership, except by leave of court, all parties to
21 escrows held by Efficient, creditors, and any other persons seeking relief of any kind, in law or in
22 equity, from Efficient, and all others acting on behalf of any such escrow parties, creditors or other
23 persons including sheriffs, marshals, servants, agents and employees are restrained from:

- 24 (a) commencing, prosecuting, continuing or enforcing any suit or proceeding;
25 (b) executing or issuing or causing the execution or issuance of any court attachment,
26 subpoena, replevin, execution or other process for the purpose of impounding or taking possession of
27 or interfering with or creating or enforcing a lien upon any property owned or in the possession of
28 Efficient or its affiliates, or the receiver appointed herein, where ever situated;

1 (c) commencing or continuing judicial or non-judicial foreclosure proceedings or
2 proceedings for the appointment of a receiver of any property owned or claimed by Efficient;

3 (d) creating, perfecting, or enforcing any lien or encumbrance against any real or
4 personal property;

5 (e) accelerating the due date of any obligation or claimed obligation;

6 (f) exercising any right of set-off;

7 (g) taking, retaining, retaking or attempting to retake possession of any real or personal
8 property;

9 (h) withholding or diverting any rent or other obligation;

10 (i) doing any act or other thing whatsoever to interfere with the possession of or
11 management by the receiver herein and of the property and assets, owned or controlled by Efficient
12 or in the possession of Efficient or to in any way interfere with said receiver or to interfere in any
13 manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over
14 Efficient.

15 8. Any and all provisions of any agreement entered into by and between any third party
16 and Efficient, including, by way of illustration, but not limited to, the following types of agreements
17 (as well as any amendments, assignments, or modifications thereto): financial guarantee bonds,
18 promissory notes, loan agreements, security agreements, deeds of trust, mortgages, indemnification
19 agreements, subrogation agreements, subordination agreements, pledge agreements, assignments of
20 rents or other collateral, letters of credit, leases, insurance policies, guaranties, escrow agreements,
21 management agreements, real estate brokerage and rental agreements, servicing agreements,
22 attornment agreements, consulting agreements, easement agreements, license agreements, franchise
23 agreements, or employment contracts that provide in any manner that selection, appointment or
24 retention of a receiver or trustee by any court, or entry of an order such as hereby made, shall be
25 deemed to be, or otherwise operate as a breach, violation, event of default, termination, event of
26 dissolution, event of acceleration, insolvency, bankruptcy, or liquidation, shall be stayed, and the
27 assertion of any and all rights and remedies relating thereto shall also be stayed and barred, except as
28 otherwise ordered by the Court, and the Court shall retain jurisdiction over any cause of action that

1 has arisen or may otherwise arise under any such provision.

2 9. At such time as the financial condition of Efficient, including the trust fund status, has
3 been ascertained by the receiver and at such time as the assets and trust funds have been marshaled
4 and all liabilities have been determined, the receiver shall file an application with the Court for
5 disposition of such assets and trust funds. The application shall propose in detail the winding up and
6 liquidation of Efficient and the distribution of assets and trust funds. If necessary, the receiver shall
7 be authorized to propose and carry out a partial liquidation and distribution; retaining such funds
8 pending final distribution as are necessary to finance any pertinent litigation or the remaining
9 operation of the receivership.

10 10. The receiver shall be paid an hourly rate of \$475.00 for his services and shall be
11 entitled to reimbursement for usual and customary expenses, including out of pocket expenditures on
12 behalf of the receivership estate, which shall be paid from surety bond proceeds, if any, and then if
13 insufficient, from the trust funds, and that the State of California shall have no liability whatsoever
14 for any costs, fees and/or out pocket expenses that may result from such receivership. The receiver
15 and any professional hired by him shall make application to this Court on a monthly basis for
16 payment of reasonable fees and expenses incurred by the receiver or such professional, and shall be
17 entitled to payment of said fees and expenses on account as hereinafter provided, including payment
18 of all reasonable fees and expenses incurred by the receiver in his capacity as conservator or any
19 professional rendering services during the conservatorship from the date of appointment as
20 conservator through to the date of appointment as receiver, and shall be entitled to payment of said
21 conservator fees and expenses on account as hereinafter provided. Copies of such applications to the
22 Court shall be promptly served on all attorneys of record for parties in this action, who shall have ten
23 (10) calendar days following the filing and service of such application to file any objections thereto
24 with the Court, and serve any such objections by facsimile and mail on the receiver. If no objections
25 are filed with the Court and served within the ten (10) calendar day period, the receiver shall
26 thereupon draw funds from the receivership estate sufficient to pay one-hundred percent (100%) of
27 out-of-pocket expenses and seventy-five percent (75%) of such fees, including all professional fees,
28 and other expenses such as in office copying and facsimile charges, without further order of the

1 Court. To the extent the fees and costs requested relate to the Conservator's or his professional's
2 fees and expenses, one-hundred percent (100%) of said fees and expenses shall be paid. If any
3 objections are filed, the receiver may draw funds from the receivership estate sufficient to pay any
4 amounts as to which there are no objections, and the Court will conduct a hearing on any objections
5 upon motion of the receiver or the objecting party. At such hearing, the compensation of the
6 receiver or other professional making application, as well as allowable disbursements and expenses,
7 will be determined by the Court, and the receiver will be directed to draw funds from the
8 receivership estate to pay one-hundred percent (100%) and seventy-five percent (75%), respectively,
9 of the amounts so determined by the Court. Notwithstanding such interim monthly payments of fees
10 and expenses, all fees and expenses shall be submitted to the Court for its approval by a properly
11 noticed request for fees, stipulation of all parties or the receiver's Final Account and Report. Upon
12 approval of the fees and expenses of the receiver or other professional, any hold back amounts still
13 due and owing to the receiver or other professional shall be paid from the receivership estate.

14 11. The disbursement of Efficient's trust funds is prohibited until a reconciliation of
15 Efficient's trust account has been completed and the Petitioner has approved the reconciliation of
16 which said approval shall not be unreasonably withheld, except to pay the costs and expenses of the
17 receivership as provided for in paragraph 10 above.

18 12. The receiver shall file a bond with the Court in this matter in the amount of \$ 10,000
19 by 7/12/13.

20
21 Dated: 7/2/13

David McEachen
Judge of the Superior Court

EFFICIENT SERVICES ESCROW GROUP

On February 28, 2013, the Department issued an order that froze the escrow activity of Efficient Services Escrow Group when it was learned that unauthorized wires had been transferred from two of its trust accounts. The company was given the opportunity to correct the trust shortage, but did not provide proof of correction. In order to start the process of releasing funds to customers with funds on deposit, on March 8, 2013 the Department issued additional orders to appoint a conservator. The conservator is Peter Davidson of Ervin, Cohen & Jessup LLP. At this time it is unknown when funds will be released and at what percentage. More information will become available once the conservator is able to fully assess the situation.

Q. How much is the trust shortage and what caused it?

A. The cause of the trust account shortage is under investigation. Initially, it was thought that the company was the victim of an internet “hacker”. All possibilities are being considered.

What is known is that on three separate dates, funds totaling \$1,558,339 were wired out of the trust accounts without authorization. These wires do not appear to be associated with any escrows processed by the company. One of the wires was retrieved, lowering the shortage amount to approximately \$1.1 million.

Q. How can escrows opened with Efficient Services Escrow Group be processed?

A. Efficient Services Escrow Group is unable to process escrow transactions. Escrow files will have to be transferred to other escrow companies. For sale transactions, both buyers and sellers must agree on the successor escrow companies that will close the transactions. The conservator will transfer remaining files to companies willing to accept them. If there are funds on deposit with Efficient Services Escrow Group, these cannot be transferred until released by the conservator.

Q. When will the funds be available?

A. The exact timeframe for disbursement is unknown. Before funds can be disbursed, the conservator must reconcile the total funds available with the potential claims. Once this is done, he will determine whether a partial or full release can be made on a pro rata basis.

Q. Will customers receive all of the funds due them?

A. No. Every effort will be made to return the highest percentage available, but unless the trust account shortage is cured, customers will not receive all of their funds.

- Q. How do escrow companies that accepted transferred files from Efficient Services Escrow Group access the funds that were on deposit before the action was taken by the Department of Corporations?
- A. Until the conservator is in position to release the funds, the parties will have to determine for themselves how to account for the funds on deposit with Efficient Services Escrow Group. This may include the redeposit of funds from the buyer. The successor escrow company must keep in mind the escrow laws and rules when closing these transactions; meaning, they can't close short and any change in terms must be conveyed to all parties, including the lenders. Once the conservator is in position to disburse funds, the funds will be transferred to the successor escrow company for distribution to the appropriate party.
- Q. A check received from Efficient Services Escrow Group and deposited into my account was returned by the bank. Why did this happen since it was issued before the Department froze the accounts?
- A. Once the order was put in place, all activity on the account was stopped. Checks not paid by the bank before the Department's action was taken, will be handled through the claims process.
- Q. Are escrow companies insured?
- A. Escrow companies that process escrow transactions similar to Efficient Services Escrow Group are bonded for trust fund shortages that are caused by the officers or employees of the escrow company. Additional information is required to determine whether this shortage is covered under the provisions of the bond.
- Q. What is the claims process?
- A. The conservator has access to the company's records; therefore, he has deposit and outstanding check information. The open files will be transferred to escrow companies willing to process them. When the funds on deposit with Efficient Services Escrow Group are ready to be disbursed, the funds will be transferred to the successor escrow companies. Funds associated with unpaid checks will be forwarded to the payees by the conservator.
- Q. Where can I get more information about the actions taken by the Department of Corporations?
- A. The orders issued by the Department are posted on its website at www.corp.ca.gov.

The Department will continue to provide updates as more information becomes available.