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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. 963-2347
CORPORATIONS COMMISSIONER,)
12)
13 Complainant,) ORDER TO DISCONTINUE ESCROW
) ACTIVITIES PURSUANT TO CALIFORNIA
14 vs.) FINANCIAL CODE SECTION 17415
))
15 ESCROW AVENUE, INC.,)
16)
17 Respondent.)
_____)

18 TO: ESCROW AVENUE, INC.
19 280 Highway 173
20 Lake Arrowhead, California 92325

21 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

- 22 1. Escrow Avenue, Inc. (“Escrow Avenue”) is an escrow agent licensed by the
23 California Corporations Commissioner (“Commissioner”) pursuant to the provisions of the Escrow
24 Law of the State of California (Financial Code section 17000 et seq.)(“Escrow Law”). Escrow
25 Avenue has its principal place of business located at 280 Highway 173, Lake Arrowhead, California
26 92325.
27 2. On or about March 6, 2012, the Commissioner, by and through staff, commenced a
28 regulatory examination of the books and records of Escrow Avenue. The regulatory examination

1 disclosed that commencing on or about March 21, 2011 and continuing through at least January 19,
2 2012, the president and owner of Escrow Avenue, Paul M. Pound (“Pound”), had made at least
3 twenty-four (24) unauthorized disbursements of trust funds via on-line transfers to Escrow Avenue’s
4 general account totaling \$119,376.30, which trust funds were used to pay operating expenses of
5 Escrow Avenue and personal expenses of Pound, in violation of Financial Code sections 17409 and
6 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The
7 unauthorized disbursements also caused a continuous trust account shortage to exist in violation of
8 California Code of Regulations, title 10, section 1738.1 in varying amounts from on or about March
9 21, 2011 through to the present. Demands have been made upon Escrow Avenue to cure the trust
10 account shortage, but Escrow Avenue has only replaced \$66,766.44, leaving a trust account shortage
11 of \$52,609.86.

12 Based upon the foregoing, Escrow Avenue is conducting escrow business in such an unsafe
13 and injurious manner as to render further operations hazardous to the public or to customers.

14 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
15 THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that
16 Escrow Avenue immediately discontinue acceptance of any new escrow or joint control business,
17 and of money, documents or other property in connection therewith.

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

19 Section 17415 of the Financial Code provides as follows:

20 (a) If the commissioner, as a result of any examination or from any
21 report made to him or her, shall find that any person subject to this
22 division is in an insolvent condition, is conducting escrow business in
23 such an unsafe or injurious manner as to render further operations
24 hazardous to the public or to customers, has failed to comply with
25 the provisions of Section 17212.1 or 17414.1, has permitted its tangible
26 net worth to be lower than the minimum required by law, has failed to
27 maintain its liquid assets in excess of current liabilities as set forth in
28 Section 17210, or has failed to comply with the bonding requirements
of Chapter 2 (commencing with Section 17200) of this division, the
commissioner may, by an order addressed to and served by registered
or certified mail or personal service on such person and on any other
person having in his or her possession or control any escrowed funds,
trust funds or other property deposited in escrow with said person,
direct discontinuance of the disbursement of trust funds by the parties

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or any of them, the receipt of trust funds, the delivery or recording of documents received in escrow, or other business operations. No person having in his or her possession any of these funds or documents shall be liable for failure to comply with the order unless he or she has received written notice of the order. Subject to subdivision (b), the order shall remain in effect until set aside by the commissioner in whole or in part, the person has been adjudged bankrupt, or pursuant to Chapter 6 (commencing with Section 17621) of this division the commissioner has assumed 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).

Dated: August 16, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner