

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
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4 DEPARTMENT OF CORPORATIONS
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8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of THE CALIFORNIA)
CORPORATIONS COMMISSIONER,)

File No.: 963-1927

12 Complainant,)

**ORDER REVOKING ESCROW AGENT'S
LICENSE**

13)
14 v.)

15 FIRESTONE ESCROW CORPORATION,)

16 Respondent.)
17)
18)

19 The California Corporations Commissioner ("Commissioner") issued his Notice of Intention
20 to Issue Order Revoking Escrow Agent's License and Accusation for the revocation of the escrow
21 agent's license issued to Firestone Escrow Corporation on July 25, 2011 ("Accusation") pursuant to
22 Financial Code section 17608 of the California Escrow Law ("Escrow Law") (Fin. Code, §§ 17000 et
23 seq.). The Accusation is incorporated herein by reference. The Commissioner has not received a
24 hearing request from the Respondent, and the time to request a hearing on the Accusation has now
25 expired.

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NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow agent's license issued to Firestone Escrow Corporation is revoked. This order is effective as of the date hereof.

DATED: August 19, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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California Corporations Commissioner
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9 OF THE STATE OF CALIFORNIA

10 In the Matter of THE CALIFORNIA)
11 CORPORATIONS COMMISSIONER,)

File No.: 963-1927

12 Complainant,)

**ORDER TO DISCONTINUE ESCROW
ACTIVITIES PURSUANT TO FINANCIAL
CODE SECTION 17415**

13 v.)
14)

15 FIRESTONE ESCROW CORPORATION,)

16 Respondent.)
17)
18)

19 TO: FIRESTONE ESCROW CORPORATION

7227 Rio Flora Place
Downey, California 90241

8221 W. 3rd Street, Suite 303
Downey, California 90241

COMERICA BANK
2321 Rosecrans Avenue, Suite 5000
El Segundo, California 90245-4537

26 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

- 27 1. Firestone Escrow Corporation ("Firestone") has refused to submit its books, papers
28 and affairs to the California Corporations Commissioner ("Commissioner") for inspection in violation

1 of Financial Code section 17405 and California Code of Regulations, title 10, section 1730,
2 as follows:

3 A. On or about March 24, 2009, Firestone's president Lizely Roldan ("Roldan") wrote to
4 the Department of Corporations ("Department") requesting the surrender of Firestone's escrow
5 agent's license. The Department responded in writing on or about April 14, 2009, demanding that
6 prior to the acceptance of the surrender, Firestone submit a closing audit prepared by a certified
7 public accountant within one hundred five (105) days from the date of its application to surrender, or
8 July 7, 2009. The Department never received Firestone's closing audit, such that the surrender of
9 Firestone's license was never accepted by the Department.

10 B. Thereafter, beginning on or about March 23, 2010, the Department undertook an
11 investigation into the status of Firestone's business following the receipt of a complaint from a
12 consumer who was unable to contact the business after demanding the return of his escrow deposit.

13 C. On or about March 24, 2010, the Commissioner's examiner met with Roldan,
14 providing her with a written demand requesting certain books and records related to Firestone's
15 business, including copies of the trust bank reconciliation from January 31, 2008 through May 31,
16 2009, trust bank statements, including copies of paid checks, from January 31, 2008 to February 1,
17 2010, month-end reports for the period January 31, 2008 to May 31, 2009, general account
18 statements, among other items. Firestone's response to the demand was due before March 29, 2010.
19 No response to the demand was ever received from the licensee.

20 D Thereafter, on or about April 1, 2010, the Commissioner sent a second demand to
21 Roldan, requesting that Firestone provide the above-listed documents and records to the Department
22 on or before April 5, 2010. Firestone never responded to the demand.

23 E. Given Firestone's refusal to grant the Commissioner access to its books and records,
24 the Department is presently unable to determine the full extent of any trust account shortages, if any.

25 2. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
26 required to file an annual audit report containing audited financial statements ("annual audit report")
27 within one hundred five (105) days after the close of their fiscal year. Firestone's fiscal year-end is
28 December 31st. Accordingly, Firestone was required to file its annual audit report for the fiscal years

1 ended December 31, 2008 and December 31, 2009, on or before April 15, 2009 and April 15, 2010,
2 respectively. To date, Firestone has yet to file its annual audit reports with the Commissioner as is
3 required by Financial Code section 17406.

4 3. Finally, Firestone has failed to comply with the bonding requirements of Financial
5 Code section 17202 in that effective February 16, 2010, bond number 14BSBBK9704 issued by
6 Hartford Fire Insurance Company in favor of Firestone was cancelled and no replacement bond
7 obtained.

8 Based upon the foregoing, Firestone Escrow Corporation is conducting its escrow business in
9 such an unsafe and injurious manner as to render further operations hazardous to the public or
10 customers.

11 NOW, BASED UPON THE FOREGING, AND GOOD CAUSE APPEARING
12 THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that
13 Firestone Escrow Corporation and any person having in his or her possession any escrow or trust
14 funds or general account funds to discontinue immediately the receipt or disbursement of any such
15 funds, documents or other property in its possession, custody or control.

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

17 California Financial Code section 17415 provides as follows:

18 (a) If the commissioner, as a result of any examination or from any report
19 made to him or her, shall find that any person subject to this division is in an
20 insolvent condition, is conducting escrow business in such an unsafe and
21 injurious manner as to render further operations hazardous to the public or to
22 customers, has failed to comply with the provisions of section 17212.1 or
23 17414.1, has permitted its tangible net worth to be lower than the minimum
24 required by law, has failed to maintain its liquid assets in excess of current
25 liabilities as set forth in Section 17210, or has failed to comply with the
26 bonding requirements of Chapter 2 (commencing with Section 17200) of this
27 division, the commissioner may, by an order addressed to and served by
28 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 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

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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 is the subject of an order for relief in bankruptcy, 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: May 25, 2010
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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California Corporations Commissioner
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE) File No.: 963-1927
11 CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) **ACCUSATION**
13 Complainant,)
14 v.)
15 FIRESTONE ESCROW CORPORATION,)
16 Respondent.)
17)
18)

19 The Complainant is informed and believes, and based upon such information and belief,
20 alleges and charges Respondent as follows:

21 **I.**

22 Respondent Firestone Escrow Corporation ("Firestone Escrow") is an escrow agent licensed
23 by the California Corporations Commissioner ("Commissioner") pursuant to the California Escrow
24 Law (Fin. Code, §§ 17000 et seq.) ("Escrow Law").

25 **II.**

26 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
27 file an annual audit report containing audited financial statements ("annual audit report") within one
28 hundred five (105) days after the close of their fiscal year. Firestone Escrow's fiscal year-end is

1 December 31st. Accordingly, Firestone Escrow was required to file its annual audit reports for the
2 fiscal years ended December 31, 2008 and December 31, 2009, on or before April 15, 2009 and April
3 15, 2010, respectively. Neither annual audit report was ever filed by the licensee.

4 On or about March 24, 2009, Firestone Escrow's president and escrow manager, Lizley
5 Roldan ("Roldan"), wrote to the Department of Corporations ("Department") requesting the
6 surrender of Firestone Escrow's license. The Department responded in writing on or about April 14,
7 2009, demanding that prior to accepting the surrender, Firestone Escrow would need to submit a
8 closing audit prepared by a certified public accountant within one hundred five (105) days from the
9 date of its application to surrender, or July 7, 2009, which Firestone Escrow failed to do.

10 Thereafter, on or about March 23, 2010, the Department undertook an investigation into the
11 status of Firestone Escrow's business after it received a complaint from a consumer who was unable
12 to contact Roldan after demanding the return of his escrow deposit.

13 On or about March 24, 2010, the Commissioner's examiner met with Roldan, providing her
14 with a written demand requesting certain books and records related to Firestone Escrow's business,
15 including copies of the trust bank reconciliation from January 31, 2008 through May 31, 2009, trust
16 bank statements, including copies of paid checks, from January 31, 2008 to February 1, 2010, month-
17 end reports for the period January 31, 2008 to May 31, 2009, general account statements, among
18 other items. Firestone Escrow's response to the demand was due on or before March 29, 2010. No
19 response was received within the time provided.

20 Thereafter, on or about April 1, 2010, the Commissioner sent a second demand to Roldan,
21 requesting that Firestone Escrow provide the above-listed documents and records to the Department
22 on or before April 5, 2010. Firestone Escrow failed to respond to the second demand.

23 Given Firestone Escrow's and Roldan's refusal to grant the Commissioner access to the
24 business' books and records, on or about May 25, 2010, the Commissioner issued an Order to
25 Discontinue Escrow Activities to Firestone Escrow Corporation Pursuant to Financial Code section
26 17415.

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III.

Financial Code section 17406, subdivision (a) provides:

Each licensee shall submit to the commissioner, at the licensee's own expense, an audit report containing audited financial statements covering the calendar year or, if the licensee has an established fiscal year, then for that fiscal year, within 105 days after the close of each the calendar or fiscal year, as applicable. At that time, each licensee shall also file additional relevant information as the commissioner may require.

Financial Code section 17600 provides:

(a) An escrow agent's license remains in effect until surrendered, revoked, or suspended.

(b) A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from the certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report, a determination has been made by the commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

Financial Code section 17602.5 provides in pertinent part as follows:

If any licensed escrow agent fails to make any reports required by law or by the commissioner within ten (10) days from the day designated for the making of the reports, or within any extension of time granted by the commissioner, . . . such failure shall constitute grounds for the suspension or revocation of the license held by such escrow agent.

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Financial Code section 17608 provides in pertinent part:

The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:

...

(b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

IV.

The Complainant finds that, by reason of the foregoing, Firestone Escrow Corporation has violated Financial Code sections 17406, 17600, and 17602.5 which constitute grounds for the revocation of its escrow agent's license.

WHEREFORE, IT IS PRAYED that the escrow agent's license of Firestone Escrow Corporation be revoked.

DATED: July 25, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Blaine A. Noblett
Corporations Counsel