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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Alternativeescrow.com
St. Johns Avenue 34
London SW156-AN
United Kingdom

Clyde Hughes
Tal y Wendda Farm Crymlyn Road
Swansea, Wales SA7 9YD
United Kingdom

DESIST AND REFRAIN ORDER

(For violations of sections 17200, 17210.2 and 17403 of the California Financial Code)

The California Corporations Commissioner finds that:

1. Alternativeescrow.com and Clyde Hughes have engaged in the business of an escrow agent by advertising escrow services over the internet at www.alternativeescrow.com, from 2005 to the present as follows:

a) Alternativeescrow.com represents on its website that the process works as follows:

The buyer and seller agree to the terms of the transaction. The buyer pays Alternativeescrow.com, which verifies the payment. Alternativeescrow.com notifies the seller to ship its merchandise and then verifies that the buyer receives the shipment. The buyer accepts the goods. Alternativeescrow.com then pays the seller and the transaction is complete.

b) Alternativeescrow.com claims to protect both the buyer and the seller from fraud with this process.

1 c) Alternativeescrow.com and Clyde Hughes have represented that the escrow
2 services provided by Alternativeescrow.com are provided by Internet Escrow Services (IES), and that
3 IES is “fully licensed and accredited as an escrow company and is subject to compliance with all
4 applicable escrow regulations.” In fact, IES is an affiliate of Escrow.com and Alternativeescrow.com
5 is not affiliated with either IES or Escrow.com.

6 d) Alternativeescrow.com and Clyde Hughes have represented that the company is
7 Alternative Escrow, Inc., that it holds escrow license number 963-2053, and that it is located at 2752
8 Tapo Street, Simi Valley, California 93063. In fact, California escrow license number 963-2053 was
9 issued to Alternative Escrow, located at the above-referenced Simi Valley address, on January 26,
10 2005. Alternative Escrow, Inc. does not engage in personal property transactions over the Internet,
11 and Alternativeescrow.com is not a web site of Alternative Escrow.

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13 2. Neither Alternativeescrow.com nor Clyde Hughes has been issued a license from the
14 Commissioner authorizing them to conduct business as an escrow agent, as required by California
15 Financial Code section 17200.

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17 3. Neither Alternativeescrow.com nor Clyde Hughes is exempt from the licensing
18 requirements of Section 17200.

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20 4. Neither Alternativeescrow.com nor Clyde Hughes has been issued a license from the
21 Commissioner authorizing them to use words indicating that they are in the escrow business, as
22 required by California Financial Code section 17403.

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24 5. Alternativeescrow.com and Clyde Hughes have disseminated or caused to be disseminated
25 false, misleading and/or deceptive statements or representations which refer to
26 Alternativeescrow.com’s affiliation with IES, when, in fact, Alternativeescrow.com is not affiliated
27 with IES in any way.
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1 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that
2 Alternativeescrow.com and Clyde Hughes and their officers, directors, partners, agents, employees
3 and/or servants are in violation of California Financial Code sections 17200, 17210.2(a) and
4 17403(a). Pursuant to California Financial Code section 17416, Alternativeescrow.com and Clyde
5 Hughes are hereby ordered to desist and refrain from engaging in the business of receiving escrows
6 for deposit or delivery without first obtaining a license from the Commissioner. Pursuant to
7 California Financial Code section 17403(b), Alternativeescrow.com and Clyde Hughes are further
8 ordered to immediately desist and refrain from issuing, circulating, or publishing any advertisement
9 by means of any communication, including any website, or making use of or circulating any
10 letterheads, billheads, blank notes, blank receipts, blank escrow instructions, certificates, circulars, or
11 any written or printed paper containing any fictitious or corporate name or other words indicating that
12 they are in the escrow business. Pursuant to California Financial Code section 17210.2(c),
13 Alternativeescrow.com and Clyde Hughes are further ordered to immediately desist and refrain from
14 disseminating, or causing or permitting to be disseminated, in any manner whatsoever, any statement
15 or representation which is false, misleading, or deceptive, or which omits to state material
16 information, or which refers to the supervision of that agent by the State of California or any
17 department or official thereof. Alternativeescrow.com and Clyde Hughes are further ordered to
18 immediately desist and refrain from disseminating or causing or permitting to be disseminated, in any
19 manner whatsoever, any statement or representation that Alternativeescrow.com is in any manner
20 associated with IES.

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1 This Order is necessary, in the public interest, for the protection of investors and consistent with the
2 purposes, policies and provisions of the California Escrow Law. This order shall remain in full force
3 and effect until further order of the California Corporations Commissioner.

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Dated: May 25, 2005
Sacramento, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

By: _____
ALAN S. WEINGER
Acting Deputy Commissioner
Enforcement Division