

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA LEKANDER (SBN 210082)
Senior Corporations Counsel
4 Department of Corporations
1515 K Street, Ste. 200
5 Sacramento, California 95814
Telephone: (916) 322-8730 Fax: (916) 445-6985
6

7 Attorneys for Complainant

8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Accusation of THE) File No.: 963-1965
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION IN SUPPORT OF
14 Complainant,) REVOCATION OF CALIFORNIA ESCROW
15 vs.) AGENT’S LICENSE
16 J.C. SHIELDS ESCROWS, INC.,)
17 Respondent.)
18)

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

22 I

23 J.C. Shields Escrows, Inc. (“Respondent”) is an escrow agent licensed by the California
24 Corporations Commissioner ("Commissioner" or "Complainant") of the Department of Corporations
25 (“Department”) pursuant to the Escrow Law of the State of California (California Financial Code
26 Section 17000 *et seq.*).

27 II

28 On or about February 1, 2011, the Commissioner received a letter from Respondent dated
January 29, 2011, informing that it wished to surrender its California escrow agent’s license and

1 permanently cease escrow business operations.

2 On February 17, 2011, the Commissioner sent a certified letter to Respondent, which was
3 received on February 25, 2011. This letter notified Respondent that, as a condition of license
4 surrender pursuant to Financial Code section 17600, subdivision (b), the licensee is required to
5 engage a certified public account to conduct a closing audit of the licensee's records ("closing audit
6 report") and report findings of compliance with the Escrow Law to the Commissioner within 105
7 days from the date of the application to surrender the license.

8 Pursuant to Financial Code section 17600, subdivision (b), the Respondent's closing audit
9 report was due 105 days from the date of application to surrender its escrow agent's license, which
10 was May 16, 2011.

11 On July 13, 2011, the Commissioner sent a certified letter to Respondent, which was
12 received on July 26, 2011. This letter notified Respondent that the closing audit report due on May
13 16, 2011 had not been received and informed that the matter would be referred for license revocation
14 if no response was received within 10 days of the date of the letter. The Commissioner also asked
15 Respondent to respond to an outstanding consumer complaint. To date, the Commissioner has
16 received neither a response to the July 13, 2011 letter nor the closing audit report from Respondent.

17 III

18 Financial Code section 17602.5 provides in pertinent part as follows:

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

23 Financial Code section 17600, subdivision (b), provides as follows:

24 A licensee that ceases to engage in the business regulated by this division and desires
25 to no longer be licensed shall notify the commissioner in writing and, at that time,
26 tender the license and all other indicia of licensure to the commissioner. Within 105
27 days of the written notice to the commissioner, the licensee shall submit to the
28 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

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commissioner, a bank reconciliation of the trust account, and a verified statement from a 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 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

Complainant finds that, by reason of the foregoing, Respondent J.C. Shields Escrows, Inc. has violated Financial Code sections 17602.5 and 17600, and it is in the best interests of the public to revoke Respondent’s escrow agent’s license pursuant to Financial Code section 17608.

WHEREFORE, IT IS PRAYED that the California escrow agent’s license of Respondent J.C. Shields Escrows, Inc. be revoked.

Dated: August 9, 2011
Sacramento, CA

California Corporations Commissioner

By _____
MIRANDA LEKANDER
Senior Corporations Counsel

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA LEKANDER (SBN 210082)
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4 Department of Corporations
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Telephone: (916) 322-8730 Fax: (916) 445-6985
6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE) File No.: 963-1965
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) ORDER REVOKING CALIFORNIA ESCROW
12) AGENT’S LICENSE PURSUANT TO
Complainant,) CALIFORNIA FINANCIAL CODE SECTION
13) 17608
14 vs.)
15 J.C. SHIELDS ESCROWS, INC.,)
16 Respondent.)
17 _____)

18 Complainant Preston DuFauchard, in his capacity as the California Corporations
19 Commissioner ("Commissioner" or "Complainant"), finds as follows:

20 J.C. Shields Escrows, Inc. (“Respondent” or “J.C. Shields Escrows”) is an escrow agent
21 licensed pursuant to the Escrow Law of the State of California (California Financial Code sections
22 17000 *et seq.*) with its principal place of business located at 650 Commerce Avenue, Suite G,
23 Palmdale, California, 93551.

24 On August 9, 2011, the Commissioner issued against Respondent an Accusation in Support
25 of Revocation of California Escrow Agent’s License, Notice of Intention to Issue Order Revoking
26 Escrow Agent’s License, Statement to Respondent, Notice of Defense, and other related documents
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(hereafter the “Accusation”).

On September 7, 2011, the Accusation was served to Respondent at its licensed location on file with the California Department of Corporations. A timely hearing request was not received by the Commissioner.

NOW GOOD CAUSE APPEARING THEREFORE, pursuant to California Financial Code section 17608, the escrow agent’s license issued to J.C. Shields Escrows, Inc. is hereby revoked.

This order is effective as of the date hereof.

Dated: October 4, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner

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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the matter of) File No.: 963 1965
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)
J.C. SHIELDS ESCROWS, INC.)
)
a licensee under the Escrow Law)
)

ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT
TO SECTION 17415, CALIFORNIA FINANCIAL CODE

TO: J.C. SHIELDS ESCROWS, INC.
650 Commerce Avenue, Suite G
Palmdale, CA 93551

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

J.C. SHIELDS ESCROWS, INC. has failed to comply with the bonding requirements of the Escrow Law (California Financial Code, Section 17202) in that effective December 2, 2010 No. 0334636 issued by INTERNATIONAL FIDELITY INSURANCE COMPANY in favor of J.C. SHIELDS ESCROWS, INC. expired and no replacement bond has been obtained.

1 Based upon the foregoing, J.C. SHIELDS ESCROWS, INC. is conducting escrow business
2 in violation of Section 17202 of the Financial Code and is conducting business in an unsafe and
3 injurious manner as to render further operations hazardous to the public or to customers.

4 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
5 THEREFORE, it is hereby ORDERED, under the provisions of Section 17415 of the California
6 Financial Code, that J.C. SHIELDS ESCROWS, INC. immediately discontinue acceptance of any
7 new escrow or joint control business, and of money, documents or other property in connection
8 therewith.

9 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

10 Section 17415 of the Financial Code provides as follows:

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

1 hearing is requested 15 days after the mailing or service of such notice and
2 none is ordered by the commissioner, the failure to request a hearing shall
3 constitute a waiver of the right to a hearing. Neither the request for a
4 hearing nor the hearing itself shall stay the order issued by the
5 commissioner under subdivision (a).

6 Dated: December 2, 2010
7 Los Angeles, California

8 Preston DuFauchard
9 California Corporations Commissioner

10 By _____
11 Kathleen R. Partin
12 Special Administrator
13 (213) 576-7595
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