

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER (CA BAR NO. 160080)
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Supervising Counsel
4 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

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.: 963-1729
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,)
13 Complainant,) ORDER BARRING CHUNG KAM FROM
14 vs.) ANY POSITION OF MANAGEMENT OR
15) CONTROL OF ANY ESCROW AGENT
16 BEST ESCROW-CERRITOS and CHUNG) PURSUANT TO CALIFORNIA FINANCIAL
KAM,) CODE SECTION 17423
17 Respondents.)
18

19 Pursuant to the Settlement Agreement entered into between Best Escrow-Cerritos now
20 known as Best Escrow (“Best”) and Chung Kam (“Kam”), on the one hand, and the California
21 Corporations Commissioner ("Commissioner"), on the other hand, on August 14, 2006, Kam is
22 hereby barred from any position of management or control of any escrow agent for a period of two
23 years, and is further prohibited during that two year period from processing or otherwise handling
24 escrow transactions and/or being a signature on any trust account. This Order is effective as of
25 October 31, 2006.

26 Pursuant to the terms of the Settlement Agreement, Kam admits the following for purposes
27 of this action and any future proceedings initiated by or brought before the California Corporations
28 Commissioner only:

1 1. Best is an escrow agent licensed by the Commissioner pursuant to the Escrow Law of
2 the State of California (California Financial Code Section 17000 et seq.). Best has its principal place
3 of business located at 146 W. Bastanchury Road, Fullerton, California 92835.

4 2. Kam is, and was at all times relevant herein, the president and owner of Best.

5 3. On October 7, 2005, the Commissioner commenced a regulatory examination of the
6 books and records of Best. The outstanding check review portion of the regulatory examination
7 disclosed that Kam, on at least four occasions, had caused unauthorized disbursements of trust funds
8 in violation of California Financial Code section 17414(a)(1) and California Code of Regulations,
9 Title 10, sections 1738 and 1738.2. Each of the unauthorized disbursements of trust funds caused a
10 shortage to exist in the trust account in violation of California Code of Regulations, title 10, section
11 1738.1. Pursuant to the demand of the Commissioner, Best cured the trust account shortage created
12 by the unauthorized disbursements. The unauthorized disbursements were as follows:

13 A. Best Escrow Number 4110

14 On June 29, 2005, trust funds in the amount of \$501.00 were disbursed to Kam by
15 causing trust check number 124967 to be deposited into the account of Best Management Company,
16 a company owned by Kam. Trust check number 124967 was issued to replace outstanding trust
17 check number 115632 dated October 2, 2002 payable to ACSC for \$501.00. There was no
18 authorization for this disbursement to Kam.

19 B. Best Escrow Number 4129

20 On June 29, 2005, trust funds in the amount of \$305.00 were disbursed to Kam by
21 causing trust check number 124965 to be deposited into the account of Best Management Company.
22 Trust check number 124965 was issued to replace outstanding trust check number 115831 dated
23 October 30, 2002 payable to First American Home Protection for \$305.00. There was no
24 authorization for this disbursement to Kam.

25 C. Best Escrow Number 4339

26 (i) On June 29, 2005, trust funds in the amount of \$43.00 were disbursed to Kam
27 by causing trust check number 124963 to be deposited into the account of Best Management
28 Company. Trust check number 124963 was issued to replace outstanding trust check number

1 122678 dated July 23, 2004, which had been issued to replace outstanding trust check number
2 117080 dated March 12, 2003 payable to Outsource for \$43.00. There was no authorization for this
3 disbursement to Kam.

4 (ii) On June 29, 2005, trust funds in the amount of \$122.00 were disbursed to
5 Kam by causing trust check number 124964 to be deposited into the account of Best Management
6 Company. Trust check number 124964 was issued to replace outstanding trust check number
7 122679 dated July 23, 2004, which had been issued to replace outstanding trust check number
8 117081 dated March 12, 2003 payable to Credit Management for \$122.00. There was no
9 authorization for this disbursement to Kam.

10 Dated: November 2, 2006
11 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

12
13 By _____
14 Kathleen R. Partin
15 Special Administrator
16 California Escrow Law
17
18
19
20
21
22
23
24
25
26
27
28

1 WAYNE STRUMPFER
Acting California Corporations Commissioner
2 ALAN S. WEINGER (CA BAR NO. 86717)
Acting Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Corporations
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

6 Attorneys for Complainant

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

10
11 In the Matter of the Accusation of THE) File No.: 963-1729
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ACCUSATION
13)
Complainant,)
14)
15 vs.)
16 BEST ESCROW-CERRITOS and CHUNG)
KAM,)
17)
18 Respondents.)

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

21 I

22 Respondent Best Escrow-Cerritos ("Best Escrow") is an escrow agent licensed by the
23 California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow
24 Law of the State of California (California Financial Code Section 17000 et seq.). Best Escrow has
25 its principal place of business located at 146 W. Bastanchury Road, Fullerton, California 92835.

26 Respondent Chung Kam ("Kam") is, and was at all times relevant herein, the president and
27 owner of Best Escrow.
28

II

1
2 On or about October 7, 2005, the Commissioner commenced a regulatory examination of the
3 books and records of Best Escrow. The outstanding check review portion of the regulatory
4 examination disclosed that Kam, on at least four occasions, had caused unauthorized disbursements
5 of trust funds in violation of California Financial Code section 17414(a)(1) and California Code of
6 Regulations, Title 10, sections 1738 and 1738.2. Each of the unauthorized disbursements of trust
7 funds described in paragraphs 1-4 below also caused a shortage to exist in the trust account in
8 violation of California Code of Regulations, title 10, section 1738.1. Pursuant to the demand of the
9 Commissioner, Best Escrow cured the trust account shortage created by the unauthorized
10 disbursements described below.

11 The unauthorized disbursements discovered during the outstanding check review were as
12 follows:

13 1. Best Escrow Number 4110

14 (a) On or about June 29, 2005, Respondents caused trust funds in the amount of
15 \$501.00 to be disbursed to Kam by causing trust check number 124967 to be deposited into the
16 account of Best Management Company, a company owned by Kam. Trust check number 124967
17 was issued to replace outstanding trust check number 115632 dated October 2, 2002 payable to
18 ACSC for \$501.00. There was no authorization for this disbursement to Kam.

19 2. Best Escrow Number 4129

20 (a) On or about June 29, 2005, Respondents caused trust funds in the amount of
21 \$305.00 to be disbursed to Kam by causing trust check number 124965 to be deposited into the
22 account of Best Management Company. Trust check number 124965 was issued to replace
23 outstanding trust check number 115831 dated October 30, 2002 payable to First American Home
24 Protection for \$305.00. There was no authorization for this disbursement to Kam.

25 3. Best Escrow Number 4339

26 (a) On or about June 29, 2005, Respondents caused trust funds in the amount of
27 \$43.00 to be disbursed to Kam by causing trust check number 124963 to be deposited into the
28 account of Best Management Company. Trust check number 124963 was issued to replace

1 outstanding trust check number 122678 dated July 23, 2004, which had been issued to replace
2 outstanding trust check number 117080 dated March 12, 2003 payable to Outsource for \$43.00.
3 There was no authorization for this disbursement to Kam.

4 (b) On or about June 29, 2005, Respondents caused trust funds in the amount of
5 \$122.00 to be disbursed to Kam by causing trust check number 124964 to be deposited into the
6 account of Best Management Company. Trust check number 124964 was issued to replace
7 outstanding trust check number 122679 dated July 23, 2004, which had been issued to replace
8 outstanding trust check number 117081 dated March 12, 2003 payable to Credit Management for
9 \$122.00. There was no authorization for this disbursement to Kam.

10 III

11 California Financial Code section 17608 provides in pertinent part:

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

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

17 California Financial Code section 17423 provides in pertinent part:

18 (a) The commissioner may, after appropriate notice and opportunity
19 for hearing, by order, . . . bar from any position of employment,
20 management, or control any escrow agent, or any other person, if the
21 commissioner finds either of the following:

22 (1) That the . . . bar is in the public interest and that the person has
23 committed or caused a violation of this division or rule or order of
24 the commissioner, which violation was either known or should have
25 been known by the person committing or causing it or has caused material
26 damage to the escrow agent or to the public.

27 IV

28 Complainant finds that, by reason of the foregoing, Respondents have violated California
Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738,
1738.1 and 1738.2 and it is in the best interests of the public to revoke the escrow agent's license of
Respondent Best Escrow, and to bar Respondent Kam from any position of employment,
management or control of any escrow agent.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

WHEREFORE, IT IS PRAYED that the escrow agent’s license of Respondent Best Escrow be revoked, and that Respondent Kam be barred from any position of employment, management or control of any escrow agent.

Dated: March 9, 2006

Los Angeles, CA

WAYNE STRUMPFER
Acting California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel