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Deputy Commissioner
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Corporations Counsel
3 1350 Front Street, Room 2034
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4 Telephone: (619) 645-3166

5 Attorneys for Complainant

6
7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA

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

File No.: 963-2333

11 Complainant,)

ACCUSATION

12 vs.)
13)

14 LSB ESCROW, INC.,)

15 Respondent.)
16)
17 _____)

18 **I**

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

21 LSB Escrow, Inc. ("Respondent") is an escrow agent licensed by the California Corporations
22 Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the State of
23 California (California Financial Code Section 17000 et seq.). Respondent had its place of business at
24 5311 Topanga Canyon Blvd., #200, Woodland Hills, CA 91356.

25 **II**

26 Pursuant to Financial Code section 17210, all licensees under the California Escrow Law are
27 required to maintain, at all times, liquid assets in the amount of at least \$25,000 and a tangible net
28 worth of at least \$50,000. The 2008 regulatory examination conducted by the Complainant revealed

1 that Respondent did not meet the liquid asset and tangible net worth requirements of Financial Code
2 section 17210. As of October 31, 2008, Respondent had a liquid asset deficiency in the amount of
3 \$67,856.40 and a tangible net worth deficiency in the amount of \$75,151.97.

4 On or about January 30, 2009, Respondent was requested to submit proof of correction of the
5 deficiencies. On or about February 19, 2009, Respondent notified the Department of Corporations
6 (“Department”) that it was unable to meet the liquidity requirements and it needed more time to meet
7 the liquidity requirements. Respondent failed to submit proof of correction of the deficiencies.

8 Respondent’s 2009 and 2010 annual audit reports revealed that the liquid asset and tangible
9 net worth deficiencies continued. As of August 31, 2010, Respondent had a liquid asset deficiency in
10 the amount of at least \$33,228 and a tangible net worth deficiency in the amount of at least \$41,138.
11 In 2009, the Department made at least two attempts to contact Respondent. The deficiencies
12 remained unresolved and Respondent failed to respond to attempts to resolve these deficiencies.

13 On or about January 12, 2011, the Department again sent a letter to Respondent requesting
14 proof of correction of the deficiencies within 30 days. Respondent failed to submit proof of
15 correction of the deficiencies, and failed to respond to attempts to resolve these deficiencies.

16 On September 2, 2011, the Commissioner issued to Respondent an Order to Discontinue
17 Escrow Activities, pursuant to Financial Code section 17415. On September 6, 2011, the Order to
18 Discontinue Escrow Activities was served, via certified mail return receipt, to Respondent. The
19 return receipt shows that Respondent received the Order to Discontinue Escrow Activities on
20 September 9, 2011. The Commissioner has not received a request for a hearing from Respondent,
21 and the time within which to request a hearing has expired.

22 To date, Respondent has failed to prove that it meets the liquid asset and tangible net worth
23 requirements of Financial Code section 17210.

24 III.

25 Subsequent visits to Respondent’s licensed location revealed that Respondent has vacated its
26 licensed location without prior approval or notifying the Commissioner of a possible new location or
27 the location of its books and records, in violation of Financial Code section 17213.1 and California
28 Code of Regulations, title 10, section 1730.

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IV.

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:

(a) The licensee has failed to maintain in effect a bond required under the provisions of this division.

(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.

V.

The Commissioner finds that, by reason of the foregoing, LSB Escrow, Inc. has violated Financial Code sections 17210 and 17213.1 and California Code of Regulations, title 10, section 1730, and based thereon grounds exist to revoke the escrow agent's license of LSB Escrow, Inc.

WHEREFORE, IT IS PRAYED that the escrow agent's license of LSB Escrow, Inc. be revoked pursuant to Financial Code section 17608.

Dated: February 15, 2012
San Diego, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
AFSANEH EGHBALDARI
Corporations Counsel

1 ALAN S. WEINGER
Deputy Commissioner
2 AFSANEH EGHBALDARI (BAR NO. 250107)
Corporations Counsel
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5 Attorneys for Complainant

6
7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA

9 THE CALIFORNIA CORPORATIONS) File No. 963-2333
10 COMMISSIONER,)
11)
Complainant,) **ORDER REVOKING ESCROW AGENT’S**
12 vs.) **LICENSE**
13)
14)
LSB ESCROW, INC.,)
15)
Respondent.)
16)

17
18 The California Corporations Commissioner finds that:

19 1. LSB Escrow, Inc. (“Respondent”) is an escrow agent licensed by the California
20 Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the
21 State of California (California Financial Code Section 17000 et seq.).

22 2. Respondent had its place of business at 5311 Topanga Canyon Blvd., #200,
23 Woodland Hills, CA 91356.

24 3. Pursuant to Financial Code section 17210, all licensees under the California Escrow
25 Law are required to maintain, at all times, liquid assets in the amount of at least \$25,000 and a
26 tangible net worth of at least \$50,000.

27 4. The 2008 regulatory examination conducted by the Commissioner revealed that
28

1 Respondent did not meet the liquid asset and tangible net worth requirements of Financial Code
2 section 17210.

3 5. As of October 31, 2008, Respondent had a liquid asset deficiency in the amount of
4 \$67,856.40 and a tangible net worth deficiency in the amount of \$75,151.97.

5 6. On January 30, 2009, Respondent was requested to submit proof of correction of the
6 deficiencies.

7 7. On February 19, 2009, Respondent notified the Department of Corporations
8 (“Department”) that it was unable to meet the liquidity requirements and it needed more time to meet
9 the liquidity requirements. Respondent failed to submit proof of correction of the deficiencies.

10 8. Respondent’s 2009 and 2010 annual audit reports revealed that the liquid asset and
11 tangible net worth deficiencies continued.

12 9. In 2009, the Department made at least two attempts to contact Respondent. The
13 deficiencies remained unresolved and Respondent failed to respond to attempts to resolve these
14 deficiencies.

15 10. As of August 31, 2010, Respondent had a liquid asset deficiency in the amount of at
16 least \$33,228 and a tangible net worth deficiency in the amount of at least \$41,138.

17 11. On January 12, 2011, the Department again sent a letter to Respondent requesting
18 proof of correction of the deficiencies within 30 days. Respondent failed to submit proof of
19 correction of the deficiencies, and failed to respond to attempts to resolve these deficiencies.

20 12. On September 2, 2011, the Commissioner issued to Respondent an Order to
21 Discontinue Escrow Activities, pursuant to Financial Code section 17415. On September 6, 2011,
22 the Order to Discontinue Escrow Activities was served, via certified mail return receipt, to
23 Respondent. The return receipt shows that Respondent received the Order to Discontinue Escrow
24 Activities on September 9, 2011.

25 13. The Commissioner did not receive a request for a hearing from Respondent, and the
26 time within which to request a hearing has expired.

27 14. To date, Respondent has failed to prove that it meets the liquid asset and tangible net
28 worth requirements of Financial Code section 17210.

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15. Subsequent visits to Respondent’s licensed location revealed that Respondent has vacated its licensed location without prior approval or notifying the Commissioner of a possible new location or the location of its books and records, in violation of Financial Code section 17213.1 and California Code of Regulations, title 10, section 1730.

16. On February 15, 2012, the Commissioner filed her Accusation In Support of Revocation of Respondent’s license, Notice of Intention to Issue Order Revoking Respondent’s license, and the accompanying documents (collectively, “Accusation”). On February 16, 2012, the Accusation was served, via certified mail return receipt, to Respondent. The return receipt shows that Respondent received the Accusation on March 3, 2012.

17. The Commissioner has not received a request for a hearing from Respondent, and the time within which to request a hearing has expired.

18. The Commissioner finds that, by reason of the foregoing, LSB Escrow, Inc. has violated Financial Code sections 17210 and 17213.1 and California Code of Regulations, title 10, section 1730, and it is in the best interest of the public to revoke the escrow agent’s license of LSB Escrow, Inc.

NOW GOOD CAUSE APPEARING THEREFORE, pursuant to Financial Code section 17608, the escrow agent’s license issued to LSB Escrow, Inc. is hereby revoked. This order is effective as of the date hereof.

Dated: March 13, 2012
Los Angeles, CA

JAN LYNN OWEN
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 2333
)
)
LSB ESCROW, INC.)
)
a licensee under the Escrow Law)
)

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

TO: LSB ESCROW, INC.
18321 Ventura Boulevard, #315
Tarzana, CA 91356

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

LSB ESCROW, INC. has failed to comply with the bonding requirements of the Escrow Law (California Financial Code, Section 17202) in that effective April 24, 2011 No. FS1375079 issued by GREAT AMERICAN INSURANCE COMPANY in favor of LSB ESCROW, INC. expired and no replacement bond has been obtained.

Based upon the foregoing, LSB ESCROW, INC. is conducting escrow business in violation of Section 17202 of the Financial Code and is conducting business in an unsafe and injurious manner as to render further operations hazardous to the public or to customers.

1 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
2 THEREFORE, it is hereby ORDERED, under the provisions of Section 17415 of the California
3 Financial Code, that LSB ESCROW, INC. immediately discontinue acceptance of any new escrow
4 or joint control business, and of money, documents or other property in connection therewith.

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

6 Section 17415 of the Financial Code provides as follows:

7 (a) If the commissioner, as a result of any examination or from
8 any report made to him or her, shall find that any person subject to this
9 division is in an insolvent condition, is conducting business in such an
10 unsafe or injurious manner as to render further operations hazardous to the
11 public or to customers, has failed to comply with the provisions of Section
12 17212.1 or 17414.1, has permitted its tangible net worth to be lower than
13 the minimum required by law, has failed to maintain its liquid assets in
14 excess of current liabilities as set forth in Section 17210, or has failed to
15 comply with the bonding requirements of Chapter 2 (commencing with
16 Section 17200) of this division, the commissioner may, by an order
17 addressed to and served by registered or certified mail or by personal
18 service on such person and on any other person having in his or her
19 possession or control any escrowed funds, trust funds or other property
20 deposited in escrow with said person, direct discontinuance of the
21 disbursement of trust funds by the parties or any of them, the receipt of
22 trust funds, the delivery or recording of documents received in escrow, or
23 other business operations. No person having in his or her possession any of
24 these funds or documents shall be liable for failure to comply with the
25 order unless he or she has written notice of the order. Subject to
26 subdivision (b), the order shall remain in effect until set aside by the
27 commissioner in whole or in part, the person has been adjudged bankrupt,
28 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
hearing is requested 15 days after the mailing or service of such notice and
none is ordered by the commissioner, the failure to request a hearing shall
constitute a waiver of the right to a hearing. Neither the request for a
hearing nor the hearing itself shall stay the order issued by the
commissioner under subdivision (a).

1 Dated: April 26, 2011
2 Los Angeles, California

3 Preston DuFauchard
4 California Corporations Commissioner

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6 By _____
7 Kathleen R. Partin
8 Special Administrator
9 (213) 576-7595
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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF)	Case No.: 963-2333
CORPORATIONS OF THE STATE OF)	
CALIFORNIA,)	ORDER SETTING ASIDE ORDER TO
)	DISCONTINUE ESCROW ACTIVITIES
Complainant,)	PURSUANT TO CALIFORNIA FINANCIAL
)	CODE SECTION 17415
vs.)	
)	
LSB ESCROW, INC.)	
)	
)	
Respondent)	
)	

TO: LSB ESCROW, INC.
18321 Ventura Boulevard #315
Tarzana, CA 91356

NOW, THEREFORE, the California Corporations Commissioner having found LSB ESCROW, INC. as complied with bonding requirements of the Escrow Law, Financial Code Section 17202 as of May 11, 2011, the Order to Discontinue Escrow Activities Pursuant to Financial Code Section 17415 issued on April 26, 2011 is hereby set aside as of May 11, 2011.

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1 Dated: Los Angeles, California
2 May 11, 2011

3 Preston DuFauchard
4 California Corporations Commissioner

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6 By _____
7 Kathleen R. Partin
8 Special Administrator
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1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 AFSANEH EGHBALDARI (BAR NO. 250107)
Corporations Counsel
4 1350 Front Street, Room 2034
San Diego, California 92101
5 Telephone: (619) 645-3166
6 Attorneys for Complainant

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

10 In the Matter of THE CALIFORNIA) File No.: 963-2333
11 CORPORATIONS COMMISSIONER,)
12 Complainant,) **ORDER TO DISCONTINUE ESCROW**
13) **ACTIVITIES PURSUANT TO FINANCIAL**
14 v.) **CODE SECTION 17415**
15 LSB ESCROW, INC.,)
16 Respondent.)
17)
18)

19 TO: LSB ESCROW, INC.
5311 TOPANGA CANYON BLVD., #200
20 WOODLAND HILLS, CA 91356

21 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

22 LSB Escrow Inc. ("LSB") has failed to comply with the liquid asset and tangible net worth
23 requirements of Financial Code section 17210 of the California Escrow Law (Fin. Code, §§ 17000 et
24 seq.) ("Escrow Law"). Pursuant to Financial Code section 17210, all licensees under the California
25 Escrow Law are required to maintain, at all times, liquid assets in the amount of at least \$25,000 and
26 a tangible net worth of at least \$50,000. The 2008 regulatory examination revealed that as of October
27 31, 2008, LSB had a liquid asset deficiency in the amount of at least \$67,856.40 and a tangible net
28 worth deficiency in the amount of at least \$75,151.97 in violation of Financial Code section 17210.

1 In response to the California Department of Corporations' ("Department") letter requesting proof of
2 correction of the deficiencies, on February 19, 2009, LSB notified the Department that it was unable
3 to meet the liquidity requirements and it needed more time to meet the liquidity requirements. The
4 deficiencies remain unresolved and LSB has failed to respond to subsequent attempts to resolve these
5 deficiencies.

6 LSB's 2009 annual audit report revealed that as of August 31, 2010, LSB had a liquid asset
7 deficiency in the amount of at least \$33,228 and a tangible net worth deficiency in the amount of at
8 least \$41,138 in violation of Financial Code section 17210. On January 12, 2011, the Department
9 again sent a letter to LSB requesting proof of correction of the deficiencies within 30 days. The
10 deficiencies remain unresolved and LSB has failed to respond to attempts to resolve these
11 deficiencies.

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

14 NOW, BASED UPON THE FOREGING, AND GOOD CAUSE APPEARING
15 THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that
16 LSB Escrow, Inc. 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 Financial Code section 17415 provides as follows:

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

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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 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 or service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

Dated: September 2, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____

ALAN S. WEINGER
Deputy Commissioner