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

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

File No.: 963-1760

11 Complainant,)

**DEMAND FOR AND ORDER TAKING
POSSESSION OF THE TRUST FUNDS
AND ESCROW RECORDS OF MID-CITIES
ESCROW PURSUANT TO FINANCIAL
CODE SECTION 17621**

12 v.)
13)

14 MID-CITIES ESCROW,)

15 Respondent.)
16)
17)
18)

19 TO: MID-CITIES ESCROW
10890 Paramount Blvd.
20 Downey, California 90241

21 CITIZENS BUSINESS BANK
22 1010 E. Colorado Blvd.
23 Pasadena, California 91106

24 WHEREAS, Jan Lynn Owen, the California Corporations Commissioner (“Commissioner”),
25 has found that Mid-Cities Escrow (“Mid-Cities” or “Respondent”), an escrow agent subject to the
26 California Escrow Law (Fin. Code § 17000 et seq.) (“Escrow Law”), is unable to remedy certain
27 conditions set forth in the Notice and Summary of Findings Pursuant to section 17621 of the
28 Financial Code issued by the Commissioner on January 31, 2012; and

1 WHEREAS, Respondent is conducting its escrow business in an unsafe, injurious and
2 unauthorized manner, so as to render further operations hazardous to the public or to customers in
3 that Respondent has:

4 (a) transferred funds in the amount of \$25,000.00 from the trust account which resulted in
5 a trust account shortage in violation of section 17414, subdivision (a)(1) of the Financial Code and
6 California Code of Regulations, title 10, sections 1738, 1738.1 and 1738.2. The most recent trust
7 reconciliation of February 28, 2011 shows a trust account shortage of \$44,712.57;

8 (b) failed to maintain its books and records in accordance with the Escrow Law by failing
9 to properly post withdrawals from an interest bearing account to the escrow ledger in violation of
10 California Code of Regulations, title 10, section 1737, and by failing to properly and accurately post
11 receipts and checks in violation of California Code of Regulations, title 10, section 1732.1.

12 (c) failed to meet the liquidity and tangible net worth requirements under the Escrow
13 Law, Financial Code section 17210 in that the annual audit report for the year ended September 30,
14 2010 disclosed that Mid-Cities had a liquid asset deficiency in the amount of \$97,008.00 and a
15 tangible net worth deficiency of \$57,825.00; and

16 (d) failed repeatedly to respond to the Commissioner's demands to correct the above
17 violations.

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NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the Commissioner, effective this date, hereby demands and takes possession of the trust accounts of Mid-Cities Escrow and all bank and escrow records pertinent thereto and will retain possession thereof until the Commissioner appoints a conservator, or until its affairs are finally liquidated as provided for in Division 6, Chapter 6 of the Financial Code, or it resumes business with the consent and upon such conditions as the Commissioner may prescribe.

DATED: February 2, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division