

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Corporations
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5 Los Angeles, California 90013-2344
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6 Attorneys for Complainant
7

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

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11 In the Matter of THE CALIFORNIA) File No.: 963-2373
CORPORATIONS COMMISSIONER,)
12)
13 Complainant,) NOTICE AND SUMMARY OF FINDINGS
14 vs.) PURSUANT TO CALIFORNIA FINANCIAL
MORRIS ESCROW, INC.,) CODE SECTION 17621
15)
16 Respondent.)
17)
18)

19 TO: MORRIS ESCROW, INC.,
20 1010 N. Central Avenue, Suite 317
Glendale, California 91202

21
22 COMERICA BANK
2321 Rosecrans Avenue, Suite 5000
23 El Segundo, California 90245

24 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

25 Please take notice that the California Corporations Commissioner finds:

- 26 1. On or about November 10, 2008, a special examination of the books and records of
27 Morris Escrow, Inc. (“Morris Escrow”) was commenced by the California Corporations
28 Commissioner (“Commissioner”) after the Commissioner received an anonymous tip that Morris

1 Escrow had been improperly reconciling the trust account. The special examination revealed the
2 following:

3 a. Commencing on or about November 21, 2007, and continuing through at least
4 September 18, 2008, Morris Escrow transferred or otherwise disbursed trust funds totaling at least
5 \$99,770.73 to its general account and/or to its president, Cesar David Estrada ("Estrada") in
6 violation of Financial Code sections 17409 and 17414(a)(1) and California Code of Regulations, title
7 10, sections 1738 and 1738.2. Only \$24,000.00 of the misappropriated trust funds has been
8 returned.

9 b. A review of Morris Escrow's books and records disclosed that Morris Escrow had
10 never reconciled the trust account since its licensure on January 23, 2007 in violation of Financial
11 Code section 17404 and California Code of Regulations, title 10, section 1732.2 and there existed
12 adjusting items of which \$8,552.49 created an additional shortage in the trust account in violation of
13 California Code of Regulations, title 10, section 1738.1.

14 c. The unauthorized disbursements of trust funds and adjusting items described in
15 paragraphs a and b above caused a trust account shortage of \$108,323.22 to exist in the trust account
16 of Morris Escrow in violation of California Code of Regulations, title 10, section 1738.1. Numerous
17 demands have been made upon Morris Escrow to cure the trust account, but only \$24,000.00 of the
18 trust account shortage has been cured leaving an existing trust account shortage of at least
19 \$84,323.22 as of October 6, 2009.

20 d. As of October 28, 2009, the Morris Escrow trust account was overdrawn by at least
21 \$60.00.

22 2. California Financial Code section 17621 provides in pertinent part:

23 Whenever it appears to the Commissioner that any escrow agent subject
24 to this division:

25 ...

26 (b) Is conducting escrow business in an unsafe and unauthorized manner;

27 (c) Has violated its charter or any law of the State of California;

28 ...

the commissioner shall dispatch a written notice and summary of findings,
as referred to in Section 17415, to the principal officer of the escrow agent
involved or to its manager of record; and such escrow agent shall be afforded

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a reasonable opportunity to comply or otherwise effect such remedy as the commissioner may deem acceptable. However, should the escrow agent so notified fail to comply within five days of receipt of the notice, or as soon as it appears to the commissioner that no compliance is possible, or in the event prompt delivery of the prescribed written notice is impossible, the commissioner may forthwith take possession of the property and business of such escrow agent and retain possession until such escrow agent resumes business or its affairs be finally liquidated as provided in this chapter. The escrow agent, with the consent of the commissioner, may resume business upon such conditions as the commissioner may prescribe.

3. Based upon the foregoing, the Commissioner finds that Morris Escrow has violated Financial Code sections 17404, 17409 and 17414 and California Code of Regulations, title 10, sections 1732.2, 1738, 1738.1 and 1738.2, and is conducting escrow business in an unsafe and unauthorized manner, that no compliance is possible.

4. Pursuant to Financial Code sections 17621 and 17630, it is also necessary that a conservator be appointed as specified in the accompanying Order Appointing Mona Elsheikh as Conservator Pursuant to Financial Code section 17630.

Dated: November 2, 2009
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner