

1 ALAN S. WEINGER  
Deputy Commissioner  
2 MIRANDA LEKANDER (CA BAR NO. 210082)  
Senior Corporations Counsel  
3 Department of Corporations  
1515 K Street, Ste. 200  
4 Sacramento, California 95814  
Telephone: (916) 322-8730 Fax: (916) 445-6985  
5 Attorneys for Complainant

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

9  
10 In the Matter of the Accusation of THE ) File No.: 963-1699  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, ) AMENDED ACCUSATION IN SUPPORT OF:  
12 )  
Complainant, ) 1) ORDER SUSPENDING ESCROW  
13 ) AGENT’S LICENSE PURSUANT TO  
vs. ) FINANCIAL CODE SECTION 17608  
14 )  
15 PROVIDENCE ESCROW, INC., ) 2) ORDER IMPOSING PENALTIES  
PURSUANT TO FINANCIAL CODE  
16 Respondent. ) SECTION 17408  
17 )  
18 )  
19 )  
20 )  
21 )

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

24 I

25 Providence Escrow, Inc. (“Respondent” or “Providence”) is an escrow agent first licensed on  
26 September 29, 1993 by the California Corporations Commissioner ("Commissioner" or  
27 "Complainant") pursuant to the Escrow Law of the State of California (California Financial Code  
28 Section 17000 et seq.). Respondent’s principal place of business is located at 3450 Wilshire  
Boulevard, Suite 310, Los Angeles, California, 90010.

II

Pursuant to Financial Code section 17406, every licensee under the Escrow Law is required

1 to file an annual report containing audited financial statements (“annual audit report”) within 105  
2 days after the close of its fiscal year. Respondent’s fiscal year end is September 30.

3 On or about August 10, 2010, the Commissioner notified Respondent in writing that its  
4 annual audit report for the year ending September 30, 2010 was due on January 18, 2011, as required  
5 by Financial Code section 17406. Respondent was notified in the letter that failure to file its annual  
6 audit report could result in assessment of penalties, a special examination, and/or administrative  
7 action.

8 On January 25, 2011, a 10-day demand letter was sent to Respondent via certified mail  
9 informing that failure to file the annual audit report could result in assessment of penalties, a special  
10 examination, and/or administrative action. The report was not submitted within the 10-day demand  
11 period, and penalties pursuant to Financial Code section 17408 started to accrue thereafter.

12 Respondent did not file its annual audit report until July 8, 2011, which was 171 days  
13 overdue. Pursuant to the filing requirement set forth in Financial Code section 17408, a penalty of  
14 \$50.00 shall be assessed for each of the first five days that Respondent’s annual audit report was  
15 overdue and a penalty of \$250.00 for each day thereafter, totaling \$37,750.00.

16 Moreover, the annual audit report filed on July 8, 2011 disclosed that Respondent is deficient  
17 in meeting the net worth requirements of Financial Code section 17210. Section 17210 requires  
18 California escrow agents licensed after January 1, 1986 to maintain at all times a tangible net worth  
19 of least \$50,000.00, including liquid assets of at least \$25,000.00 in excess of current liabilities.

20 Respondent’s certified public accountant expressed a going-concern issue in the annual  
21 financial statement for fiscal year ending September 30, 2010. The most current balance sheet for  
22 fiscal year ending September 30, 2010 disclosed that Respondent had a liquid asset deficiency of  
23 \$34,355.00 and a tangible net worth deficiency of \$53,617.00.

24 On July 11, 2011, the Commissioner sent a letter to Respondent via certified mail demanding  
25 proof of correction of the going-concern and net worth deficiency issues no later than August 11,  
26 2011. To date, Respondent has not provided the Commissioner satisfactory evidence that the going-  
27 concern and net worth deficiency issues have been remedied.

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## III

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2 On or about August 15, 2011, the Commissioner notified Respondent in writing that its  
3 annual audit report for the year ending September 30, 2011 was due on January 17, 2012, as required  
4 by Financial Code section 17406. Respondent was notified in the letter that failure to file its annual  
5 audit report could result in assessment of penalties, a special examination, and/or administrative  
6 action. Respondent failed to timely file its 2011 annual audit report.

7 On January 24, 2012, a 10-Day Demand Letter was sent to Respondent via certified mail  
8 informing that failure to file the annual audit report could result in assessment of penalties, a special  
9 examination, and/or administrative action. The report was not submitted within the 10-day demand  
10 period, and penalties pursuant to Financial Code section 17408 started to accrue thereafter.

11 To date, Respondent has not filed its 2011 annual audit report as required by Financial Code  
12 section 17406. Pursuant to the filing requirement set forth in Financial Code section 17408, a  
13 penalty of \$50 per day shall be assessed for each of the first five days that Respondent's 2011 annual  
14 audit report was overdue and a penalty of \$250 for each day thereafter shall continue to accrue until  
15 the report is received. Penalties accrued to date for the 19 days the 2011 annual audit report is late  
16 amount to \$3,750.00.

## IV

17  
18 Financial Code Section 17408, subdivisions (b) through (e), provide as follows:

19 (b) The commissioner may impose, by order, a penalty on any person  
20 who fails, within the time specified in any written demand of the  
21 commissioner, (1) to make and file with the commissioner any report  
22 required by law or requested by the commissioner. . . . The amount of the  
23 penalty shall be one hundred dollars (\$100) for each day for the first five  
24 days the report or information is overdue and, thereafter, five hundred dollars  
25 (\$500) for each day the report or information is overdue.

26 (c) If, after an order has been made under subdivision (b), a request for  
27 hearing is filed in writing within 30 days of the date of service of the order  
28 by the person to whom the order was directed, a hearing shall be held  
in accordance with the Administrative Procedure Act, Chapter 5 (commencing  
with Section 11500) of Part 1 of Division 3 of Title 2 of the Government  
Code, and the commissioner shall have all the powers granted under that chapter.

(d) If the person fails to file a written request for a hearing within 30 days  
of the date of service of the order, the order imposing the penalty shall be

1 deemed a final order of the commissioner, and the penalty shall be paid within  
2 five business days.

3 (e) If a hearing is requested, the penalty shall be paid within five business  
4 days after the effective date of any decision in the case ordering payment to be paid.

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

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

10 Financial Code section 17608 provides in pertinent part:

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

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

15 V

16 Complainant finds that, by reason of the foregoing, Respondent Providence Escrow, Inc. has  
17 failed to comply with Financial Code sections 17406, 17602.5 and 17210, and it is in the best  
18 interests of the public to suspend the escrow agent's license of Respondent pursuant to Financial  
19 Code section 17608.

20 WHEREFORE, IT IS PRAYED that Respondent's escrow agent's license be suspended until  
21 such time as Respondent files its annual audit report for the fiscal year end September 30, 2011 and  
22 provides satisfactory evidence that the going-concern and net worth deficiency issues have been  
23 remedied in compliance with Financial Code section 17210, or for a period of one month, whichever  
24 period is greater.

25 IT IS HEREBY ORDERED that Respondent pay penalties pursuant to Financial Code  
26 section 17408 as follows:

- 27 (1) The amount of \$37,750.00 for the 173 days that the 2010 annual audit report was late;  
28 (2) The amount of \$3,750.00 for the 19 days the 2011 annual audit report is late; and,

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(3) Additional penalties of \$250.00 per day accruing hereafter for each day that the 2011 annual audit report remains unfiled in violation of Financial Code section 17406.

Dated: February 22, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner

1 ALAN S. WEINGER  
Deputy Commissioner  
2 MIRANDA LEKANDER (CA BAR NO. 210082)  
Senior Corporations Counsel  
3 Department of Corporations  
1515 K Street, Ste. 200  
4 Sacramento, California 95814  
Telephone: (916) 322-8730 Fax: (916) 445-6985  
5 Attorneys for Complainant

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

9  
10 In the Matter of the Accusation of THE ) File No.: 963-1699  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, ) SETTLEMENT AGREEMENT  
12 )  
Complainant, )  
13 )  
14 vs. )  
15 PROVIDENCE ESCROW, INC., )  
16 Respondent. )  
17 \_\_\_\_\_)

18 This Settlement Agreement is entered into between the California Corporations  
19 Commissioner ("Commissioner") and Providence Escrow, Inc., and is made with respect to the  
20 following facts:

21 **RECITALS**

22 A. Providence Escrow, Inc. ("Respondent") is a corporation in good standing, duly  
23 formed and existing pursuant to the laws of the State of California, and authorized to conduct  
24 business in the State of California.

25 B. Respondent currently holds escrow agent's license number 963-1699 with its  
26 principal place of business located at 3435 Wilshire Boulevard, Suite 2870, Los Angeles, California,  
27 90010.  
28

1 C. Elizabeth Venegas is the president of Respondent and is authorized to enter into this  
2 Settlement Agreement on behalf of Respondent.

3 D. Respondent failed to timely file with the Commissioner its annual report containing  
4 audited financial statements for year ending September 30, 2010 (“2010 Audit Report”), in violation  
5 of Financial Code section 17406. This report was due on January 17, 2011 but was not filed until  
6 July 8, 2011. Accordingly, the Commissioner assessed penalties in the amount of \$37,500.00  
7 pursuant to Financial Code section 17408.

8 E. The 2010 Audit Report filed on July 8, 2011 disclosed that Respondent is deficient in  
9 meeting the net worth requirements of Financial Code section 17210. On July 11, 2011, the  
10 Commissioner sent a letter to Respondent via certified mail demanding proof of correction of the  
11 going-concern and net worth deficiency issues no later than August 11, 2011. To date, Respondent  
12 has not provided the Commissioner satisfactory evidence that the going-concern and net worth  
13 deficiency issues have been remedied in compliance with Financial Code section 17210.

14 F. On August 16, 2011, the Commissioner issued an Accusation to Respondent in  
15 Support of: (1) Order Suspending Escrow Agent’s License Pursuant to Financial Code Section  
16 17608; and, (2) Order Imposing Penalties Pursuant to Financial Code Section 17408 (“Accusation”).  
17 An Amended Accusation was filed on February 22, 2012.

18 G. Respondent’s annual report containing audited financial statements for year ending  
19 September 30, 2011 (“2011 Audit Report”) became due on January 17, 2012. The 2011 Audit  
20 Report was has not been filed with the Commissioner and remains outstanding. Pursuant to  
21 Financial Code section 17408, penalties shall accrue daily until the 2011 Audit Report is filed with  
22 the Commissioner.  
23

24 H. Respondent has timely requested an administrative hearing.

25 I. It is the intention and desire of the parties to resolve these matters without the  
26 necessity of a hearing and/or other litigation.

27 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
28 forth herein, the parties agree as follows:

**TERMS AND CONDITIONS**

1  
2 1. This Settlement Agreement is entered into for the purpose of judicial economy and  
3 expediency, and to avoid the expense of a hearing, and possible further court proceedings.

4 2. Respondent hereby admits the allegations contained in the Accusation. Respondent’s  
5 admissions herein are solely for the limited purposes of this proceeding and any future proceeding  
6 that may be initiated by or brought before the Commissioner against Respondent. It is the intent and  
7 understanding between the parties that this Settlement Agreement, and particularly Respondent’s  
8 admissions herein, shall not be binding or admissible against Respondent in any action(s) brought  
9 against Respondent by third parties.

10 3. Respondent agrees that the penalties accrued for the untimely filing of its 2010 Audit  
11 Report total thirty-seven thousand five hundred dollars (\$37,500.00). Penalties amounting to eleven  
12 thousand dollars (\$11,000.00) have accrued as of March 20, 2012 for the late filing of the 2011  
13 Audit Report, and additional penalties continue to accrue daily pursuant to Financial Code section  
14 17408 until that report is filed. As full and final resolution of the penalties accrued for the 2010 and  
15 2011 Audit Reports, Respondent agrees to pay to the Commissioner the sum of ten thousand dollars  
16 (\$10,000.00). The penalty shall be paid in two equal installments. The first payment of five  
17 thousand dollars (\$5,000.00) shall be due on or before April 1, 2012. The second payment of five  
18 thousand dollars (\$5,000.00) shall be due on or before April 15, 2012. The penalty payment shall be  
19 postmarked by the due date and mailed by U.S. certified mail to: Senior Corporations Counsel  
20 Miranda LeKander, 1515 K Street, Suite 200, Sacramento, California, 95814. Respondent further  
21 agrees to an automatic revocation of its escrow agent’s license (“Revocation Order”), effective  
22 immediately, if penalties are not paid in strict compliance with the terms of this paragraph.

23 4. Respondent agrees that no later than April 15, 2012 it shall: (1) file with the  
24 Commissioner its 2011 Audit Report referenced in Paragraph G; and, (2) provide satisfactory written  
25 evidence to the Commissioner that the going concern and net worth deficiency issues referenced in  
26 Paragraph E have been rectified in compliance with Financial Code section 17210. Respondent  
27 further agrees to an automatic revocation of its escrow agent’s license (“Revocation Order”),  
28 effective immediately, if Respondent fails to strictly comply with the terms of this paragraph.



1           5.       Respondent hereby agrees to the immediate issuance by the Commissioner of an  
2 order suspending Respondent’s escrow agent’s license for a period of 14 calendar days (“Suspension  
3 Order”). The 14-day suspension shall be in effect from March 26, 2012 to April 8, 2012, during  
4 which period Respondent shall not accept any new escrow business, but may continue to service  
5 prior and open escrows, in accordance with California Financial Code section 17609. For purposes  
6 of this Settlement Agreement, “open escrow” shall mean an escrow wherein the parties to such  
7 escrow have already entered into a binding agreement and monies and/or escrow instructions have  
8 been submitted to Respondent regarding the transaction. This suspension does not preclude  
9 Respondent from: (1) continuing to service prior and open escrows; (2) responding to regulatory  
10 inquiries from the Department of Corporations or other agencies; (3) making the penalty payment  
11 described in this Settlement Agreement; and, (4) otherwise responding to customer inquiries  
12 concerning open escrows. Additionally, Respondent will be required to engage its certified public  
13 accounting firm to review the records of Respondent after the suspension has been completed and  
14 report its findings of compliance with the suspension to the Commissioner within 30 days of  
15 completion of the suspension. The Commissioner reserves the right to audit Respondent for  
16 compliance with the suspension notwithstanding the findings of the certified public accountant’s  
17 review. A copy of the Suspension Order is attached and incorporated as Exhibit A.

18           6.       The parties hereby acknowledge and agree that this Settlement Agreement is intended  
19 to constitute a full, final and complete resolution of the Accusation and Amended Accusation. The  
20 parties further acknowledge and agree that nothing contained in this Settlement Agreement shall  
21 operate to limit the Commissioner's ability to assist any other agency (county, state or federal) with  
22 any prosecution, administrative, civil or criminal, brought by any such agency against Respondent  
23 based upon any of the activities alleged in these matters or otherwise.

24           7.       Respondent acknowledges and agrees that the suspension and revocation orders  
25 provided for above shall not be the exclusive remedy available to the Commissioner in pursuing  
26 future violations but may be sought and employed in addition to any other remedy available pursuant  
27 to the Escrow Law.

28           8.       Respondent acknowledges it has waived its right to an administrative hearing under

1 California Financial Code sections 17608 and 17408 in connection with the Accusation, and hereby  
2 waives its right to a hearing, and to any reconsideration, appeal, or other rights which may be  
3 afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the California  
4 Code of Civil Procedure, or any other provision of law in connection with these matters.

5       9. Each of the parties represents, warrants, and agrees that it has received, or  
6 acknowledges the right to seek, independent legal advice from its attorney(s) with respect to the  
7 advisability of executing this Settlement Agreement.

8       10. Each of the parties represents, warrants, and agrees that in executing this Settlement  
9 Agreement it has relied solely on the statements set forth herein and, if applicable, the advice of its  
10 own counsel. Each of the parties further represents, warrants, and agrees that in executing this  
11 Settlement Agreement it has placed no reliance on any statement, representation, or promise of any  
12 other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
13 party or any other person or entity to make any statement, representation or disclosure of anything  
14 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in  
15 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the  
16 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this  
17 Settlement Agreement.

18       11. This Settlement Agreement is the final written expression and the complete and  
19 exclusive statement of all the agreements, conditions, promises, representations, and covenants  
20 between the Parties with respect to the subject matter hereof, and supercedes all prior or  
21 contemporaneous agreements, negotiations, representations, understandings, and discussions  
22 between and among the parties, their respective representatives, and any other person or entity, with  
23 respect to the subject matter covered hereby.

24       12. In that the parties have had the opportunity to draft, review and edit the language of  
25 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any  
26 part of this Settlement Agreement will be applied in any action relating to, connected to, or involving  
27 this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil Code  
28 section 1654 and any successor or amended statute providing that, in cases of uncertainty, language

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of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

13. This Settlement Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document.

14. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: 3/20/12

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner

Dated: 3/19/12

PROVIDENCE ESCROW, INC.

By \_\_\_\_\_  
ELIZABETH VENEGAS  
President

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

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

10 In the Matter of the Accusation of THE ) OAH No.: 2011090859  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, ) File No.: 963-1699  
12 )  
Complainant, ) SUSPENSION ORDER  
13 )  
14 vs. )  
15 PROVIDENCE ESCROW, INC., )  
16 Respondent. )  
17 )  
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19 Pursuant to the Settlement Agreement entered into between the California Corporations  
20 Commissioner ("Commissioner") and Providence Escrow, Inc. on March 20, 2012, it is hereby  
21 ordered that the escrow agent's license issued to Providence Escrow, Inc. is suspended for a period  
22 of fourteen (14) calendar days. The suspension shall be in effect from March 26, 2012 to April 8,  
23 2012, during which period Providence Escrow, Inc. shall not accept any new escrow business, but  
24 may continue to service prior and open escrows, in accordance with California Financial Code  
25 section 17609.

26 "Open escrow" shall mean an escrow wherein the parties to such escrow have already  
27 entered into a binding agreement and monies and/or escrow instructions have been submitted to  
28 Providence Escrow, Inc. regarding the transaction. This suspension does not preclude Providence

1 Escrow, Inc. from: continuing to service prior and open escrows; responding to regulatory inquiries  
2 from the Department of Corporations or other agencies; making penalty payments to the Department  
3 of Corporations; and, otherwise responding to customer inquiries concerning open escrows.

4 It is further ordered that after the suspension has been completed, Providence Escrow, Inc.  
5 shall engage its certified public accounting firm to review the records of Providence Escrow, Inc. to  
6 determine the licensee’s compliance with this order and report its findings to the Commissioner  
7 within 30 days of completion of the suspension.

8  
9 Dated: March 20, 2012  
10 Los Angeles, California

JAN LYNN OWEN  
California Corporations Commissioner

11 By \_\_\_\_\_  
12 ALAN S. WEINGER  
13 Deputy Commissioner  
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1 ALAN S. WEINGER  
Deputy Commissioner  
2 MIRANDA LEKANDER (CA BAR NO. 210082)  
Senior Corporations Counsel  
Department of Corporations  
3 1515 K Street, Ste. 200  
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4 Telephone: (916) 322-8730 Fax: (916) 445-6985

5 Attorneys for Complainant

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7 BEFORE THE DEPARTMENT OF CORPORATIONS  
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10 In the Matter of the Accusation of THE ) File No.: 963-1699  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, ) STIPULATION  
)  
12 Complainant, )  
)  
13 vs. )  
)  
14 PROVIDENCE ESCROW, INC., )  
)  
15 Respondent. )  
16 )  
17 )

18 This Stipulation is entered into between the California Corporations Commissioner  
19 ("Commissioner") and Providence Escrow, Inc. ("Respondent") and is made with respect to the  
20 following facts:

21 **RECITALS**

22 A. Respondent is a corporation in good standing, duly formed and existing pursuant to  
23 the laws of the State of California, and authorized to conduct business in the State of California.

24 B. Respondent currently holds escrow agent's license number 963-1699 with its  
25 principal place of business located at 3435 Wilshire Boulevard, Suite 2870, Los Angeles, California,  
26 90010.

27 C. Elizabeth Venegas is the president of Respondent and is authorized to enter into this  
28 Settlement Agreement on behalf of Respondent.

1 D. On August 16, 2011, the Commissioner issued an Accusation to Respondent in  
2 Support of: (1) Order Suspending Escrow Agent’s License Pursuant to Financial Code Section  
3 17608; and, (2) Order Imposing Penalties Pursuant to Financial Code Section 17408 (“Accusation”).  
4 An Amended Accusation was filed on February 22, 2012.

5 E. On March 20, 2012, Respondent entered into a Settlement Agreement with the  
6 Commissioner to resolve the regulatory issues alleged in the Accusation.

7 F. As a term of the Settlement Agreement, Respondent agreed that it would pay  
8 penalties of \$10,000 no later than April 15, 2012. Respondent paid the full sum of penalties by the  
9 due date.

10 G. As a term of the Settlement Agreement, Respondent also agreed to file with the  
11 Commissioner, no later than April 15, 2012, its annual report containing audited financial statements  
12 for the year ending September 30, 2011 (“2011 Audit Report”) pursuant to Financial Code section  
13 17406. Respondent filed its 2011 Audit Report on April 13, 2012.

14 H. As a further condition of the Settlement Agreement, the Commissioner issued an  
15 order suspending Respondent’s escrow agent’s license from March 26, 2012 to April 8, 2012, during  
16 which period Respondent was not permitted to accept any new escrow business but could continue  
17 to service prior and open escrows in accordance with California Financial Code section 17609.  
18 Additionally, Respondent was required to engage its certified public accounting firm to review the  
19 records of Respondent after the suspension had been completed and report its findings of compliance  
20 with the suspension to the Commissioner within 30 days of completion of the suspension. On May  
21 23, 2012, Respondent submitted to the Commissioner a report from its certified public accountant  
22 verifying that Respondent had complied with the terms of the suspension.

23 I. As a condition of the Settlement Agreement, Respondent was also required to  
24 provide satisfactory written evidence to the Commissioner, no later than April 15, 2012, that the  
25 going concern and net worth deficiency issues identified in its 2010 Audit Report have been  
26 remedied in compliance with Financial Code section 17210. To date, Respondent has failed to  
27 submit satisfactory evidence to the Commissioner that the going concern and net worth deficiency  
28 issues have been remedied in compliance with the Escrow Law.

1 J. Respondent acknowledges that it agreed to an automatic revocation of its escrow  
2 agent's license in the event that Respondent failed to strictly comply with the terms of the Settlement  
3 Agreement.

4 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
5 forth herein, the parties stipulate as follows:

6 **TERMS AND CONDITIONS**

7 1. Respondent hereby agrees that no later than July 2, 2012 it shall file with the  
8 Commissioner a report from its certified public accounting firm showing that all going concern and  
9 net worth deficiency issues have been rectified in compliance with Financial Code section 17210  
10 ("Compliance Report").

11 2. Respondent further agrees that if the Compliance Report is not filed with the  
12 Commissioner by July 2, 2012, or the Commissioner determines that Respondent has otherwise  
13 failed to provide satisfactory evidence of compliance with Financial Code section 17210, the  
14 Commissioner shall immediately issue an order suspending Respondent's escrow agent's license  
15 ("Suspension Order") until such time as Respondent provides written evidence of satisfactory  
16 compliance with Financial Code section 17201, or for a period of 30 days, whichever period is  
17 greater.

18  
19 Dated: 6/18/12

JAN LYNN OWEN  
California Corporations Commissioner

21 By \_\_\_\_\_  
22 ALAN S. WEINGER  
23 Deputy Commissioner

24 Dated: 6/11/12

PROVIDENCE ESCROW, INC.

26 By \_\_\_\_\_  
27 ELIZABETH VENEGAS  
28 President



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1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 MIRANDA LEKANDER (CA BAR NO. 210082)  
Senior Corporations Counsel  
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6 Attorneys for Complainant

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

11	In the Matter of the Accusation of THE	)	File No.: 963-1699
12	CALIFORNIA CORPORATIONS	)	
13	COMMISSIONER,	)	ACCUSATION IN SUPPORT OF:
14	Complainant,	)	1) ORDER SUSPENDING ESCROW
15	vs.	)	AGENT’S LICENSE PURSUANT TO
16	PROVIDENCE ESCROW, INC.,	)	FINANCIAL CODE SECTION 17608
17	Respondent.	)	2) ORDER IMPOSING PENALTIES
18		)	PURSUANT TO FINANCIAL CODE
		)	SECTION 17408

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

21 I

22 Providence Escrow, Inc. (“Respondent” or “Providence”) is an escrow agent first licensed on  
23 September 29, 1993 by the California Corporations Commissioner ("Commissioner" or  
24 "Complainant") pursuant to the Escrow Law of the State of California (California Financial Code  
25 Section 17000 et seq.). Respondent’s principal place of business is located at 3450 Wilshire  
26 Boulevard, Suite 310, Los Angeles, California, 90010.

27 II

28 Pursuant to Financial Code section 17406, every licensee under the Escrow Law is required

1 to file an annual report containing audited financial statements (“annual audit report”) within 105  
2 days after the close of its fiscal year. Respondent’s fiscal year end is September 30.

3 On or about August 10, 2010, the Commissioner notified Respondent in writing that its  
4 annual audit report for the year ending September 30, 2010 was due on January 18, 2011, as required  
5 by Financial Code section 17406. Respondent was notified in the letter that failure to file its annual  
6 audit report could result in assessment of penalties, a special examination, and/or administrative  
7 action.

8 On January 25, 2011, a 10-day demand letter was sent to Respondent via certified mail  
9 informing that failure to file the annual audit report could result in assessment of penalties, a special  
10 examination, and/or administrative action. The report was not submitted within the 10-day demand  
11 period, and penalties pursuant to Financial Code section 17408 started to accrue thereafter.

12 Respondent did not file its annual audit report until July 8, 2011, which was 171 days  
13 overdue. Pursuant to the filing requirement set forth in Financial Code section 17408, a penalty of  
14 \$50.00 shall be assessed for each of the first five days that Respondent’s annual audit report was  
15 overdue and a penalty of \$250.00 for each day thereafter, totaling \$37,750.00.

16 Moreover, the annual audit report filed on July 8, 2011 disclosed that Respondent is deficient  
17 in meeting the net worth requirements of Financial Code section 17210. Section 17210 requires  
18 California escrow agents licensed after January 1, 1986 to maintain at all times a tangible net worth  
19 of least \$50,000.00, including liquid assets of at least \$25,000.00 in excess of current liabilities.

20 Respondent’s certified public accountant expressed a going-concern issue in the annual  
21 financial statement for fiscal year ending September 30, 2010. The most current balance sheet for  
22 fiscal year ending September 30, 2010 disclosed that Respondent had a liquid asset deficiency of  
23 \$34,355.00 and a tangible net worth deficiency of \$53,617.00.

24 On July 11, 2011, the Commissioner sent a letter to Respondent via certified mail demanding  
25 proof of correction of the going-concern and net worth deficiency issues no later than August 11,  
26 2011. To date, Respondent has not responded to the Commissioner’s July 11, 2001 demand letter or  
27 otherwise provided evidence that the going-concern and net worth deficiency issues have been  
28 remedied.

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III

Financial Code Section 17408, subdivisions (b) through (e), provide as follows:

(b) The commissioner may impose, by order, a penalty on any person who fails, within the time specified in any written demand of the commissioner, (1) to make and file with the commissioner any report required by law or requested by the commissioner. . . . The amount of the penalty shall be one hundred dollars (\$100) for each day for the first five days the report or information is overdue and, thereafter, five hundred dollars (\$500) for each day the report or information is overdue.

(c) If, after an order has been made under subdivision (b), a request for hearing is filed in writing within 30 days of the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with the Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted under that chapter.

(d) If the person fails to file a written request for a hearing within 30 days of the date of service of the order, the order imposing the penalty shall be deemed a final order of the commissioner, and the penalty shall be paid within five business days.

(e) If a hearing is requested, the penalty shall be paid within five business days after the effective date of any decision in the case ordering payment to be paid.

Financial Code section 17602.5 provides in pertinent part as follows:

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

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.

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IV

Complainant finds that, by reason of the foregoing, Respondent Providence Escrow, Inc. has failed to comply with Financial Code sections 17408, 17602.5 and 17210, and it is in the best interests of the public to suspend the escrow agent’s license of Respondent pursuant to Financial Code section 17608.

WHEREFORE, IT IS PRAYED that pursuant to Financial Code section 17608, Respondent’s escrow agent’s license be suspended until such time as Respondent provides sufficient evidence that it is in compliance with Financial Code section 17210 or for a period of 30 days, whichever period is greater.

Additionally, IT IS HEREBY ORDERED that Respondent pay a penalty in the sum of \$37,750.00 for the period the annual audit report was late pursuant to Financial Code section 17408.

Dated: August 16, 2011  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN ROONEY  
Assistant Chief Counsel  
3 JOHNNY VUONG (CA BAR NO. 249570)  
Corporations Counsel  
4 DEPARTMENT OF BUSINESS OVERSIGHT  
320 W. 4<sup>th</sup> St., Suite 750  
5 Los Angeles, California 90013  
Telephone: (213) 576-7585  
6 Fax: (213) 576-7181  
Attorneys for the People of the State of California  
7

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of THE COMMISSIONER OF ) CASE NO.: 963-1699  
BUSINESS OVERSIGHT, )  
12 )  
13 Complainant, ) ORDER APPOINTING PAUL LIANG AS  
14 vs. ) CONSERVATOR PURSUANT TO  
15 ) CALIFORNIA FINANCIAL CODE SECTION  
16 PROVIDENCE ESCROW, INC. ) 17630  
17 Respondent. )  
18 )  
19 )

20  
21 I, JAN LYNN OWEN, Commissioner of Business Oversight, pursuant to Financial Code  
22 section 17630, do hereby appoint Corporations Examiner, Paul Liang, as Conservator of the bank  
23 and escrow records of Providence Escrow, Inc. (“Providence”) in order that he may take possession  
24 of such records for the protection of the escrow agent, the customers of the escrow agent, and the  
25 public.

26 The conservator, pursuant to Financial Code section 17631, shall have all the rights, powers,  
27 and privileges of Providence, its officers and directors, and shall have the same powers and rights as  
28 the Commissioner of Business Oversight, while he is in possession of the bank and escrow records  
of Providence. These rights, powers and privileges shall include all acts as are necessary or

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expedient to collect, conserve and protect the bank and escrow records of Providence.

All expenses of the Conservatorship shall be paid out of the assets of Providence, if any shall exist, and shall be a lien thereon which shall be prior to any other lien.

This Order is effective on the date hereof and may be amended or terminated upon further order of the Commissioner of Business Oversight.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal.

Dated: July 29, 2014  
Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN ROONEY  
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7

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
9 OF THE STATE OF CALIFORNIA  
10

11 In the Matter of THE COMMISSIONER OF ) CASE NO.: 963-1699  
BUSINESS OVERSIGHT, )  
12 )  
13 Complainant, ) ORDER TERMINATING  
vs. ) CONSERVATORSHIP  
14 )  
15 )  
16 PROVIDENCE ESCROW, INC. )  
17 Respondent. )  
18 )  
19 )

20 The Commissioner of Business Oversight finds as follows:  
21

22 1. Providence Escrow, Inc., a California corporation ("Providence"), is an escrow agent  
23 licensed by the Commissioner of Business Oversight ("Commissioner"), pursuant to the Escrow Law  
24 of the State of California (Financial Code §§ 17000, et seq.).

25 2. Elizabeth Venegas ("Venegas") is Providence's president and sole shareholder.

26 3. For reasons stated in the documents listed below and dated November 21, 2013,  
27 which included failure to meet the liquid asset and tangible net worth requirements and continued  
28 processing of escrows despite receiving an Accusation to bar, the Commissioner took possession of  
the trust account(s) of Providence and all bank and escrow records pertinent thereto and appointed



1 Peter A. Davidson as Conservator over Providence by issuing the following documents:

2 A. Demand For and Order Taking Possession of the Trust Funds and Escrow Records of  
3 Providence Escrow, Inc. Pursuant to California Financial Code Section 17621, and

4 B. Order Appointing Peter A. Davidson as Conservator Pursuant to Financial Code  
5 Section 17630, and

6 C. Notice and Summary of Findings Pursuant to Financial Code Section 17621.

7 4. Pursuant to both the Order Taking Possession and the Conservatorship Order, all  
8 persons, including Venegas, who had possession, custody or control of any of the trust funds and  
9 bank account and escrow records of Providence, became obligated to turn over to the Conservator  
10 such trust funds and records.

11 5. On November 26, 2013, the Conservator took possession of the trust funds, and,  
12 pursuant to Financial Code Section 17630, took actions to conserve those trust funds pending further  
13 disposition of the trust affairs.

14 6. The Conservator conducted a review of the trust accounts and the total trust shortage  
15 was approximately \$8,587.50. The Conservator filed a claim on Providence's escrow agent's bond  
16 on November 26, 2013 and received the full amount of the bond (\$50,000.00). The Conservator also  
17 made a demand to Venegas to pay back \$5,000.00, which Venegas paid on March 4, 2014. The full  
18 amount of the escrow bond and the \$5,000.00 from Venegas were sufficient to make up the trust  
19 shortage.

20 7. In February 2014, Conservator obtained the approval of the Commissioner to make a  
21 distribution of the Providence trust funds to claimants and was able to payout 100% of the amount  
22 owed to trust fund claimants.

23 8. As of June 2014, Conservator has distributed such escrow trust funds to the extent  
24 that the person(s) could be located and escheated those funds where the claimants were known, but  
25 could not be located.

26 9. The Conservator will return the escrow records to the Commissioner for retention for  
27 the period required by California Code of Regulations, title 10, section 1737.

28 10. The Commissioner is satisfied that termination of the conservatorship may be done

1 safely and is in the public interest.

2 11. On June 23, 2014, Conservator provided to the Commissioner a final report of the  
3 conservatorship.

4 Now, good cause appearing, IT IS HEREBY ORDERED that:

5 1. The conservatorship is hereby terminated pursuant to California Financial Code  
6 Section 17634.

7 2. The Commissioner hereby ratifies those actions taken by the Conservator with respect  
8 to the trust account(s) and any bank and escrow records, and the Conservator, the State of California  
9 and each of their respective employees and agents is hereby released from any and all obligation  
10 and/or liability arising out of or relating to the conservatorship of Providence Escrow, Inc.

11

12 Dated: July 29, 2014  
13 Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

14

15

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

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