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8

9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of the Accusation of THE ) File No.: 963-2298  
CALIFORNIA CORPORATIONS )  
13 COMMISSIONER, ) ORDER REVOKING ESCROW AGENT’S  
14 ) LICENSE  
Complainant, )  
15 )  
16 vs. )  
17 PREMIERE TRANSACTIONS ESCROW, )  
INC. AND THERESA L. MADDEN, )  
18 )  
19 Respondents. )

20 The California Corporations Commissioner (“Commissioner”) finds that:

- 21 1. Respondent Premiere Transactions Escrow, Inc. ("Premiere") is an escrow agent  
22 licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant  
23 to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.).  
24 Premiere had its principal place of business located at 23172 Plaza Pointe Drive, Suite 110, Laguna  
25 Hills, California 92653.  
26 2. Respondent Theresa L. Madden (“Madden”) is, and was at all times relevant herein,  
27 the president and sole shareholder of Premiere.  
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1           3.       On July 25, 2008, the Commissioner, by and through his staff, commenced a special  
2 examination of the books and records of Premiere. The special examination was commenced after  
3 the Department of Corporations (“Department”) received information that escrow customers were  
4 unable to get hold of Premiere regarding their escrow transactions. The special examination initially  
5 revealed that commencing on or about May 22, 2007 and continuing through at least August 11,  
6 2008, Premiere, by and through Madden, had transferred or otherwise disbursed trust funds totaling  
7 at least \$172,803.85 to its operating account and/or the personal account(s) of Madden, or otherwise  
8 for the payment of business operating expenses or other non-trust related expenses in violation of  
9 Financial Code sections 17409 and 17414(a)(1) and California Code of Regulations, title 10,  
10 sections 1738 and 1738.2. One recent unauthorized disbursement from the trust account, which  
11 occurred on or about August 11, 2008, was issued to Madden’s son in the amount of \$3,000.00.

12           4.       The special examination further revealed that Madden had abandoned Premiere and  
13 its escrow business, despite significant trust funds remaining on deposit in the trust account<sup>1</sup>, and the  
14 landlord was in the process of evicting Premiere from its licensed location.

15           5.       Further examination of the books and records since the Department took possession  
16 of the escrow and trust account records as described below, revealed that the unauthorized  
17 disbursements had commenced on December 1, 2006 and totaled \$176,679.85 as of August 11,  
18 2008, the date of the last known unauthorized disbursement. The resulting trust account shortage  
19 currently existing in violation of California Code of Regulations, title 10, section 1738.1 is at least  
20 \$129,061.17 after giving credit for earned escrow fees that appear not to have been transferred out of  
21 the trust account and the sum of \$33,873.68 that Madden otherwise replaced.

22           6.       The unauthorized disbursements and/or diversion of trust funds discovered during the  
23 special examination are described as follows:

24           **A.       Internet Transfers From The Trust Account To The Operating Account:**

25                   Commencing on or about December 1, 2006 and continuing through at least June 6,  
26 2008, Madden made thirty-four (34) unauthorized disbursements of trust funds to the operating  
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28 <sup>1</sup> As of August 20, 2008, there remained a balance of \$87,845.11 in the trust account of Premiere.

1 account of Premiere totaling \$92,555.00 via Internet transfers in violation of Financial Code section  
2 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The specific  
3 dates and amounts of the unauthorized transfers of trust funds from the trust account to the operating  
4 account of Premiere are as follows:

	<u>AMOUNT</u>	<u>DATE</u>
5		
6	1. \$5,805.00	December 1, 2006
7	2. \$1,200.00	March 30, 2007
8	3. \$3,000.00	April 16, 2007
9	4. \$ 950.00	June 4, 2007
10	5. \$5,000.00	September 13, 2007
11	6. \$1,000.00	October 12, 2007
12	7. \$3,000.00	October 24, 2007
13	8. \$5,000.00	October 31, 2007
14	9. \$3,000.00	November 7, 2007
15	10. \$3,000.00	November 14, 2007
16	11. \$1,000.00	December 11, 2007
17	12. \$2,000.00	December 24, 2007
18	13. \$ 500.00	December 26, 2007
19	14. \$4,000.00	January 11, 2008
20	15. \$2,000.00	January 25, 2008
21	16. \$2,000.00	January 30, 2008
22	17. \$3,000.00	February 8, 2008
23	18. \$3,000.00	February 25, 2008
24	19. \$2,250.00	February 27, 2008
25	20. \$3,000.00	March 4, 2008
26	21. \$2,000.00	March 7, 2008
27	22. \$2,000.00	March 11, 2008
28	23. \$3,000.00	March 14, 2008

1	24.	\$2,000.00	March 19, 2008
2	25.	\$2,000.00	March 25, 2008
3	26.	\$5,000.00	April 1, 2008
4	27.	\$2,000.00	April 8, 2008
5	28.	\$2,000.00	April 9, 2008
6	29.	\$1,500.00	April 11, 2008
7	30.	\$5,000.00	April 18, 2008
8	31.	\$3,000.00	May 6, 2008
9	32.	\$ 500.00	May 28, 2008
10	33.	\$ 350.00	June 2, 2008
11	34.	\$8,500.00	June 6, 2008

**B. Internet Transfers From The Trust Account To The Personal Account of Madden:**

Commencing on or about May 22, 2007 and continuing through at least through May 20, 2008, Madden made twenty-three (23) unauthorized disbursements of trust funds to her personal account totaling \$45,920.00 via Internet transfers in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The specific dates and amounts of the unauthorized transfers of trust funds from the trust account to Madden’s personal account are as follows:

		<u>AMOUNT</u>	<u>DATE</u>
21	1.	\$1,400.00	May 22, 2007
22	2.	\$4,010.00	August 1, 2007
23	3.	\$1,010.00	August 30, 2007
24	4.	\$3,050.00	August 31, 2007
25	5.	\$1,010.00	September 7, 2007
26	6.	\$1,510.00	September 11, 2007
27	7.	\$1,010.00	September 26, 2007
28	8.	\$3,010.00	October 3, 2007

1	9.	\$1,510.00	October 9, 2007
2	10.	\$ 510.00	October 12, 2007
3	11.	\$1,010.00	October 18, 2007
4	12.	\$2,010.00	October 26, 2007
5	13.	\$2,010.00	October 30, 2007
6	14.	\$ 510.00	November 7, 2007
7	15.	\$3,000.00	November 20, 2007
8	16.	\$4,000.00	January 8, 2008
9	17.	\$1,000.00	February 1, 2008
10	18.	\$1,500.00	February 8, 2008
11	19.	\$ 350.00	April 28, 2008
12	20.	\$5,000.00	May 1, 2008
13	21.	\$1,000.00	May 9, 2008
14	22.	\$1,500.00	May 15, 2008
15	23.	\$5,000.00	May 20, 2008

**C. Wire Transfers From The Trust Account For Payment of Safeguard Supply**

**Invoices:**

Commencing on or about July 26, 2006 and continuing through at least May 17, 2007, Madden made five (5) unauthorized disbursements of trust funds to Safeguard Supply to pay for business supplies totaling \$1,142.08 via wire transfers in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The specific dates and amounts of the unauthorized transfers of trust funds from the trust account to Safeguard Supply are as follows:

	<u>AMOUNT</u>	<u>DATE</u>
24		
25	1. \$248.41	July 26, 2006
26	2. \$ 34.79	August 15, 2006
27	3. \$257.03	September 22, 2006
28	4. \$258.01	February 14, 2007

1                                    5.        \$343.84                                    May 17, 2007

2                    **D.        Trust Funds Deposited Into The Operating Account Instead Of The Trust**  
3 **Account:**

4                    (i)        On January 11, 2007, Madden issued trust receipt number 1347 in escrow  
5 number 600314-TM for monies received from the borrower in the amount of \$4,093.11, but  
6 deposited the trust monies into the operating account.

7                    (ii)       On January 16, 2007, Madden issued trust receipt number 1349 in escrow  
8 number 600325-TM for monies received from Old Republic Title Company in the amount of  
9 \$2,483.55, but deposited the trust monies into the operating account.

10                   **E.        Other Unauthorized Disbursements/Diversions of Trust Funds:**

11                   (i)        On August 6, 2007, Madden made an unauthorized disbursement of trust  
12 funds to Premiere in the amount of \$1,461.00 via trust check number 4548 in escrow number  
13 600224-TM in violation of Financial Code section 17414(a)(1) and California Code of Regulations,  
14 title 10, sections 1738 and 1738.2. That same day, in order to cover up the \$1,461.00 debit balance  
15 this unauthorized disbursement caused in violation of California Code of Regulations, title 10,  
16 section 1738.1, Madden violated Financial Code section 17414(a)(2) by posting another check, trust  
17 check number 2565, as canceled on the escrow ledger. Trust check number 2565 had been issued on  
18 November 27, 2006 in escrow number 600224-TM to CITI for \$1,461.00 and had cleared the trust  
19 account on December 5, 2006.

20                   (ii)       On April 9, 2007, Madden made an unauthorized disbursement of trust funds  
21 to Premiere in the amount of \$625.00 via trust check number 3489 in escrow number 600263-TM in  
22 violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,  
23 sections 1738 and 1738.2. On April 9, 2007, in order to cover up the \$625.00 debit balance this  
24 unauthorized disbursement caused in violation of California Code of Regulations, title 10, section  
25 1738.1, Madden violated Financial Code section 17414(a)(2) by posting another check, trust check  
26 number 2708, as canceled on the escrow ledger. Trust check number 2708 had been issued on  
27 December 18, 2006 in escrow number 600263-TM to Premiere for \$625.00 and had cleared the trust  
28 account on December 19, 2006.

1 (iii) On January 16, 2008, Madden made an unauthorized disbursement of trust  
2 funds to Premiere in the amount of \$1,050.00 via trust check number 5079 in escrow number  
3 600891-MJ in violation of Financial Code section 17414(a)(1) and California Code of Regulations,  
4 title 10, sections 1738 and 1738.2. On February 20, 2008, in order to cover up the \$1,050.00 debit  
5 balance this unauthorized disbursement caused in violation of California Code of Regulations, title  
6 10, section 1738.1, Madden violated Financial Code section 17414(a)(2) by posting trust check  
7 number 5079 as canceled on the escrow ledger, when trust check number 5079 had cleared the trust  
8 account on January 17, 2008.

9 (iv) On August 13, 2007 and November 13, 2007, Madden made two unauthorized  
10 disbursements of trust funds to Premiere in the respective amounts of \$2,000.00 and \$926.00 via  
11 trust check numbers 4581 and 4938 in escrow number 600146-TM in violation of Financial Code  
12 section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. On  
13 November 13, 2007, in order to cover up at least \$2,000.00 of the \$2,926.00 debit balance these  
14 unauthorized disbursements caused in violation of California Code of Regulations, title 10, section  
15 1738.1, Madden violated Financial Code section 17414(a)(2) by posting trust check number 4581,  
16 described hereinabove, as canceled on the escrow ledger. Trust check number 4581 had cleared the  
17 trust account on August 13, 2007.

18 (v) On December 12, 2007, Madden made an unauthorized disbursement of trust  
19 funds to Premiere in the amount of \$1,837.11 via trust check number 5032 in escrow number  
20 600878-TM in violation of Financial Code section 17414(a)(1) and California Code of Regulations,  
21 title 10, sections 1738 and 1738.2. On March 10, 2008, in order to cover up the \$1,837.11 debit  
22 balance this unauthorized disbursement caused in violation of California Code of Regulations, title  
23 10, section 1738.1, Madden violated Financial Code section 17414(a)(2) by posting trust check  
24 number 5032, described hereinabove, as canceled on the escrow ledger when trust check number  
25 5032 had cleared the trust account on December 13, 2007.

26 (vi) On August 21, 2007, Madden made an unauthorized disbursement of trust  
27 funds to Premiere in the amount of \$1,587.00 via trust check number 4614 in escrow number  
28 600274-LG in violation of Financial Code section 17414(a)(1) and California Code of Regulations,

1 title 10, sections 1738 and 1738.2. On October 31, 2007, in order to cover up the \$1,587.00 debit  
2 balance this unauthorized disbursement caused in violation of California Code of Regulations, title  
3 10, section 1738.1, Madden violated Financial Code section 17414(a)(2) by posting trust check  
4 number 4614, described hereinabove, as canceled on the escrow ledger when trust check number  
5 4614 had cleared the trust account on December 13, 2007.

6 (vii) On November 20, 2007, Madden made an unauthorized disbursement of trust  
7 funds to Premiere in the amount of \$15,000.00 via trust check number 4962 in escrow number  
8 600907-TM in violation of Financial Code section 17414(a)(1) and California Code of Regulations,  
9 title 10, sections 1738 and 1738.2. Madden issued trust check number 4962 against a false receipt  
10 she issued that claimed \$15,000.00 had been wired into escrow on November 20, 2007.

11 (viii) On October 31, 2007, Madden made an unauthorized disbursement of trust  
12 funds to a former employee/escrow officer of Premiere in the amount of \$3,000.00 via wire in  
13 violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,  
14 sections 1738 and 1738.2.

15 (ix) On August 11, 2008, an unauthorized disbursement of trust funds in the  
16 amount of \$3,000.00 was made to Madden's son, Gary Paul Madden, via handwritten trust check  
17 number 5077 (out of sequence), which cleared the trust account on August 13, 2008.

18 7. Madden's unauthorized disbursements resulting in a trust account shortage and  
19 abandonment of Premiere's escrow business caused the Commissioner, on August 22, 2008, to issue  
20 an Order To Discontinue Escrow Activities Pursuant to Financial Code section 17415 against  
21 Premiere along with a Demand For and Order Taking Possession of the Trust Account(s) and  
22 Escrow Records of Premiere Pursuant to Financial Code Section 17621, which orders were amended  
23 on August 25, 2008 to address the incorrect spelling of Premiere's name. These orders were  
24 necessary to offer any possible protection to the escrow customers of Premiere.

25 8. Madden's actions also caused the Commissioner to seek the appointment of a receiver  
26 over the trust affairs of Premiere in order to offer any possible recovery of trust funds for the  
27 affected escrow customers of Premiere.  
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9. The above-described violations constitute grounds under Financial Code section 17608 to revoke the escrow agent’s license.

10. On December 10, 2008, the Commissioner issued a Notice of Intention to Issue Order Revoking Escrow Agent’s License and to Issue an Order Pursuant to California Financial Code Section 17423 (Bar From Employment, Management or Control of Any Escrow Agent), Accusation and accompanying documents against Premiere and Madden based upon the above, and Premiere was served on January 11, 2009. The Department has received no request for a hearing from Premiere and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that escrow agent’s license of Premiere Transactions Escrow, Inc. is revoked effective upon termination of the receivership ordered by the Court in *People of the State of California v. Premiere Transactions Escrow, Inc.*, Orange County Superior Court case number 3-2008-00114230-CU-PT-CJC.

Dated: February 19, 2009  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Alan S. Weinger  
Lead Corporations Counsel