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

11	In the Matter of THE COMMISSIONER OF	)	File No.: 963-1699
12	BUSINESS OVERSIGHT,	)	
13	Complainant,	)	ACCUSATION IN SUPPORT OF:
14	vs.	)	1) ORDER BARRING ELIZABETH R.
15	PROVIDENCE ESCROW, INC. and	)	VENEGAS FROM ANY POSITION OF
16	ELIZABETH R. VENEGAS, as an individual,	)	EMPLOYMENT, MANAGEMENT, OR
17	Respondents.	)	CONTROL OF ANY ESCROW
18		)	AGENT PURSUANT TO FINANCIAL
19		)	CODE SECTION 17423
		)	2) ORDER REVOKING ESCROW
		)	AGENT'S LICENSE PURSUANT TO
		)	FINANCIAL CODE SECTION 17608

20 The Complainant, the Commissioner of the California Department of Business Oversight  
21 (formerly the Commissioner of Corporations; hereafter, "Commissioner" or "Complainant"), is  
22 informed and believes and, based upon such information and belief, alleges and charges as follows:

23 **I.**

24 **INTRODUCTION**

25 Providence Escrow, Inc. ("Providence Escrow") is an escrow agent first licensed on  
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1 September 29, 1993 by the California Department of Corporations<sup>1</sup> pursuant to the Escrow Law of  
2 the State of California (Financial Code §§ 17000 et seq.).

3 Providence Escrow is an active California corporation with its principal place of business  
4 located at 3450 Wilshire Boulevard, Suite 310, Los Angeles, California, 90010.

5 At all relevant times, Elizabeth R. Venegas has been Providence Escrow's president, sole  
6 shareholder, and registered agent.

7 The Commissioner now seeks to: (1) Bar Elizabeth R. Venegas ("Venegas") from any  
8 employment, management, or control of any escrow agent; and, (2) Revoke the escrow agent's  
9 license issued to Providence Escrow for multiple violations of the Escrow Law, as set forth more  
10 fully below.

## 11 II.

### 12 **PROVIDENCE ESCROW PREVIOUSLY SANCTIONED FOR VIOLATIONS OF THE** 13 **ESCROW LAW**

14 On August 16, 2011, the Commissioner issued an Accusation to Providence Escrow 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 (hereafter  
17 "Accusation"). An Amended Accusation was filed on February 22, 2012. The Accusation seeking  
18 license suspension and penalties was based on multiple violations of the Escrow Law for the years  
19 2010 and 2011.

20 On March 20, 2012, Providence Escrow, through its president Venegas, entered into a  
21 Settlement Agreement with the Commissioner to resolve the issues alleged in the Accusation. As a  
22 term of the Settlement Agreement, Providence Escrow agreed to pay \$10,000 in penalties and file its  
23 annual report containing audited financial statements for the year ending September 30, 2011  
24 pursuant to Financial Code section 17406. These penalties were paid and the 2011 annual report filed  
25 in accordance with the settlement terms.

26 As a condition of the Settlement Agreement, Providence Escrow consented to the issuance of  
27

28 <sup>1</sup> Pursuant to the Governor's Reorganization Plan 2, the Department of Corporations became the Department of Business Oversight effective July 1, 2013

1 an order suspending its escrow agent's license from March 26, 2012 to April 8, 2012, during which  
2 period Providence Escrow was not permitted to accept any new escrow business but could continue  
3 to service prior and open escrows in accordance with Financial Code section 17609.

4 As a further condition of the March 2012 Settlement Agreement, Provident Escrow was also  
5 required to provide satisfactory written evidence to the Commissioner, no later than April 15, 2012,  
6 that the going concern and net worth deficiency issues identified in its 2010 audit report had been  
7 remedied in compliance with Financial Code section 17210.

8 Providence Escrow agreed to an automatic revocation of its escrow agent's license in the  
9 event that the Commissioner determined that it had failed to strictly comply with the terms of the  
10 Settlement Agreement.

11 Providence Escrow failed to timely submit satisfactory evidence to the Commissioner that the  
12 going concern and net worth deficiency issues had been remedied in compliance with the Escrow  
13 Law; however, Venegas provided reasonable assurances to the Commissioner that such issues would  
14 be imminently remedied. Since Providence Escrow had timely paid the required penalties and  
15 submitted reports in compliance with the other terms of the Settlement Agreement, the Commissioner  
16 did not revoke Providence Escrow's license but instead issued an order suspending the license  
17 effective July 23, 2012 ("Suspension Order").

18 The Suspension Order expressly stated that the suspension shall remain in effect until such  
19 time as Providence Escrow provides the Commissioner written evidence of satisfactory compliance  
20 with Financial Code section 17210, or for a period of 30 days, whichever period is greater. As  
21 Providence Escrow has not provided satisfactory evidence of compliance with Financial Code section  
22 17210 to the Commissioner to date, the Suspension Order has never been lifted and remains in effect.

### 23 III.

#### 24 CURRENT VIOLATIONS OF THE ESCROW LAW

25 In September 2012, the Commissioner, by and through her Corporations Examiner, conducted  
26 a special examination at Providence Escrow's licensed location to inquire about the licensee's efforts  
27 to satisfy the net worth deficiency requirements of Financial Code section 17210 and ensure that  
28 business was being conducted in compliance of the Suspension Order.

1           1. Failure to Conspicuously Post License and Safeguard Escrow Files

2           Upon arriving at Providence Escrow's licensed location, the Commissioner's Examiner  
3 observed that Providence Escrow's license was not conspicuously posted in violation of Financial  
4 Code section 17210.1 and that, despite sharing office space with two other businesses, the licensee's  
5 escrow files were not adequately safeguarded as required by section 1732 of Title 10 of the California  
6 Code of Regulations.<sup>2</sup>

7           2. Trust Account Reconciliations and Daily Ledgers Not Prepared Current

8           The Commissioner's examination was to include review of Providence Escrow's most current  
9 escrow log book, the trust account bank reconciliation, the escrow ledgers and trial balance, the trial  
10 balance for the general account, the profit and loss statement, and the general ledger and general  
11 account bank reconciliation. The Commissioner's Examiner requested from the licensee, but was not  
12 provided, several books and records that were necessary to conduct his examination, including the  
13 July and August trust account reconciliations and the September daily ledger reports. Venegas told  
14 the Commissioner's Examiner that the trust account reconciliations for the prior two months were  
15 never prepared due to the licensee's inability to pay its reconciler and that the September daily  
16 ledgers were not prepared due to a "computer problem." Providence Escrow's failure to prepare  
17 current trust reconciliations and daily ledgers is in violation of CCR sections 1732.2 and 1732.3.

18           3. Records Not Preserved; Noncompliance with Escrow Instructions; Statement of Account  
19           Not Properly Prepared; Debit Balances

20           During the examination, the Commissioner's Examiner was able to review Providence  
21 Escrow's escrow log book and month-end reports for August 2012. Those records indicated that no  
22 new escrows were opened after the Suspension Order took effect on July 23, 2012. However, upon  
23 closer review, the Commissioner's Examiner found that the file for Escrow Account #6437-EV  
24 revealed that the account was closed short, assessed questionable fees, missing complete escrow  
25 instructions, and lacked documentation showing final statements of the account. Further, the escrow  
26 account disclosed a debit balance of \$975.00.

27 \_\_\_\_\_  
28 <sup>2</sup> Hereinafter "CCR," unless otherwise indicated.

1           When the Commissioner's Examiner asked Venegas to explain the discrepancies discovered  
2 in Escrow Account #6437-EV, she denied the account had been closed short but acknowledged the  
3 \$975.00 debit balance and admitted that title had not been recorded. Venegas claimed that she was  
4 not familiar with the file because it had been serviced by another employee although the account  
5 number contained the initials "EV" and email correspondence kept in the file was between Venegas  
6 and the principal.

7           The Commissioner's Examiner's review of the file for Escrow Account #6458-EV also  
8 unveiled multiple issues. The escrow was closed short on August 20, 2012 and showed a debit  
9 balance of \$329.43. Additionally, the escrow file documents were incomplete and revealed that  
10 inconsistent and undisclosed fees were charged to the parties.

11           These multiple recordkeeping and accounting issues constitute evidence that Providence  
12 Escrow has conducted operations in violation of Financial Code section 17404 and CCR sections  
13 1737.3, 1738, 1738.1, and 1741.3.

#### 14           4. Failure to Reconcile Trust and General Accounts

15           In reviewing the trust account reconciliations with bank statements from January 2012  
16 through August 2012, the Commissioner's Examiner discovered outstanding checks due for escheat  
17 as well as accrued and unadjusted bank fees resulting in a trust fund shortage of \$4,025.45 as of  
18 August 31, 2012. Review of the August 2012 general account bank reconciliation disclosed that  
19 accrued bank fees were not adjusted resulting in a negative balance of \$2,860.72. This meant that  
20 there were insufficient funds in Provident Escrow's general account to satisfy all of the outstanding  
21 trust account liabilities in violation of CCR section 1732.3.

#### 22           5. Escrow Fees Taken Without Authorization

23           On September 10, 2012, the Commissioner's Examiner served Venegas with a written request  
24 for documents, asking for explanation of the trust account shortage and multiple fees charged in  
25 Escrow Number #6437-EV. When the Commissioner's Examiner returned to Providence Escrow on  
26 October 1, 2012, Venegas was neither able to provide documents to show correction of the \$4,025.45  
27 trust account shortage nor explain the fees charged in Escrow File #6437-EV. Despite follow-up  
28 emails sent from the Commissioner's Examiner to Venegas on October 19, 2012 and November 9,

1 2012, Venegas did not provide a satisfactory explanation of these issues.

2           On December 19, 2012, the Commissioner's Examiner returned to Providence Escrow's  
3 office to continue the examination and provide Venegas a formal demand for documentation to  
4 support escrow fees charged in Escrow File #6437-EV within five business days. The demand letter  
5 informed Providence Escrow that any escrow fees that could not be supported would be deemed  
6 unauthorized per Financial Code section 17420 and must be returned to the principal.

7           On December 27, 2012, Venegas emailed the Commissioner's Examiner in response to the  
8 formal demand; however, Venegas's email neither explained the fee discrepancy in Escrow File  
9 #6437-EV nor confirmed that the unauthorized fee was returned to the principal. On January 2, 2013,  
10 the Commissioner's Examiner contacted Venegas to inform that the written demand remained  
11 unsatisfied. Since January 2013, Providence Escrow has continuously disregarded the  
12 Commissioner's formal demands for documentation in violation of Financial Code section 17405.

13           6. Liquid and Tangible Net Worth Deficiencies

14           Pursuant to Financial Code section 17210, all licensees under the Escrow Law are required to  
15 maintain, at all times, a tangible net worth of at least \$50,000.00, including liquid assets of at least  
16 \$25,000.00 in excess of current liabilities. As of August 2012, Providence Escrow had a liquidity  
17 deficiency of \$39,438.72 and a tangible net worth deficiency of \$55,373.46 in violation of Financial  
18 Code section 17210. Venegas advised that she was seeking to refinance her home to obtain  
19 additional capital to remedy the deficiency by November 15, 2012; however, this deadline has come  
20 and gone. Since January 2013, Providence Escrow has ignored all of the Commissioner's requests  
21 for documentation showing that the liquid and tangible deficiencies have been corrected.

22           7. Failure to File Annual Audit Report; Accrual of Penalties

23           Pursuant to Financial Code section 17406, every licensee under the Escrow Law is required to  
24 file an annual report containing audited financial statements within 105 days after the close of its  
25 fiscal year ("annual audit report"). Providence Escrow's annual audit report for the year ending  
26 September 30, 2012 was due on January 15, 2013.

27           On January 23, 2013, the Commissioner sent a 10-Day Demand Letter to Provident Escrow  
28 via certified mail informing that failure to file the annual audit report could result in assessment of

1 penalties, a special examination, and/or administrative action. To date, Providence Escrow has not  
2 filed its annual audit report as required by Financial Code section 17406 or responded to the  
3 Commissioner's 10-Day Demand letter in violation of 17602.5.

4 Pursuant to the filing requirement set forth in Financial Code section 17408, Providence  
5 Escrow is subject to a penalty of up to \$100 for each of the first five days that its annual audit report  
6 was overdue and a penalty of \$500 for each day thereafter, and continuing to accrue until the report is  
7 received.

8 8. Failure to File Annual Escrow Liability Report

9 The Commissioner's Examiner emailed Providence Escrow on March 14, 2013, and again on  
10 March 29, 2013, to request that the licensee file its 2012 escrow liability report which was due on  
11 February 15, 2013. To date, Providence Escrow has not filed its 2012 escrow liability report in  
12 violation of Financial Code section 17348.

13 9. Trust Account Reconciliations and Daily Ledgers Not Prepared Current

14 On May 17, 2013, the Commissioner's Examiner returned to Providence Escrow's office to  
15 continue the special examination after unsuccessfully trying to resolve the fee discrepancy in Escrow  
16 Account #6437-EV, obtain an update for the license's progress in meeting the liquid and tangible  
17 requirements, and inquire about the past due 2012 escrow liability reports. An employee of  
18 Providence Escrow told the Commissioner's Examiner that trust and general bank account  
19 reconciliations and financial statements were not available beyond September 2012 because the  
20 licensee could not pay its accountant. This means that Providence Escrow had not completed its trust  
21 account bank reconciliations since September 2012, in violation of CCR sections 1732.2 and 1732.3.

22 10. Willful Violation of Commissioner's Suspension Order

23 During the May 17, 2013 special examination, the Commissioner's Examiner was told by a  
24 Providence Escrow employee that the escrow log book was not available for inspection because it  
25 was offsite in Venegas's possession, which is a violation of CCR section 1730. In reviewing the  
26 escrow trial balance as of April 30, 2013 that was made available, however, the Commissioner's  
27 Examiner discovered that Providence Escrow reused old escrow numbers to circumvent the  
28 Suspension Order. The records disclosed that during the period of November 27, 2012 through April

1 26, 2013, Providence Escrow recycled 36 previously closed escrow account numbers to open new  
2 accounts and evade detection. This evidence shows that Venegas not only violated the Suspension  
3 order in violation of Financial Code section 17609, but she also knowingly or recklessly made a  
4 misstatement or omission to state a material fact, orally or in writing, in escrow books, accounts,  
5 files, reports, exhibits, statements, or any other document pertaining to an escrow or escrow affairs in  
6 violation of Financial Code section 17414, subdivision (a)(2).

7 11. Withholding Books and Records

8 The Commissioner's Examiner's review of the April 30, 2013 trial balance further disclosed a  
9 \$300.00 debit balance in Escrow Account #6349-EV and a \$5.00 balance in Escrow Account #6440-  
10 EV. Also, the incomplete trust account bank statements that the licensee provided the  
11 Commissioner's Examiner for the six month period through April 2013 revealed multiple bank fee  
12 charges resulting in total debit balance of \$4,763.30.

13 On June 20, 2013, the Commissioner's Examiner emailed Providence Escrow a formal  
14 demand to produce within five days the missing bank trust account statements and evidence to show  
15 replacement of the \$4,763.30 trust fund account shortage due to the bank fees. To date, Providence  
16 Escrow has failed to provide the demanded documents to the Commissioner in violation of Financial  
17 Code section 17405 and CCR section 1730.

18 12. Nonpayment of Annual Assessment

19 Finally, Providence Escrow has not paid its assessments for either 2012-2013 or 2013-2014.  
20 Each assessment was \$2,800.00 plus penalties of 10% per month after June 30<sup>th</sup> of the year they were  
21 assessed. Penalties for both assessments currently total \$4,200.00. Unpaid assessments are grounds  
22 for revocation of an escrow agent's license pursuant to Financial Code section 17207.

23 **IV.**

24 **THE ESCROW LAW**

25 Financial Code section 17207 provides in pertinent part:

26 The commissioner shall charge and collect the following fees  
27 and assessments:

28 ...(e) (1) Each escrow agent shall pay to the commissioner for the



1 support of this division for the ensuing year an annual license fee  
2 not to exceed two thousand eight hundred dollars (\$2,800) for each  
3 office or location.

4 (3) If payment is not made within 30 days, the commissioner may  
5 assess and collect a penalty, in addition to the annual license fee,  
6 of 10 percent of the fee for each month or part of a month that the  
7 payment is delayed or withheld.

8 (4) If an escrow agent fails to pay the amount due on or before  
9 the June 30 following the day upon which payment is due, the  
10 commissioner may by order summarily suspend or revoke the certificate  
11 issued to the company.

12 ...

13 Financial Code section 17210 provides in pertinent parts:

14 (a) An escrow agent licensed on or after January 1, 1986,  
15 shall maintain at all times a tangible net worth of fifty thousand  
16 dollars (\$50,000), including liquid assets of at least twenty-five  
17 thousand dollars (\$25,000) in excess of current liabilities.

18 Financial Code section 17210.1 provides:

19 The license shall be kept conspicuously posted in all places of business  
20 of the licensee.

21 Financial Code section 17348 provides:

22 In order to permit Fidelity Corporation to fulfill its obligation under  
23 this chapter, the commissioner shall furnish a list of all persons licensed  
24 under this division as of December 31 of each year and a copy of an  
25 escrow liability schedule filed with the commissioner. Each member on  
26 or before February 15 shall furnish to the commissioner and Fidelity  
27 Corporation the schedule of its escrow liability for each of its licensed  
28 locations as of the last day of each month for the preceding 12 months  
which ended December 31. A list of officers, directors, stockholders,  
trustees, agents, managers, and employees as of that date shall also be  
submitted to Fidelity Corporation, with the schedule. The schedule  
shall be in the form and contain such information as the commissioner  
may require.

Financial Code section 17404 provides:

Every person subject to this division shall keep and use in its business,  
books, accounts, and records which will properly enable the  
commissioner to determine whether the escrow functions performed by

1 such person comply with the provisions of this division and with all  
2 rules made by the commissioner under this division.

3 Financial Code section 17405 provides in pertinent parts:

4 (a) The business, accounts, and records of every person performing as  
5 an escrow agent, whether required to be licensed under this division or  
6 not, are subject to inspection and examination by the commissioner at  
7 any time without prior notice. The provisions of this section shall not  
8 apply to persons specified in Section 17006.

9 (b) Any person subject to this division, shall, upon request, exhibit and  
10 allow inspection and copying of any books and records by the  
11 commissioner or his or her authorized representative.

12 . . .

13 Financial Code section 17406 provides in pertinent part:

14 (a) Each licensee shall submit to the commissioner, at the licensee's  
15 own expense, an audit report containing audited financial statements  
16 covering the calendar year or, if the licensee has an established fiscal  
17 year, then for that fiscal year, within 105 days after the close of the  
18 calendar or fiscal year, as applicable. At that time, each licensee shall  
19 also file additional relevant information as the commissioner may  
20 require.

21 . . . (e) A licensee shall make other special reports to the  
22 commissioner as the commissioner may from time to time require.

23 Financial Code section 17408 provides in pertinent parts:

24 (a) If any person subject to this division fails to make any report  
25 required by law or by the commissioner, the commissioner may  
26 immediately cause the books, records, papers, and affairs of said person  
27 to be thoroughly examined.

28 (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, or (2) to furnish any  
material information required by the commissioner to be included in  
the report. The amount of the penalty may not exceed one hundred  
dollars (\$100) for each day for the first five days the report or  
information is overdue, and thereafter may not exceed five hundred  
dollars (\$500) for each day the report or information is overdue.

. . .

1 Financial Code section 17414 provides in pertinent parts:

2 (a) It is a violation for any person subject to this division or any  
3 director, stockholder, trustee, officer, agent, or employee of any such  
4 person to do any of the following:

5 (2) Knowingly or recklessly make or cause to be made any  
6 misstatement or omission to state a material fact, orally or in writing, in  
7 escrow books, accounts, files, reports, exhibits, statements, or any other  
8 document pertaining to an escrow or escrow affairs.

9 . . .

10 Financial Code section 17420 provides:

11 Except for the normal compensation of his own employees, it  
12 shall be a violation of this division for any person subject to this  
13 division to pay over to any other person any commission, fee, or  
14 other consideration as compensation for referring, soliciting,  
15 handling, or servicing escrow customers or accounts. It shall also be a  
16 violation for any person to enter into any arrangement, either of his  
17 own making or of a subsidiary nature, or through any other person  
18 having a dual capacity, or through any person having a direct or  
19 indirect interest in the escrow, or other device permitting any fee,  
20 commission, or compensation which is contingent upon the  
21 performance of any act, condition, or instruction set forth in an escrow  
22 to be drawn or paid, either in whole or in part, or in kind or its  
23 equivalent, prior to the actual closing and completion of the escrow.

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

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

Financial Code section 17609 provides:

The revocation, suspension, surrender or expiration of an escrow  
agent's license does not impair or affect pre-existing escrows lawfully  
contracted, but nothing contained in this division shall be deemed to  
authorize the acceptance of further funds or documents into escrow  
subsequent to such revocation, surrender or expiration or during any  
period of suspension.

CCR section 1730 provides in pertinent part:

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(b) An escrow agent shall notify the Commissioner in writing of the location of its books, records and accounts. Such books, records and accounts shall be maintained at such location unless the escrow agent notifies the Commissioner in writing at least 15 days prior to changing the location of such books.

CCR section 1732 provides:

An escrow agent shall maintain its books, records and accounts in accordance with generally accepted accounting principles and good business practice.

CCR section 1732.2 provides in pertinent parts:

(a) An escrow agent shall establish and maintain currently the following books with reference to its escrow accounts:

- (1) Escrow ledger containing a separate ledger sheet for each escrow;
- (2) Escrow liability controlling account;
- (3) Cash receipt and disbursement journal or a file containing copies of all receipts and checks and/or check stubs of checks issued by the escrow agent as a medium of posting to the records referred to in subsections (1) and (2) in which case adding machine tapes of totals of receipts and checks shall be retained. The records referred to in subsections (1) and (2) shall be reconciled at least once each month with the bank statements of the "trust" or "escrow" account. The records referred to in subsection (1) shall be reconciled at least once each week with the escrow liability controlling account referred to in subsection (2).

...

CCR section 1732.3 provides:

An escrow agent shall establish and maintain currently the following books with reference to its general accounts:

- (a) General ledger reflecting the assets, liabilities, capital, income and expense of the business, in accordance with generally accepted accounting principles;
- (b) Cash receipt and disbursement journal.

1 The bank accounts contained in the general ledger shall be reconciled at  
2 least once each month with the bank statements of the general accounts.

3 CCR section 1737.3 provides:

4 (a) An escrow agent shall preserve for at least five years from the close  
5 of escrow:

6 (1) All bank statements of the "trust" or "escrow" account;

7 (2) All canceled checks drawn upon the "trust" or "escrow" account;

8 (3) Copies of bank deposit slips with reference to the "trust" or  
9 "escrow" account;

10 (4) All additional records reflecting banking transactions with  
11 reference to the "trust" or "escrow" account, including copies of all  
12 receipts for funds transferred from interest-bearing accounts into the  
"trust" or "escrow" account;

13 (5) The Statement of Account;

14 (6) Escrow instructions and amendments thereto;

15 (7) All additional records pertinent to the escrow transaction.  
16

17 CCR section 1738 provides:

18 (a) All money deposited in such "trust" or "escrow" account shall be  
19 withdrawn, paid out, or transferred to other accounts only in  
20 accordance with the written escrow instructions of the principals to the  
21 escrow transaction or the escrow instructions transmitted electronically  
over the Internet executed by the principals to the escrow transaction or  
pursuant to order of a court of competent jurisdiction.

22 (b) The escrow agent shall comply with, at a minimum, the following  
23 procedures for wire transfers (also known as "electronic fund  
24 transfers"):

25 (1) The instructions of the principals authorizing the wire transfer must  
26 contain, at a minimum, the amount of the funds to be wire transferred,  
the name of the financial institution, the account number and the  
27 account name, receiving the funds.

28 (2) The escrow agent shall retain confirmation of the wire transfer

1 from the financial institution that contains, at a minimum, the amount  
2 of the funds wire transferred and the account number and name of the  
account the funds were wire transferred to.

3 (3) If necessary, the escrow books shall be properly adjusted to reflect  
4 the wire transfer of funds from the escrow account.

5 (4) The escrow agent shall maintain a proper audit trail and adequate  
6 controls and safeguards for funds disbursed by wire transfer.

7 CCR section 1738.1 provides:

8 An escrow agent shall not withdraw, pay out, or transfer monies from  
9 any particular escrow account in excess of the amount to the credit of  
such account at the time of such withdrawal, payment, or transfer.

10 CCR section 1741.3 provides:

11 Upon completion of an escrow transaction an escrow agent shall render  
12 to each principal to the escrow transaction a statement of his account in  
13 writing. Such statement shall specify all receipts and disbursements of  
14 escrow funds for his account. Charges made by the escrow agent for his  
15 services, and all disbursements by the escrow agent to a broker or  
16 salesman in connection with an escrow transaction shall be clearly  
designated as such and shall be shown separately from disbursements  
of the escrow agent. Payments outside of escrow, if shown in the  
statement, shall be set forth separately from payments by or to the  
escrow agent. Internet escrow agents may transmit the statement of  
account electronically over the Internet to the principals to the escrow  
transaction. In the event a person is not able to electronically receive  
the statement of account, the Internet escrow agent shall mail a true and  
correct copy of the statement of account within 24 hours of its  
completion.

21 **V.**

22 **BAR AND REVOCATION STATUTES**

23 Financial Code section 17423 provides in pertinent parts:

24 (a) The commissioner may, after appropriate notice and opportunity  
25 for hearing, by order, censure or suspend for a period not exceeding 12  
26 months, or bar from any position of employment, management, or  
27 control any escrow agent, or any other person, if the commissioner  
finds either of the following:

1 (1) That the censure, suspension, or bar is in the public interest and  
2 that the person has committed or caused a violation of this division or  
3 rule or order of the commissioner, which violation was either known or  
4 should have been known by the person committing or causing it or has  
5 caused material damage to the escrow agent or to the public.

6 ...

7 (b) Within 15 days from the date of a notice of intention to issue an  
8 order pursuant to subdivision (a), the person may request a hearing  
9 under the Administrative Procedure Act (Chapter 5 (commencing with  
10 Section 11500) of Division 3 of Title 2 of the Government Code).  
11 Upon receipt of a request, the matter shall be set for hearing to  
12 commence within 30 days after such receipt unless the person subject  
13 to this division consents to a later date. If no hearing is requested within  
14 15 days after the mailing or service of such notice and none is ordered  
15 by the commissioner, the failure to request a hearing shall constitute a  
16 waiver of the right to a hearing.

17 (c) Upon receipt of a notice of intention to issue an order pursuant to  
18 this section, the person who is the subject of the proposed order is  
19 immediately prohibited from engaging in any escrow processing  
20 activities, including disbursing any trust funds in the escrow agent's  
21 possession, custody or control, and the financial institution holding  
22 trust fluids shall be so notified by service of the notice, accusation and  
23 other administrative pleadings. The prohibition against disbursement of  
24 trust funds may be set aside, in whole or in part, by the commissioner  
25 for good cause.

26 Financial Code section 17608 provides in pertinent part:

27 The commissioner may, after notice and a reasonable opportunity to be  
28 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.

...

**VI.**

**CONCLUSION**

Complainant finds that, by reason of the foregoing, Elizabeth R. Venegas has violated  
Financial Code sections 17405, 17414, subdivision (a)(1), 17420, 17602.5, and 17608 and CCR  
sections 1730, 1732.2, 1732.3, 1738, and 1738.1, and it is in the best interest of the public to bar

1 Elizabeth R. Venegas from any position of employment, management or control of any escrow agent  
2 pursuant to section 17423, subdivision (a)(1), of the Financial Code.

3 Complainant further finds that, by reason of the foregoing, by and through the actions of  
4 Elizabeth R. Venegas, Providence Escrow, Inc. has violated Financial Code sections 17207,17210,  
5 17210.1, 17348, 17404, 17405, 17406, 17408, 17414, subdivision (a)(2), 17420, 17602.5, and 17608,  
6 and CCR sections 1730, 1732, 1732.2, 1732.3, 1737.3, 1738, and 1738.1, such that it is in the best  
7 interest of the public to revoke the escrow agent’s license issued to Providence Escrow, Inc. in light  
8 of the foregoing violations of the Escrow Law.

9 WHEREFORE, IT IS PRAYED that Elizabeth R. Venegas be barred from any position of  
10 employment, management, or control of any escrow agent and that the Commissioner revoke the  
11 escrow agent’s license issued to Providence Escrow, Inc.

12 DATED: September 11, 2013  
13 Sacramento, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

14  
15 By \_\_\_\_\_  
16 MIRANDA LEKANDER  
17 Senior Corporations Counsel  
18 Enforcement Division  
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