

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 BLAINE A. NOBLETT (CA BAR NO. 235612)
Corporations Counsel
5 DEPARTMENT OF CORPORATIONS
320 West 4th Street, Suite 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-1396 Fax: (213) 576-7181
7

8 Attorneys for Complainant

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

12 In the Matter of the Accusation of)
THE CALIFORNIA CORPORATIONS)
13 COMMISSIONER,)

OAH CASE NO.:
FILE NOS. 963-1982; 603-8189; 603-8736; and
603-D366

14 Complainant,)

FIRST AMENDED ACCUSATION

15 v.)

16 PLATINUM COAST ESCROW, INC.;)
17 NAZIH DANIEL SADEK, as an individual;)
SADEK, INC.; QUICK LOAN FUNDING,)
18 INC.; and LOYALTY FUNDING, INC.,)

19 Respondents.)
20)
21)

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

24 **I.**

25 Respondent Platinum Coast Escrow, Inc. ("Platinum Coast") is an escrow agent licensed by
26 the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the
27 Escrow Law of the State of California (California Financial Code, §17000 et seq.). Platinum

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1 Coast has its principal place of business located at 535 Anton Boulevard, Suite 450, Costa Mesa,
2 California 92626.

3 Respondent Nazih Daniel Sadek ("Sadek") is, and was at all times relevant herein, the chief
4 financial officer, director, and sole shareholder of respondent Platinum Coast.

5 Respondent Sadek, Inc. is a finance lender licensed by the Commissioner pursuant to the
6 California Finance Lenders Law (California Financial Code, § 22000 et seq.) ("CFLL"). Sadek, Inc.
7 has its principal place of business located at 535 Anton Boulevard, Suite 440, Costa Mesa, California
8 92626. Sadek is, and was at all times relevant herein, the chief executive officer of Sadek, Inc.

9 Respondent Quick Loan Funding, Inc. ("Quick Loan Funding") is a finance lender licensed
10 by the Commissioner pursuant to the CFLL. Quick Loan Funding has its principal place of business
11 located at 535 Anton Boulevard, Suite 600, Costa Mesa, California 92626. Sadek is, and was at all
12 times relevant herein, the chief executive officer of Quick Loan Funding.

13 Respondent Loyalty Funding, Inc. ("Loyalty Funding") is a finance lender licensed by the
14 Commissioner pursuant to the CFLL. Loyalty Funding has its principal place of business located at
15 535 Anton Boulevard, Suite 700, Costa Mesa, California 92626. Sadek is, and was at all times
16 relevant herein, the officer, director, and shareholder with one hundred (100) percent ownership
17 interest in Loyalty Funding.

18 Miguel Angel Vazquez ("Vazquez") was during the time relevant herein an employee of
19 Platinum Coast at its offices in Costa Mesa, California.

20 **II.**

21 On April 4, 2007, the Commissioner's examiner undertook a routine regulatory examination
22 at Platinum Coast's offices in Costa Mesa, California. During the course of the examination, the
23 Commissioner's examiner discovered three large credit reversals reported in Platinum Coast's April
24 and May 2007 trust account statements. Upon further review and inspection, the examination
25 revealed that Sadek had knowingly or recklessly disbursed or caused the disbursement of \$1,020,000 in
26 trust funds in April and May of 2007 by pledging the trust account assets to secure gambling

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1 markers¹ from two Las Vegas, Nevada casinos in violation of Financial Code section 17414,
2 subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and 1738.2, as
3 described in more detail below at paragraphs 1-3.

4 Violations discovered during the regulatory examination of Platinum Coast concerning
5 Sadek's activities included the following:

6 1. Unauthorized Disbursement of Trust Account Funds

7 On or about April 25, 2007, Sadek caused an unauthorized disbursement of trust
8 funds to be made to Wynn Las Vegas in the amount of \$500,000.00 in violation of Financial Code
9 section 17414, subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and
10 1738.2. The amount was debited from the trust account on April 25, 2007 and credited back with a
11 posting date of April 26, 2007 and an effective date of April 25, 2007. The gambling marker was
12 signed by Sadek and coded with the trust account information. Platinum Coast maintains a "Positive
13 Pay" feature on its trust account, which enables the escrow manager to decline payment on checks
14 presented for payment to the bank. In this instance, but for the "Positive Pay" feature, the bank
15 would have paid Sadek's gambling marker with Platinum Coast trust account funds.

16 2. Unauthorized Disbursement of Trust Account Funds

17 On or about April 27, 2007, Sadek caused an unauthorized disbursement of trust
18 funds to be made to the Bellagio in the amount of \$20,000.00 in violation of Financial Code section
19 17414, subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and 1738.2.
20 The amount was debited from the trust account on April 27, 2007 and credited back with a posting
21 date of April 30, 2007 and an effective date of April 27, 2007. The gambling marker was signed by
22 Sadek and coded with the trust account information. Platinum Coast maintains a "Positive Pay"
23 feature on its trust account, which enables the escrow manager to decline payment on checks

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26 ¹ A gambling marker is defined as a line of credit extended by a casino or cardroom. (Pokerzone, Poker Dictionary
27 (August 2007) <<http://dictionary.pokerzone.com/Marker>> (as of August 27, 2007). Standard gambling industry
28 procedures with respect to the extension of credit in the form of gambling markers are described in *Nguyen v. State of Nevada* (Nev. 2000) 14 P.3d 515: "In general, patrons apply for casino credit by completing a standard form setting forth the name of the applicant, his or her address, the name of the applicant's bank, and the bank account number.

1 presented for payment to the bank. In this instance, but for the "Positive Pay" feature, the bank
2 would have paid Sadek's gambling marker with Platinum Coast trust account funds.

3 3. Unauthorized Disbursement of Trust Account Funds

4 On or about May 17, 2007, Sadek again caused an unauthorized disbursement of trust
5 funds to be made to Wynn Las Vegas in the amount of \$500,000.00 in violation of Financial Code
6 section 17414, subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and
7 1738.2, when Wynn Las Vegas presented Sadek's gambling marker to the bank for payment a
8 second time. The amount was debited from the trust account on May 17, 2007 and credited back
9 with a posting date of May 18, 2007 and an effective date of May 17, 2007. The marker was signed
10 by Sadek and coded with the trust account information. Platinum Coast maintains a "Positive Pay"
11 feature on its trust account, which enables the escrow manager to decline payment on checks
12 presented for payment to the bank. In this instance, but for the "Positive Pay" feature, the bank
13 would have paid Sadek's gambling marker with Platinum Coast trust account funds.

14 **III.**

15 On May 15, 2007, during the Commissioner's examiner's routine regulatory examination of
16 Platinum Coast it became apparent that Vazquez, Platinum Coast's escrow accountant, had
17 knowingly or recklessly disbursed or caused the disbursement of \$25,247.11 in trust funds over a period
18 of approximately four months in violation of Financial Code section 17414, subdivision (a)(1), and
19 California Code of Regulations, title 10, sections 1738 and 1738.2.

20 The Commissioner also learned that Platinum Coast's management had failed to properly
21 notify the Department of Vazquez's hiring on June 5, 2005 in violation of California Code of
22 Regulations, title 10, section 1726.

23 Each of the unauthorized disbursements of trust funds described in paragraphs 4-12 below
24 also caused a shortage to exist in the trust account in violation of California Code of Regulations,
25 title 10, section 1738.1. Platinum Coast has cured the trust account shortage created by the
26 unauthorized disbursements that are described in more detail below.

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28 Casino personnel approve the applications pending verification of the basic bank information, including the average
balance of the applicant's account." (*Nguyen v. State of Nevada, supra*, 14 P.3d at 516.)

1 Violations discovered during the regulatory examination of Platinum Coast concerning
2 Vazquez's activities included the following:

3 4. Unauthorized Disbursement of Trust Account Funds

4 (a) On or about November 4, 2006, Vazquez caused an unauthorized
5 disbursement of trust funds to be made to himself in the amount of \$3,700.00 in violation of
6 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,
7 sections 1738 and 1738.2.

8 (b) The unauthorized disbursement of trust funds described in paragraph (a)
9 above caused a shortage of \$3,700.00 to exist in the trust account in violation of California Code of
10 Regulations, title 10, section 1738.1.

11 5. Unauthorized Disbursement of Trust Account Funds

12 (a) On or about December 4, 2006, Vazquez caused an unauthorized
13 disbursement of trust funds to be made to himself in the amount of \$575.95 in violation of
14 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,
15 sections 1738 and 1738.2.

16 (b) The unauthorized disbursement of trust funds described in paragraph (a)
17 above caused a shortage of \$575.95 to exist in the trust account in violation of California Code of
18 Regulations, title 10, section 1738.1.

19 6. Unauthorized Disbursement of Trust Account Funds

20 (a) On or about December 19, 2006, Vazquez caused an unauthorized
21 disbursement of trust funds to be made to himself in the amount of \$2,902.82 in violation of
22 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,
23 sections 1738 and 1738.2.

24 (b) The unauthorized disbursement of trust funds described in paragraph (a)
25 above caused a shortage of \$2,902.82 to exist in the trust account in violation of California Code of
26 Regulations, title 10, section 1738.1.

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1 7. Unauthorized Disbursement of Trust Account Funds

2 (a) On or about December 29, 2006, Vazquez caused an unauthorized
3 disbursement of trust funds to be made to himself in the amount of \$2,200.00 in violation of
4 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,
5 sections 1738 and 1738.2.

6 (b) The unauthorized disbursement of trust funds described in paragraph (a)
7 above caused a shortage of \$2,200.00 to exist in the trust account in violation of California Code of
8 Regulations, title 10, section 1738.1.

9 8. Unauthorized Disbursement of Trust Account Funds

10 (a) On or about January 25, 2007, Vazquez caused an unauthorized disbursement
11 of trust funds to be made to himself in the amount of \$2,265.90 in violation of Financial Code
12 section 17414, subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and
13 1738.2.

14 (b) The unauthorized disbursement of trust funds described in paragraph (a)
15 above caused a shortage of \$2,265.90 to exist in the trust account in violation of California Code of
16 Regulations, title 10, section 1738.1.

17 9. Unauthorized Disbursement of Trust Account Funds

18 (a) On or about February 2, 2007, Vazquez caused an unauthorized disbursement
19 of trust funds to be made to himself in the amount of \$2,912.44 in violation of Financial Code
20 section 17414, subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and
21 1738.2.

22 (b) The unauthorized disbursement of trust funds described in paragraph (a) above
23 caused a shortage of \$2,912.44 to exist in the trust account in violation of California Code of
24 Regulations, title 10, section 1738.1.

25 10. Unauthorized Disbursement of Trust Account Funds

26 (a) On or about February 16, 2007, Vazquez caused an unauthorized
27 disbursement of trust funds to be made to himself in the amount of \$2,175.00 in violation of

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1 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,
2 sections 1738 and 1738.2.

3 (b) The unauthorized disbursement of trust funds described in paragraph (a)
4 above caused a shortage of \$2,175.00 to exist in the trust account in violation of California Code of
5 Regulations, title 10, section 1738.1.

6 11. Unauthorized Disbursement of Trust Account Funds

7 (a) On or about February 23, 2007, Vazquez caused an unauthorized
8 disbursement of trust funds to be made to himself in the amount of \$2,752.00 in violation of
9 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,
10 sections 1738 and 1738.2.

11 (b) The unauthorized disbursement of trust funds described in paragraph (a)
12 above caused a shortage of \$2,752.00 to exist in the trust account in violation of California Code of
13 Regulations, title 10, section 1738.1.

14 12. Unauthorized Disbursement of Trust Account Funds

15 (a) On or about March 8, 2007, Vazquez caused an unauthorized disbursement of
16 trust funds to be made to himself in the amount of \$5,763.00 in violation of Financial Code section
17 17414, subdivision (a)(1), and California Code of Regulations, title 10, sections 1738 and 1738.2.

18 (b) The unauthorized disbursement of trust funds described in paragraph (a)
19 above caused a shortage of \$5,763.00 to exist in the trust account in violation of California Code of
20 Regulations, title 10, section 1738.1.

21 On or about October 10, 2007, the Commissioner filed his notice of intention to issue order
22 barring Miguel Angel Vazquez from any position of employment, management or control of any
23 escrow agent, accusation, and supporting documents, based upon the above, and Vazquez was
24 personally served with those documents on October 10, 2007. The Commissioner has not received a
25 hearing request from Vazquez and the time to request a hearing has expired. Pursuant to section
26 17423, subdivision (a)(1) of the Financial Code, Miguel Angel Vazquez is now barred from any
27 position of employment, management or control of any escrow agent.

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1 **IV.**

2 In addition to the violations cited above, the Commissioner's regulatory examination of
3 Platinum Coast revealed other serious violations of the California Escrow Law, which Platinum
4 Coast has subsequently rectified as described in more detail below at paragraphs 13-16.

5 13. Failure to Properly Reconcile the Trust Account

6 During the course of the routine regulatory examination it was revealed that
7 Platinum Coast's trust reconciliation for March of 2007 contained many old, partially identified,
8 uncorrected adjustments in violation of California Code of Regulations, title 10, section 1732.2,
9 subdivision (a). A more detailed review of the March 2007 trust reconciliation disclosed adjustment
10 inconsistencies, which rendered the reconciliation unreliable. After the Commissioner's examiner
11 reported these discrepancies to Platinum Coast's management, Platinum Coast corrected its books
12 and records issues to the satisfaction of the Commissioner.

13 14. Record Accounting System Failure

14 On or about May 14, 2007, it was discovered that Platinum Coast's record
15 accounting system had "crashed" on April 21, 2007 causing the loss of posted check and receipt
16 information for the period April 21, 2007 through May 8, 2007. Platinum Coast personnel
17 eventually recovered the lost posted check and receipt data. When asked to provide a written
18 explanation to the Commissioner as to what had occurred to cause the accounting system to fail,
19 Platinum Coast's IT manager opined that a power failure caused the corruption of data within
20 Platinum Coast's primary database for its Streamline ("SMS") application. Platinum Coast has
21 assured the Commissioner that it has taken the necessary steps to prevent the loss of data from
22 occurring again in the future.

23 15. Cancellation of Surety Bond

24 On May 25, 2007, the Commissioner's examiner received notification that
25 Platinum Coast's insurer had cancelled its surety bond in violation of Financial Code section 17202.
26 Although Platinum Coast had timely paid its annual surety bond premium on October 13, 2006, it
27 had failed, however, to timely provide requested financial information to the bonding company
28 thereby causing the cancellation of its surety bond effective May 25, 2007. Accordingly, on May 29,

1 2007, the Department issued an Order to Platinum Coast to Discontinue Escrow Activities Pursuant
2 to Section 17415 of the California Financial Code ("Order"). The Order was personally served on
3 Platinum Coast's escrow manager on May 30, 2007. On May 31, 2007, Platinum Coast obtained a
4 new surety bond policy with a different bonding company with a May 30, 2007 effective date. The
5 policy was then amended by rider to become effective as of May 25, 2007. In light of the foregoing,
6 on May 31, 2007 the Department set aside its Order against Platinum Coast.

7 16. Failure to Meet Liquidity and Tangible Net Worth Requirements

8 A review of Platinum Coast's financial data revealed that the company
9 did not meet its liquidity and tangible net worth requirements as of March 31, 2007 in violation of
10 Financial Code section 17210. The Commissioner's examiner discovered a liquidity deficiency of
11 \$143,923.11 and a tangible net worth deficiency of \$37,565.74. On June 11, 2007, Platinum Coast
12 submitted to the Department evidence that it had cured both its liquidity and tangible net worth
13 deficiencies as of May 31, 2007.

14 **V.**

15 On or about October 1, 2003, the Commissioner's examiner received notification that Sadek,
16 Inc.'s surety bond had expired. To date, the Commissioner has not received notification from Sadek,
17 Inc. that a reinstatement or replacement bond has been obtained by the licensee in violation of
18 Financial Code section 22112, subdivision (b).

19 **VI.**

20 On or about April 27, 2007, the Commissioner's examiner received notification that Quick
21 Loan Funding's insurer had cancelled its surety bond with an effective date of May 25, 2007. On or
22 about May 25, 2007, a letter was sent to Quick Loan Funding demanding that it provide a
23 reinstatement or replacement bond to the Department on or before June 4, 2007. To date, the
24 Commissioner has not received notification from Quick Loan Funding that a reinstatement or
25 replacement bond has been obtained by the licensee in violation of Financial Code section 22112,
26 subdivision (b).

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VII.

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2 On or about August 28, 2007, the Commissioner's examiner received notification that
3 Loyalty Funding's insurer had cancelled its surety bond with an effective date of October 2, 2007.
4 On or about September 18, 2007, a letter was sent to Loyalty Funding demanding that it provide a
5 reinstatement or replacement bond to the Department on or before October 2, 2007 cancellation date.
6 To date, the Commissioner has not received notification from Loyalty Funding that a reinstatement
7 or replacement bond has been obtained by the licensee in violation of Financial Code section 22112,
8 subdivision (b).

VIII.

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10 Pursuant to section 22701 of the Financial Code, in or about August 2006, the Commissioner
11 completed a regulatory examination of Quick Loan Funding's business conducted under its
12 California Finance Lender's license. The Commissioner's examiner discovered the following serious
13 violations of the CFLL as described in more detail below at paragraphs 17 and 18:

14 17. Excessive Recording Fees Charged to Borrowers

15 A review of Quick Loan Funding's records revealed that it was charging borrowers recording
16 fees in real estate loan transactions that exceeded the actual fees incurred in violation of Financial
17 Code section 22336, subdivision (a). Accordingly, the Commissioner ordered that Quick Loan
18 Funding conduct a self-audit, which resulted in it repaying borrowers \$19,564.00 in recording fee
19 overcharges for the period covering approximately January 1, 2004 through June 30, 2006.

20 18. Failed to Maintain Title Policies on File

21 A review of Quick Loan Funding's records revealed that it was charging borrowers title fees
22 where there were no title policies contained in the borrowers' files in violation of California Code of
23 Regulations, title 10, sections 1425 and 1435.

IX.

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25 On or about May 24, 2007, the Commissioner undertook another regulatory examination of
26 Quick Loan Funding's business conducted under its CFLL license Pursuant to section 22701 of the
27 Financial Code. The Commissioner discovered the following repeated, willful violations of the
28 CFLL, as described in more detail below at paragraphs 19 and 20:

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19. Excessive Recording Fees Charged to Borrowers

A review of Quick Loan Funding's records revealed that it was charging borrowers recording fees in real estate loan transactions that exceeded the actual fees incurred in violation of Financial Code section 22336, subdivision (a). This was a repeated violation of the CFLL for which Quick Loan Funding is required to make consumer refunds.

20. Failed to Maintain Title Policies on File

A review of Quick Loan Funding's records revealed that it was charging borrowers title fees where there were no title policies contained in the borrowers' files in violation of California Code of Regulations, title 10, sections 1425 and 1435. This was a repeated violation of the CFLL for which Quick Loan Funding had previously been cited, as indicated above at paragraph 18.

As a result of the Commissioner's examiner's findings, on October 12, 2007, the Commissioner demanded via letter that Quick Loan Funding conduct a self-audit and report to the Department all refunds it is to make to consumers by November 12, 2007.

X.

California Financial Code section 17202 provides in pertinent part:

At the time of filing an application for an escrow agent's license, the applicant shall deposit with the commissioner a bond satisfactory to the commissioner in the amount of at least twenty-five thousand dollars (\$25,000). Thereafter, a licensee shall maintain a bond satisfactory to the commissioner . . .

California Financial Code section 17210 provides in pertinent part:

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

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California Financial Code section 17414, subdivision (a)(1) provides:

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

(1) Knowingly or recklessly disburse or cause the disbursement of escrow funds otherwise than in accordance with escrow instructions, or knowingly or recklessly direct, participate in, or aid or abet in a material way, any activity which constitutes theft or fraud in connection with any escrow transaction.

California Code of Regulations, title 10, section 1726 provides in pertinent part:

[T]he escrow agent shall notify the Commissioner, on the form . . . furnished by the Commissioner, the names of any officer, director, trustee, employee or other person directly or indirectly compensated by the escrow agent before allowing the person in the regular discharge of his/her duties to have access to moneys or negotiable securities belonging to or in the possession of the escrow agent, or to draw checks upon the escrow agent or the trust funds of the escrow agent.

California Code of Regulations, title 10, section 1732.2 provides in pertinent part:

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;

. . . 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).

California Code of Regulations, title 10, section 1738 provides in pertinent part:

All money deposited in such "trust" or "escrow" account shall be withdrawn, paid out, or transferred to other accounts only in accordance with the written escrow instructions of the principals to the 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.

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California Code of Regulations, title 10, section 1738.1 provides in pertinent part:

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

California Code of Regulations, title 10, section 1738.2 provides:

An escrow agent shall use documents or other property deposited in escrow only in accordance with the written instructions of the principals to the escrow transaction or the escrow instructions transmitted electronically over the Internet executed by the principals to the escrow transaction, or if not otherwise directed by the written or electronically executed instructions, in accordance with sound escrow practice, or pursuant to order of a court of competent jurisdiction.

XI.

California Financial Code section 17423 provides in pertinent part:

(a) The commissioner may, after appropriate notice and opportunity for hearing, by order, . . . bar from any position of employment, management, or control any escrow agent, or any other person, if the commissioner finds either of the following:

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

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

California 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:

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(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.

XII.

California Financial Code section 22714 provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following . . .

(3) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

California Financial Code section 22109, subdivision (a)(2), provides in pertinent part:

(a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the application for any of the following reasons:

(2) An officer, director, general partner, person responsible for the applicant's lending activities in this state, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has, within the last 10 years, been convicted of or pleaded nolo contendere to a crime, or committed an act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this division.

XIII.

California Financial Code section 22112 provides:

(a) A licensee shall maintain a surety bond in accordance with this subdivision in the amount of twenty-five thousand dollars (\$25,000). The bond shall be payable to the commissioner and issued by an insurer authorized to do business in this state. A copy of the bond, including any and all riders and endorsements executed subsequent to the effective date of the bond, shall be filed with the commissioner for review and approval prior to execution, and filed with the commissioner within 10 days of execution. For licensees with multiple licensed locations, only one surety bond is required. The bond shall be used for the recovery of expenses, fines, and fee levied by the commissioner in accordance with this division or for losses or damages incurred by borrowers or consumers as the result of a licensee's noncompliance with the requirements of this division.

1 (b) When an action is commenced on a licensee's bond, the commissioner
2 may require the filing of a new bond. Immediately upon recovery of any
3 action on the bond, the licensee shall file a new bond. Failure to file a new
4 bond within 10 days of the recovery on a bond, or within 10 days after
notification by the commissioner that a new bond is required, constitutes
sufficient grounds for the suspension or revocation of the license.

5 California Financial Code section 22714 provides in pertinent part:

6 (a) The commissioner shall suspend or revoke any license, upon notice
7 and reasonable opportunity to be heard, if the commissioner finds any of the
8 following:

9 (2) The licensee has violated any provision of this division or any rule or
10 regulation made by the commissioner under and within the authority of this
division.

11 **XIV.**

12 California Financial Code section 22336 provides in pertinent part:

13 This article does not prohibit any licensee from contracting for, collecting, or
14 receiving the following:

15 (a) The statutory fee paid by the licensee to any public officer for
16 acknowledging, filing, recording, or releasing in any public office any
17 instrument securing the loan or executed in connection with the loan.

18 California Code of Regulations, title 10, section 1425 provides:

19 Except as otherwise provided in Section 22158 of the Financial Code, a
20 finance company shall always maintain its books, records, and accounts at its
21 licensed location. The individual loan records required to be maintained shall
22 include at least the following: The Statement of Loan, or other disclosure
23 statements used to comply with Section 22337 of the Financial Code, Security
24 Agreement or Wage Assignment, Promissory Note, Loan Application,
Payment Record, Escrow Closing Statement (if applicable), Insurance Policies
or memoranda, when insurance other than Credit Insurance has been sold, and
such records as the Commissioner may designate.

25 California Code of Regulations, title 10 section 1435 provides:

26 A finance company shall retain a copy of the escrow instructions and the
27 closing statement issued by the escrow holder for any loan secured by real
28 property where the loan proceeds were disbursed to an independent escrow
holder.

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California Financial Code section 22714 provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

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

XV.

Complainant finds that, by reason of the foregoing, Respondent Nazih Daniel Sadek has violated section 17414, subdivision (a)(1), of the Financial Code and sections 1738 and 1738.2 of title 10 of the California Code of Regulations and it is in the best interest of the public to bar Respondent Nazih Daniel Sadek from any position of employment, management or control of any escrow agent pursuant to section 17423, subdivision (a)(1), of the Financial Code.

Complainant also finds that, by reason of the foregoing, Respondent Platinum Coast Escrow, Inc. has violated sections 17202 and 17210 of the Financial Code and sections 1726 and 1732.2, subdivision (a), of title 10 of the California Code of Regulations. Furthermore, by and through the actions of Nazih Daniel Sadek and Miguel Angel Vazquez, Platinum Coast Escrow, Inc. has violated section 17414, subdivision (a)(1), of the Financial Code and sections 1738, 1738.1, and 1738.2 of title 10 of the California Code of Regulations. It is in the best interest of the public to revoke Platinum Coast Escrow, Inc.'s license pursuant to Financial Code section 17608, subdivision (b), in light of the foregoing violations of the Escrow Law.

Complainant further finds that, by reason of the foregoing, by and through the actions of Nazih Daniel Sadek, the Commissioner seeks to revoke the CFLL licenses of Sadek, Inc., Quick Loan Funding, Inc., and Loyalty Funding, Inc. pursuant to sections 22714, subdivision (a)(3), and 22109, subdivision (a)(2), of the Financial Code on the grounds that Nazih Daniel Sadek, as an officer, director, general partner, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the aforementioned entities, committed acts involving dishonesty, fraud, or deceit, by pledging trust account funds to obtain gambling markers at the Wynn Las Vegas and Bellagio casinos in April and May of 2007 that resulted in

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1 the unauthorized disbursement of trust account funds. Nazih Daniel Sadek's actions, if they had
2 been known at the time of the original applications for the CFLL licenses of Sadek, Inc., Quick Loan
3 Funding, Inc. and Loyalty Funding, Inc., reasonably would have warranted the Commissioner in
4 refusing said entities their CFLL licenses and thereby constitutes grounds to revoke their licenses.

5 Moreover, the Complainant finds that, Sadek, Inc., Quick Loan Funding, Inc., and Loyalty
6 Funding, Inc. have violated section 22112, subdivision (b), of the Financial Code on the grounds that
7 the licensees have failed to obtain reinstatement or replacement surety bonds as is required by the
8 CFLL. By reason of the foregoing, the Commissioner seeks to revoke the CFLL licenses of Sadek,
9 Inc., Quick Loan Funding, Inc., and Loyalty Funding, Inc. pursuant to Financial Code section 22714,
10 subdivision (a)(2).

11 Finally, the Complainant finds that, Quick Loan Funding, Inc. has repeatedly violated section
12 22336 of the Financial Code by charging borrowers recording fees in real estate loans that exceeded
13 the actual fees incurred, despite having been previously instructed by the Commissioner to correct
14 this violation at the conclusion of his 2006 examination. Additionally, the Complainant finds that,
15 Quick Loan Funding, Inc. has repeatedly violated California Code of Regulations, title 10, sections
16 1425 and 1435 by charging borrowers with title fees, when no title policies were maintained on file,
17 despite having been previously instructed by the Commissioner to correct this violation at the
18 conclusion of his 2006 examination. By reason of the foregoing, the Commissioner seeks to revoke
19 the CFLL license of Quick Loan Funding, Inc. pursuant to Financial Code section 22714,
20 subdivision (a)(2).

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WHEREFORE, IT IS PRAYED that:

- 1. Respondent Nazih Daniel Sadek be barred from any position of employment, management or control of any escrow agent;
- 2. the Commissioner revoke Respondent Platinum Coast Escrow, Inc.'s license;
- 3. the Commissioner revoke the CFLL licenses of Respondents Sadek, Inc., Quick Loan Funding, Inc. and Loyalty Funding, Inc.

Dated: November 7, 2007
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
BLAINE A. NOBLETT
Corporations Counsel
Enforcement Division