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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF)	Case No.: 963-1818
CORPORATIONS OF THE STATE OF)	
CALIFORNIA,)	ORDER SETTING ASIDE ORDER TO
)	DISCONTINUE ESCROW ACTIVITIES
Complainant,)	PURSUANT TO CALIFORNIA FINANCIAL
)	CODE SECTION 17415
vs.)	
)	
Q & S ESCROW, INC.)	
)	
)	
Respondent)	
)	

TO: Q & S ESCROW, INC.
1951 Fourth Avenue, Suite 301
San Diego, CA 92101

NOW, THEREFORE, the California Corporations Commissioner having found Q & S ESCROW, INC. as complied with bonding requirements of the Escrow Law, Financial Code Section 17202 as of February 16, 2011, the Order to Discontinue Escrow Activities Pursuant to Financial Code Section 17415 issued on October 14, 2010 is hereby set aside as of February 16, 2011.

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1
2 Dated: Los Angeles, California
3 February 17, 2011

4 Preston DuFauchard
5 California Corporations Commissioner

6
7 By _____
8 Kathleen R. Partin
9 Special Administrator

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1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 AFSANEH EGHBALDARI (BAR NO. 250107)
Corporations Counsel
4 1350 Front Street, Room 2034
San Diego, California 92101
5 Telephone: (619) 645-3166

6 Attorneys for Complainant

7

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

10

11 THE CALIFORNIA CORPORATIONS)
COMMISSIONER,)

File No.: 963-1818

12

Complainant,)

13

v.)

**ORDER IMPOSING PENALTIES
PURSUANT TO CALIFORNIA FINANCIAL
CODE SECTION 17213.2**

14

15 Q & S ESCROW, INC.,)

16

Respondent.)

17

18

19

20 TO: Q & S ESCROW, INC.
21 1951 Fourth Ave., Suite 301
22 San Diego, CA 92101

23

The California Corporations Commissioner ("Commissioner") finds that:

24

25 1. Respondent, Q & S Escrow, Inc. ("Q & S Escrow") is an escrow agent licensed by the
26 Commissioner pursuant to the Escrow Law of the State of California (California Financial Code
27 Section 17000 et seq.).

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2. Q & S Escrow had its licensed place of business at 13400 Sabre Springs Parkway,
Suite 170, San Diego, CA 92128.

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3. The Commissioner discovered that Q & S Escrow had vacated its licensed location without obtaining prior approval or notifying the Commissioner of a possible new location or the location of its books and records, in violation of California Financial Code section 17213.1 and California Code of Regulations, title 10, section 1730.

4. Pursuant to California Financial Code section 17213.2, the commissioner may order a licensed escrow agent which changes its business location without first obtaining the approval of the Commissioner to forfeit to the people of the state a sum of up to one hundred dollars (\$100) for every day for the first 10 days and ten dollars (\$10) for every day thereafter during which the changed location is maintained without authority.

Pursuant to the Settlement Agreement between Q & S Escrow, Inc. and the California Corporations Commissioner, it is hereby ordered that Q & S Escrow, Inc. pay to the Commissioner a sum of \$1,220.00 in penalties pursuant to California Financial Code section 17213.2.

Dated: April 27, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 AFSANEH EGHBALDARI (BAR NO. 250107)
Corporations Counsel
4 1350 Front Street, Room 2034
San Diego, California 92101
5 Telephone: (619) 645-3166
6 Attorneys for Complainant

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

10 THE CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) File No.: 963-1818
12 Complainant,)
13) **SETTLEMENT AGREEMENT**
14 v.)
15 Q & S ESCROW, INC.,)
16 Respondent.)
17)
18)
19)

20 This Settlement Agreement (“Agreement”) is entered into by and between the California
21 Corporations Commissioner (“Commissioner”) and Respondent, Q & S Escrow, Inc. (“Respondent”)
22 and is made with respect to the following facts:

23 **RECITALS**

- 24 A. Respondent currently holds an escrow agent’s license number 963-1818 pursuant to
25 the Escrow Law of the State of California (California Financial Code Section 17000 et seq.).
26 B. Respondent had its licensed place of business at 13400 Sabre Springs Parkway, Suite
27 170, San Diego, CA 92128.
28

1 C. Jonathan Alvinito, the sole shareholder and president of Respondent, is authorized to
2 enter into this Agreement on behalf of Respondent.

3 D. The Commissioner discovered that Respondent's surety bond had expired as of
4 October 13, 2010.

5 E. On October 14, 2010, an attempt to serve the Order to Discontinue Escrow Activities,
6 for failure to provide proof of bond replacement or reinstatement, at Respondent's licensed location
7 revealed that Respondent had vacated its licensed location without obtaining prior approval or
8 notifying the Commissioner of a possible new location or the location of its books and records, in
9 violation of California Financial Code section 17213.1 and California Code of Regulations, title 10,
10 section 1730.

11 F. Subsequently, Respondent provided the Commissioner with proof of bond
12 replacement or reinstatement. On February 17, 2011, the Commissioner issued and served upon
13 Respondent an Order Setting Aside Order to Discontinue Escrow Activities.

14 G. It is the intention and desire of the Parties to resolve these matters without the
15 necessity of a hearing and or other litigation.

16 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
17 forth herein, the Parties agree as follows:

18 **TERMS AND CONDITIONS**

19
20 1. **Purpose.** The purpose of this Agreement is to expeditiously resolve the Order Imposing
21 Penalties, and to avoid the expense of a hearing, and possible further court proceedings.

22 2. **Admissions.** Respondent hereby admits the facts contained in the Recital and Order
23 Imposing Penalties solely for the limited purposes of this Agreement and any future proceeding(s)
24 that may be initiated by or brought before the Commissioner against Respondent. It is the intent and
25 understanding between the Parties that this Agreement and particularly the admissions of Respondent
26 herein, shall not be binding or admissible against Respondent in any action by third parties.

27 3. **Administrative Penalty.** Respondent hereby agrees to the issuance of an Order Imposing
28 Penalties ("ORDER"), pursuant to California Financial Code section 17213.2. A copy of the

1 ORDER is attached as Exhibit A. Further, Respondent hereby agrees to pay to the Commissioner a
2 sum of \$1,220.00 within thirty (30) days of the execution of this Agreement. The administrative
3 penalty payment amount of \$1,220.00 shall be delivered to the California Department of
4 Corporations within thirty (30) days from the date this Agreement is signed and executed by the
5 Parties. Further, the administrative penalty payment amount shall be payable to the California
6 Department of Corporations and delivered to the San Diego Office to the attention of Afsaneh
7 Eghbaldari.

8 4. **Waiver of Hearing Rights.** Respondent hereby acknowledges its right to an
9 administrative hearing in connection with the ORDER and hereby waives its right to a hearing, and to
10 any reconsideration, appeal, or other right to review which may be afforded pursuant to the Escrow
11 Law, the California Administrative Procedure Act (“APA”), the California Code of Civil Procedure,
12 or any other provision of law, and by waiving such rights, consents to this Agreement becoming final.

13 5. **Failure to Comply with the Agreement.** Respondent hereby acknowledges and agrees
14 that its failure to comply with the terms of this Agreement will be a breach of this Agreement and
15 shall result in an automatic revocation of its escrow agent’s license (License Number 963-1818).
16 Respondent waives any notice and hearing rights to contest such revocation.

17 6. **Settlement Agreement Coverage.** The Parties hereby acknowledge and agree that this
18 Agreement is intended to constitute a full, final and complete resolution of the ORDER only. The
19 Parties further acknowledge and agree that nothing contained in this Agreement shall operate to limit
20 the Commissioner's ability to assist any other agencies with any prosecution, administrative, civil or
21 criminal, brought by any such agency against Respondent based upon any of the activities alleged in
22 this matter or otherwise.

23 7. **Independent Legal Advice.** Each of the Parties represents, warrants, and agrees that it
24 has received or been advised to seek independent legal advice from his or her attorneys with respect
25 to the advisability of executing this Agreement.

26 8. **Reliance.** Each of the Parties represents, warrants, and agrees that in executing this
27 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel and
28 has placed no reliance on any statement, representation, or promise of any other party, or any other

1 person or entity not expressly set forth herein, or upon the failure of any party or any other person or
2 entity to make any statement, representation or disclosure of anything whatsoever. The Parties have
3 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
4 execute this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret,
5 supplement, or contradict the terms of this Agreement.

6 **9. Full Integration.** This Agreement, including the attached ORDER, is the final written
7 expression and the complete and exclusive statement of all the agreements, conditions, promises,
8 representations, and covenants between the Parties with respect to the subject matter hereof, and
9 supersedes all prior or contemporaneous agreements, negotiations, representations, understandings,
10 and discussions between and among the Parties, their respective representatives, and any other person
11 or entity with respect to the subject matters covered hereby.

12 **10. No Presumption From Drafting.** In that the Parties have had the opportunity to draft,
13 review and edit the language of this Agreement, no presumption for or against any party arising out
14 of drafting all or any part of this Agreement will be applied in any action relating to, connected, to, or
15 involving this Agreement. Accordingly, the Parties waive the benefit of California Civil Code
16 section 1654 and any successor or amended statute, providing that in cases of uncertainty, language
17 of a contract should be interpreted most strongly against the party who caused the uncertainty to
18 exist.

19 **11. Effective Date.** This Agreement shall not become effective until signed by all Parties and
20 delivered by all Parties.

21 **12. Counterparts.** This Agreement may be executed in one or more counterparts, each of
22 which shall be an original but all of which, together, shall be deemed to constitute a single document.

23 **13. Modifications and Qualified Integration.** No amendment, change or modification of
24 this Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the
25 Parties affected by it.

26 **14. Headings and Governing Law.** The headings to the paragraphs of this Agreement are
27 inserted for convenience only and will not be deemed a part hereof or affect the construction or
28 interpretation of the provisions hereof.

1 MARY ANN SMITH
Deputy Commissioner
2 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
3 Department of Corporations
320 West 4th Street, Ste. 750
4 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

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 THE) File Nos.: 963-1818
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) ACCUSATION
12)
Complainant,)
13)
14 vs.)
15 Q & S ESCROW, INC.,)
16 Respondent.)
17 _____)

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

20 I

21 Respondent Q & S Escrow, Inc. ("Q & S") is an escrow agent licensed by the California
22 Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the
23 State of California (California Financial Code Section 17000 et seq.). The licensed location of
24 Q & S is 4747 Viewridge Avenue, Suite 108, San Diego, California 92123.

25 Jonathan C. Alvinito ("Alvinito"), was at all times relevant herein, the president and sole
26 shareholder of Q & S.

27 Franklin Roxas ("Roxas") was an escrow officer at Q & S from March 2011 through mid-
28 October 2011.

II

1
2 On or about January 19, 2012, the Commissioner, by and through staff, commenced a special
3 examination of Q & S to review escrow files handled by Roxas based upon information received by
4 the Department of Corporations (“Department”) that Roxas had been disbursing trust funds to
5 unauthorized persons. The special examination disclosed that Q & S, by and through Alvinito and
6 Roxas, had made eighteen (18) unauthorized disbursements of trust funds totaling \$79,811.67
7 between at least February 23, 2011 and January 11, 2012 in violation of Financial Code section
8 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. Alvinito had
9 made thirteen (13) of the unauthorized disbursements for a total of \$63,808.28. Roxas had made
10 five (5) of the unauthorized disbursements for a total of \$16,003.39.

11 Each of the unauthorized disbursements of trust funds caused a shortage to exist in the trust
12 account in violation of California Code of Regulations, title 10, section 1738.1. Q & S has replaced
13 \$23,078.00, but a trust account shortage of \$58,730.62 still exists, including the three (3) debit
14 balances discussed below.

15 The special examination further disclosed that Q & S had failed to (i) reconcile the trust
16 account since February 2011 in violation of Financial Code section 17404 and California Code of
17 regulations, title 10, section 1732.2, (ii) have a person meeting the requirements of Financial Code
18 section 17200.8 stationed at the licensed location since July 2011, (iii) prevent its bank from
19 charging fees to the trust account in violation of California Code of Regulations, title 10, section
20 1738, (iv) maintain the trust funds in an account designated as an escrow or trust account in violation
21 of Financial Code section 17409, (v) provide documents and information in a timely fashion in
22 violation of Financial Code section 17405, (vi) notify the Department of employee embezzlement in
23 violation of Financial Code section 17414, subdivision (c), and (vii) submit its annual reports for
24 fiscal year ends December 31, 2010 and December 31, 2011 in violation of Financial Code section
25 17406.

26 The special examination also revealed debit balances in violation of California Code of
27 Regulations, title 10, section 1738.1 in four (4) escrows totaling \$1,996.97, of which \$1,990.00
28 were caused by overdrawn escrow fees.

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WHEREFORE, IT IS PRAYED that the escrow agent’s license of Respondent Q & S Escrow, Inc. be revoked.

Dated: October 8, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel

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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the matter of) File No.: 963 1818
)
)
Q & S ESCROW, INC.)
)
)
a licensee under the Escrow Law)
)

ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT
TO SECTION 17415, CALIFORNIA FINANCIAL CODE

TO: Q & S ESCROW, INC.
13400 Sabre Springs Parkway, Suite 170
San Diego, CA 92128

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

Q & S ESCROW, INC. has failed to comply with the bonding requirements of the Escrow Law (California Financial Code, Section 17202) in that effective October 13, 2010, Bond No. 40028391 issued by Platte River Insurance Company in favor of Q & S ESCROW, INC. expired and no replacement bond has been obtained.

1 Based upon the foregoing, Q & S ESCROW, INC. is conducting escrow business in
2 violation of Section 17202 of the Financial Code and is conducting business in an unsafe and
3 injurious manner as to render further operations hazardous to the public or to customers.

4 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
5 THEREFORE, it is hereby ORDERED, under the provisions of Section 17415 of the California
6 Financial Code, that Q & S ESCROW, INC. immediately discontinue acceptance of any new
7 escrow or joint control business, and of money, documents or other property in connection
8 therewith.

9 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

10 Section 17415 of the Financial Code provides as follows:

11 (a) If the commissioner, as a result of any examination or from
12 any report made to him or her, shall find that any person subject to this
13 division is in an insolvent condition, is conducting business in such an
14 unsafe or injurious manner as to render further operations hazardous to the
15 public or to customers, has failed to comply with the provisions of Section
16 17212.1 or 17414.1, has permitted its tangible net worth to be lower than
17 the minimum required by law, has failed to maintain its liquid assets in
18 excess of current liabilities as set forth in Section 17210, or has failed to
19 comply with the bonding requirements of Chapter 2 (commencing with
20 Section 17200) of this division, the commissioner may, by an order
21 addressed to and served by registered or certified mail or by personal
22 service on such person and on any other person having in his or her
23 possession or control any escrowed funds, trust funds or other property
24 deposited in escrow with said person, direct discontinuance of the
25 disbursement of trust funds by the parties or any of them, the receipt of
26 trust funds, the delivery or recording of documents received in escrow, or
27 other business operations. No person having in his or her possession any of
28 these funds or documents shall be liable for failure to comply with the
order unless he or she has written notice of the order. Subject to
subdivision (b), the order shall remain in effect until set aside by the
commissioner in whole or in part, the person has been adjudged bankrupt,
or pursuant to Chapter 6 (commencing with Section 17621) of this division
the commissioner has assumed possession of the escrow agent.

(b) Within 15 days from the date of any 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
or 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

1 hearing is requested 15 days after the mailing or service of such notice and
2 none is ordered by the commissioner, the failure to request a hearing shall
3 constitute a waiver of the right to a hearing. Neither the request for a
4 hearing nor the hearing itself shall stay the order issued by the
5 commissioner under subdivision (a).

6 Dated: October 14, 2010
7 Los Angeles, California

8 Preston DuFauchard
9 California Corporations Commissioner

10 By _____
11 Kathleen R. Partin
12 Special Administrator
13 (213) 576-7595
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1 MARY ANN SMITH
Deputy Commissioner
2 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
3 Department of Corporations
320 West 4th Street, Ste. 750
4 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

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 THE) File Nos.: 963-1818 & 963-2545
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) ACCUSATION
12)
Complainant,)
13)
14 vs.)
15 FRANKLIN ROXAS,)
16 Respondent.)
17 _____)

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

20 I

21 Respondent Franklin Roxas ("Roxas") was, at all times relevant in Section II below, an
22 escrow officer at Q & S Escrow, Inc. ("Q & S"), an escrow agent licensed by the California
23 Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the
24 State of California (California Financial Code Section 17000 et seq.). The licensed location of
25 Q & S is 4747 Viewridge Avenue, Suite 108, San Diego, California 92123.

26 Roxas was, at all times relevant in Section III below, an escrow officer at Clear Escrow, Inc.
27 ("Clear Escrow"); also an escrow agent licensed by the Commissioner pursuant to the Escrow Law.
28 The licensed location of Clear Escrow is 2605 Camino Del Rio South, Suite 302, San Diego,

1 California 92108.

2 II

3 On or about January 19, 2012, the Commissioner, by and through staff, commenced a special
4 examination of Q & S to review escrow files handled by Roxas based upon information received by
5 the Department of Corporations (“Department”) that Roxas had been disbursing trust funds to
6 unauthorized persons. The special examination disclosed that Roxas had made five (5)
7 unauthorized disbursements of trust funds totaling \$16,003.39 between May 2, 2011 and August 25,
8 2011 in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,
9 sections 1738 and 1738.2. Each of the unauthorized disbursements of trust funds described below
10 also caused a shortage to exist in the trust account in violation of California Code of Regulations,
11 title 10, section 1738.1.

12 The unauthorized disbursements and other violations noted during the special examination
13 are described as follows:

14 1. Escrow Number 11-917-LH:

15 (a) On or about May 2, 2011, Q & S received a refund from Corinthian Title Company in
16 the amount of \$1,461.67 for over payment of taxes by the seller. Instead of refunding the monies to
17 the seller, Roxas, on or about May 2, 2011, disbursed those funds to his domestic partner, Stephen
18 Bushue (“Bushue”), via trust check number 12134.

19 (b) On or about May 2, 2011, Roxas violated Financial Code section 17414(a)(2) by
20 altering the final HUD-1 to delete the entry of taxes in the amount of \$1,461.67 on page 1, line 507
21 and add “Negotiator Fee to Stephen Bushue” on page 2, line 1306.

22 2. Escrow Number 11-932-FR:

23 (a) On or about August 10, 2011, Q & S received a refund from Stewart Title in the
24 amount of \$2,877.48 for over payment of taxes by the seller. Instead of refunding the monies to the
25 seller, Roxas, on or about August 11, 2011, disbursed those funds to Bushue via trust check number
26 12534.

27 3. Escrow Number 11-977-FR:

28 (a) On or about July 13, 2011, Roxas made two unauthorized disbursements of trust

1 funds to Bushue in the respective amounts of \$1,439.01 and \$8,295.36 via trust check numbers
2 12380 and 12387.

3 (b) On or about July 12, 2011, Roxas violated Financial Code section 17414(a)(2) by
4 preparing a final HUD-1 that misrepresented the unauthorized disbursements to be made to Bushue
5 in the respective amounts of \$8,295.36 and \$1,439.01 as property taxes and association dues.

6 4. Escrow Number 11-1019-FR:

7 (a) On or about August 25, 2011, Roxas made an unauthorized disbursement of trust
8 funds to Bushue in the amount of \$1,929.87 via trust check number 12548.

9 (b) On or about August 23, 2011, Roxas violated Financial Code section 17414(a)(2) by
10 preparing a final HUD-1 that misrepresented the unauthorized disbursement to be made to Bushue in
11 the amount of \$1,929.87 as a negotiator fee.

12 II

13 On or about January 26, 2012, the Commissioner, by and through staff, commenced a special
14 examination of Clear Escrow to review escrow files handled by Roxas based upon information
15 received by the Department that Roxas had been disbursing trust funds to unauthorized persons.
16 The special examination disclosed that Roxas had made ten (10) unauthorized disbursements of trust
17 funds totaling \$25,103.05 between December 9, 2011 and December 22, 2011 in violation of
18 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
19 1738.2. Each of the unauthorized disbursements of trust funds described below also caused a
20 shortage to exist in the trust account in violation of California Code of Regulations, title 10, section
21 1738.1. The trust account shortage has been corrected as noted below.

22 The unauthorized disbursements and other violations noted during the special examination
23 are described as follows:

24 1. Escrow Number MV-10097-FR:

25 (a) On or about December 13, 2011, Roxas made an unauthorized disbursement of trust
26 funds to Bushue in the amount of \$500.00 via trust check number 10513. Roxas has returned these
27 funds to Clear Escrow.

1 2. Escrow Number MV-10111-FR:

2 (a) On or about December 10, 2011, Roxas made two unauthorized disbursements of
3 trust funds to Delvie Jouldjian (“Jouldjian”) in the amount of \$5,000.00 each via trust check
4 numbers 10608 and 10609. The funds were later recovered from Jouldjian.

5 3. Escrow Number MV-10157-FR:

6 (a) On or about December 7, 2011, Roxas made an unauthorized disbursement of trust
7 funds to Bushue in the amount of \$1,127.18 via trust check number 10450. Roxas has returned these
8 funds to Clear Escrow.

9 (b) On or about December 7, 2011, Roxas violated Financial Code section 17414(a)(2)
10 by preparing a final HUD-1 that misrepresented the unauthorized disbursement to Bushue in the
11 amount of \$1,127.18 as property taxes.

12 4. Escrow Number MV-10174-FR:

13 (a) On or about December 22, 2011, Roxas made an unauthorized disbursement of trust
14 funds to Bushue in the amount of \$1,476.61 via trust check number 10740. Clear Escrow was able
15 to successfully stop payment on this check.

16 (b) On or about December 19, 2011, Roxas violated Financial Code section 17414(a)(2)
17 by preparing a final HUD-1 that misrepresented the unauthorized disbursement to be made to
18 Bushue in the amount of \$1,476.61 as property taxes.

19 5. Escrow Number MV-10175-FR:

20 (a) On or about December 19, 2011, Roxas made an unauthorized disbursement of trust
21 funds to Bushue in the amount of \$5,521.77 via trust check number 10652. Clear Escrow was able
22 to successfully stop payment on this check despite the check initially clearing the bank.

23 (b) On or about December 16, 2011, Roxas violated Financial Code section 17414(a)(2)
24 by preparing a final HUD-1 that misrepresented the unauthorized disbursement to be made to
25 Bushue in the amount of \$5,521.77 as delinquent property taxes.

26 6. Escrow Number MV-10202-FR:

27 (a) On or about December 17, 2011, Roxas made two unauthorized disbursements of
28 trust funds to Bushue in the respective amounts of \$1,064.45 and \$675.00 via trust check numbers

1 10617 and 10618. Clear Escrow was able to successfully stop payment on these checks despite the
2 checks initially clearing the bank.

3 (b) On or about December 18, 2011, Roxas violated Financial Code section 17414(a)(2)
4 by preparing a final closing statement that misrepresented the unauthorized disbursements to Bushue
5 in the amount of \$1,064.45 and \$675.00 as delinquent property taxes and real estate commissions.

6 7. Escrow Number MV-10228-FR:

7 (a) On or about December 7, 2011, Roxas made an unauthorized disbursement of trust
8 funds to Bushue in the amount of \$211.72 via trust check number 10439. Roxas has returned these
9 funds to Clear Escrow.

10 (b) On or about December 5, 2011, Roxas violated Financial Code section 17414(a)(2)
11 by preparing a final HUD-1 that misrepresented the unauthorized disbursement to be made to
12 Bushue in the amount of \$211.72 as HOA fees.

13 8. Escrow Number MV-10362-FR:

14 (a) On or about December 18, 2011, Roxas made an unauthorized disbursement of trust
15 funds to Bushue in the amount of \$4,526.32 via trust check number 10625. Clear Escrow was able to
16 successfully stop payment on this check despite the check initially clearing the bank.

17 (b) On or about December 14, 2011, Roxas violated Financial Code section 17414(a)(2)
18 by preparing a final HUD-1 that misrepresented the unauthorized disbursement to be made to
19 Bushue in the amount of \$4,526.32 as property taxes.

20 IV

21 California Financial Code section 17423 provides in pertinent part:

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

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

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V

Complainant finds that, by reason of the foregoing, Respondent Franklin Roxas has violated Financial Code sections 17414(a)(1) and 17414(a)(2) and California Code of Regulations, title 10, sections 1738, 1738.1, and 1738.2 and it is in the best interests of the public to bar Respondent Franklin Roxas from any position of employment, management or control of any escrow agent.

WHEREFORE, IT IS PRAYED that Respondent Franklin Roxas be barred from any position of employment, management or control of any escrow agent.

Dated: October 23, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel

1 MARY ANN SMITH
Deputy Commissioner
2 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
3 Department of Corporations
320 West 4th Street, Ste. 750
4 Los Angeles, California 90013-2344
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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 THE) File No.: 963-1818
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) ORDER REVOKING ESCROW AGENT’S
12) LICENSE
Complainant,)
13)
14 vs.)
15 Q & S ESCROW, INC.,)
16 Respondent.)
17 _____)

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

- 19 1. Respondent Q & S Escrow, Inc. ("Q & S") is an escrow agent licensed by the
20 California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow
21 Law of the State of California (California Financial Code Section 17000 et seq.). The licensed
22 location of Q & S is 4747 Viewridge Avenue, Suite 108, San Diego, California 92123.
23 2. Jonathan C. Alvinito (“Alvinito”), was at all times relevant herein, the president and
24 sole shareholder of Q & S.
25 3. Franklin Roxas ("Roxas") was an escrow officer at Q & S from March 2011 through
26 mid-October 2011.
27 4. On January 19, 2012, the Commissioner, by and through staff, commenced a special
28 examination of Q & S to review escrow files handled by Roxas based upon information received by

1 the Department of Corporations (“Department”) that Roxas had been disbursing trust funds to
2 unauthorized persons. The special examination disclosed that Q & S, by and through Alvinito and
3 Roxas, had made eighteen (18) unauthorized disbursements of trust funds totaling \$79,811.67
4 between at least February 23, 2011 and January 11, 2012 in violation of Financial Code section
5 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. Alvinito had
6 made thirteen (13) of the unauthorized disbursements for a total of \$63,808.28. Roxas had made
7 five (5) of the unauthorized disbursements for a total of \$16,003.39.

8 5. Each of the unauthorized disbursements of trust funds caused a shortage to exist in
9 the trust account in violation of California Code of Regulations, title 10, section 1738.1. Q & S has
10 replaced \$23,078.00, but a trust account shortage of \$58,730.62 still exists, including the three (3)
11 debit balances discussed below.

12 6. The special examination further disclosed that Q & S had failed to (i) reconcile the
13 trust account since February 2011 in violation of Financial Code section 17404 and California Code
14 of regulations, title 10, section 1732.2, (ii) have a person meeting the requirements of Financial Code
15 section 17200.8 stationed at the licensed location since July 2011, (iii) prevent its bank from
16 charging fees to the trust account in violation of California Code of Regulations, title 10, section
17 1738, (iv) maintain the trust funds in an account designated as an escrow or trust account in violation
18 of Financial Code section 17409, (v) provide documents and information in a timely fashion in
19 violation of Financial Code section 17405, (vi) notify the Department of employee embezzlement in
20 violation of Financial Code section 17414, subdivision (c), and (vii) submit its annual reports for
21 fiscal year ends December 31, 2010 and December 31, 2011 in violation of Financial Code section
22 17406.

23 7. The special examination also revealed debit balances in violation of California Code
24 of Regulations, title 10, section 1738.1 in four (4) escrows totaling \$1,996.97, of which \$1,990.00
25 were caused by overdrawn escrow fees.

26 8. The unauthorized disbursements noted during the special examination are described
27 as follows:

28 a. Commencing on April 20, 2011 and continuing through at least January 11,

1 2012, Q & S, by and through Alvinito, made six (6) unauthorized disbursements of trust funds to
2 Alvinito totaling \$38,078.00 via withdrawals from the trust account.

3 b. Commencing on February 23, 2011 and continuing through at least March 7,
4 2011, Q & S, by and through Alvinito, made six (6) unauthorized disbursements of trust funds to
5 Alvinito from at least four escrows totaling \$13,180.30 via issuance of checks from the trust account.

6 c. On December 28, 2011, in escrow number 11-1019-FR, Q & S, by and
7 through Alvinito, diverted a refund from Stewart Title Company in the amount of \$12,549.98 to
8 SettlementOne Title Company, a company owned by Alvinito.

9 d. Commencing on or about May 2, 2011 and continuing through at least August
10 25, 2011, Q & S, by and through Roxas, made five (5) unauthorized disbursements of trust funds to
11 Stephen Bushue, the domestic partner of Roxas, from four (4) escrows totaling \$16,000.39 via
12 issuance of checks from the trust account.

13 9. The above-described violations constitute grounds under Financial Code section
14 17608 to revoke an escrow agent’s license under the Escrow Law.

15 10. On October 8, 2012, the Commissioner issued a Notice of Intention to Issue Order
16 Revoking Escrow Agent’s License, Accusation and accompanying documents against Q & S based
17 upon the above. Q & S was served at its licensed location via certified, return-receipt mail on
18 October 13, 2012. The Department has received no request for a hearing from Q & S and the time to
19 request a hearing has expired.

20 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow
21 agent’s license of Respondent Q & S Escrow, Inc. is revoked effective the date hereof.

22 Dated: October 30, 2012
23 Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

24 By _____
25 Mary Ann Smith
26 Deputy Commissioner
27 Enforcement Division
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