

1 MARY ANN SMITH  
Deputy Commissioner  
2 JUDY L. HARTLEY (CA BAR NO. 110628)  
Senior Corporations Counsel  
3 Department of Corporations  
320 West 4<sup>th</sup> 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 No.: 963-1963  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, ) ORDER BARRING NUBIA M. BRITTON  
12 ) FROM ANY POSITION OF EMPLOYMENT,  
Complainant, ) MANAGEMENT OR CONTROL OF ANY  
13 ) ESCROW AGENT  
14 vs. )  
15 SEASIDE ESCROW, INC. and NUBIA M. )  
BRITTON, )  
16 )  
17 Respondents. )

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

19 1. Respondent Seaside Escrow, Inc. ("Seaside Escrow") is an escrow agent licensed by  
20 the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the  
21 Escrow Law of the State of California (California Financial Code Section 17000 et seq.). Seaside  
22 had its principal place of business at 300 Carlsbad Village Drive, Suite 212-A, Carlsbad, California  
23 92008.

24 2. Respondent Nubia M. Britton ("Britton") was at all times relevant herein the  
25 president and sole shareholder of Seaside Escrow.

26 3. On August 2, 2011, the Commissioner, by and through staff, commenced a regulatory  
27 examination of the books and records of Seaside Escrow. The trial balance obtained at the  
28 commencement of the regulatory examination, disclosed that as of August 1, 2011, Seaside had 29

1 escrows with debit balances (shortages) totaling \$63,621.03 in violation of California Code of  
2 Regulations, title 10, section 1738.1. The regulatory examination further disclosed that the trust  
3 account had not been reconciled since April 2011 in violation of Financial Code section 17404 and  
4 California Code of Regulations, title 10, section 1732.2.

5 4. The Commissioner's continuing review of the books and records of Seaside revealed  
6 that as of September 10, 2012, Seaside had a trust account shortage of \$167,739.45. The taking of  
7 unearned escrow fees in violation of Financial Code section 17414(a)(1) and/or Financial Code  
8 section 17420 and California Code of Regulations, title 10, sections 1738 and 1738.2 accounts for at  
9 least \$138,097.45 of the shortage. Included within the shortage comprised of unearned fees is  
10 \$53,147.15 in shortages that Britton claimed to have previously cured, but the receipts issued by  
11 Britton to cure such shortages had no corresponding deposit of funds.

12 5. The regulatory examination disclosed that Britton commenced taking unauthorized  
13 escrow fees on or about October 31, 2008 and continued through at least December 7, 2011. The  
14 majority of the unauthorized escrow fees were taken during 2010 and 2011. The Commissioner has  
15 made demand on Seaside to cure the trust account shortage described herein. However, Seaside has  
16 failed to cure the shortage and continues in its failure to cure the shortage.

17 6. Examples of the unauthorized fees discovered during the regulatory examination of  
18 Seaside are as follows:

19 (a) On August 11, 2009, in escrow number 9-15371NB, Respondents disbursed  
20 \$1,000.00 in unauthorized and unearned escrow fees to Seaside by way of trust check number 74249  
21 in violation of Financial Code section 17414(a)(1), 17420 and 17421 and California Code of  
22 Regulations, title 10, sections 1738 and 1738.2. The unauthorized disbursement described herein  
23 caused a debit balance to exist in this escrow in the amount of \$1,000.00 in violation of California  
24 Code of Regulations, title 10, section 1738.1, and also caused a trust account shortage in the same  
25 amount when escrow later canceled on December 17, 2009 and the buyer's deposit was refunded in  
26 full. On April 25, 2011, Respondents additionally violated Financial Code section 17414(a)(2) when  
27 they prepared receipt number 18876 stating that they had deposited \$1,000.00 into the trust account  
28 to correct the debit balance caused by the unauthorized fee, but no funds were actually deposited.

1 (b) On March 8, 2010, in escrow number 10-15678DW, Respondents disbursed  
2 \$2,945.00 in unauthorized and unearned escrow fees to Seaside by way of trust check number 75425  
3 in violation of Financial Code section 17414(a)(1), 17420 and 17421 and California Code of  
4 Regulations, title 10, sections 1738 and 1738.2. The unauthorized disbursement described herein  
5 caused a debit balance to exist in this escrow in the amount of \$2,945.00 in violation of California  
6 Code of Regulations, title 10, section 1738.1, and also caused a trust account shortage in the same  
7 amount in that there were no funds on deposit in this escrow. On May 5, 2011, Respondents  
8 additionally violated Financial Code section 17414(a)(2) when they prepared receipt number 18907  
9 stating that they had deposited \$2,945.00 into the trust account to correct the debit balance caused by  
10 the unauthorized fee, but no funds were actually deposited.

11 (c) On May 5 and 11, 2011, in escrow number 11-16431LL, Respondents disbursed  
12 \$3,780.00 and \$3,980.00 (\$7,760.00) in early escrow fees to Seaside by way of trust check numbers  
13 79363 and 79406 in violation of Financial Code section 17414(a)(1), 17420 and 17421 and  
14 California Code of Regulations, title 10, sections 1738 and 1738.2. The authorized fees per the final  
15 HUD-1 were \$4,140.00 resulting in an overpayment of escrow fees in the amount of \$3,620.00. The  
16 overpayment of escrow fees described herein caused a debit balance to exist in this escrow in the  
17 amount of \$3,620.00 in violation of California Code of Regulations, title 10, section 1738.1, and also  
18 caused a trust account shortage in the same amount.

19 7. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are  
20 required to file an annual audit report containing audited financial statements (“audit report”) within  
21 one hundred and five (105) days after the close of their fiscal year. Seaside’s fiscal year end is  
22 December 31. Accordingly, Seaside was required to file its audit report for December 31, 2011 on  
23 April 15, 2012.

24 8. On November 2, 2011, Complainant notified Seaside in writing that its audit report  
25 was due April 15, 2012. Seaside failed to file the audit report by April 15, 2012.

26 9. On April 23, 2012, a follow up letter was sent to Seaside concerning its failure to file  
27 the audit report. Seaside was notified in the letter that failure to file to the audit report within ten  
28

1 days of the date of the letter could result in assessment of penalties, a special examination and/or  
2 administrative action.

3 10. Respondents' unlawful actions described above and Britton's abandonment of  
4 Seaside's escrow business caused the Commissioner, on October 9, 2012, to issue an Order To  
5 Discontinue Escrow Activities Pursuant to Financial Code section 17415 against Seaside along with  
6 a Demand For and Order Taking Possession of the Trust Account(s) and Escrow Records of Seaside  
7 Pursuant to Financial Code Section 17621 and an Order Appointing Peter A. Davidson as  
8 Conservator pursuant to Financial Code section 17630. The orders were necessary in order to offer  
9 any possible protection to the escrow customers of Seaside.

10 11. The above described violations constitute grounds under Financial Code section  
11 17423 to bar a person from any position of employment, management or control of any escrow  
12 agent.

13 12. On December 5, 2012, the Commissioner issued a Notice of Intention to Issue Order  
14 Revoking Escrow Agent's License and to Issue Order Pursuant to California Financial Code Section  
15 17423 (Bar From Employment, Management or Control of Any Escrow Agent), Accusation and  
16 accompanying documents against Seaside and Britton based upon the above. Britton was personally  
17 served with those documents on January 10, 2013.

18 13. The Commissioner has received no request for a hearing from Britton, and the time  
19 period in which to request a hearing pursuant to Financial Code section 17423(b) has expired.

20 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that Respondent  
21 Nubia M. Britton is barred from any position of employment, management or control of any escrow  
22 agent. This Order is effective as of the date hereof.

23 Dated: January 29, 2013  
24 Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

25 By \_\_\_\_\_  
26 Mary Ann Smith  
27 Deputy Commissioner  
28 Enforcement Division

1 MARY ANN SMITH  
Deputy Commissioner  
2 JUDY L. HARTLEY (CA BAR NO. 110628)  
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3 Department of Corporations  
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CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, ) ORDER REVOKING ESCROW AGENT’S  
12 ) LICENSE  
Complainant, )  
13 )  
14 vs. )  
15 SEASIDE ESCROW, INC. and NUBIA M. )  
BRITTON, )  
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17 Respondents. )

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

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21 Escrow Law of the State of California (California Financial Code Section 17000 et seq.). Seaside  
22 had its principal place of business at 300 Carlsbad Village Drive, Suite 212-A, Carlsbad, California  
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24 2. Respondent Nubia M. Britton ("Britton") was at all times relevant herein the  
25 president and sole shareholder of Seaside Escrow.

26 3. On August 2, 2011, the Commissioner, by and through staff, commenced a regulatory  
27 examination of the books and records of Seaside Escrow. The trial balance obtained at the  
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1 escrows with debit balances (shortages) totaling \$63,621.03 in violation of California Code of  
2 Regulations, title 10, section 1738.1. The regulatory examination further disclosed that the trust  
3 account had not been reconciled since April 2011 in violation of Financial Code section 17404 and  
4 California Code of Regulations, title 10, section 1732.2.

5 4. The Commissioner’s continuing review of the books and records of Seaside revealed  
6 that as of September 10, 2012, Seaside had a trust account shortage of \$167,739.45. The taking of  
7 unearned escrow fees in violation of Financial Code section 17414(a)(1) and/or Financial Code  
8 section 17420 and California Code of Regulations, title 10, sections 1738 and 1738.2 accounts for at  
9 least \$138,097.45 of the shortage. Included within the shortage comprised of unearned fees is  
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25 amount when escrow later canceled on December 17, 2009 and the buyer’s deposit was refunded in  
26 full. On April 25, 2011, Respondents additionally violated Financial Code section 17414(a)(2) when  
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8 additionally violated Financial Code section 17414(a)(2) when they prepared receipt number 18907  
9 stating that they had deposited \$2,945.00 into the trust account to correct the debit balance caused by  
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11 (c) On May 5 and 11, 2011, in escrow number 11-16431LL, Respondents disbursed  
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14 California Code of Regulations, title 10, sections 1738 and 1738.2. The authorized fees per the final  
15 HUD-1 were \$4,140.00 resulting in an overpayment of escrow fees in the amount of \$3,620.00. The  
16 overpayment of escrow fees described herein caused a debit balance to exist in this escrow in the  
17 amount of \$3,620.00 in violation of California Code of Regulations, title 10, section 1738.1, and also  
18 caused a trust account shortage in the same amount.

19 7. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are  
20 required to file an annual audit report containing audited financial statements (“audit report”) within  
21 one hundred and five (105) days after the close of their fiscal year. Seaside’s fiscal year end is  
22 December 31. Accordingly, Seaside was required to file its audit report for December 31, 2011 on  
23 April 15, 2012.

24 8. On November 2, 2011, Complainant notified Seaside in writing that its audit report  
25 was due April 15, 2012. Seaside failed to file the audit report by April 15, 2012.

26 9. On April 23, 2012, a follow up letter was sent to Seaside concerning its failure to file  
27 the audit report. Seaside was notified in the letter that failure to file to the audit report within ten  
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1 days of the date of the letter could result in assessment of penalties, a special examination and/or  
2 administrative action.

3 10. Respondents' unlawful actions described above and Britton's abandonment of  
4 Seaside's escrow business caused the Commissioner, on October 9, 2012, to issue an Order To  
5 Discontinue Escrow Activities Pursuant to Financial Code section 17415 against Seaside along with  
6 a Demand For and Order Taking Possession of the Trust Account(s) and Escrow Records of Seaside  
7 Pursuant to Financial Code Section 17621 and an Order Appointing Peter A. Davidson as  
8 Conservator pursuant to Financial Code section 17630. The orders were necessary in order to offer  
9 any possible protection to the escrow customers of Seaside.

10 11. The above-described violations constitute grounds under Financial Code section  
11 17608 to revoke an escrow agent's license under the Escrow Law.

12 12. On December 5, 2012, the Commissioner issued a Notice of Intention to Issue Order  
13 Revoking Escrow Agent's License and to Issue Order Pursuant to California Financial Code Section  
14 17423 (Bar From Employment, Management or Control of Any Escrow Agent), Accusation and  
15 accompanying documents against Seaside and Britton based upon the above. Seaside was served via  
16 certified, return receipt mail at its licensed location on January 9, 2013. The Department has  
17 received no request for a hearing from Seaside and the time to request a hearing has expired.

18 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow  
19 agent's license of Respondent Seaside Escrow, Inc. is revoked effective upon the termination of the  
20 pending conservatorship, or receivership, if a receiver is later appointed.

21 Dated: January 29, 2013  
22 Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

23 By \_\_\_\_\_  
24 Mary Ann Smith  
25 Deputy Commissioner  
26 Enforcement Counsel  
27  
28



1 MARY ANN SMITH  
Deputy Commissioner  
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6  
7 BEFORE THE DEPARTMENT OF CORPORATIONS  
8 OF THE STATE OF CALIFORNIA  
9

10 In the Matter of THE CALIFORNIA ) File No.: 963-1963  
CORPORATIONS COMMISSIONER, )  
11 )  
Complainant, ) NOTICE AND SUMMARY OF FINDINGS  
12 ) PURSUANT TO CALIFORNIA FINANCIAL  
vs. ) CODE SECTION 17621  
13 )  
SEASIDE ESCROW, INC., )  
14 )  
Respondent. )  
15 )  
16 )  
17 )

18 TO: SEASIDE ESCROW, INC.  
19 300 Carlsbad Village Drive, Suite 212-A  
20 Carlsbad, California 92008  
21 CITY NATIONAL BANK  
22 5601 East Slauson Avenue  
Commerce, California 90040

23 Please take notice that the California Corporations Commissioner finds:

24 1. On or about August 2, 2011, the Commissioner, by and through staff, commenced a  
25 regulatory examination of the books and records of Seaside Escrow, Inc. (“Seaside”). The trial  
26 balance obtained at the commencement of the regulatory examination, disclosed that as of August 1,  
27 2011, Seaside had 29 escrows with debit balances (shortages) totaling \$63,621.03 in violation of  
28 California Code of Regulations, title 10, section 1738.1. The regulatory examination further

1 disclosed that the trust account had not been reconciled since April 2011 in violation of Financial  
2 Code section 17404 and California Code of Regulations, title 10, section 1732.2.

3       2.       On or about August 2, 2011, the Commissioner made demand upon Seaside to  
4 replace all debit balances by close of business August 5, 2011. On or about August 8, 2011, Seaside  
5 responded that it had corrected \$31,528.03 of the debit balances, but needed more time to replace the  
6 remaining debit balances. Seaside was given until August 20, 2011 to replace the remaining debit  
7 balances totaling \$32,093.00. There was no response from Seaside until on or about August 31,  
8 2012 when Seaside responded that it was still attempting to obtain funds to replace the debit  
9 balances. Seaside has never cured the debit balances despite numerous demands.

10       3.       Sometime after the regulatory examination commenced, Nubia Britton (“Britton”),  
11 the president and owner of Seaside, entered into an agreement to sell Seaside to Parkfield Escrow  
12 (“Parkfield”), another escrow agent licensee of the Department of Corporations (“Department”). On  
13 or about November 17, 2011, Parkfield began day to day operations of Seaside. After commencing  
14 such day to day operations, Parkfield discovered that the books and records of Seaside were in much  
15 worse shape than Britton had disclosed. Parkfield brought in a bookkeeper to bring the Seaside  
16 books and records up to date and in the process learned that Seaside had a trust account shortage of  
17 over \$147,000.00. As such, Parkfield notified the Department that it would not be moving forward  
18 with its purchase of Seaside. Parkfield corrected any shortages that occurred while it was operating  
19 Seaside, which shortages occurred as a result of Britton having taken early escrow fees with no  
20 posting, and then Parkfield taking escrow fees again when escrow closed.

21       4.       As of September 10, 2012, the Commissioner’s continuing review of the books and  
22 records of Seaside revealed that the trust account shortage was \$167,739.45. The taking of  
23 unearned escrow fees in violation of Financial Code section 17414(a)(1) and/or Financial Code  
24 section 17420 and California Code of Regulations, title 10, sections 1738 and 1738.2 accounts for at  
25 least \$126,444.45 of the shortage. Additionally, included within the shortage comprised of unearned  
26 fees is \$53,624.15 in shortages that Britton claimed to have previously cured, but the receipts issued  
27 by Britton to cure such shortages had no corresponding deposit of funds.

28       5.       Based on the above, Seaside currently has trust account shortage of at least

1 \$167,739.45. Seaside has failed to cure the shortage and continues in its failure to cure the shortage.

2 6. Britton has not responded to any Department communications since on or about  
3 November 10, 2011. As of September 14, 2012, there remained a balance of \$86,695.57 in the trust  
4 account of Seaside.

5 7. California Financial Code section 17621 provides in pertinent part:

6 Whenever it appears to the Commissioner that any escrow agent subject  
7 to this division:

8 (b) Is conducting escrow business in an unsafe and unauthorized manner;

9 (c) Has violated its charter or any law of the State of California;

10 ...  
11 the commissioner shall dispatch a written notice and summary of findings,  
12 as referred to in Section 17415, to the principal officer of the escrow agent  
13 involved or to its manager of record; and such escrow agent shall be afforded  
14 a reasonable opportunity to comply or otherwise effect such remedy as the  
15 commissioner may deem acceptable. However, should the escrow agent so  
16 notified fail to comply within five days of receipt of the notice, or as soon as  
17 it appears to the commissioner that no compliance is possible, or in the event  
18 prompt delivery of the prescribed written notice is impossible, the commissioner  
19 may forthwith take possession of the property and business of such escrow agent  
20 and retain possession until such escrow agent resumes business or its affairs be  
21 finally liquidated as provided in this chapter. The escrow agent, with the consent  
22 of the commissioner, may resume business upon such conditions as the  
23 commissioner may prescribe.

24 8. Based upon the foregoing, the Commissioner finds that Seaside Escrow, Inc. has  
25 violated Financial Code sections 17404, 17414(a)(2) and 17420 and California Code of Regulations,  
26 title 10, sections 1732.2, 1738, 1738.1 and 1738.2, and is conducting escrow business in such an  
27 unsafe and unauthorized manner, that no compliance is possible.

28 Dated: October 9, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
Mary Ann Smith  
Deputy Commissioner  
Enforcement Division

1 MARY ANN SMITH  
Deputy Commissioner  
2 JUDY L. HARTLEY (CA BAR NO. 110628)  
Senior Corporations Counsel  
3 Department of Corporations  
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6  
7 BEFORE THE DEPARTMENT OF CORPORATIONS  
8 OF THE STATE OF CALIFORNIA  
9

10 In the Matter of THE CALIFORNIA ) File No.: 963-1963  
CORPORATIONS COMMISSIONER, )  
11 ) ORDER APPOINTING PETER A. DAVIDSON  
Complainant, ) AS CONSERVATOR PURSUANT TO  
12 ) CALIFORNIA FINANCIAL CODE SECTION  
vs. ) 17630  
13 )  
14 SEASIDE ESCROW, INC., )  
15 )  
Respondent. )  
16 )  
17 )

18 I, JAN LYNN OWEN, California Corporations Commissioner, pursuant to Financial Code  
19 section 17630, do hereby appoint Peter A. Davidson of the law firm of Erwin, Cohen & Jessup LLP  
20 as Conservator of the trust account(s) and any indemnity funds paid or to be paid by Escrow Agents'  
21 Fidelity Corporation and all bank and escrow records pertinent thereto of Seaside Escrow, Inc.  
22 ("Seaside"), including, but not limited to, the Seaside trust account(s) at City National Bank, or any  
23 other bank holding trust funds of Seaside ("trust property"), in order that he may take possession of  
24 the trust property for the protection of the escrow agent, the customers of the escrow agent, and the  
25 public.

26 The Conservator, pursuant to Financial Code section 17630, shall have all the rights, powers,  
27 and privileges of Seaside, its officers and directors, and shall have the same powers and rights as the  
28 California Corporations Commissioner, while he is in possession of the trust property of Seaside.

1 These rights, powers and privileges shall include all acts as are necessary or expedient to collect,  
2 conserve and protect the trust property of Seaside, including (a) the collection, recovery and  
3 compromise of claims, deeds, property and rights in favor of or belonging to Seaside regarding the  
4 subject trust account(s); (b) the execution of all deeds, conveyances, agreements, compliances and  
5 instruments of every kind and nature in connection with the trust property of Seaside; (c) the  
6 employment of accountants and attorneys to the extent reasonably necessary; and (d) with prior  
7 consent of the California Corporations Commissioner, the institution, maintenance and defense of  
8 suits related to the affairs of the trust property of Seaside, the filing of petitions or applications in  
9 court or elsewhere with respect to the trust property of Seaside, for all purposes.

10 All expenses of the Conservatorship shall be paid out of the assets of Seaside and shall be a  
11 lien thereon which shall be prior to any other lien.

12 This Order is effective on the date hereof and may be amended or terminated upon further  
13 order of the California Corporations Commissioner.

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

15 Dated: October 9, 2012  
16 Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

17  
18 By \_\_\_\_\_  
19 Mary Ann Smith  
20 Deputy Commissioner  
21 Enforcement Division  
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CORPORATIONS COMMISSIONER, )  
12 )  
13 Complainant, ) ORDER TO DISCONTINUE ESCROW  
) ACTIVITIES PURSUANT TO FINANCIAL  
14 vs. ) CODE SECTION 17415  
) )  
15 SEASIDE ESCROW, INC., )  
16 )  
17 Respondent. )  
18 )

19 TO: SEASIDE ESCROW, INC.  
20 300 Carlsbad Village Drive, Suite 212-A  
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23 Commerce, California 90040

24 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

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15           4.       Sometime after the regulatory examination commenced, Nubia Britton (“Britton”),  
16 the president and owner of Seaside, entered into an agreement to sell Seaside to Parkfield Escrow  
17 (“Parkfield”), another escrow agent licensee of the Department of Corporations (“Department”). On  
18 or about November 17, 2011, Parkfield began day to day operations of Seaside.<sup>1</sup> After commencing  
19 such day to day operations, Parkfield discovered that the books and records of Seaside were in much  
20 worse shape than Britton had disclosed. Parkfield brought in a bookkeeper to bring the Seaside  
21 books and records up to date and in the process learned that Seaside had a trust account shortage of  
22 over \$147,000.00.<sup>2</sup> As such, Parkfield notified the Department that it would not be moving forward  
23 with its purchase of Seaside. Parkfield corrected any shortages that occurred while it was operating  
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27 <sup>1</sup> On or about November 8, 2011, Britton informed the Department examiner that she had not been in the office for at  
28 least a week and was unsure when she would return.

<sup>2</sup> A portion of the higher trust account shortage discovered by Parkfield was due to receipts issued in April 2011 by Britton to cure prior debit balances for which no funds had been deposited into the trust account.

1 Seaside, which shortages occurred as a result of Britton having taken early escrow fees with no  
2 posting, and then Parkfield taking escrow fees again when escrow closed.

3 5. As of September 10, 2012, the Commissioner’s continuing review of the books and  
4 records of Seaside revealed that the trust account shortage was \$167,739.45.

5 6. Based on the above, Seaside currently has trust account shortage of at least  
6 \$167,739.45. Britton has not responded to any Department communications since on or about  
7 November 10, 2011. Seaside has failed to cure the shortage and continues in its failure to cure the  
8 shortage.

9 Based upon the foregoing, Seaside is conducting escrow business in such an unsafe and  
10 injurious manner as to render further operations hazardous to the public or to customers.

11 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING  
12 THEREFORE, it is hereby ORDERED, under the provisions of section 17415 of the Financial Code,  
13 that Seaside Escrow, Inc. and any person having in his or her possession any escrow funds or trust  
14 funds immediately discontinue the receipt or disbursement of any escrow or joint control money,  
15 documents or other property in its possession, custody or control.

16 This order is to remain in full force and effect until further order of the Commissioner.

17 Section 17415 of the Financial Code provides as follows:

- 18 (a) If the commissioner, as a result of any examination or from any  
19 report made to him or her, shall find that any person subject to this  
20 division is in an insolvent condition, is conducting escrow business in  
21 such an unsafe or injurious manner as to render further operations  
22 hazardous to the public or to customers, has failed to comply with  
23 the provisions of Section 17212.1 or 17414.1, has permitted its tangible  
24 net worth to be lower than the minimum required by law, has failed to  
25 maintain its liquid assets in excess of current liabilities as set forth in  
26 Section 17210, or has failed to comply with the bonding requirements  
27 of Chapter 2 (commencing with Section 17200) of this division, the  
28 commissioner may, by an order addressed to and served by registered  
or certified mail or personal service on such person and on any other  
person having in his or her possession or control any escrowed funds,  
trust funds or other property deposited in escrow with said person,  
direct discontinuance of the disbursement of trust funds by the parties  
or any of them, the receipt of trust funds, the delivery or recording of  
documents received in escrow, or other business operations. No person  
having in his or her possession any of these funds or documents shall be



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liable for failure to comply with the order unless he or she has received 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 is the subject of an order for relief in bankruptcy, 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 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 of service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right for a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

Dated: October 9, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
Mary Ann Smith  
Deputy Commissioner  
Enforcement Division

1 MARY ANN SMITH  
Deputy Commissioner  
2 JUDY L. HARTLEY (CA BAR NO. 110628)  
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 CALIFORNIA ) File No.: 963-1963  
CORPORATIONS COMMISSIONER, )  
11 ) DEMAND FOR AND ORDER TAKING  
12 Complainant, ) POSSESSION OF THE TRUST FUNDS AND  
13 vs. ) ESCROW RECORDS OF SEASIDE ESCROW,  
14 SEASIDE ECROW, INC., ) INC. PURSUANT TO FINANCIAL CODE  
15 Respondent. ) SECTION 17621  
16 )  
17 )

18 TO: SEASIDE ESCROW, INC.  
19 300 Carlsbad Village Drive, Suite 212-A  
20 Carlsbad, California 92008

21 CITY NATIONAL BANK  
22 5601 East Slauson Avenue  
Commerce, California 90040

23 WHEREAS, Jan Lynn Owen, the California Corporations Commissioner ("Commissioner"),  
24 has found that Seaside Escrow, Inc. ("Seaside Escrow" or "Respondent"), an escrow agent subject to  
25 the Escrow Law (Fin. Code, § 17000 et seq.), is unable to remedy certain conditions set forth in the  
26 Notice and Summary of Findings Pursuant to Financial Code section 17621 issued by the  
27 Commissioner on October 9, 2012; and

28 WHEREAS, Respondent is conducting its escrow business in an unsafe, injurious and

1 unauthorized manner, so as to render further operations hazardous to the public or to customers in  
2 that:

3 (a) Seaside has caused a shortage of at least \$167,739.45 to exist in the trust account in  
4 violation of California Code of Regulations, title 10, section 1738.1.

5 (b) Seaside has abandoned its escrow business.

6 (c) Seaside failed to properly liquidate and wind down the escrow business leaving trust  
7 funds on deposit in the Seaside trust account, which trust funds totaled \$86,695.57 as of September  
8 14, 2012.

9 (d) Seaside has been unable to cure the trust account shortage.

10 NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the  
11 Commissioner, effective this date, hereby demands and takes possession of the trust account(s) of  
12 Seaside Escrow, Inc. and all bank and escrow records pertinent thereto, and will retain possession  
13 thereof until the Commissioner appoints a conservator, or until its affairs are finally liquidated as  
14 provided for in Division 6, Chapter 6 of the Financial Code, or it resumes business with the consent  
15 and upon such conditions as the Commissioner may prescribe.

16 This Demand For and Order Taking Possession is effective as of the date hereof.

17 Dated: October 9, 2012  
18 Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

19  
20 By \_\_\_\_\_  
21 Mary Ann Smith  
22 Deputy Commissioner  
23 Enforcement Division  
24  
25  
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