

BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE )  
CALIFORNIA CORPORATIONS, )  
COMMISSIONER )  
Complainant, )  
vs. )  
GREGORY TANNENBAUM, )  
Respondent. )

File No.: 963-1899  
OAH No.: L-2002050206

**FINAL DECISION (AFTER  
REJECTION OF PROPOSED  
DECISION) AND ORDER**

**I**

**PROCEDURAL HISTORY**

On June 4, 2002, in Los Angeles, California, Milford A. Maron, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter. Complainant, the California Corporations Commissioner, was represented by Michelle Lipton, Corporations Counsel. Respondent, Gregory Tannenbaum, appeared in person and was represented by his counsel, Michael J. Matlaf, Esq. Oral and documentary evidence was received, the record was closed and the matter was submitted for decision.

On June 11, 2002, the Administrative Law Judge submitted a Proposed Decision, which was rejected by the California Corporations Commissioner on September 18, 2002. Pursuant to Government Code Section 11517(c)(2), Gregory Tannenbaum was served with the Notice of Nonadoption of Proposed Decision, and was notified that the case would be decided by the California Corporations Commissioner upon the record, including the transcript of the proceedings held on June 4, 2002, and upon any written argument offered by the parties. On October 11, 2002, the parties submitted written argument.

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II

FACTUAL FINDINGS

1. On or about September 19, 2001, Central Escrow, Inc., an escrow agent licensed by the California Corporations Commissioner pursuant to Financial Code Section 17419 of the Escrow Law, submitted an application to employ Gregory Tannenbaum, as an Escrow Assistant.

2. Following the submission of the employment application, Michelle Lipton, Corporations Counsel, made an Accusation on behalf of Demetrios A. Bourtis, the California Corporations Commissioner. The Accusation alleges and charges that Gregory Tannenbaum should be barred from any position of employment, management or control of any escrow agent under Financial Code Section 17423.

3. The California Corporations Commissioner is charged with the duty to enforce the Escrow Law. (Cal. Fin. Code § 17000, et. seq.) The Escrow Law provides that the California Corporations Commissioner may, by order, censure or suspend for a period not exceeding 12 months, or bar from any position of employment, management, or control any escrow agent, or any other person, if the California Corporations Commissioner finds that the person has been convicted of any offense specified in Section 17414.1 of the Escrow Law, or any other offense reasonably related to the qualifications, functions or duties of a person engaged in the business.<sup>1</sup> The Escrow Law further provides that any person who has committed any offense specified in Section 17414.1 within the past 10 years shall not serve in any capacity as an officer, director, stockholder, trustee, agent, or employee of an escrow agent.<sup>2</sup> The offenses specified in Section 17414.1 of the Escrow Law include robbery, burglary, theft, embezzlement, fraud, fraudulent conversion or misappropriation of property, forgery, bookmarking, or receiving stolen property.<sup>3</sup>

4. A certificate of rehabilitation issued under Penal Code Section 1203.4 does not preclude the California Corporations Commissioner from bringing an action to censure or

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<sup>1</sup> California Financial Code Section 17423(a)(2).

<sup>2</sup> California Financial Code Section 17414.1(a).

<sup>3</sup> California Financial Code Section 17414.1(b)(7.)

1 suspend for a period not exceeding 12 months, or bar a person from employment, management,  
2 or control of any escrow agent.<sup>4</sup>

3 5. The purpose of the California Corporations Commissioner's power to bar an  
4 escrow agent or person from employment, management or control is to protect the public, escrow  
5 agent, industry, and the funds on deposit with the escrow agent.

6 6. Gregory Tannenbaum was convicted of violating Penal Code Section 487.1  
7 (Grand Theft Property) on March 5, 1993, a misdemeanor in the Municipal Court of the  
8 Antelope Judicial District, County of Los Angeles, State of California. Gregory Tannenbaum  
9 pled nolo contendere and the court found him guilty of Grand Theft Property. The conviction  
10 arose out of a situation wherein Gregory Tannenbaum at the age of 22, while being employed as  
11 the store manager, embezzled \$600.00.

12 7. On July 20, 2001, the Court entered an order setting aside and vacating the  
13 conviction pursuant to Penal Code Section 1203.4.

14 8. Grand Theft Property is a crime reasonably related to the qualifications, functions  
15 and duties of a person engaged in escrow activities.

16 9. Approximately 10 years has elapsed since the event leading to Gregory  
17 Tannenbaum's conviction. Gregory Tannenbaum has not been charged with any other crime.

18 10. Since his conviction, Gregory Tannenbaum has worked regularly in positions of  
19 responsibility in the real estate industry where opportunities were available for malfeasance.  
20 During this time, there is no evidence that he has engaged in malfeasance. Gregory Tannenbaum  
21 is current on installment obligations, such as rent and credit card bills, participates in charity  
22 events, is in a 13-year relationship and is extremely close with his family. Gregory Tannenbaum  
23 is contrite for his misbehavior.

24 11. Gregory Tannenbaum's punishment for the conviction was 26 days of community  
25 service, restitution to the victim, a small fine, and three years of unsupervised probation. All  
26 have been satisfactorily completed.

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<sup>4</sup> California Financial Code Section 17423(g).



1 **ORDER**

2 Wherefore, based on the records in this case, including the transcript of proceedings of  
3 June 4, 2002, Complainant and Respondents' written arguments, the foregoing, and good cause  
4 appearing therefore,

5 Under Financial Code Section 17423, Gregory Tannenbaum is hereby suspended from  
6 the effective date of this order through March 5, 2003, from acting as an Escrow Assistant or in  
7 any other position of employment, management or control with an escrow agent where he would:

- 8 1. Have access to money or negotiable securities belonging to or in the possession of  
9 the escrow agent; and  
10 2. Draw checks upon the escrow agent or the trust accounts of the escrow agent.

11 During his period of suspension, Gregory Tannenbaum may continue to be employed by  
12 an escrow agent in any position, including employment as an Escrow Secretary Assistant with  
13 Central Escrow, Inc., that does not involve these responsibilities.

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15 This Decision shall become effective on November 12 2002.

16 IT IS SO ORDERED.

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18 DATED: Nov. 12, 2002

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21 DEMETRIOS A. BOUTRIS  
22 California Corporations Commissioner  
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