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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
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12 In the Matter of the Accusation of THE) File No.: 963-2186
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER BARRING LINDA J. DANCY FROM
14 Complainant,) ANY POSITION OF EMPLOYMENT,
15) MANAGEMENT OR CONTROL OF ANY
16 vs.) ESCROW AGENT
17 TRACYOURSALES.NET ESCROW)
INCORPORATED and LINDA J. DANCY,)
18 Respondents.)
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20 Pursuant to the Settlement Agreement entered into between Tracyoursales.net Escrow
21 Incorporated (“Trac Escrow”), Linda J. Dancy (“L. Dancy”) and the California Corporations
22 Commissioner ("Commissioner") on May 10, 2007, L. Dancy is hereby barred from any position of
23 employment, management or control of any escrow agent. This Order shall be effective July 9, 2007.

24 Pursuant to the terms of the Settlement Agreement, L. Dancy stipulates to the following facts
25 as alleged in the Accusation for purposes of this action and any future proceedings initiated by or
26 brought before the California Corporations Commissioner only:

27 1. Trac Escrow is an escrow agent licensed by the Commissioner pursuant to the Escrow
28 Law of the State of California (California Financial Code Section 17000 et seq.). Trac Escrow has

1 its principal place of business located at 762 W. Town and Country Road, Orange, California 92868.
2 L. Dancy is and was the president, secretary, treasurer, sole director and shareholder of Trac Escrow.

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4 2. On August 1, 2005, the Commissioner received information that Trac Escrow was not
5 properly balancing files at close of escrow, was operating other businesses out of the escrow
6 premises, and that John Dancy (“J. Dancy”), the husband of L. Dancy, was managing Trac Escrow
7 under the assumed name of Jim Riedmuller. J. Dancy had been convicted of wire fraud on April 23,
8 2003. Pursuant to California Financial Code section 17414.1, J. Dancy is automatically prohibited
9 from serving in any capacity as an officer, director, stockholder, trustee, agent, or employee of an
10 escrow agent, or in any position involving any duties with an escrow agent, in this state. Further, the
11 real estate license of J. Dancy had been revoked by the California Department of Real Estate on
12 December 17, 2004.

13 3. On August 5, 2005, the Commissioner commenced a special examination of Trac
14 Escrow (“special examination”). The special examination revealed that (i) J. Dancy was managing
15 the operations of Trac Escrow, (ii) Trac Escrow has failed to maintain its books and records as
16 required under the Escrow Law, (iii) escrow files were being closed without sufficient funds, and
17 (iv) an affiliated company was sharing office space with Trac Escrow with no safeguards in place
18 regarding the Trac Escrow trust funds and/or escrow books and records as follows:

19 A. J. Dancy:

20 On or about April 23, 2003, J. Dancy was convicted of wire fraud in a case brought by the
21 United States Attorney General. As a result of that conviction, J. Dancy is automatically prohibited
22 under California Financial Code section 17414.1 from serving in any capacity as an officer, director,
23 stockholder, trustee, agent, or employee of an escrow agent or in any position involving any duties
24 with an escrow agent in California for a period of ten years from the date of the conviction.

25 The escrow agent’s license application filed with the Commissioner by Trac Escrow on
26 October 15, 2004 pursuant to California Financial Code section 17209, which application resulted in
27 the issuance of the escrow agent’s license that is the subject of this action (license number 963-2186,
28

1 hereinafter "application"), stated that L. Dancy was the only officer, director, and/or shareholder of
2 Trac Escrow. L. Dancy signed the application under penalty of perjury.

3 Pursuant to California Financial Code section 17209, an application for an escrow agent's
4 license is required to contain a completed statement of identity and questionnaire ("SIQ") for all
5 stockholders, directors, officers, trustees, managers and other persons participating in the escrow
6 business (other than usual and customary employees who file under Section 17414.1 and 17419)
7 along with their fingerprints. The application did not contain an SIQ or fingerprints for J. Dancy.

8 Pursuant to California Financial Code sections 17414.1 and 17419, a completed statement of
9 identity and employment application ("SIE") along with fingerprints is required to be submitted for
10 all persons seeking employment with an escrow agent or potential escrow agent, except those
11 required to file an SIQ, within ten days of employment. The application did not contain an SIE for J.
12 Dancy. The issuance of the escrow agent's license by the Commissioner to Trac Escrow was based
13 upon all the information submitted with the application.

14 The special examination revealed that J. Dancy, under the assumed name of Jim Riedmuller,
15 was managing the operations of Trac Escrow in violation of California Financial Code section
16 17414.1. Specifically, Department of Motor Vehicle records revealed that Jim Riedmuller, who
17 introduced himself to the examiner upon his arrival as the director of operations for Trac Escrow
18 (although Trac Escrow later tried to retract this statement), was in fact J. Dancy. The
19 Commissioner's examiner further observed that Trac Escrow personnel repeatedly consulted J.
20 Dancy during the course of the examination whenever Trac Escrow's staff was presented with
21 requests for information and documentation by the Commissioner's examiner regarding the special
22 examination. Additionally, escrow files disclosed communications from customers of Trac Escrow
23 to J. Dancy referring to J. Dancy under the assumed name of Jim Riedmuller as vice-president and/or
24 owner of Trac Escrow. Moreover, L. Dancy, when specifically questioned about Jim Riedmuller by
25 the Commissioner's examiner, never disclosed his true identity.

26 Pursuant to California Financial Code sections 17212.1, 17414.1 and 17419, escrow agents
27 are required to amend their application(s) if there is any change in any of the persons required to be
28 identified in the application(s) and/or if new usual and customary employees have been hired. Trac

1 Escrow has not filed any application amendment with the Commissioner regarding J. Dancy.

2 Trac Escrow and L. Dancy, by allowing J. Dancy to hold a position with Trac Escrow and by
3 further failing to inform the Commissioner of this information, violated California Financial Code
4 sections 17209, 17212.1, 17414.1 and/or 17419. There can be no question that such violations were
5 knowing on the part of Respondents.

6 B. Books and Records:

7 The trust account reconciliations provided by Trac Escrow through June 2005 were incorrect
8 and contained numerous adjustments with no explanations in violation of California Financial Code
9 Section 17404 and California Code of Regulations, title 10, section 1732.2. For instance, one June
10 30, 2005 reconciliation provided by Trac Escrow contained an adjusting item of \$39,247.00 added to
11 the beginning balance with an explanation that the exact source of this amount is undeterminable.
12 Demand was made upon Trac Escrow to provide proper trust account reconciliations by August 10,
13 2005, but Trac Escrow failed to comply with this demand until on or about October 19, 2005.

14 C. Close Shorts:

15 i. Escrow number 05-01-115: On June 30, 2005, Trac Escrow violated California Code
16 of Regulations, title 10, section 1738.2 by closing escrow without having received all the funds
17 required by the escrow instructions. These actions on the part of Trac Escrow caused disbursements
18 from escrow to be delayed until on August 10, 2005 when the remaining \$8,000.00 was received
19 into escrow.

20 ii. Escrow number 05-01-117: On July 14, 2005, Trac Escrow violated California Code
21 of Regulations, title 10, section 1738.2 by closing escrow without having received all the funds
22 required by the escrow instructions. These actions on the part of Trac Escrow caused all
23 disbursements from escrow to be delayed, except seller proceeds, until Trac Escrow covered the
24 \$1,503.97 shortage pursuant to the demand of the Commissioner.

25 D. Affiliates:

26 The special examination further disclosed that Tracyoursales.net (“Tracyoursales”), an
27 affiliate of Trac Escrow, was located on the same premises as Trac Escrow with Tracyoursales
28 personnel having easy access to the books and records of Trac Escrow, including escrow funds.

1 California Financial Code section 17414.1 and California Code of Regulations, title 10, section 1726
2 require escrow agents to notify the Commissioner in writing through specified forms of any person
3 having access to escrow funds. According to the website of Trac Escrow/Tracyoursales, as of
4 November 29, 2005, Tracyoursales had at least sixteen employees of which only three had ever been
5 reported to the Commissioner by Trac Escrow.

6 Further, Tracyoursales, according to the Trac Escrow/Tracyoursales website, operates as an
7 escrow coordination service. This escrow coordination service, with respect to all escrows handled
8 by Trac Escrow, will “acquire all disclosures, verify all signatures by all parties, order all reports,
9 schedule all inspections, and make sure that all affiliates (?) are on Trac” and allow the escrow
10 parties and real estate agents to “see the progress on our website from beginning to end, this includes
11 viewing all documentation . . .” The costs of these escrow coordination services provided to the
12 escrow customers of Trac Escrow are included in the escrow fee charged by Trac Escrow.

13 By virtue of providing these escrow coordination services, not only are the employees of
14 Tracyoursales participating in the business of Trac Escrow, but also with respect to certain of the
15 services (ordering title, etc.) are actually engaged in escrow processing. California Financial Code
16 sections 17209(g) and 17414.1(c)&(d) require an escrow agent to notify the Commissioner in
17 writing of any person participating in the escrow agent’s business and to authorize the Commissioner
18 access to that person(s)’ criminal history. As stated above, the website of Trac
19 Escrow/Tracyoursales, as of November 29, 2005, represented that Tracyoursales had at least sixteen
20 employees of which only three have ever been reported to the Commissioner.

21 E. Lack of Manager:

22 Subsequent to the special examination, the Commissioner learned that Trac Escrow, since at
23 least April 2006 through October 2006, did not have a person stationed at its licensed location that
24 met the experience requirements of Financial Code section 17200.8. Further, the website of Trac
25 Escrow/Tracyoursales, as of August 3, 2006, listed four escrow officers, none of which have been
26 reported to the Commissioner as required by California Financial Code sections 17414.1 and 17419
27 and California Code of Regulations, title 10, section 1726. 2.
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Dated: May 10, 2007
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger, Lead Corporations Counsel