

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 JUDY L. HARTLEY (State Bar No. 110628)
Senior Counsel
4 Department of Business Oversight
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-7604
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of:) ESCROW LICENSE NO.: 963-2490
)
12 THE COMMISSIONER OF BUSINESS) ORDER TO DISCONTINUE ESCROW
13 OVERSIGHT,) ACTIVITIES PURSUANT TO FINANCIAL
) CODE SECTION 17415
14 Complainant,)
)
15 v.)
)
16 VELOCITY ESCROW, INC.,)
)
17 Respondent.)
18)

19
20 TO: VELOCITY ESCROW, INC.
17744 Sky Park Circle, Suite 250
21 Irvine, California 92614

22 CITY NATIONAL BANK
23 5601 East Slauson Avenue
24 City of Commerce, California 90040.

25 THE COMMISSIONER OF BUSINESS OVERSIGHT FINDS THAT:

26 1. On October 21, 2014, the Commissioner of Business Oversight (“Commissioner”)
27 commenced an action to revoke the escrow agent’s license of Velocity Escrow, Inc. (“Velocity”) and
28 to bar its two officers and shareholders, Mutasem Al Saad (“Al Saad”) and Hali Saad (“Saad”), from

ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT
TO FINANCIAL CODE SECTION 17415

1 any position of employment, management or control. The pleadings were personally served on
2 Velocity, Al Saad and Saad on October 23, 2014. Velocity, Al Saad and Saad filed Notices of
3 Defense with the Commissioner, and a two-day hearing is scheduled for May 27 and 28, 2015 at the
4 Los Angeles Office of Administrative Hearings.

5 2. Pursuant to Financial Code section 17423, subdivision (c), Al Saad and Saad are
6 prohibited from engaging in any escrow processing activities, including disbursing any trust funds in
7 Velocity’s possession, custody or control, and have been since October 23, 2014.

8 3. On or about March 18, 2015, Velocity’s sole employee authorized to process escrows
9 and sign on the trust account; Mohamed E., left his employ with Velocity to operate his own escrow
10 company. Velocity was aware in late February 2015 that this employee would be leaving as of
11 March 18, 2015, and had assured staff at the Department of Business Oversight (“Department”) that
12 a former employee of Velocity; Darwiche B., would be re-hired by March 18, 2015 to ensure that
13 Velocity could continue to process escrows after that date.

14 4. On or about April 3, 2015, the Department commenced a special examination of
15 Velocity. The only person present at Velocity on April 3, 2015 was Al Saad. According to the
16 signature card for the trust account, the only authorized signer for the trust account was Mohamed
17 E., who left his employ with Velocity on or about March 18, 2015. Al Saad represented to the
18 Department on the Summary of Personnel that Darwiche B. had started working again for Velocity
19 on March 20, 2015. A review of several open escrow files revealed that the trust receipts were still
20 being signed by Mohamed E. after March 18, 2015. Al Saad stated that while Mohamed E. is no
21 longer with Velocity, Velocity is paying Mohamed E. until April 4, 2015 when Darwiche B. starts
22 working. This statement was a contradiction to what Al Saad represented in the Summary of
23 Personnel about Darwiche B.’s start date. The file review also disclosed that Saad continued
24 processing escrow transactions in violation of Financial Code section 17423, subdivision (c).

25 5. On or about April 6, 2015, the Department’s examiner returned to Velocity.
26 Darwiche B. appeared at Velocity at or about 3:45 p.m. that day solely for the purpose of being
27 added as an authorized signer on the trust account. A review of cleared trust account checks
28 disclosed that all trust account checks issued during March 2015 and all trust account checks issued

1 and cleared between April 1, 2015 and April 6, 2015 were signed by Mohamed E. The
2 Department’s review also disclosed that Velocity had opened fifty-four new escrows since March
3 19, 2015.

4 6. The Department returned to Velocity on April 7, 9 and 14, 2015. The Department’s
5 examiner remained on-site at Velocity during normal business hours for each of those days, and
6 Darwiche B. never appeared. The only persons present at Velocity were Al Saad and Saad.

7 7. The balance in the trust account was \$876,390.85 as of April 8, 2015.

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

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

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

16 Financial Code section 17415 provides as follows:

17 (a) If the commissioner, as a result of any examination or from any
18 report made to him or her, shall find that any person subject to this
19 division is in an insolvent condition, is conducting escrow business in
20 such an unsafe or injurious manner as to render further operations
21 hazardous to the public or to customers, has failed to comply with
22 the provisions of Section 17212.1 or 17414.1, has permitted its tangible
23 net worth to be lower than the minimum required by law, has failed to
24 maintain its liquid assets in excess of current liabilities as set forth in
25 Section 17210, or has failed to comply with the bonding requirements
26 of Chapter 2 (commencing with Section 17200) of this division, the
27 commissioner may, by an order addressed to and served by registered
28 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
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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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: April 17, 2015
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division