

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
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Senior Corporations Counsel  
4 320 West 4th Street, Suite 750  
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6 Attorneys for Complainant

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

11 In the Matter of THE CALIFORNIA )  
CORPORATIONS COMMISSIONER, )

File No.: 963-1944

13 Complainant,

) **ORDER REVOKING ESCROW AGENT'S**  
) **LICENSE PURSUANT TO FINANCIAL**  
) **CODE SECTION 17606**

14 v.

15 WEST ESCROW, INC., )

16 Respondent. )  
17 )

18 TO: WEST ESCROW, INC.  
315 S. Beverly Drive, Suite 515  
19 Beverly Hills, California 90212  
20

21 NOW THEREFORE the California Corporations Commissioner ("Commissioner"), having  
22 found that West Escrow, Inc. ("West Escrow") committed the following violations of the Escrow  
23 Law of the State of California (Fin. Code, § 17000 et seq.) ("Escrow Law"):

24 1. On or about November 13, 2008, the Commissioner commenced a special examination  
25 of the books and records of West Escrow. The special examination revealed the following:

26 a. Beginning in or about March 2008, and continuing through at least August 2008, West  
27 Escrow transferred or otherwise disbursed trust funds totaling at least \$39,300.00 to its general and/or  
28 payroll accounts or otherwise for the payment of business operating expenses or other non-trust

1 related expenses in violation of Financial Code section 17409 and 17414, subdivision (a)(1), and  
2 California Code of Regulations, title 10, sections 1738 and 1738.2.

3 b. The unauthorized disbursements described in paragraph 1.a., above, caused a shortage  
4 of at least \$39,300.00 to exist in the trust account of West Escrow in violation of California Code of  
5 Regulations, title 10, section 1738.1<sup>1</sup>.

6 c. Commencing in or about July 2007, and continuing through at least July 2008, West  
7 Escrow made unauthorized disbursements of trust funds totaling at least \$486,034.68 in violation of  
8 Financial Code section 17414, subdivision (a)(1), and California Code of Regulations, title 10,  
9 sections 1738 and 1738.2.

10 d. The unauthorized disbursements described in paragraph 1.c., above, caused a shortage  
11 of at least \$486,034.68 to exist in the trust account of West Escrow in violation of California Code of  
12 Regulations, title 10, section 1738.1<sup>2</sup>.

13 e. In connection with the unauthorized disbursements described above in paragraph 1.c.,  
14 West Escrow has falsified escrow records by creating false receipts in violation of Financial Code  
15 section 17414, subdivision (a)(2).

16 2. Furthermore, the Commissioner found that West Escrow committed additional  
17 violations of the Escrow Law, including the following:

18 a. Failed to perform monthly bank reconciliations of the trust account since at least April  
19 30, 2008 in violation of Financial Code section 17404 and California Code of Regulations, title 10,  
20 section 1732.2.

21 b. Failed to comply with the bonding requirements of Financial Code section 17202 in  
22 that effective October 19, 2008, Bond Number 1006155 issued by Accredited Surety and Casualty  
23 Company in favor of West Escrow expired and no replacement bond was obtained in violation of  
24 section 17202 of the Financial Code.

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26 <sup>1</sup> West Escrow caused a total net shortage to exist in the trust account of at least \$528,934.83 in violation of California  
27 Code of Regulations, title 10, section 1738.1.

28 <sup>2</sup> See Fn. 1.

1 c. Failed to pay its annual assessment as is required by Financial Code section 17207.

2 d. Failed to employ an escrow manager, in that on or about November 12, 2008, Angie  
3 West, West Escrow's president and sole shareholder, passed away leaving West Escrow without any  
4 escrow manager in violation of Financial Code section 17200.8.

5 e. Failed to report employees to the Commissioner, in that West Escrow employed  
6 several individuals in its escrow business without having first notified the Commissioner of their  
7 employment in violation of Financial Code section 17419 and California Code of Regulations, title  
8 10, section 1726.

9 3. The Commissioner demanded that West Escrow cure the defects described above;  
10 however, West Escrow remained in violation of the above-cited provisions of the Financial Code.

11 4. Based upon the foregoing, the Commissioner found that West Escrow violated  
12 Financial Code sections 17200.8, 17202, 17207, 17404, 17409, 17414, subdivisions (a)(1) and  
13 (a)(2), 17419 and California Code of Regulations, title 10, sections 1726, 1732.2, 1738,  
14 1738.1, 1738.2, and had conducted its escrow business in an unsafe and unauthorized manner,  
15 such that compliance with the above-cited provisions of the Escrow Law was not possible.

16 5. On November 19, 2008, the Commissioner issued his Order to Discontinue  
17 Escrow Activities Pursuant to Financial Code section 17415 for the above-cited violations of  
18 the Escrow Law..

19 6. On March 19, 2009, the Commissioner issued his Notice and Summary of  
20 Findings Pursuant to Financial Code section 17621 and Demand For and Order Taking  
21 Possession of the Trust Funds and Escrow Records of West Escrow, Inc. Pursuant to  
22 Financial Code section 17621 for the above-cited violations of the Escrow Law.

23 7. In accordance with Financial Code section 17636 of the Escrow Law, on April  
24 17, 2009, the Commissioner filed his Petition for the Appointment of a Limited Receiver over  
25 West Escrow's trust affairs in the matter captioned the *People of the State of California v.*  
26 *West Escrow, Inc. and West Exchange, Inc.*, case number BS1201172. On June 8, 2009, the  
27 Superior Court of Los Angeles County appointed Peter A. Davidson as West Escrow's  
28 Limited Receiver. On December 2, 2010, the Superior Court issued its order discharging the

1 Limited Receivership.

2 8. On December 2, 2010, the Commissioner issued his Order Appointing Yong  
3 Hi Kristie Jaynes as Conservator Pursuant to Financial Code section 17630.

4 WHEREFORE, the Commissioner hereby revokes the escrow agent's license of West  
5 Escrow, Inc. pursuant to Financial Code section 17606, effective this date.

6 Dated: December 5, 2011

7 PRESTON DuFAUCHARD  
8 California Corporations Commissioner

9 By: \_\_\_\_\_  
10 ALAN S. WEINGER  
11 Deputy Commissioner  
12 Enforcement Division  
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