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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: nlcscrows.com
Dave Smith, General Manager
1875 Century Park East, Suite 2200
Los Angeles, California 90067
and
5640 S. Maryland Ave
Chicago, Illinois 60637
and
28437 Greenfield Road, Ste. 202
Southfield, Michigan 48076-7165

Tony Beal, Company Agent
19918 Regent
Detroit, Michigan 48205

DESIST AND REFRAIN ORDER

(For violations of sections 17200, 17210.2 and 17403 of the California Financial Code)

The California Corporations Commissioner finds that:

1. Nlcscrows.com, Dave Smith and Tony Beal have engaged in the business of an escrow agent by advertising escrow services over the Internet at www.nlcscrows.com from April 11, 2006 through the present as follows:

a) Nlcscrows.com represents on its website that the process works as follows: The buyer and seller agree to the terms of the transaction. The buyer pays nlcscrows.com, which verifies the payment. Nlcscrows.com notifies the seller to ship its merchandise and then verifies that the buyer receives the shipment. The buyer accepts the merchandise. Nlcscrows.com then pays the seller and the transaction is complete.

b) Nlcscrows.com claims to protect both the buyer and the seller from fraud with this process.

c) Nlcscrows.com, Dave Smith and Tony Beal have represented themselves to be licensed escrow agents by advertising that the company is NLCS Escrow Services, Inc., located in

1 Los Angeles, California, and that it holds Department of Corporations escrow agents' license number
2 963-1832. In fact, the Department of Corporations issued escrow license number 963-1832 to NLCS
3 Escrow Services, Inc., in Laguna Niguel, California, on July 7, 1999. Nlcsescrows.com is not a
4 website of NLCS Escrow Services, Inc.

5 d) Nlcsescrows.com, Dave Smith and Tony Beal have represented that the escrow
6 services provided by Nlcsescrows.com are provided by Internet Escrow Services (IES), and that IES
7 is "fully licensed and accredited as an escrow company and is subject to compliance with all
8 applicable escrow regulations." In fact, IES is an affiliate of Escrow.com and nlcsescrows.com is not
9 affiliated with either IES or Escrow.com.

10 2. Neither nlcsescrows.com, Dave Smith nor Tony Beal has been issued a license from the
11 Commissioner authorizing them to conduct business as an escrow agent, as required by California
12 Financial Code section 17200.

13 3. Neither nlcsescrows.com, Dave Smith nor Tony Beal is exempt from the licensing
14 requirements of Section 17200.

15 4. Neither nlcsescrows.com, Dave Smith nor Tony Beal has been issued a license from the
16 Commissioner authorizing them to use words indicating that they are in the escrow business, as
17 required by California Financial Code section 17403.

18 5. Nlcsescrows.com, Dave Smith and Tony Beal have disseminated or caused to be
19 disseminated false, misleading and/or deceptive statements or representations which refer to
20 nlcsescrows.com's affiliation with IES, when, in fact, nlcsescrows.com is not affiliated with IES in
21 any way.

22 Based upon the foregoing findings, the California Corporations Commissioner is of the
23 opinion that nlcsescrows.com, Dave Smith and Tony Beal and their officers, directors, partners,
24 agents, employees and/or servants are in violation of California Financial Code sections 17200,
25 17210.2(a) and 17403(a). Pursuant to California Financial Code section 17416, nlcsescrows.com,
26 Dave Smith and Tony Beal are hereby ordered to desist and refrain from engaging in the business of
27 receiving escrows for deposit or delivery without first obtaining a license from the Commissioner.
28 Pursuant to California Financial Code section 17403(b), nlcsescrows.com, Dave Smith and Tony

1 Beal are further ordered to immediately desist and refrain from issuing, circulating, or publishing any
2 advertisement by means of any communication, including any website, or making use of or
3 circulating any letterheads, billheads, blank notes, blank receipts, blank escrow instructions,
4 certificates, circulars, or any written or printed paper containing any fictitious or corporate name or
5 other words indicating that they are in the escrow business. Pursuant to California Financial Code
6 section 17210.2(c), nlcsescrows.com, Dave Smith and Tony Beal are further ordered to immediately
7 desist and refrain from disseminating, or causing or permitting to be disseminated, in any manner
8 whatsoever, any statement or representation which is false, misleading, or deceptive, or which omits
9 to state material information, or which refers to the supervision of that agent by the State of
10 California or any department or official thereof. Nlcsescrows.com, Dave Smith and Tony Beal are
11 further ordered to immediately desist and refrain from disseminating or causing or permitting to be
12 disseminated, in any manner whatsoever, any statement or representation that nlcsescrows.com is in
13 any manner associated with IES.

14 This Order is necessary, in the public interest, for the protection of investors and consistent
15 with the purposes, policies and provisions of the California Escrow Law. This order shall remain in
16 full force and effect until further order of the California Corporations Commissioner.

17 Dated: April 19, 2006
18 Los Angeles, California

19 WAYNE STRUMPFER
20 Acting California Corporations Commissioner

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22 By: _____
23 LOUISA BROUDY
24 Deputy Commissioner
25 Financial Services Division
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