

BEFORE THE DEPARTMENT OF CORPORATIONS  
FOR THE STATE OF CALIFORNIA

In the Matter of )  
 )  
L. B. "LORRY FREDERICKS ) File No. ALPHA  
and/or )  
L. B. FREDERICKS ESCROWS ) L-22889  
 )  
Respondents. )  
\_\_\_\_\_ )

DECISION

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the Department of Corporations as its decision in the above entitled matter.

This Decision shall become effective on the \_\_\_\_\_ date of March 9, 1981.

IT IS SO ORDERED this \_\_\_\_\_ day of March 19, 1981.

DEPARTMENT OF CORPORATIONS  
STATE OF CALIFORNIA

By Geraldine Green

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In the Matter of	)	
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L. B. "LORRY" FREDERICKS	)	File No. ALPHA
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L. B. FREDERICKS ESCROW	)	L-22889
	)	
Respondents.	)	
_____	)	

PROPOSED DECISION

This matter came on regularly for hearing before Richard J. Lopez, Administrative Law Judge of the Office of Administrative Hearings at Los Angeles, California on February 9, 1981, at 9:00 a.m. George A Crawford, Counsel, and Diana Smith, Counsel, represented the complainant. Respondent L. B. "Lorry" Fredericks appeared in person, and was represented by James N. Barr, Attorney.

Documentary and oral evidence, and evidence by way of written stipulation and official notice, was admitted. Prior to the hearing, complainant filed a trial brief (hearing memorandum). The brief was received and marked Exhibit 2 for identification only. The record was left open to allow respondent to file a brief and to allow complainant to file a closing brief. On February 19, 1981, respondent filed a reply brief; said brief was received and marked Exhibit A, for identification. On February 27, 1981, complainant filed its closing brief; said brief was received and marked as Exhibit 3, for identification.

Thereafter, the matter was submitted. The Administrative Law Judge now finds the following facts:

I

Respondent L. B. "Lorry" Fredericks is not licensed to conduct escrows.

## II

On July 28, 1980, the Commissioner of Corporations of the State of California, pursuant to Section 17416 of the Financial Code, issued to respondent L. B. "Lorry" Fredericks and/or L. B. Fredericks Escrow (Hereinafter "respondent") an Order to Desist and Refrain in this state, from engaging in business as an Escrow Agent as defined in Section 17004 of the Financial Code for the reason that in the opinion of the Commissioner of Corporations respondent was acting as an unlicensed Escrow Agent in violation of Section 17200 of the Financial Code.

## III

On November 10, 1980, a request for a hearing by respondent pursuant to Section 17416 of the Financial Code was filed at the Los Angeles office of the Commissioner of Corporations. The sixty day requirement of said section was waived by both parties.

## IV

Under a service agreement (hereafter referred to as "contract") respondent contracts with licensed real estate brokers "to provide Broker with a staff and all necessary supplies and proper escrow processing on any transaction which Broker may, at his option choose to have (respondent) process for the (Broker's) 'Escrow Division'". The contract provides that the escrow fee be split, according to formula, between the contracting broker and respondent.

## V

It was established that on at least one occasion, on October 4, 1979, a real estate broker ("New Horizon Real Estate") appointed respondent as The broker's agent and Attorney in Fact to operate The escrow trust account of the broker's escrow division. Under said document respondent, inter alia, had the right and power - with specific reference to escrows - to make deposits and withdrawals, to sign for the broker, to draw in his own name checks for escrow fees, and to draw drafts against title companies. Under said "specific power of attorney" the respondent, in essence, stood in the shoes of the broker, and had the right and power to control the escrow division of the

broker and, thus, had the right and power to control the escrow.

## VI

It was established that escrows were conducted pursuant to the contract detailed in Finding IV in combination with the "specific power of attorney" detailed in Finding V.

\* \* \* \* \*

Pursuant to the foregoing findings of fact, the Administrative Law Judge makes the following determination of issues:

### I

Respondent conducted an escrow within the meaning and intent of Financial Code (hereinafter "Code") Section 17003 and acted as an escrow agent under Code Section 17004.

### II

Good cause exists for the Desist and Refrain Order heretofore issued and served upon respondent pursuant to Code Section 17416, ordering respondent to desist and refrain from engaging in the business of receiving escrows for deposit or delivery for compensation, in that such conduct by respondent while unlicensed is a violation of Code Section 17200.

\* \* \* \* \*

WHEREFORE, THE FOLLOWING ORDER is hereby made:

The Desist and Refrain Order issued and served upon respondent herein, is hereby upheld.

I hereby submit the foregoing which constitutes my Proposed Decision in the above-entitled matter, as a result of the hearing had before me on February 9, 1981, at Los Angeles, California, and recommend its adoption as the decision of the Department of Corporations.

DATED: \_\_\_\_\_

RICHARD J. LOPEZ  
Administrative Law Judge  
Office of Administrative Hearings

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