

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
3 Deputy Commissioner
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DEPARTMENT OF CORPORATIONS
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10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

12 In the Matter of THE CALIFORNIA)
13 CORPORATIONS COMMISSIONER,)

) File No.: 963-2115

14 Complainant,)

) ORDER TO DISCONTINUE ESCROW
) ACTIVITIES PURSUANT TO FINANCIAL
) CODE SECTION 17415

15 v.)

16 ORANGE COUNTY ESCROW, INC.)

17 Respondent.)
18)
19)

20 TO: ORANGE COUNTY ESCROW, INC.
21 2112 E. 4th street, suite #240
Santa Ana, CA 92705

22 COMERICA BANK
23 2321 Rosecrans Avenue, Suite 5000
24 El Segundo, CA 90245-4537

1 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

2 1. On September 15, 2010, the California Corporations Commissioner (“Commissioner”)
3 issued the Final Decision After Reconsideration (“Decision”), attached as Exhibit A to the Order
4 Revoking Escrow Agent’s License, which is attached hereto as Exhibit 1 and incorporated herein by
5 reference. Pursuant to the Decision, effective September 15, 2010, the escrow agent’s license of
6 Respondent Orange County Escrow, Inc. (“Orange County”) was suspended for a period of one year,
7 and Respondent Armando Miranda was barred from any position of employment, management or
8 control of any escrow agent for a period of one year. In addition, the Decision required Orange
9 County Escrow to bring current all outstanding audits and fees due to the Department of Corporations
10 within 30 days, “If Respondent fails to comply by the due date, its license shall be automatically
11 revoked, by operation of law.” Decision p. 11 (emphasis in original).

12 2. Respondent Orange County failed to bring current all outstanding audits and fees within 30
13 days as required by the Decision. Therefore, on October 26, 2010, Orange County’s escrow agent’s
14 license was revoked. See Exhibit 1.

15 3. Pursuant to California Financial Code sections 17609.1 and 17609.2,¹ the Commissioner’s
16 powers are not terminated by such revocation.

17 4. The Commissioner was informed by Comerica Bank, which maintains Orange County’s
18 trust account, that money remained in the trust account.

19 5. The Commissioner commenced a special examination of Orange County’s trust account
20 which result in the following findings:

21 a. Although Orange County’s escrow agent’s license was revoked in October 2010, as
22 of June 1, 2011, approximately \$185,790 remained in the trust account of Orange County.

23 b. These funds, by definition, are held in trust and do not belong to Orange County.

24 c. Orange County failed to bring current all outstanding audits as required by the
25 Decision, and failed to reconcile and disburse the trust funds as required by Financial Code section
26 17414 and California Code of Regulations, title 10 section 1732.2.

27 _____
28 ¹ All statutory references are to the California Financial Code unless otherwise noted.

1 Based upon the foregoing, Orange County Escrow, Inc. is conducting its escrow business in
2 such an unsafe or injurious manner as to render further operations hazardous to the public or to
3 customers.

4 NOW, THEREFORE, BASED UPON THE FOREGOING AND GOOD CAUSE
5 APPEARING, it is hereby ORDERED, under the provisions of Financial Code section 17415, that
6 Orange County Escrow, Inc. and any person having in his or her possession any escrow or trust funds
7 or general account funds to discontinue immediately the receipt or disbursement of any such funds,
8 documents or other property in its possession, custody or control.

9 This order is to remain in full force and effect until further order of the Commissioner.
10 Financial Code section 17411 provides:

11 No person shall knowingly keep or cause to be kept any funds or money
12 in any bank or state or federal savings and loan association under the
13 heading of "trust funds" or "escrow accounts" or any other name
14 designating such funds or money as belonging to the clients of any
 escrow agency, except actual escrow or trust funds deposited with such
 agency.

15 Financial Code section 17415 provides:

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

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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 or service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

DATED: July 28, 2011
Los Angeles, California PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division