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STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: Precharg.com
www.precharg.com

DESIST AND REFRAIN ORDER

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

The Commissioner of Business Oversight finds that:

1. Precharg.com is a business entity of unknown type. In July 2020, Precharg.com maintained a public website at www.precharg.com. On its website, Precharg.com purported to have its principal place of business at 180 Montgomery Street, Suite 650, San Francisco, California 94104.
2. The domain name for Precharg.com’s website is registered by Namecheap, Inc., a Delaware corporation with its principal place of business at 4600 East Washington Street, Suite 305, Phoenix, Arizona 85034.
3. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of receiving escrows for deposit or delivery under the Escrow Law (Fin. Code, § 17000 et seq.).
4. It is “unlawful for any person to engage in business as an escrow agent within this state except by means of a corporation duly organized for that purpose licensed by the commissioner as an escrow agent.” (Fin. Code, § 17200.) “Escrow agent” includes persons engaged in the business of receiving escrows for deposit or delivery over the internet. (§§ 17004.5, 17005.6.)
5. No person undertaking the performance of escrow agent services may “issue, circulate, or publish any advertisement by any means of communication . . . containing any fictitious or corporate name or other words indicating that the person is in the escrow business, unless the person is a licensed escrow agent.” (Fin. Code, § 17403, subd. (a); see § 17005.4.)
6. In addition, no escrow agent “shall disseminate, or cause or permit to be disseminated, in any manner whatsoever, any statement or representation which is false, misleading, or deceptive,

1 or which omits to state material information, or which refers to the supervision of that agent by the
2 State of California or any department or official thereof.” (Fin. Code, § 17210.2, subd. (a).)

3 7. In July 2020, Precharg.com engaged in the business of an escrow agent over the
4 internet and advertised that it is in the escrow business by offering the following services on its
5 website:

6 a. Precharg.com offered a “defined process whereby a buyer puts money into the
7 custody of a trusted third party with a guarantee that funds are available for payment to the seller
8 after a specified set of conditions has been met.”

9 b. Precharg.com claimed to allow buyers and sellers to “[s]afely buy and sell
10 products and services from \$100 to \$10 million or more,” including domain names, motor vehicles,
11 electronics, and jewelry. A transaction would occur in the following manner: the buyer and seller
12 agree on terms, the buyer deposits payment into the custody of Precharg.com, the seller delivers the
13 goods or service to the buyer, the buyer approves the goods or service, and Precharg.com releases the
14 payment to the seller.

15 8. The phone number and mailing address listed on Precharg.com’s website actually
16 belong to Internet Escrow Services, Inc., doing business as Escrow.com, which is a California
17 corporation and an escrow agent licensed by the Commissioner under license number 963-1867 with
18 its principal place of business at 180 Montgomery Street, Suite 650, San Francisco, California 94104.

19 9. Precharg.com is not officially related to, affiliated with, or authorized by Internet
20 Escrow Services, Inc., or Escrow.com.

21 10. Precharg.com stated on its website that it is “[h]eadquartered in California, . . .
22 licensed, bonded and regularly audited.”

23 11. Precharg.com has not been issued a license by the Commissioner under the Escrow
24 Law and is not authorized to engage in business as an escrow agent in California. Precharg.com is not
25 exempt from the licensing requirements of Financial Code sections 17200 and 17403.

26 12. Under Financial Code section 17416, if, in the opinion of the Commissioner, a person
27 “is engaged, either actually or through subterfuge, in the business of receiving escrows for deposit or
28

1 delivery” without a license from the Commissioner, the Commissioner “may order that person to
2 desist and to refrain from engaging in that business.”

3 13. Under Financial Code section 17403, subdivision (b), if, in the opinion of the
4 Commissioner, a person has violated section 17403, the Commissioner “may order that person to
5 desist and refrain from that violation.”

6 14. Under Financial Code section 17210.2, subdivision (c), the Commissioner “may order
7 any person to desist from any conduct which the commissioner finds to be a violation” of section
8 17210.2.

9 Based on the foregoing, the Commissioner is of the opinion that Precharg.com has engaged in
10 the business of receiving escrows for deposit or delivery in California without first obtaining a license
11 in violation of Financial Code section 17200.

12 The Commissioner is also of the opinion that Precharg.com has advertised that it is in the
13 escrow business without being a licensed escrow agent in violation of Financial Code section 17403,
14 subdivision (a).

15 The Commissioner is also of the opinion that Precharg.com has disseminated or caused or
16 permitted to be disseminated any statement or representation which is false, misleading, or deceptive,
17 or which omits to state material information, or which refers to the supervision of that agent by the
18 State of California or any department or official thereof in violation of Financial Code section
19 17210.2, subdivision (a).

20 Accordingly, under Financial Code section 17416, Precharg.com is ordered to desist and
21 refrain from engaging in the business of receiving escrows for deposit or delivery in California
22 without first obtaining a license from the Commissioner.

23 Further, under Financial Code section 17403, subdivision (b), Precharg.com is ordered to
24 desist and refrain from issuing, circulating, and publishing any advertisement by any means of
25 communication containing any fictitious or corporate name or other words indicating that it is in the
26 escrow business without first obtaining a license from the Commissioner.

27 Further, under Financial Code section 17210.2, subdivision (c), Precharg.com is ordered to
28 desist from disseminating or causing or permitting to be disseminated any statement or representation

1 which is false, misleading, or deceptive, or which omits to state material information, or which refers
2 to the supervision of that agent by the State of California or any department or official thereof.

3 This Order is necessary, in the public interest, for the protection of consumers, and consistent
4 with the purposes, policies, and provisions of the Escrow Law. This Order shall remain in full force
5 and effect until further order of the Commissioner.

6 Dated: August 27, 2020
7 Los Angeles, California

8 MANUEL P. ALVAREZ
9 Commissioner of Business Oversight

10 By _____
11 MARY ANN SMITH
12 Deputy Commissioner
13 Enforcement Division
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