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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) ESCROW LICENSE NO.: 963-0038
13)
14 THE COMMISSIONER OF FINANCIAL) DEMAND FOR AND ORDER TAKING
PROTECTION AND INNOVATION,) POSSESSION OF THE TRUST FUNDS AND
15) ESCROW RECORDS OF BUILDERS
Complainant,) DISBURSEMENTS, INC. UNDER FINANCIAL
16) CODE SECTION 17621
17 v.)
18 BUILDERS DISBURSEMENTS, INC.,)
Respondent.)
19)
20)

21 TO: BUILDERS DISBURSEMENTS, INC.
22 601 E. Glenoaks Boulevard, Suite 101
23 Glendale, California 91207

24 AMERICAN CONTINENTAL BANK
17700 Castleton Street, Suite 100
25 City of Industry, California 91748

26 AMERICAN PLUS BANK, N.A.
27 630 W. Duarte Road
28 Arcadia, California 91007

1 BANK OF AMERICA, N.A.
2 3812 San Fernando Road
3 Glendale, California 91204

4 CALIFORNIA INTERNATIONAL BANK, N.A.
5 8632 East Valley Boulevard, Suite A
6 Rosemead, California 91770

7 CATHAY BANK
8 9650 Flair Drive
9 El Monte, California 91732

10 FIRST COMMERCIAL BANK (USA)
11 18725 E. Gale Avenue, Suite 150
12 City of Industry, California 91748

13 NEW OMNI BANK, N.A.
14 1235 S. Garfield Avenue
15 Alhambra, California 91801

16 PACIFIC CITY BANK
17 777 E. 12th Street, 2nd Floor
18 Los Angeles, California 90021

19 ROYAL BUSINESS BANK
20 11304 1/2 South Street
21 Cerritos, California 90703

22 WHEREAS Manuel P. Alvarez, the Commissioner of Financial Protection and Innovation
23 (Commissioner), has found that Builders Disbursements, Inc. (Builders), a joint control agent subject
24 to the Escrow Law of the state of California (Fin. Code, § 17000 et seq.), is unable to remedy certain
25 conditions set forth in the Notice and Summary of Findings issued by the Commissioner on March 2,
26 2021 under section 17621 of the Financial Code; and

27 WHEREAS Builders is conducting its escrow business in an unsafe, injurious, and
28 unauthorized manner so as to render further operations hazardous to the public and to customers in
that Builders has:

(a) failed to reconcile at least once each month the bank statements of its trust accounts
with the escrow ledger and escrow liability controlling account since at least December 31, 2016, in

1 violation of Financial Code section 17404 and California Code of Regulations, title 10, section
2 1732.2.

3 (b) failed to establish and maintain currently its general ledger reflecting the assets,
4 liabilities, capital income and expense of the business, in accordance with generally accepted
5 accounting principles, since at least June 30, 2017, in violation of Financial Code section 17404 and
6 California Code of Regulations, title 10, sections 1732 and 1732.3.

7 (c) caused a trust shortage (debit balance) to exist in the escrow trust account in the
8 amount of \$173,992.04, of which \$2,585.72 is an actual shortage, in violation of California Code of
9 Regulations, title 10, section 1738.1.

10 (d) knowingly or recklessly caused the disbursement of trust funds not in accordance with
11 escrow instructions in violation of Financial Code section 17414, subdivision (a)(1) and 10 CCR
12 sections 1738 and 1738.2, by allowing the bank to assess NSF fees of \$1,585.72 against the escrow
13 trust account. To date, Builders has failed to replace the trust funds from its general account to cover
14 the NSF fees the bank took from the trust account to cover the overdraft transactions.

15 (e) knowingly or recklessly caused the disbursement of trust funds not in accordance with
16 escrow instructions in violation of Financial Code section 17414, subdivision (a)(1) and 10 CCR
17 sections 1738 and 1738.2, when it disbursed \$1,000.00 in trust funds to Quach Tai on July 19, 2019.
18 Ryan C. Murphy, Builders' principal, confirmed with audit staff that the transaction was
19 unauthorized. To date, Builders has failed to replace the trust funds it disbursed to Quach Tai without
20 written authorization.

21 (f) failed to submit a closing audit report to the Commissioner, at its own expense, on or
22 before 105 days after the effective date of Builders' license revocation, in violation of Financial Code
23 section 17406, subdivision (c).

24 (g) an escrow trial balance as of August 31, 2020, which shows Builders' current escrow
25 liability of \$372,013.87. Despite having \$372,013.87 in trust liability, Builders' trust account bank
26 statement as of August 31, 2020 reflects a balance of only \$200,607.55.

27 NOW, GOOD CAUSE APPEARING, under Financial Code section 17621, the
28 Commissioner, effective this date, hereby demands and takes possession of the trust funds of Builders

1 Disbursements, Inc., any indemnity funds paid or to be paid by the Escrow Agents' Fidelity
2 Corporation, and all bank and escrow records pertinent thereto, which include any and all computer
3 equipment and storage media containing such records, and will retain possession thereof until the
4 Commissioner appoints a conservator, or until its affairs are finally liquidated as provided for in
5 Division 6, Chapter 6 of the Financial Code, or until it resumes business with the consent and upon
6 such conditions as the Commissioner may prescribe.

7 MANUEL P. ALVAREZ
8 Commissioner of Financial Protection &
9 Innovation

10 Dated: March 2, 2021
11 Los Angeles, California

By _____
12 MARY ANN SMITH
13 Deputy Commissioner
14 Enforcement Division

