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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) NOTICE AND SUMMARY OF FINDINGS
PROTECTION AND INNOVATION,) UNDER FINANCIAL CODE SECTION 17621
15)
16 Complainant,)
17)
18 v.)
19 BUILDERS DISBURSEMENTS, INC.,)
20)
Respondent.)
)

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

24 AMERICAN CONTINENTAL BANK
25 17700 Castleton Street, Suite 100
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 Please take notice that the Commissioner of Financial Protection and Innovation finds:

23 1. Builders Disbursements, Inc. (Builders) is a joint control agent, which was licensed by
24 the Commissioner under Financial Code section 17005.1 of the Escrow Law of the state of California
25 (Fin. Code, § 17000 et seq.) (Escrow Law).

26 2. Builders' principal place of business is located at 601 East Glenoaks Boulevard, Suite
27 101, Glendale, California.

28 3. Ryan C. Murphy (Murphy) is Builder's CEO, CFO, and registered agent.

4. On or about October 22, 2019, the Commissioner revoked Builders' joint control
agent's license, escrow license number 963-0038. Under Financial Code section 17609.2, the
Commissioner retains jurisdiction over Builders despite the fact that the Commissioner revoked the
company's license.

1 5. Under the revocation order, Builders was no longer permitted to accept new business,
2 but could continue to disburse trust funds and service existing customers' joint control fund
3 transactions. (Fin. Code, § 17609.) Builders continues to disburse trust funds and service existing
4 customers' joint control fund transactions.

5 6. On or about August 5, 2019, the Commissioner commenced a regulatory examination
6 of the books and records of Builders and that examination continues through the present. To date, the
7 regulatory examination has disclosed the following.

8 7. Builders has failed to reconcile at least once each month the bank statements of its
9 trust accounts with the escrow ledger and escrow liability controlling account, since at least
10 December 31, 2016, in violation of Financial Code section 17404 and California Code of
11 Regulations, title 10, section 1732.2.

12 8. Builders has failed to establish and maintain currently its general ledger reflecting the
13 assets, liabilities, capital income and expense of the business, in accordance with generally accepted
14 accounting principles, since at least June 30, 2017, in violation of Financial Code section 17404 and
15 California Code of Regulations, title 10, sections 1732 and 1732.3.

16 9. In failing to perform its monthly bank reconciliations and maintain its books and
17 records, Builders has caused a trust shortage (debit balance) to exist in the escrow trust account in the
18 amount of \$173,992.04, of which \$2,585.72 is an actual shortage, in violation of California Code of
19 Regulations, title 10, section 1738.1.

20 10. Builders knowingly or recklessly caused the disbursal of trust funds not in accordance
21 with escrow instructions in violation of Financial Code section 17414, subdivision (a)(1) and 10 CCR
22 sections 1738 and 1738.2 by allowing the bank to assess NSF fees of \$1,585.72 against the escrow
23 trust account. To date, Builders has failed to replace the trust funds from its general account to cover
24 the NSF fees the bank took from the trust account to cover the overdraft transactions drawn on
25 Builders' trust account.

26 11. Builders knowingly or recklessly caused the disbursal of trust funds not in accordance
27 with escrow instructions in violation of Financial Code section 17414, subdivision (a)(1) and 10 CCR
28 sections 1738 and 1738.2, when it disbursed \$1,000.00 in trust funds to Quach Tai on July 19, 2019.

1 Murphy has confirmed with the Commissioner’s audit staff that the transaction was unauthorized. To
2 date, Builders has failed to replace the trust funds it disbursed to Quach Tai without written
3 authorization.

4 12. Under Financial Code section 17406, subdivision (c), a licensee whose escrow agent’s
5 license has been revoked shall submit to the Commissioner, at its own expense, on or before 105 days
6 after the effective date of the revocation, a closing audit report. The Commissioner revoked Builders’
7 license on October 22, 2019, but Builders has yet to submit its closing audit report to the
8 Commissioner in violation of Financial Code section 17406, subdivision (c).

9 13. A review of Builders’ escrow trial balance as of August 31, 2020, reflects a current
10 escrow liability of \$372,013.87. Despite having \$372,013.87 in trust liability, Builders’ trust account
11 bank statement, as of August 31, 2020, reflects a balance of only \$200,607.55.

12 14. Financial Code section 17621 provides, in pertinent part:

13 Whenever it appears to the commissioner that any escrow
14 agent subject to this division:

15 . . .
16 (b) Is conducting escrow business in an unsafe or unauthorized
17 manner;

18 (c) Has violated its charter or any law of the State of
19 California;

20 . . .
21 the commissioner shall dispatch a written notice and summary of
22 findings, as referred to in Section 17415, to the principal officer
23 of the escrow agent involved or to its manager of record; and such
24 escrow agent shall be afforded a reasonable opportunity to comply or
25 otherwise effect such remedies as the commissioner may deem
26 acceptable. However, should the escrow agent so notified fail to
27 comply within five days of receipt of the notice, or as soon as it
28 appears to the commissioner that no compliance is possible, or in the
event prompt delivery of the prescribed written notice
is impossible, the commissioner may forthwith take possession
of the property and business of such escrow agent and retain possession
until such escrow agent resumes business or its affairs be finally
liquidated as provided in this chapter. The escrow agent, with the

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consent of the commissioner, may resume business upon such conditions as the commissioner may prescribe.

15. Based on the foregoing, the Commissioner finds that Builders Disbursements, Inc. has violated Financial Code sections 17404, 17406, subdivision (c), 17414, subdivisions (a)(1), and California Code of Regulations, title 10, sections 1732, 1732.2, 1732.3, 1738, 1738.1 and 1738.2, is conducting escrow business in an unsafe and unauthorized manner and compliance with the Escrow Law is not possible.

MANUEL P. ALVAREZ
Commissioner of Financial Protection &
Innovation

Dated: March 2, 2021
Los Angeles, California

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division