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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) ORDER TO DISCONTINUE ESCROW
PROTECTION AND INNOVATION,) ACTIVITIES UNDER FINANCIAL CODE
15) SECTION 17415
Complainant,)
16)
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 THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION

23 (Commissioner) FINDS THAT:

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

27 2. Builders' principal place of business is located at 601 East Glenoaks Boulevard, Suite
28 101, Glendale, California.

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

1 Commissioner retains jurisdiction over Builders despite the fact that the Commissioner revoked the
2 company's license.

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

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

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

14 8. Builders has failed to establish and maintain currently its general ledger reflecting the
15 assets, liabilities, capital income and expense of the business, in accordance with generally accepted
16 accounting principles, since at least June 30, 2017. Builders' failure to maintain current books and
17 records violates Financial Code section 17404 and California Code of Regulations, title 10, sections
18 1732 and 1732.3.

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

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

1 11. Builders knowingly or recklessly caused the disbursement of trust funds not in accordance
2 with escrow instructions in violation of Financial Code section 17414, subdivision (a)(1) and 10 CCR
3 sections 1738 and 1738.2, when it disbursed \$1,000.00 in trust funds to Quach Tai on July 19, 2019.
4 Murphy has confirmed with the Commissioner’s audit staff that the transaction was unauthorized. To
5 date, Builders has failed to replace the trust funds it disbursed to Quach Tai without written
6 authorization.

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

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

15 Based on the foregoing, Builders Disbursements, Inc. is conducting business in such an
16 unsafe and injurious manner as to render further operations hazardous to the public or to customers.

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1 NOW BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING THEREFORE,
2 under Financial Code section 17415, it is hereby ORDERED that:

3 Builders Disbursements, Inc., and any person having in his or her possession any escrow or
4 joint control funds or trust funds, shall immediately discontinue the receipt or disbursement of any
5 escrow or joint control money, documents, or other property in its possession, custody, or control.
6 This order is to remain in full force and effect until further order of the Commissioner.

7 Financial Code 17415 provides as follows:

8 17415. (a) If the commissioner, as a result of any examination or
9 from any report made to him or her, shall find that any person
10 subject to this division is in an insolvent condition, is conducting
11 escrow business in such an unsafe or injurious manner as to render
12 further operations hazardous to the public or to customers, has
13 failed to comply with the provisions of Section 17212.1 or 17414.1,
14 has permitted its tangible net worth to be lower than the minimum
15 required by law, has failed to maintain its liquid assets in excess
16 of current liabilities as set forth in Section 17210, or has failed
17 to comply with the bonding requirements of Chapter 2 (commencing with
18 Section 17200) of this division, the commissioner may, by an order
19 addressed to and served by registered or certified mail or by
20 personal service on such person and on any other person having in his
21 or her possession or control any escrowed funds, trust funds or
22 other property deposited in escrow with said person, direct
23 discontinuance of the disbursement of trust funds by the parties or
24 any of them, the receipt of trust funds, the delivery or recording of
25 documents received in escrow, or other business operations. No
26 person having in his or her possession any of these funds or
27 documents shall be liable for failure to comply with the order unless
28 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 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

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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).

MANUEL P. ALVAREZ
Commissioner of Financial Protection & Innovation

Dated: March 2, 2021
Los Angeles, California

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

