

1 CLOTHILDE V. HEWLETT  
Commissioner  
2 MARY ANN SMITH  
Deputy Commissioner  
3 SEAN ROONEY  
Assistant Chief Counsel  
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6 Department of Financial Protection and Innovation  
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9 Attorneys for Complainant

10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
11 OF THE STATE OF CALIFORNIA  
12

13 In the Matter of: ) File No.: 963-1721  
14 )  
15 THE COMMISSIONER OF FINANCIAL )  
PROTECTION AND INNOVATION, )  
16 ) ORDER BARRING RESPONDENT JU HEE  
17 Complainant, ) LEE a.k.a. JUDY LEE FROM ANY POSITION  
OF EMPLOYMENT, MANGEMENT, OR  
18 v. ) CONTROL OF ANY ESCROW AGENT  
19 )  
20 TEAM ESCROW, INC., JU HEE LEE a.k.a. )  
JUDY LEE, )  
21 )  
22 Respondents. )  
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24 The Commissioner of Financial Protection and Innovation finds that:

- 25 1. Respondent Team Escrow, Inc. (Team Escrow), a California corporation, is an escrow  
26 agent licensed by the Commissioner of Financial Protection and Innovation (Commissioner or  
27 Complainant) pursuant to the Escrow Law of the State of California (Fin. Code, § 17000 et seq.)  
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1 (Escrow Law) since September 16, 1993. Team Escrow’s principal place of business is located at  
2 6025 Beach Boulevard, Buena Park, California.

3 2. Respondent Ju Hee Lee a.k.a. Judy Lee (Lee) was employed as an escrow officer with  
4 Team Escrow from August 1, 2004 to November 2020. Lee was a signatory on Team Escrow’s trust  
5 account ending in 3369 with Bank of Hope.

6 3. Best Exchange, Inc. (Best Exchange), a California corporation, is an affiliate of Team  
7 Escrow. Best Exchange is a “qualified intermediary” who is a person or company that facilitates a  
8 “1031 exchange<sup>1</sup>” by holding the funds involved in the transaction until they can be transferred to the  
9 seller of the replacement property. The Complainant does not regulate 1031 qualified intermediaries.

10 4. On November 4, 2020, Team Escrow notified the Commissioner that Lee had  
11 disbursed funds from Team Escrow’s trust account without authorization; that the unauthorized  
12 disbursements were discovered on November 3, 2020, after Lee failed to show up at work on  
13 November 2 and 3; and that Lee misappropriated approximately \$2,000,000.00 from Team Escrow’s  
14 trust account and \$4,000,000.00 from Best Exchange’s bank account at Bank of Hope.

15 5. On the same day that Lee’s unlawful activities were discovered, Team Escrow filed a  
16 police report with the Buena Park Police Dept. (BPPD) which stated that approximately  
17 \$2,000,000.00 had been taken from Team Escrow’s trust account and about \$4,000,000.00 had been  
18 transferred out of Best Exchange’s bank account. All funds taken from both the trust account and  
19 Best Exchange had been transferred to a Wells Fargo bank account belonging to Lee but has since  
20 been closed. Lee was arrested by the BPPD on November 4, 2020 and posted bail the same day.

21 6. On or about July 2, 2020, the Commissioner, by and through his staff, commenced a  
22 regulatory examination of Team Escrow covering the period of July 1, 2019 to July 2, 2020 (2020  
23 Examination). The examination was conducted remotely. All requests by the Complainant were sent  
24 by email. The 2020 Examination included the review of escrow files, bank statements, general

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26 <sup>1</sup> A 1031 exchange gets its name from Internal Revenue Code section 1031. Section 1031 allows for a swap of one  
27 investment property for another to avoid paying capital gains taxes when the property is sold and invest the proceeds from  
28 the sale within certain time limits in a property or properties of like kind and equal or greater value. Under section 1031,  
any proceeds received from the sale of a property remain taxable. For that reason, proceeds from the sale must be  
transferred to a qualified intermediary rather than the seller of the property, and the qualified intermediary transfers them  
to the seller of the replacement property or properties.

1 accounts bank reconciliations and the trust account bank reconciliations.

2 7. The 2020 Examination revealed that Lee had illegally taken well above the amounts  
3 initially reported by Team Escrow. The 2020 Examination found that Lee misappropriated, through  
4 unauthorized disbursements or transfers, approximately \$3,300,000.00 from the trust account and  
5 almost \$6,000,000.00 had been transferred from Best Exchange’s bank account with Pacific City  
6 Bank to Lee’s personal entity JLAD, Inc. (JLAD), at least between November 2019 through October  
7 2020, based on JLAD’s bank statements for the same period. Team Escrow provided the  
8 Complainant with JLAD’s bank statements for account ending in 3197 at Chase Bank. However,  
9 Team Escrow has refused to provide the Complainant with the requested books and records related to  
10 Best Exchange because the Complainant does not regulate 1031 qualified intermediaries.

11 8. Violations discovered during the 2020 regulatory examination of Team Escrow  
12 concerning Lee’s activities included the following:

13 (a) Escrow 20-43192-JL: On September 25, 2020, Lee caused an unauthorized  
14 disbursement of trust funds to be made to Best Exchange in the amount of \$90,000.00 in violation of  
15 Financial Code section 17414, subdivision (a)(1) and California Code of Regulations, title 10, section  
16 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$90,000.00 to  
17 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

18 (b) Escrow 20-44223-JL: On September 25, 2020, Lee caused an unauthorized  
19 disbursement of trust funds to be made to Best Exchange in the amount of \$50,000.00 in violation of  
20 Financial Code section 17414, subdivision (a)(1) and California Code of Regulations, title 10, section  
21 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$50,000.00 to  
22 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

23 (c) Escrow 20-44447-JL: On October 13, 2020, Lee caused an unauthorized  
24 disbursement of trust funds to be made to Best Exchange in the amount of \$100,000.00 in violation of  
25 Financial Code section 17414, subdivision (a)(1) and California Code of Regulations, title 10, section  
26 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$100,000.00 to  
27 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

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1 (d) Escrow 20-44382-JL: On September 23, 2020, Lee caused an unauthorized  
2 disbursement of funds to be made to Best Exchange in the amount of \$893,000.00 in violation of  
3 Financial Code section 17414 subdivision (a)(1) and California Code of Regulations, title 10, section  
4 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of. \$893,000.00 to  
5 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

6 (e) Escrow 20-44382-JL: On October 13, 2020, Lee caused an unauthorized  
7 disbursement of funds to be made to Best Exchange in the amount of \$789,595.00 in violation of  
8 Financial Code section 17414 subdivision (a)(1) and California Code of Regulations, title 10, section  
9 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$789,595.00 to  
10 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

11 (f) Escrow 20-44313-JL: On October 14, 2020, Lee caused an unauthorized  
12 disbursement of funds to be made to Best Exchange in the amount of \$558,251.00 in violation of  
13 Financial Code section 17414 subdivision (a)(1) and California Code of Regulations, title 10, section  
14 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$558,251.00 to  
15 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

16 (g) Escrow 20-44425-JL: On October 29, 2020, Lee caused an unauthorized  
17 disbursement of funds to be made to Best Exchange in the amount of \$518,758.51 in violation of  
18 Financial Code section 17414 subdivision (a)(1) and California Code of Regulations, title 10, section  
19 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$518,758.51 to  
20 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

21 (h) Escrow 20-44292-JL: On September 25, 2020, Lee caused an unauthorized  
22 disbursement of funds to be made to Best Exchange in the amount of \$20,000.00 in violation of  
23 Financial Code section 17414 subdivision (a)(1) and California Code of Regulations, title 10, section  
24 1738 and 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$20,000.00 to  
25 exist in the trust account in violation of California Code of Regulations, title 10, section 1738.1.

26 (i) Escrow 20-43126-JL: On March 4, 2020, Lee caused an unauthorized disbursement  
27 of funds to be made to JLAD in the amount of \$200,000.00 in violation of Financial Code section  
28 17414 subdivision (a)(1) and California Code of Regulations, title 10, section 1738 and 1738.2. The

1 unauthorized disbursement of trust funds caused a shortage of \$200,000.00 to exist in the trust  
2 account in violation of California Code of Regulations, title 10, section 1738.1.

3 (j) Escrow 20-43126-JL: On September 28, 2020, Lee caused an unauthorized  
4 disbursement of funds to be made to JLAD in the amount of \$62,500.00 in violation of Financial  
5 Code section 17414 subdivision (a)(1) and California Code of Regulations, title 10, section 1738 and  
6 1738.2. The unauthorized disbursement of trust funds caused a shortage of \$62,500.00 to exist in the  
7 trust account in violation of California Code of Regulations, title 10, section 1738.1.

8 9. Complainant finds that, by reason of the foregoing, Respondent Ju Hee Lee a.k.a. Judy  
9 Lee has violated section 17414, subdivision (a)(1) of the Financial Code and sections 1738, 1738.1,  
10 and 1738.2 of title 10 of the California Code of Regulations and it is in the best interest of the public  
11 to bar Respondent Ju Hee Lee a.k.a. Judy Lee from any position of employment, management or  
12 control of any escrow agent pursuant to section 17423, subdivision (a)(1) of the Financial Code.

13 10. On June 16, 2021, the Commissioner issued a notice of intention to issue order barring  
14 Respondent Ju Hee Lee a.k.a. Judy Lee from any position of employment, management or control of  
15 any escrow agent, accusation, and accompanying documents based upon the above, and Lee was  
16 served by certified return receipt mail with those documents at Lee’s address on file. The Department  
17 of Financial Protection and Innovation did not receive a request for a hearing from Lee.

18 11. On July 13, 2021, the Commissioner issued an amended accusation, and Lee was  
19 served by certified return receipt mail on April 21, 2022 at Lee’s address on file. Lee was also served  
20 with the notice of intention to issue order barring Lee from any position of employment, management  
21 or control of any escrow agent, accusation, and accompanying documents based upon the above. The  
22 Department of Financial Protection and Innovation has received no request for a hearing from Lee  
23 and the time to request a hearing has expired.

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NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that Respondent Ju Hee Lee a.k.a. Judy Lee be barred from any position of employment, management or control of any escrow agent pursuant to section 17423, subdivision (a)(1) of the Financial Code.

Dated: July 13, 2022

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By: \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner

