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 12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
 13 OF THE STATE OF CALIFORNIA

14 In the Matter of:)	FILE NO.: 96DBO-109316 and 963-2116
)	
)	
16 THE COMMISSIONER OF FINANCIAL)	
17 PROTECTION AND INNOVATION,)	DEMAND FOR AND ORDER TAKING
)	POSSESSION OF THE TRUST FUNDS
)	AND ESCROW RECORDS OF FOUNTAIN
18 Complainant,)	VALLEY ESCROW INC. AND INTEGRITY
)	ESCROW INC. PURSUANT TO
)	FINANCIAL CODE SECTION 17621
20 v.)	
)	
21 FOUNTAIN VALLEY ESCROW, INC.,)	
22 INTEGRITY ESCROW, INC.,)	
)	
23 Respondents.)	
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 26 TO: FOUNTAIN VALLEY ESCROW, INC.
 17155 Newhope Street, Suite N
 27 Fountain Valley, California 92708
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INTEGRITY ESCROW, INC.
17155 Newhope Street, Suite N
Fountain Valley, California 92708

CITY NATIONAL BANK
555 South Flower Street 19th Floor
Los Angeles, California 90071

WHEREAS, Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation (Commissioner), has found that Fountain Valley Escrow, Inc. (FVE) and Integrity Escrow, Inc. (IE) (collectively, Respondents), escrow agents subject to the California Escrow Law (Escrow Law) (Fin. Code, § 17000 et seq.), are unable to remedy certain financial conditions and violations of law set forth in the Notice and Summary of Findings Pursuant to section 17621 of the Financial Code issued by the Commissioner on May 10, 2024; and

WHEREAS, Respondents are conducting its escrow business in an unsafe, injurious, and unauthorized manner, so as to render further operations hazardous to the public or to customers in that Respondent FVE has:

- a. Knowingly kept funds belonging to non-clients in its trust account, in violation of Financial Code section 17411.
- b. Knowingly or recklessly disbursed or caused the disbursement of escrow funds otherwise than in accordance with escrow instructions, in violation of Financial Code 17414.
- c. Failed to reimburse at least three escrows, described below, because it does not have the funds to issue refunds. FVE has informed the buyers and their real estate agents that the business is shutting down.
 - i. Escrow #1 – initial deposit of \$27,1500.00
 - ii. Escrow #2 – initial deposit \$19,100.00
 - iii. Escrow #3 – initial deposit \$10,000.00
- d. Failed to meet the tangible net worth requirements mandated by section 17210 of the Financial Code wherein all licensees are required to maintain, at all times, a tangible net worth of at least \$50,000.00. The special examination found that

1 following the unauthorized wire outs, the bank balance of FVE’s trust and general
2 accounts were approximately \$439,242.00 and \$15,440.61, respectively, as of
3 February 29, 2024. As of October 31, 2023, FVE had a tangible net worth
4 deficiency of \$13,017.54.

- 5 e. Failed to maintain current financial statements and general ledgers for its escrow
6 account, in violation of California Code of Regulations, title 10, section 1732.2.
- 7 f. Failed to maintain current financial statements and general ledgers for the general
8 bank account, in violation of California Code of Regulations, title 10, section
9 1732.3. The general ledger and financial statements should have been posted and
10 prepared up through November 30, 2023.
- 11 g. Withdrew, paid out, or transferred funds from its trust account to other accounts
12 otherwise than in accordance with escrow instructions of the principals to the
13 escrow transaction or pursuant to order of a court of competent jurisdiction, in
14 violation of California Code of Regulations, title 10, section 1738.
- 15 h. Withdrew, paid out, or transferred funds from its escrow account in excess of the
16 amount to the credit of such account at the time of such withdrawal, payment, or
17 transfer, in violation California Code of Regulations, title 10, section 1738.1.

18 WHEREAS, Respondents are conducting its escrow business in an unsafe, injurious,
19 and unauthorized manner, so as to render further operations hazardous to the public or to
20 customers in that IE has:

- 21 a. Knowingly caused funds belonging to non-clients to be kept in the trust account
22 for FVE, in violation of Financial Code section 17411.
- 23 b. Knowingly or recklessly disbursed or caused the disbursement of escrow funds
24 otherwise than in accordance with escrow instructions, in violation of Financial
25 Code 17414.
- 26 c. Failed to maintain, at all times, a tangible net worth of \$50,000.00 in excess of
27 current liabilities, in violation of Financial Code section 17210.
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- d. Withdrew, paid out, or transferred funds from its trust account to other accounts otherwise than in accordance with escrow instructions of the principals to the escrow transaction or pursuant to order of a court of competent jurisdiction, in violation of California Code of Regulations, title 10, section 1738.
- e. Withdrew, paid out, or transferred funds from its escrow account in excess of the amount to the credit of such account at the time of such withdrawal, payment, or transfer, in violation California Code of Regulations, title 10, section 1738.1.

WHEREAS, Respondents have closed their business locations at 17155 Newhope Street, Suite N, Fountain Valley, California 92708, but FVE and IE maintain active and inactive escrow agent licenses, respectively:

NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the Commissioner, effective this date, hereby demands and takes possession of the trust accounts of Respondents and all bank and escrow records pertinent thereto and will retain possession thereof until the Commissioner appoints a conservator, or until its affairs are finally liquidated as provided for in Division 6, Chapter 6 of the Financial Code, or it resumes business with the consent and upon such conditions as the Commissioner may prescribe.

Dated: May 10, 2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division