

1 CLOTHILDE V. HEWLETT
Commissioner
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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

) FILE NO.: 96DBO-141737
)
)
)

13
14 THE COMMISSIONER OF FINANCIAL)
15 PROTECTION AND INNOVATION,)

16)
17 Complainant,)

) **DEMAND FOR AND ORDER TAKING**
) **POSSESSION OF THE TRUST FUNDS**
) **AND ESCROW RECORDS OF GROW**
) **ESCROW, INC. PURSUANT TO**
) **FINANCIAL CODE SECTION 17621**

18 v.)
)

19 GROW ESCROW, INC.,)
20)

21 Respondent.)
22)
23)

24 TO: GROW ESCROW, INC.
25 8624 Wilshire Blvd., Suite 110
26 Beverly Hills, CA 90211

27 CITY NATIONAL BANK
555 S. Flower Street, 18th Floor
28 Los Angeles, CA 90071

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QUALIA LABS, INC
Agent For Service of Process
Nate Baker
50 Freemont Street., #3600
San Francisco, CA 94105

WHEREAS, Clothilde V. Hewlett, the Commissioner of Financial Protection and Innovation (Commissioner), has found that Grow Escrow, Inc. (Grow Escrow), an escrow agent subject to the California Escrow Law (Fin. Code, §§ 17000 et seq.) (Escrow Law), is unable to remedy certain financial conditions set forth in the Notice and Summary of Findings Pursuant to section 17621 of the Financial Code issued by the Commissioner on August 6, 2024; and

WHEREAS, Grow Escrow is 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 Grow Escrow has:

- (a) knowingly or recklessly made unauthorized transfers and disbursements of trust funds, causing a total trust shortage of \$850,000, in violation of Financial Code section 17414, subdivision (a)(1) and (b) and California Code of Regulations, title 10, sections 1738, 1738.1 and 1738.2;
- (b) knowingly or recklessly engaged in activity that constitutes theft or fraud in escrow transactions in violation of Financial Code section 17414, subdivision (a)(1);
- (c) knowingly caused and transferred funds from the trust account to the general account in violation of Financial Code sections 17411 and 17411.1;
- (d) failed to report a trust account shortage balance immediately to the Commissioner in violation of Financial Code section 17414, subdivision (c);
- (e) failed to maintain its books and records in accordance with the Escrow Law in that it failed to maintain the trust account bank reconciliation in violation of California Code of Regulations, title 10, section 1732.2;
- (f) 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

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California Code of Regulations, title 10, section 1738;

(g) failed to provide escrow books and records for examination in violation of California Code of Regulations, title 10, section 1732.3; and

(h) failed to notify the Commissioner of the licensee’s change of business address in violation of Financial Code section 17213.1.

NOW, GOOD CAUSE APPEARING, pursuant to Financial Code section 17621, the Commissioner, effective this date, hereby demands and takes possession of the trust and general accounts of Grow Escrow and all bank and escrow records pertinent thereto, which include any and all computer equipment and storage media containing such records, 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 until it resumes business with the consent and upon such conditions as the Commissioner may prescribe.

Dated: August 6, 2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division