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Commissioner
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Deputy Commissioner
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8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

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

14 THE COMMISSIONER OF FINANCIAL
15 PROTECTION AND INNOVATION,

) **ORDER TO DISCONTINUE ESCROW**
) **ACTIVITIES PURSUANT TO FINANCIAL**
) **CODE SECTION 17415**
)

17 Complainant,

18 v.

19 GROW ESCROW, INC.,

21 Respondent.
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23

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

26 CITY NATIONAL BANK
27 555 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

PLEASE TAKE NOTICE that the Commissioner of Financial Protection and Innovation (Commissioner) finds that:

1. Grow Escrow, Inc. (Grow Escrow) is licensed as an escrow agent under the California Escrow Law (Escrow Law) (Fin. Code, § 17000 et seq.), with license number 96DBO-141737.
2. Grow Escrow’s principal place of business was located at 8624 Wilshire Blvd., Suite 110, Beverly Hills, California 90210.
3. Parham Zar (Zar) is the president and 100% owner of Grow Escrow.
4. The California Department of Financial Protection and Innovation (DFPI) commenced a special examination of Grow Escrow’s books and records in 2023, after it received information about missing funds from Grow Escrow’s trust account.
5. On December 15, 2023, and as part of the special examination, Zar informed the DFPI that Grow Escrow had a new business address. Zar informed the DFPI that Grow Escrow changed its address as of December 10, 2023, and that the new address was located at 11718 W. Pico Blvd., Suite 204, Los Angeles, CA 90064. Grow Escrow did not obtain the Commissioner’s prior approval of its change of business address and failed to timely notify the Commissioner of the new address in violation of Financial Code section 17213.1. The DFPI informed Zar to update the Commissioner of Grow Escrow’s change of address, but, to date, Grow Escrow has failed to do so.
6. On December 15, 2023, the DFPI requested cut-off bank statements and bank signature cards from Grow Escrow.
7. On December 18, 2023, Zar informed the DFPI of his intent to close Grow Escrow and surrender its escrow license. To date, the DFPI has not received a surrender request from Grow Escrow. Grow Escrow is no longer operating from 8624 Wilshire Blvd., Suite 110, Beverly Hills, CA 90211, or 11718 W. Pico Blvd., Suite 204, Los Angeles, CA 90064, but its escrow agent license

1 remains active.

2 8. On December 19, 2023, Zar submitted a Summary of Personnel to the DFPI,
 3 indicating he was the president and sole employee of Grow Escrow. However, the bank signature
 4 cards for the escrow trust account included signatures of two former employees.

5 9. From December 21, 2023 to January 11, 2024, the DFPI requested various items for
 6 the special examination of Grow Escrow, including escrow books and records, trust account bank
 7 reconciliation, financials, and escrow status reports.

8 10. Financial Code section 17405, subdivision (b), requires escrow licensees to provide
 9 books and records to the Commissioner upon request.

10 11. Grow Escrow failed to produce all the requested information.

11 12. On January 11 and March 25, 2024, the DFPI sent follow-up letters to Grow Escrow
 12 and Zar requesting all outstanding financials, reports, and documents, and demanded that Grow
 13 Escrow replenish the trust shortage.

14 13. As of the date of this notice, Grow Escrow has failed to produce all the requested
 15 information, in violation of Financial Code section 17405, subdivision (b), and California Code of
 16 Regulations, title 10, section 1737.3.

17 14. The total amount transferred from Grow Escrow’s escrow trust account was
 18 \$850,000.00. The list of funds transferred out of the Grow Escrow trust account is as follows:

Method of Transfer	Date of Transfer	Amount	Beneficiary Party
Check	3/9/2023	\$250,000.00	Greenway Commercial Holdings Ltd.
Bank Transfer	11/9/2023	\$300,000.00	Grows Escrow – General Account ¹
Outgoing wire	11/21/2023	\$100,000.00	Greenway Commercial Holdings Ltd.
Outgoing wire	12/18/2023	\$50,000.00	Greenway Commercial Holdings Ltd.

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 28 ¹ This amount was later transferred from Grow Escrow’s general account into Greenway Commercial Holdings Ltd.

1	Outgoing wire	12/26/2023	\$50,000.00	Greenway Commercial Holdings Ltd.
2	Outgoing wire	1/8/2024	\$50,000.00	Greenway Commercial Holdings Ltd.
3	Outgoing wire	1/16/2024	\$50,000.00	Greenway Commercial Holdings Ltd.
4				
5	Total:		\$850,000.00	

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7 15. Grow Escrow’s bank reconciliation revealed an unreconcilable amount debit balance

8 totaling \$250,000.00 as of March 31, 2023. The trial balance as of December 15, 2023, showed the

9 debit balance of \$250,000.00 recorded under an escrow number labeled “Miscellaneous,” and

10 without any associated property address. On March 9, 2023, a \$250,000.00 check was issued to

11 Greenway Commercial Holdings Ltd. and was signed by Zar. However, this check was not listed on

12 the book balance debit check listing report. Additionally, the debit book balance report from March

13 1, 2023 to March 31, 2023 did not reflect the check. Instead, it showed a miscellaneous entry for

14 \$250,000.00 dated Mach 9, 2023.

15 16. Greenway Commercial Holdings Ltd. holds a California Department of Real Estate

16 license (License Number 02039258). According to its California Secretary of State Statement of

17 Information filed on March 2, 2022, Zar is listed as the Chief Executive Officer, Secretary, Chief

18 Financial Officer, and Director. Grow Escrow and Zar failed to disclose this affiliation with

19 Greenway Commercial Holdings Ltd in the list of bank accounts and affiliated companies form

20 signed by Zar on December 19, 2023, during the DFPI’s special examination.

21 17. On or around August 25, 2023, Greenway Commercial Holdings Ltd. attempted to

22 deposit a \$150,000.00 check into Grow Escrow trust account. The check, payable to Grow Escrow

23 and signed by Zar, was deposited on August 28, 2023, but was returned due to insufficient funds on

24 August 30, 2023. The check did not reference a specific escrow number, and Greenway Commercial

25 Holdings Ltd. was not a principal in any escrow transaction handled by Grow Escrow.

26 18. On November 9, 2023, \$300,000.00 was transferred from Grow Escrow’s trust

27 account into Grow Escrow’s general account in violation of Financial Code sections 17411 and

28 17411.1. That same day, \$300,000.00 was wired from the general account to Greenway Commercial

1 Holdings Ltd.

2 19. Grow Escrow's bank statements revealed additional outgoing wires to Greenway
3 Commercial Holdings Ltd. on the following dates: November 21, 2023 for \$100,000.00; December
4 18, 2023 for \$50,000.00; December 26, 2023 for \$50,000.00; January 8, 2024 for \$50,000.00; and
5 January 16, 2024 for \$50,000.00.

6 20. The transfers and wire-outs described above resulted in a trust account shortage.
7 Grow Escrow has failed to correct the trust shortage, despite DFPI's multiple demands to replenish
8 the funds. As of January 16, 2024, Grow Escrow's trust account showed a shortage of \$850,000.00,
9 in violation of Financial Code section 17414, subdivision (a)(1). Grow Escrow made unauthorized
10 fund transfers, engaged in activity that constitutes theft or fraud in escrow transactions, failed to
11 correct the trust shortage, and conducted escrow business in an unsafe or injurious manner, violating
12 Financial Code sections 17414, subdivision (a)(1), (b), and (c), 17411, 17411.1 and California Code
13 of Regulations, title 10, sections 1738, 1738.1 and 1738.2.

14 21. Additionally, Grow Escrow failed to maintain accurate and reconcilable book balance
15 reports at least once a month as required by California Code of Regulations, title 10, section 1732.2.

16 22. The DFPI received numerous complaints regarding Grow Escrow, as follows:

17 (a) On December 24, 2023, the DFPI received a complaint regarding escrow
18 number 23-116-AM. The complainants filed a civil complaint against Grow
19 Escrow in the Superior Court of California, County of Los Angeles (Case No.:
20 24SMCV01088) for Grow Escrow's failure to release \$727,500.00 of
21 withheld tax funds to the Internal Revenue Service. The matter is still
22 pending.

23 (b) On April 4, 2024, the DFPI received a complaint regarding escrow number
24 23-127 AM. The complainant alleged that Grow Escrow mishandled the
25 escrow transaction by failing to provide a completed form for the Franchise
26 Tax Board withholding tax related to the sale of complainant's property. As a
27 result, the complainant did not receive a credit for the \$15,813.00
28 withholding. A review of the escrow trial balance, dated March 31, 2023,

1 showed a balance of \$42,000.00 for escrow number 23-127 AM, but this
2 escrow number was not listed on the escrow trial balance dated December 15,
3 2023.

4 (c) On April 8, 2024, the DFPI received a complaint stating that Grow Escrow
5 owes the complainant \$26,000.00 related to escrow number 22-55 AM. Based
6 on the escrow trial balance dated December 15, 2023, escrow number 22-55
7 AM had a balance of \$75,000.00. On December 27, 2023, Grow Escrow
8 wired only \$49,000.00 to the complainant, leaving \$26,000.00 outstanding.

9 23. Based upon the foregoing, the Commissioner finds that Grow Escrow has:

10 (a) knowingly or recklessly made unauthorized transfers and disbursements of
11 trust funds, causing a total trust shortage of \$850,000, in violation of Financial
12 Code section 17414, subdivision (a)(1) and (b) and California Code of
13 Regulations, title 10, sections 1738, 1738.1 and 1738.2;

14 (b) knowingly or recklessly engaged in activity that constitutes theft or fraud in
15 escrow transactions in violation of Financial Code section 17414, subdivision
16 (a)(1);

17 (c) knowingly caused and transferred funds from the trust account to the general
18 account in violation of Financial Code sections 17411 and 17411.1;

19 (d) failed to report a trust account shortage balance immediately to the
20 Commissioner in violation of Financial Code section 17414, subdivision (c);

21 (e) failed to maintain its books and records in accordance with the Escrow Law in
22 that it failed to maintain the trust account bank reconciliation in violation of
23 California Code of Regulations, title 10, section 1732.2;

24 (f) withdrew, paid out, or transferred funds from its trust account to other
25 accounts otherwise than in accordance with escrow instructions of the
26 principals to the escrow transaction or pursuant to order of a court of
27 competent jurisdiction, in violation of California Code of Regulations, title 10,
28 section 1738;

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- (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.

24. The Commissioner also finds that Grow Escrow is conducting escrow business in such an unsafe or injurious manner as to render further operations hazardous to the public or to customers.

25. Financial Code section 17415 provides as follows:

(a) If the commissioner, as a result of any examination or from any report made to the commissioner, shall find that any person subject to this division is in an insolvent condition, is conducting or has conducted escrow business in such an unsafe or injurious manner as to render further operations hazardous to the public or to customers, is failing or has failed to comply with the provisions of Section 17212.1 or 17414.1, is permitting or has permitted its tangible net worth to be lower than the minimum required by law, is failing or has failed to maintain its liquid assets in excess of current liabilities as set forth in Section 17210, or is failing or has failed to comply with the bonding requirements of Chapter 2 (commencing with Section 17200) of this division, the commissioner may, by an order addressed to and served by registered or certified mail or by personal service on such person and on any other person having in their possession or control any escrowed funds, trust funds, or other property deposited in escrow with said person, direct discontinuance of the disbursement of trust funds by the parties or any of them, the receipt of trust funds, the delivery or recording of documents received in escrow, or other business operations. No person having in their possession any of these funds or documents shall be liable for failure to comply with the order unless they 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 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

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hearing itself shall stay the order issued by the commissioner under subdivision (a).

NOW, THEREFORE, BASED UPON THE FOREGOING, AND GOOD CAUSE APPEARING, it is hereby ORDERED, under the provisions of Financial Code section 17415, that Grow Escrow, Inc. and any person having in his or her possession any escrow, general or joint control funds or trust funds of Grow Escrow, Inc., shall immediately discontinue the receipt or disbursement of any such funds, escrow, general or joint control money, documents, or other property in its possession, custody, or control.

This order is to remain in full force and effect until further order of the Commissioner.

Dated: August 6, 2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division