PRESTON DUFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, v. LSB ESCROW, INC., Respondent.	File No.: 963-2333 **ORDER TO DISCONTINUE ESCROW ACTIVITIES PURSUANT TO FINANCIAL CODE SECTION 17415**

TO: LSB ESCROW, INC.
5311 TOPANGA CANYON BLVD., #200
WOODLAND HILLS, CA 91356

THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

LSB Escrow Inc. ("LSB") has failed to comply with the liquid asset and tangible net worth requirements of Financial Code section 17210 of the California Escrow Law (Fin. Code, §§ 17000 et seq.) ("Escrow Law"). Pursuant to Financial Code section 17210, all licensees under the California Escrow Law are required to maintain, at all times, liquid assets in the amount of at least $25,000 and a tangible net worth of at least $50,000. The 2008 regulatory examination revealed that as of October 31, 2008, LSB had a liquid asset deficiency in the amount of at least $67,856.40 and a tangible net worth deficiency in the amount of at least $75,151.97 in violation of Financial Code section 17210.

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In response to the California Department of Corporations' ("Department") letter requesting proof of correction of the deficiencies, on February 19, 2009, LSB notified the Department that it was unable to meet the liquidity requirements and it needed more time to meet the liquidity requirements. The deficiencies remain unresolved and LSB has failed to respond to subsequent attempts to resolve these deficiencies.

LSB's 2009 annual audit report revealed that as of August 31, 2010, LSB had a liquid asset deficiency in the amount of at least $33,228 and a tangible net worth deficiency in the amount of at least $41,138 in violation of Financial Code section 17210. On January 12, 2011, the Department again sent a letter to LSB requesting proof of correction of the deficiencies within 30 days. The deficiencies remain unresolved and LSB has failed to respond to attempts to resolve these deficiencies.

Based upon the foregoing, LSB Escrow, Inc. is conducting its escrow business in such an unsafe or injurious manner as to render further operations hazardous to the public or to customers.

NOW, BASED UPON THE FOREGING, AND GOOD CAUSE APPEARING THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that LSB Escrow, Inc. immediately discontinue acceptance of any new escrow or joint control business, and of money, documents or other property in connection therewith.

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

Financial Code section 17415 provides as follows:

> (a) If the commissioner, as a result of any examination or from any report made to him or her, shall find that any person subject to this division is in an insolvent condition, is conducting escrow business in such an unsafe or injurious manner as to render further operations hazardous to the public or to customers, has failed to comply with the provisions of section 17212.1 or 17414.1, has permitted its tangible net worth to be lower than the minimum required by law, has failed to maintain its liquid assets in excess of current liabilities as set forth in Section 17210, 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 personal service on such person and on any other person having in his or her 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,

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the receipt of trust funds, the delivery or recording of documents received in escrow, or other business operations. No person having in his or her possession any of these funds or documents shall be liable for failure to comply with the order unless 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 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).

Dated: September 2, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____

ALAN S. WEINGER
Deputy Commissioner

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