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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF BUSINESS OVERSIGHT, Complainant, vs. RIDGEGATE ESCROW, INC., Respondent.	File No.: 963-2226 STATEMENT OF FACTS IN SUPPORT OF ORDER TO DISCONTINUE VIOLATIONS PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 17602

The Complainant is informed and believes and based upon such information and belief, alleges and charges as follows:

1. RIDGEGATE ESCROW, INC., ("RIDGEGATE") is an escrow agent holding a valid and unrevoked license issued by the Commissioner of Business Oversight ("Commissioner") pursuant to the Escrow Law (Section 17000 et seq. of the Financial Code) and has its principal place of business located at 24025 Park Sorrento, Suite 110B, Calabasas, California 91302.

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2. On or about August 5, 2013, RIDGEGATE filed an escrow license application with the Commissioner for a new branch located at 17327 Ventura Blvd. #200A, Encino, California 91302 ("unlicensed branch").

3. In February 2014, the Commissioner, by and through staff, during review of the branch license application, specifically a trust bank reconciliation submitted by RIDGEGATE, was alerted that the unlicensed branch may have already been operating.

4. On or about February 10, 2014, a special examination of the branch was commenced. The special examination disclosed that the branch contained employees and escrow files and appeared to be operating. It was determined, after collecting and reviewing evidence, that the office had opened on or about July 1, 2013 and that approximately 265 escrows had been processed at the unlicensed location since its inception in violation of Financial Code section 17213.5.

3. On or about February 26, 2014, Department staff returned to RIDGEGATE's unlicensed branch location and determined that the branch had been closed.

4. California Financial Code section 17213.5 provides in pertinent part:

> Licensees of this division shall be entitled to establish additional business office locations by compliance with all of the following:
> (a) Filing with the commissioner notice of the intended address, or addresses.
> (b) Payment of the fees prescribed in Section 17207.
> (c) Filing with the commissioner any additional bonds for the purposes set forth in Sections 17202 and 17203. In addition to the amount required by Section 17202, the amounts for additional office locations shall be five thousand dollars ($5,000) for each additional location. The aggregate amounts of all bonds given by a licensee under this section shall be for the purpose of complying with the conditions of Sections 17202 and 17203 regardless of the office location at which any act violating those conditions takes place, and upon payment of the aggregate amount, the surety is completely released from further liability under the bond or bonds. An escrow agent licensed prior to January 1, 1996, shall comply with the requirements of this subdivision at the time of the next renewal of its bond.
> (d) Filing with the commissioner financial statements prepared in accordance with generally accepted accounting principles. If the licensee's fiscal year end is more than six months before the date of filing the application, the commissioner may require current financial statements which shall not be more than 60 days old. The interim financial statements may be unaudited.

(e) Filing with the commissioner the names and addresses of the licensee's owners and employees to be stationed at the new location, showing that the operation of the additional office, or offices, will be under the complete management and control of the parent licensee.

(f) Filing with the commissioner statements offsetting and meeting each of the conditions set forth in Section 17209.3.

With respect to all applications for authorization to establish additional locations, the commissioner shall promptly commence his or her investigation and review of the application.

The commissioner shall within 30 days from the receipt by the commissioner of a separate and complete application, license the designated premises as a branch of the parent licensee, unless the commissioner finds (1) that the applicant has failed to comply with all of the requirements of this section, (2) that the applicant then fails to meet any of the standards applicable for the issuance of a license pursuant to Section 17209.3, or (3) that a hearing shall be held to determine whether the application should be granted or denied.

5. By reason of the foregoing, RIDGEGATE has violated California Financial Code section 17213.5.

6. California Financial Code section 17602 provides:

If it appears to the commissioner that any licensed escrow agent has violated its articles of incorporation, or any law or rule binding upon it, the commissioner shall, by written order addressed to the agent direct the discontinuance of such violation. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 17604.

7. Financial Code section 17604 provides:

No order issued pursuant to Section 17602 or 17603 may become final except after notice to any licensed escrow agent affected thereby of the intention of the commissioner to make such order final and of the reasons therefore and that upon receipt of a request the matter will be set down for hearing to commence within 15 business days after such receipt unless the licensed agent affected consents to a later date. If no hearing is requested within 30 days after the mailing of such notice and none is ordered by the commissioner, the order may become final without hearing and the licensed escrow agent shall immediately discontinue the practices named in the order. If a hearing is requested or ordered, it shall be held in accordance with the provisions of the Administrative Procedure Act , Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all the powers granted thereunder. If upon the hearing, it appears to the commissioner that the licensed agent is

> conducting business in an unsafe and injurious manner or is violating its articles of incorporation or any law binding upon it, the commissioner shall make the order of discontinuance final and the licensed escrow agent shall immediately discontinue the practices named in the order.

WHEREFORE, good cause showing, the Commissioner of Business Oversight is issuing an Order to Discontinue Violations and notifying RIDGEGATE of her intention to make the order final.

Dated: April 24, 2014
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By_____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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