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California Corporations Commissioner
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7
8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of THE COMMISSIONER OF) Case No.: 963-1832
11 CORPORATIONS OF THE STATE OF)
12 CALIFORNIA,) ORDER SETTING ASIDE ORDER TAKING
13 Complainant,) POSSESSION OF PROPERTY AND
14 vs.) BUSINESS AND ORDER TERMINATING
15 NLCS ESCROW SERVICES, INC.,) CONSERVATORSHIP
16)
17 Respondent.)
18)

19 Whereas, NLCS ESCROW SERVICES, INC. ("NLCS"), a California corporation, was an
20 escrow agent licensed by the California Corporations Commissioner ("Commissioner"), pursuant to
21 the Escrow Law of the State of California (Section 17000, et seq. of the California Financial Code);

22 Whereas, according to the documents filed with the Commissioner by NLCS, Kerry
23 Granzella ("Granzella") was the president and owner of NLCS;

24 Whereas, the Commissioner on February 27, 2003 issued an Order To Discontinue Escrow
25 Activities against NLCS pursuant to Section 17415 of the California Financial Code because NLCS
26 made disbursements totaling more than \$90,000 from its escrow accounts in the form of
27 unauthorized fees or other unauthorized disbursements in violation of California Financial Code §
28 17414(a)(1)(2) and (b) and California Code of Regulations, Title 10, §§ 1738 and 1738.2;

1 Whereas, for reasons stated in the documents listed below and dated February 27, 2003, the
2 Commissioner took possession of NLCS and appointed David Pasternak as Conservator of NLCS
3 (the "Conservator") by issuing the following documents:

4 1. Demand For and Order Taking Possession of Property and Business Pursuant to Section
5 17621 of the California Financial Code (the "Order Taking Possession");

6 2. Notice and Summary of Findings Pursuant to Section 17621 of the California Financial
7 Code;

8 3. Order Appointing David Pasternak as Conservator Pursuant to Section 17630 of the
9 California Financial Code (the "Conservatorship Order").

10 Whereas, pursuant to both the Order Taking Possession and the Conservatorship Order, all
11 persons, including Granzella, who had possession, custody or control of any of the property,
12 business and records of NLCS, became obligated to turn over to the Conservator such property,
13 business and records, including the NLCS escrow agent's license;

14 Whereas, the Conservator has taken possession of the escrow files and records left on the
15 premises of NLCS and all known escrow trust account(s) of NLCS and, pursuant to Section 17630
16 of the California Financial Code, has taken actions to conserve those assets pending the further
17 disposition of the business;

18 Whereas, the Conservator has conducted a reconciliation of the escrow trust account of
19 NLCS and obtained the approval of the Commissioner to make a distribution of the NLCS trust
20 funds;

21 Whereas, the Conservator has distributed such escrow trust funds to the extent that the right
22 to such funds was undisputed;

23 Whereas, the Conservator will retain the seized escrow records for the period mandated by
24 Section 1737.1 of Title 10 of the California Code of Regulations;

25 Whereas, the Commissioner determined that the public interest would be best served by
26 NLCS' surrender of its escrow agent's license, which surrender is within the authority of the
27 Conservator under the Conservatorship Order and Section 17631 of the California Financial Code;

28

1 Whereas, the Conservator will surrender NLCS' escrow agent's license to the Commissioner
2 concurrent herewith;

3 Whereas, the Commissioner orders the Conservator to return possession of NLCS to
4 Granzella without its escrow agent's license and is satisfied that termination of the NLCS
5 conservatorship may be done safely and is in the public interest;

6 Whereas, the Conservator has provided to the Commissioner a written accounting of the
7 activities and expenses of the NLCS Conservatorship, as well as a listing of the outstanding
8 obligations and liabilities.

9 Now, good cause appearing, IT IS HEREBY ORDERED that:

10 1. The Commissioner hereby accepts the Conservator's surrender of the escrow agent's
11 license of NLCS effective this date;

12 2. Any remaining non-trust assets of NLCS in the Conservator's possession shall be
13 applied to the payment of conservatorship expenses previously authorized by the Commissioner;

14 3. All remaining assets, including all corporate account balances remaining in NLCS'
15 accounts, liabilities and business affairs of NLCS and all outstanding obligations and liabilities
16 relating thereto are hereby returned to Granzella, with the exception of the escrow files and trust
17 account records to be maintained by the Conservator;

18 4. The conservatorship over NLCS is hereby terminated pursuant to Section 17634 of
19 the California Financial Code;

20 5. The Commissioner hereby ratifies those actions taken by the Conservator with respect
21 to the business of NLCS to the extent they have been duly reported to the Commissioner or his
22 representatives; and the Conservator, the State of California and each of their respective employees
23 and agents is hereby released from any and all obligation and/or liability arising out of or relating to
24 the conservatorship of NLCS.

25 DATED: July 13, 2009
26 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

27 By _____
28 ALAN S. WEINGER
Deputy Commissioner