

1 PRESTON DUFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Acting Deputy Corporations Commissioner  
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6 Attorneys for Complainant

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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of THE CALIFORNIA )  
CORPORATIONS COMMISSIONER, )

File No.: 963-1982

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13 Complainant,

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

14

v.

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16 PLATINUM COAST ESCROW, INC., )

17

18 Respondents. )

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21 TO: PLATINUM COAST ESCROW, INC.  
4500 Campus Drive, Suite #127-A  
Newport Beach, California 92660

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23 3 Longboat  
Newport Coast, California 92657

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25 COMMERCE WEST BANK  
4685 Macarthur Court  
Newport Beach, California 92660

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28 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

1. Platinum Coast Escrow, Inc. ("Platinum Coast") has removed its escrow agent's  
business from the premises or address shown on its license without the prior approval of the

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1 California Corporations Commissioner ("Commissioner") in violation of section 17213.1 of the  
2 Financial Code.

3         2. Platinum Coast has failed to comply with the bonding requirements of Financial Code  
4 section 17202 in that effective May 29, 2008, Bond Number 41106275 issued by Platte River  
5 Insurance Company in favor of Platinum Coast has expired and no replacement bond has been  
6 obtained. Based on the foregoing, Platinum Coast is conducting escrow business in violation of  
7 section 17202 of the Financial Code.

8         A. On or about May 29, 2008, the Commissioner issued an order to Platinum Coast to  
9 discontinue acceptance of any new escrow or joint control business, and of money, documents or  
10 other property in connection therewith pursuant to Financial Code section 17415.

11         3. Platinum Coast has failed to submit its annual audit report ("annual report) for the  
12 fiscal year ended December 31, 2007, pursuant to Financial Code section 17406. Platinum Coast's  
13 annual report was due to the Commissioner on or before April 15, 2008. The Commissioner notified  
14 Platinum Coast in writing on or about November 13, 2007 of the due date of its annual report as well  
15 as the possibility of the imposition of fines if the annual report was filed late. On or about May 8,  
16 2008, the Commissioner again notified Platinum Coast in writing of the due date of the annual report  
17 and the possibility of the imposition of fines if the report was filed late.

18         Despite having sent two reminder letters, to date the Commissioner has not received Platinum  
19 Coast's annual report for its year ended December 31, 2007 in violation of section 17406 of the  
20 Financial Code.

21         4. Platinum Coast has failed to maintain its books and records in accordance with the  
22 Escrow Law (California Financial Code section 17000, *et seq.*) as follows:

23         A. On or about June 13, 2008, the Commissioner discovered that Platinum Coast had lost  
24 access to its books and records located at Penn Records Management, 3210 S. Standard Avenue,  
25 Santa Ana, California 92705 for failure to pay rent.

26         B. On or about June 18, 2008, the Commissioner wrote to Penn Records Management to  
27 enquire as to the status of Platinum Coast's books and records.

28         C. Penn Records Management responded by letter on or about June 20, 2008, informing

1 the Commissioner that Platinum Coast was over sixty (60) days in arrears in paying its rent on its  
2 storage facility, and presently owes Penn Records Management \$5,225.42. Should Platinum Coast  
3 fail to bring its account in good standing by July 20, 2008, Penn Records Management shall destroy  
4 Platinum Coast's books and records held at its facility.

5 Pursuant to Code of Regulations, title 10, section 1737.3, an escrow agent is required to  
6 preserve its books and records for at least five (5) years from the close of escrow.

7 As a result of the failure of Platinum Coast to maintain proper books and records, the  
8 Commissioner has been unable to determine whether a shortage exists in the trust account of  
9 Platinum Coast or whether it meets the tangible net worth and liquid asset requirements of Financial  
10 Code section 17210.

11 5. On May 1, 2008, the California Secretary of State suspended Platinum Coast's articles  
12 of incorporation on the basis of its failure to pay its franchise tax. To date, Platinum Coast has not  
13 obtained a revivor from the Secretary of State.

14 Based upon the foregoing, Platinum Coast Escrow, Inc. is conducting escrow business in such  
15 an unsafe and injurious manner as to render further operations hazardous to the public or to  
16 customers.

17 NOW, BASED UPON THE FOREGOING, AND GOOD CAUSE APPEARING  
18 THEREFORE, it is hereby ORDERED, under the provisions of Financial Code section 17415, that  
19 Platinum Coast Escrow, Inc. and any person having in his or her possession any escrow or trust funds  
20 or general account funds to discontinue immediately the receipt or disbursement of any such funds,  
21 documents or other property in its possession, custody or control.

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

23 California Financial Code section 17415 provides as follows:

- 24 (a) If the commissioner, as a result of any examination or from any report  
25 made to him or her, shall find that any person subject to this division is in an  
26 insolvent condition, is conducting escrow business in such an unsafe and  
27 injurious manner as to render further operations hazardous to the public or to  
28 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

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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, 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 has been adjudged bankrupt, 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 of service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right for a hearing. Neither the request for a hearing nor the hearing itself shall stay the order issued by the commissioner under subdivision (a).

Dated: June 27, 2008

PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
ALAN S. WEINGER  
Acting Deputy Commissioner  
Enforcement Division