

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Escrow Agent License of:

No. 06F-BD017-BNK

3 **DYNASTY TITLE AGENCY, LLC DBA**
4 **NATIONS DIRECT TITLE AGENCY AND**
5 **CURTIS WHITE, MANAGING MEMBER**
6 2633 E. Indian School Road, Suite 370
Phoenix, Arizona 85016

**SUPERINTENDENT'S FINAL
DECISION AND ORDER**

Respondents.

7 - AND -

8 **CROWN RIO, LLC**

Intervenor.

9
10 The Superintendent of Financial Institutions (the "Superintendent") having reviewed the record
11 in this matter, including the Administrative Law Judge Decision attached and incorporated herein by
12 this reference, adopts the Administrative Law Judge's Findings of Fact, Applicable Law, Conclusions
13 of Law and adopts in part and modifies in part the Order by extending the stay of the revocation from
14 thirty (30) days to sixty-five (65) days.

15 ORDER

16 IT IS ORDERED that the Respondent's escrow agent license be revoked effective as of the date
17 of this order.

18 IT IS FURTHER ORDERED that the revocation be stayed for a period of 65 days after the
19 effective date of this order.

20 NOTICE

21 The parties are advised that, pursuant to A.R.S. § 41-1092.09, this Order shall be final unless
22 Respondents submit a written motion for rehearing no later than thirty (30) days after service of this
23 decision. The motion for rehearing or review must specify the particular grounds upon which it is
24 based as set forth in A.A.C. R20-4-1219. A copy shall be served upon all other parties to the hearing,
25 including the Attorney General, if the Attorney General is not the party filing the claim of error. In the

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1 alternative, the parties may seek judicial review of this decision pursuant to A.R.S. § 41-1092.08(H).

2 DATED this 26th day of April, 2006.

3
4 Bruce Tunell
5 Bruce Tunell¹
6 Acting Superintendent of Financial Institutions

7 ORIGINAL filed this 26th day of
8 April, 2006, in the office of:

9 Felecia Rotellini
10 Superintendent of Financial Institutions
11 Arizona Department of Financial Institutions
12 ATTN: June Beckwith
13 2910 North 44th Street, Suite 310
14 Phoenix, Arizona 85018

15 COPY of the foregoing mailed/hand delivered
16 This same date to:

17 Daniel G. Martin, Administrative Law Judge
18 Office of Administrative Hearings
19 1400 West Washington, Suite 101
20 Phoenix, AZ 85007

21 Craig A. Raby, Assistant Attorney General
22 Office of the Attorney General
23 1275 West Washington
24 Phoenix, AZ 85007

25 Robert D. Charlton, Assistant Superintendent
26 Richard D. Carpenter, Senior Examiner
27 Arizona Department of Financial Institutions
28 2910 N. 44th Street, Suite 310
Phoenix, AZ 85018

AND COPY MAILED SAME DATE by
Certified Mail, Return Receipt Requested, to:

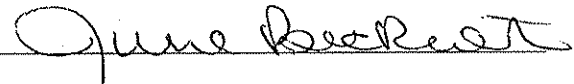
29 Curtis White
30 Owner
31 Dynasty Title Agency, LLC
32 Dba National Direct Title Agency
33 5042 North 70th Street

34 ¹ The Superintendent has recused herself from this matter and, therefore, Bruce Tunell is serving as the Acting Superintendent.

1 Paradise Valley, AZ 85253

2 Robert Momcilovic
3 Crown Rio, LLC dba Nations Direct Title Agency
4 1201 S. Alma School Rd., Suite 14,000
5 Mesa, AZ 85210

6 Mark A. Winsor, Esq.
7 Winsor Law Firm, PLC
8 1201 S. Alma School Rd., Suite 11,000
9 Mesa, AZ 85210

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BY: 

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

RECEIVED

In the Matter of the Escrow Agent License of:

No. 06F-BD017-BNK

MAR 28 2006

**DYNASTY TITLE AGENCY, LLC DBA
NATIONS DIRECT TITLE AGENCY AND
CURTIS WHITE, MANAGING MEMBER**
2633 E. Indian School Road, Suite 370
Phoenix, AZ 85016

ADMINISTRATIVE DEPT. OF FINANCIAL
LAW JUDGE DECISION INSTITUTIONS

- AND -

CROWN RIO, LLC,

Intervenor.

HEARING: January 18, 2006. The record closed on February 27, 2006.

APPEARANCES: Curtis White appeared on his own behalf and on behalf of Respondent Dynasty Title Agency, LLC dba Nations Direct Title Agency. Assistant Attorney General Craig Raby represented the Arizona Department of Financial Institutions. Mark A. Winsor, Esq. represented Intervenor Crown Rio, LLC.

ADMINISTRATIVE LAW JUDGE: Daniel G. Martin

The Arizona Department of Financial Institutions seeks to revoke the escrow agent license issued to Dynasty Title Agency, LLC based on alleged violations by Dynasty of Arizona Revised Statutes Title 6, Chapter 7. Based on the evidence of record, the Administrative Law Judge makes the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. The Arizona Department of Financial Institutions (the "Department") is the duly constituted authority for licensing and regulating financial institutions in the State of Arizona.

2. Respondent Dynasty Title Agency, LLC, doing business as Nations Direct Title Agency ("Dynasty"), holds escrow agent license no. EA-0906030 issued by the Department. Respondent Curtis White is Dynasty's sole owner and managing member.

Office of Administrative Hearings
1400 West Washington, Suite 101
Phoenix, Arizona 85007
(602) 542-9826

1 Mr. White is authorized to transact business in Arizona as an escrow agent within the
2 meaning of Arizona Revised Statutes ("A.R.S.") § 6-801 *et seq.*

3 3. In its capacity as a licensed escrow agent, and in the course and scope of
4 its business operations, Dynasty receives and holds, in a fiduciary capacity, funds that
5 are deposited in connection with various real estate transactions.

6 4. At all times relevant hereto, Dynasty's primary source of business was
7 Dynasty Mortgage, an affiliated company that occupied office space in the same
8 location as Dynasty. As of October 2005, Dynasty Mortgage had ceased doing
9 business. Given the nature of the relationship that existed between Dynasty and
10 Dynasty Mortgage, that cessation of business had a significant, adverse impact on
11 Dynasty's financial condition.

12 5. On October 20, 2005, the Department, responding to the closure of
13 Dynasty Mortgage and with knowledge concerning the potential impact of that closure
14 on Dynasty's operations, initiated an examination of Dynasty's business affairs.
15 Richard Carpenter, a senior examiner with the Department, conducted that
16 examination. Mr. Carpenter has worked for the Department for approximately 36 years,
17 and has been examining escrow companies for approximately 10 years.

18 6. During the course of his examination, which lasted approximately one
19 week, Mr. Carpenter verified that Dynasty's trust accounts were intact (Mr. Carpenter
20 found no evidence of shortages or overages). However, Mr. Carpenter determined that
21 significant deficiencies existed with respect to Dynasty's financial position, its internal
22 controls, and its annual financial reporting, as follows:

23 a. Dynasty had failed to follow up on 54 stale-dated outstanding
24 checks (*i.e.*, disbursement checks aged in excess of 180 days) in two separate
25 escrow trust accounts.

26 b. Dynasty had failed to follow up on stale-dated escrow balances
27 (*i.e.*, escrow account balances aged in excess of 180 days) in two separate
28 escrow trust accounts.

29 c. Dynasty had allowed negative escrow account balances to exist
30 without replenishment for more than three days in two escrow accounts.

1 d. The second of Dynasty's two escrow accounts had not been
2 properly labeled as an escrow account.

3 e. Between December 2004 and September 2005, Dynasty's net
4 worth (measured by the amount of its member's equity) dropped from
5 \$68,795.00 to \$12,069.00.¹ Such decrease was significant to the Department
6 because it constituted substantial evidence of financial instability, and because it
7 indicated to the Department that Dynasty lacked the financial wherewithal to
8 properly ensure the protection of the funds with which it had been entrusted.²

9 f. In September 2005, Dynasty had an operating loss of \$112.33.³

10 g. As of September 30, 2005, Dynasty's debt to net worth ratio, which
11 measures the relationship between the equity positions held by Dynasty's
12 creditors as compared to its members, was excessive. Specifically, that ratio,
13 which was 2.17 in September 2005, evidenced a situation in which Dynasty's net
14 worth was inadequate to support the company's debt.⁴

15 h. Dynasty had failed to submit an adequate, unqualified audit of its
16 escrow, account servicing and subdivision trust activities to the Department
17 within 120 days of its fiscal year end. Specifically, Dynasty's audit report for the
18 fiscal year ending December 31, 2004 was not submitted to the Department until
19 August 23, 2005, and Dynasty's auditors were unable to provide an unqualified
20 opinion as to Dynasty's activities and financial status due to inadequacies in
21 Dynasty's accounting records.

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23 ¹ The \$12,069.00 figure does not account for a receivable on Dynasty's books from Dynasty Holdings
24 in the amount of \$28,630.50. If that receivable, which must be considered tenuous at best (Dynasty
25 Holdings is a defunct company), is removed from the calculation, then Dynasty's working capital as of
26 September 30, 2005 was actually negative (<\$16,561.50>).

² As a general rule, the Department holds that escrow agents should have a net worth of at least
\$100,000.00. Thus, even the December 2004 net worth figure of \$68,795.00 was problematic.

³ Such operating loss must, however, be considered in context. Dynasty's balance sheet for the period
of January through September 2005, a copy of which was admitted as Exhibit 5, shows significant
fluctuations in net income. For example, although Dynasty posted losses in January, May, June and
September 2005 ranging from \$112.33 to \$29,432.11, it posted profits in February, March, April, July and
August ranging from \$2,063.99 to \$38,516.11. In view of these highly disparate figures, the significance of
Dynasty's September 2005 loss is difficult to assess.

⁴ The leveraged nature of Dynasty's business operations as of September 30, 2005 was borne out by
other ratios that Mr. Carpenter calculated based on Dynasty's financial data, including working capital to
current debt ratio, current ratio, and net worth to total assets ratio. See Exhibit 1.

1 i. Dynasty's audit report for the fiscal year ending December 31,
2 2004 failed to include a separate section describing the nature and effectiveness
3 of Dynasty's accounting and internal controls.

4 See Exhibit 1.

5 7. During the course of Mr. Carpenter's examination, the Department
6 requested that Mr. White submit personal financial information pursuant to Arizona
7 Administrative Code ("A.A.C.") R20-4-708. Mr. White did not submit such information.

8 8. On October 26, 2005, Mr. White and Jeff Lingen, Dynasty's Chief
9 Financial Officer,⁵ met with representatives of the Department to discuss the results of
10 the examination. Richard Houseworth, then the Superintendent of Banks, attended that
11 meeting, as did Assistant Superintendents Robert Charlton and Felecia Rotellini (now
12 the Superintendent of the Department). As Mr. Charlton stated at hearing, the
13 presence of the Superintendent and the Assistant Superintendents was not only a
14 reflection of the seriousness with which the Department viewed Dynasty's condition, but
15 also represented a concerted effort to impress upon Mr. White the gravity of his and
16 Dynasty's situation.

17 9. At the October 26, 2005 meeting, Mr. White acknowledged Dynasty's
18 deficiencies as observed by Mr. Carpenter, and advised the Department that he was
19 seeking to resolve the matter by pursuing the sale of Dynasty's assets. Mr. White
20 believed that such a sale could be effected within two or three weeks. The Department
21 did not oppose such a sale, as it presented a means by which Mr. White could
22 expeditiously exit the escrow business; however, the purchaser would have to hold an
23 escrow agent license.

24 10. One of the entities that had shown interest in the purchase of Dynasty's
25 assets was Crown Rio, LLC ("Crown Rio"). Even prior to the Department's examination
26 of Dynasty, Crown Rio and its principal, Robert Momcilovic, had opened discussions
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30 ⁵ Mr. Carpenter believed that Mr. Lingen was Dynasty's CFO because Mr. Lingen was the individual
 who had provided Dynasty's financial information to Mr. Carpenter during the course of the examination;
 Mr. Carpenter could not, however, speak to this point with certainty.

1 with Mr. White regarding the purchase by Crown Rio of Dynasty's assets. Those
2 discussions culminated on November 9, 2005, when Dynasty and Crown Rio entered
3 into a formal purchase agreement.

4 11. Crown Rio does not presently hold an escrow agent license, but it has
5 initiated the licensing process by submitting a license application to the Department.

6 12. During the due diligence period that followed Dynasty's and Crown Rio's
7 entry into the purchase agreement, Crown Rio arranged for Susan Keller, a very
8 experienced escrow officer, to join Dynasty as its Escrow Manager and as a member of
9 Dynasty's board of directors.⁶ Ms. Keller began her employment with Dynasty on
10 November 28, 2005.

11 13. When Ms. Keller joined Dynasty, she brought with her a team of
12 experienced escrow officers. Ms. Keller promptly replaced Dynasty's software system
13 with a system that allowed for better checks and balances on the company's escrow
14 files, and conducted an audit of each escrow that was then open. Ms. Keller addressed
15 the stale dated checks and escrow accounts, and terminated a number of Dynasty
16 employees whom she believed to lack sufficient knowledge of the escrow business to
17 properly serve as escrow officers.

18 14. Through her own connections and through the connections of her team,
19 Ms. Keller brought a substantial amount of new business to Dynasty. Ms. Keller
20 estimated that as of mid-January 2006, Dynasty had approximately 150 open escrows
21 and over \$1 million in its escrow account.⁷

22 15. In connection with her review of Dynasty's finances, Ms. Keller identified a
23 number of creditors to which Dynasty owed money. Through an infusion of capital
24 provided by Crown Rio, Ms. Keller paid those creditors and brought Dynasty's debts
25 current. Ms. Keller estimated at hearing that Crown Rio has infused more than
26 \$40,000.00 into Dynasty's business.

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29 ⁶ Such was the testimony at hearing. A limited liability company does not typically have a board of
directors, as an LLC's affairs usually are managed by a managing member or members.

30 ⁷ Mr. Carpenter estimated that at the time of the examination, Dynasty had only 15 open escrows. See
Exhibit 1, at 1.

1 16. On November 21, 2005, the Department issued its Report of Examination
2 for Dynasty (the "Examination Report"). See Exhibit 1. The Examination Report
3 identified the deficiencies identified in Finding of Fact No. 6, and concluded that in
4 consequence of such deficiencies, Dynasty was in violation of numerous statutes and
5 rules applicable to escrow agents. The Examination Report included a list of Mr.
6 Carpenter's recommendations as to how Dynasty could bring itself into compliance with
7 the escrow agent statutes and administrative rules, and an "escrow agent compliance
8 checklist" that identified specific statutory and rule violations.

9 17. Also on November 21, 2005, the Department issued a Notice of Hearing
10 and Complaint in which the Department alleged, based on the violations set forth in the
11 Examination Report, that Dynasty had violated A.R.S. §§ 6-817(A)(2), 6-817(A)(3), 6-
12 817(A)(12), 6-832(A), 6-832(C), 6-834(A), 6-834(B), 6-837(B) and 6-841(B), and A.A.C.
13 R20-4-702 and R20-4-704. The Department alleged, based on the foregoing violations,
14 that grounds existed to suspend or revoke Dynasty's license pursuant to A.R.S. § 6-
15 817(A).

16 18. In accordance with A.A.C. R20-4-1209, Dynasty was obligated to file an
17 Answer to the Department's Complaint within 20 days after the issuance of the
18 Complaint. That filing deadline, allowing five days for mailing, was December 16,
19 2005.⁸

20 19. On or about November 29, 2005, Dynasty submitted an Answer to the
21 Department's Complaint, though not in the detail required by A.A.C. R20-4-1209. The
22 gravamen of Dynasty's Answer was a reiteration of its statement of intent to sell its
23 assets to Crown Rio, and a request for additional time to complete that process.⁹

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26 ⁸ The Examination Report instructed Dynasty to file a response not later than 40 days after Dynasty's
27 receipt of the Examination Report. The Administrative Law Judge finds that Dynasty's obligation to submit
28 a specific response to the Examination Report was superseded by its obligation to submit an Answer to
29 the Department's Complaint, which was based on the same factual allegations.

30 ⁹ The evidence representing Dynasty's Answer was an unsigned letter on Nations Direct Title Agency
letterhead dated November 29, 2005. See Exhibit D. Though such a letter would not ordinarily be
considered probative evidence, the Department did not object to its admission, and the Administrative Law
Judge has construed the absence of objection as an acknowledgement by the Department that such letter
was in fact received.

1 shall include an audit of the escrow, account servicing and
2 subdivision trust activities of the escrow agent and shall follow
3 generally accepted accounting principles. A copy of the audit
4 report shall be filed with the superintendent not more than one
5 hundred twenty days after the end of the escrow agent's fiscal year.
6 The audit requirement may be satisfied by filing a copy of the audit
7 report, which is prepared by a certified public accountant, of the
8 parent of the escrow agent including an audit of the escrow,
9 account servicing and subdivision trust activities of the escrow
10 agent within the prescribed time period. The superintendent may
11 extend the time period in this subsection up to ninety days for good
12 cause shown.

13 * * *

14 C. The scope of the audit shall include consideration of the
15 escrow agent's internal control structure in accordance with
16 generally accepted auditing standards. A separate report shall be
17 submitted to the superintendent if reportable conditions are
18 identified that indicate significant deficiencies in the design or
19 operation of the internal control structure of the escrow agent which
20 would adversely affect the agent's ability to record, process,
21 summarize and report financial data consistent with the assertions
22 of management in the financial statements. If reportable conditions
23 are identified, the report on reportable conditions shall recommend
24 specific measures to improve the escrow agent's internal control
25 structure.

26 3. A.R.S. § 6-834 provides, in pertinent part:

27 A. Unless all of the parties to the escrow otherwise instruct the
28 escrow agent in writing, the escrow agent shall deposit and
29 maintain all monies deposited in escrow to be delivered on the
30 close of the escrow or on any other contingency in a bank, savings
bank or savings and loan association doing business in this state
and the escrow agent shall keep all of the escrow monies separate,
distinct and apart from monies belonging to the escrow agent.
Notwithstanding the parties' instructions to the escrow agent, the
escrow agent shall not deposit the escrow monies in an institution
outside the United States. When deposited, the monies shall be
designated as "escrow accounts" or given some other appropriate
designation indicating that the monies are not the monies of the
escrow agent. These monies shall be deposited immediately on
receipt or as soon thereafter as is reasonably practicable.

1 B. A person shall not knowingly keep or cause to be kept any
2 monies in any bank or savings and loan association under the
3 heading of "escrow accounts" or any other name designating the
4 monies as belonging to the clients of any escrow agent, except
5 actual escrow monies deposited with such escrow agent.

6 4. A.R.S. § 6-837(B) provides:

7 Any escrow agent shall produce for inspection required by law any
8 escrow records of any escrow of which he or she is the escrow
9 agent to the superintendent or to any state or federal administrative
10 agency lawfully requiring such disclosure. The superintendent or
11 any state or federal administrative agency shall be prohibited from
12 using or releasing said information except in the proper
13 performance of his or her duties.

14 5. A.R.S. § 6-841 provides:

15 A. An escrow agent shall adopt a systematic internal control
16 structure to ensure that persons employed by or associated with
17 the escrow agent's business do not make significant errors or
18 perpetuate significant irregularities or fraud without timely detection.

19 B. For purposes of this section, "internal control structure"
20 means the policies and procedures established to provide
21 reasonable assurance that the escrow agent will achieve the
22 following objectives:

- 23 1. Safeguarding of the customers' assets.
- 24 2. Reliability in financial reporting.
- 25 3. Reliability in recording of all escrow transactions.

26 6. A.A.C. R20-4-702 provides:

27 An escrow agent shall maintain records to enable the
28 Superintendent to reconstruct the details of each escrow
29 transaction. The records shall include the following:

- 30 1. The seller's name and address;
- 1 The buyer's name and address;
- 2 The lender's name and address, if any;
- 3 The borrower's name and address, if any;
- 4 The real estate agent's name and address, if any;
- 5 Complete escrow instructions;
- 6 Records and supporting documentation for each receipt and
disbursement made through the escrow; and
- 7 A copy of the escrow settlement.

1 7. A.A.C. R20-4-704 provides:

2 An escrow agent shall maintain subsidiary account records that
3 identify the funds deposited in each escrow. The total of all credit
4 balances in the subsidiary accounts shall always equal the balance
5 of the general ledger control account.

6 8. A.A.C R20-4-708 provides:

7 The Superintendent shall consider the following criteria in
8 evaluating an escrow agent's, other escrow agent's, or applicant's
9 financial condition and resources under A.R.S. § 6-817:

- 10 1. Amount of positive net worth,
- 11 2. Amount of tangible net worth,
- 12 3. Amount of liquid assets,
- 13 4. Amount of cash provided by operations,
- 14 5. Ratio of debt to net worth,
- 15 6. Owner's personal financial resources,
- 16 7. Outside resources available,
- 17 8. Profitability,
- 18 9. Projected operating results,
- 19 10. Status as agent for a title insurance company, and
- 20 11. Sources of new business.

21 CONCLUSIONS OF LAW

22 1. In this administrative proceeding, the Department bears the burden to
23 prove, by a preponderance of the evidence, that Dynasty has violated the statutes and
24 rules governing escrow agents in this State, and that grounds therefore exist to impose
25 discipline against Dynasty's escrow agent license. See A.A.C. R2-19-119.

26 2. A preponderance of the evidence is "such proof as convinces the trier of
27 fact that the contention is more probably true than not." Morris K. Udall, ARIZONA LAW
28 OF EVIDENCE § 5 (1960).

29 3. Dynasty violated A.R.S. § 6-832(A) when it failed to submit its audit report
30 for the fiscal year ending December 31, 2004 to the Department within 120 days after
the end of such fiscal year. Further, the untimely audit report that Dynasty eventually
submitted was inadequate in that Dynasty's auditors were unable to provide an
unqualified opinion as to Dynasty's activities and financial status.

1 4. Dynasty violated A.R.S. § 6-832(C) when it submitted an audit report for
2 the fiscal year ending December 31, 2004 that failed to include a separate section
3 describing the nature and effectiveness of Dynasty's accounting and internal controls.

4 5. Dynasty violated A.R.S. § 6-834(A) by failing to have properly labeled the
5 second of its two escrow accounts as an escrow account.

6 6. The evidence was insufficient to demonstrate that Dynasty violated A.R.S.
7 § 6-834(B), as there is no substantial evidence in the record that Dynasty deposited
8 funds other than actual escrow monies in either of its two escrow accounts.

9 7. The evidence was insufficient to demonstrate that Dynasty violated A.R.S.
10 § 6-837(B), as there is no substantial evidence in the record that Dynasty failed to
11 produce escrow records to the Department in response to a request that it do so. The
12 only failure to disclose that was demonstrated by the evidence was Mr. White's failure
13 to have disclosed personal financial information. See Finding of Fact No. 7. However,
14 such personal financial information cannot be considered an "escrow record" under
15 A.R.S. § 6-837(B), and, in any event, Mr. White was not required by law to produce
16 such information to the Department.¹¹

17 8. The Department alleged that Dynasty violated A.R.S. § 6-841(B). Strictly
18 speaking, an escrow agent cannot be found to have committed a violation of this
19 section, as it only sets forth the definition of "internal control structure". The more
20 relevant provision is A.R.S. § 6-841(A), which requires escrow agents to adopt
21 systematic internal controls.

22 9. The Department did not specifically allege that Dynasty violated A.R.S. §
23 6-841(A); however, the Department did allege a violation of A.R.S. § 6-817(A)(12),
24 which incorporates A.R.S. § 6-841 by reference (Dynasty's alleged violations of A.R.S.
25 § 6-817(A) are addressed below).

26
27 ¹¹ The Department cited A.A.C. R20-4-708 as the authority under which it could require that Mr. White
28 produce personal financial information. While it is true that A.A.C. R20-4-708 identifies personal financial
29 information as one of the factors to be considered by the Department in determining an escrow agent's
30 financial condition and resources, nothing in the rule requires the disclosure of such information to the
Department. The rule is more properly understood as setting forth the factors to be considered and
creating a presumption that an escrow agent's failure to disclose information (including personal financial
information) will give rise to a negative inference as to the agent's financial condition.

1 10. The evidence was insufficient to demonstrate that Dynasty violated A.A.C.
2 R20-4-702, as there is no substantial evidence in the record that Dynasty failed to
3 maintain records such that the Superintendent was precluded from reconstructing the
4 details of each of Dynasty's escrow transactions.

5 11. The evidence was insufficient to demonstrate that Dynasty violated A.A.C.
6 R20-4-704, as there is no substantial evidence in the record that Dynasty failed to
7 maintain subsidiary account records that identified the funds deposited in each escrow.

8 12. Based on Dynasty's violations of statute as found herein, the
9 Administrative Law Judge concludes that Dynasty violated A.R.S. § 6-817(A)(2).

10 13. The weight of the credible evidence demonstrated that Dynasty's financial
11 condition is poor (Crown Rio's cash infusions notwithstanding), as measured by its net
12 worth, the ratio of its debt to its net worth and its profitability, and that to permit Dynasty
13 to continue in business would pose an undue risk to the individuals whose funds
14 Dynasty holds (or may hold) in trust. Therefore, the Administrative Law Judge
15 concludes that Dynasty stands in violation of A.R.S. § 6-817(A)(3).

16 14. The weight of the credible evidence demonstrated that Dynasty failed to
17 maintain an adequate internal control structure, and in so doing violated A.R.S. § 6-
18 817(A)(12). The evidence demonstrated that through the efforts of Ms. Keller, Dynasty
19 has improved its internal controls; however, such efforts do not negate the fact of
20 Dynasty's violation.

21 15. Based on the foregoing violations of A.R.S. § 6-817(A), grounds exist to
22 impose discipline against Dynasty's license, and, given the serious nature of Dynasty's
23 violations, the Administrative Law Judge concludes that revocation is the most
24 appropriate remedy. However, in view of Crown Rio's ongoing efforts to obtain
25 licensure and conclude the purchase of Dynasty's assets, and further in view of the
26 efforts put forth by Ms. Keller to correct Dynasty's operational deficiencies, the
27 Administrative Law Judge concludes that such revocation should be stayed for a period
28 of thirty (30) days.
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1 ORDER

2 On the effective date of the Order entered in this matter, the Department shall
3 revoke Dynasty's escrow agent license (No. EA-0906030). However, such revocation
4 shall be stayed for a period of thirty (30) days after the effective date of the Order to
5 provide additional time for Crown Rio to obtain licensure as an escrow agent and
6 complete the purchase of Dynasty's assets.

7
8 Done this day, March 27, 2006.

9
10 
11 Daniel G. Martin
12 Administrative Law Judge
13

14 Original transmitted by mail this 27 day of March, 2006, to:

15 Felecia Rotellini, Superintendent
16 Arizona Department of Financial Institutions
17 ATTN: June Beckwith
18 2910 North 44th Street, Suite 310
19 Phoenix, AZ 85018

20 By Chris Fishleder
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