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Escrow Institute of California Rejects Garamendi Regulations

PJ Garcia, Chairwoman of the Escrow Institute of California, issued the following statement in response to regulations announced today by Insurance Commissioner John Garamendi:

Sacramento, CA – “The Escrow Institute of California (EIC) is deeply concerned about Insurance Commissioner John Garamendi’s attempt to seize unprecedented regulatory authority from the Department of Corporations (DOC) by usurping control over 99 percent of the independent licensed escrow companies doing business in the state of California – despite the fact that his office regulates less than 1 percent of the industry.

“Incredibly, Garamendi bases his media-friendly regulatory stunt on a thoroughly discredited report issued earlier this year by an out-of-state (Texas) consultant via a no-bid contract commissioned by Garamendi. EIC believes the Commissioner should jettison this bogus report, send the sole-source contractor back to Texas and start serving the people of California rather than his own political interests.

“EIC represents “licensed” escrow companies, which are independent businesses licensed by the California Department of Corporations (DOC). This license regulates the procedures and practices of the companies and subjects them to stringent requirements designed to protect consumers. In his haste to make headlines, however, Commissioner Garamendi failed to consult with DOC or with EIC to gauge the impact his actions would have on small business owners. In fact, he refused repeated requests by EIC to discuss this draconian decision, which will adversely affect thousands of independent licensed escrow companies in California.

“Rather than tilt at political windmills, as he’s doing with his ill-conceived regulations, the Commissioner would do the consumers of California a greater service by immediately taking action to stop the proliferation of “Virtual Escrow” schemes being practiced with the collaboration of entities over which Garamendi does have regulatory authority. These unlicensed, unregulated escrow companies prey on consumers and abuse their trust.

“EIC is committed to protecting consumers’ real estate investments by providing them with practical information to guide them through the escrow process. As a member of the Escrow Fraud Taskforce, EIC is a proud partner with the California Department of Corporations, the FBI and the Federal Trade Commission in the fight against internet fraud.”

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Established in 1947, the Escrow Institute of California is a professional trade association that represents the licensed, independent escrow industry in California. EIC members are licensed by the California Department of Corporations, undergo background checks and fingerprinting by the Department of Justice and are bonded by the Escrow Agents’ Fidelity Corporation. Many EIC members are community-based, family-owned, small business enterprises with a customer base that is predominantly repeat business and referral based. For additional information, please go to the EIC website at <http://www.escrowinstitute.org/>.