



# ESCROW INSTITUTE OF CALIFORNIA

P. O. Box 1069, Carlsbad, California 92018-1069  
Chief Executive Officer — Tim Egan  
(760) 633-4EIC (4342) • FAX (760) 942-1048  
[www.escrowinstitute.org](http://www.escrowinstitute.org)



September 25, 2012

**VIA FEDERAL EXPRESS**

Mr. Andrew Liput, President  
and Chief Executive Officer  
Mr. Wayne Doctor, Chief Operating Officer  
Secure Settlements, Inc.  
200 Lanidex Plaza, Suite 2104  
Parsippany, N.J. 07054

Dear Mr. Liput:

The Escrow Institute of California (EIC) is the professional trade association which represents California Department of Corporations (DOC) licensed escrow holders. The California Department of Corporations currently licenses 965 locations throughout the state where more than 6,100 people are employed. Our members are licensed by the Department of Corporations under a regulatory authority that has existed since 1942. Our members are extremely well regulated and owners and their employees are subject to state and federal criminal background checks, as well as being subject to strict state oversight and annual audits for the sole purpose of providing Escrow Services for California Consumers.

Your website states as follows "CFPB Bulletin 2012-03 sets forth a requirement that lenders adopt...and thereby oversee their business relationships with closing agents...." We vehemently disagree with your company's statement of what Bulletin 2012-03 states, which we believe is a blatant misrepresentation of the Bulletin. As a consequence of your marketing activities to lenders and resultant collaboration with them, our members are, in effect, being blackmailed to "sign up" with your company so they can continue to operate their businesses.

While Secure Settlements, Inc. represents that it relies on the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111-203, H.R. 4173) (the "Dodd-Frank Act") in promulgating the alleged necessity of its "vetting" assistance and collection of personal and confidential information from settlement services personnel and companies, EIC disputes this position and postulates the Dodd-Frank Act never supposed that unregulated "vetting" companies such as Secure Settlements, Inc. would rise from the bowels of the law to create millionaire collectors of personal and confidential information on escrow/settlement professionals.

This point aside, Secure Settlements, Inc. is completely unregulated and has no reasonable need or legal authority or requirement to collect individuals' and corporations' personal and confidential information. The information you propose to amass from thousands of persons across the United States (except for title insurance companies, an interesting immunity you grant) includes their social security numbers, corporate identifying numbers, credit reports and concomitant information, residence addresses which will then be available to your personnel who are completely unregulated and unlicensed. The persons whose information you have are then exposed to the serious risk of wrongful use by your personnel or Cyber thieves who can access even the most secure computer systems. Your statement the information will be secure as collected from thousands of people annually is clearly insufficient to give anyone confidence.

While EIC gives credit to Secure Settlement, Inc. for market entrepreneurship, we cannot stand by while you exploit our members. After careful analysis, EIC demands that Secure Settlements, Inc. and its agents immediately cease and desist from pursuing a course that blatantly and coercively mandates that our members purchase your unwanted and unneeded "services" to be able to conduct the business for which they are already legally licensed and regulated by the State of California and authorized to perform under the Real Estate Settlement Procedures Act (RESPA) and the Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

EIC represents an industry already struggling under the immense burdens of a major and prolonged economic downturn accompanied by zealous regulatory agencies. Your presumed "service" is unnecessary, expensive, duplicative and burdensome to our members who are all small businesses as defined by the Federal Government, many of which are minority and women owned businesses. We simply cannot allow this additional burden to stand as it harms both consumers and our members.

EIC shall take this matter up with mortgage lenders, the Consumer Financial Protection Bureau and the State of California, along with other appropriate and interested federal and state agencies and professional organizations. EIC also plans to pursue all legal and administrative actions available to it to protect its members and, where appropriate, to participate in actions by other agencies and organizations. EIC anticipates its members shall also individually take such remedial action available to them upon legal advice from their corporate counsel.

Below is a sampling of issues we find with the entire proposal of Secure Settlements, Inc.:

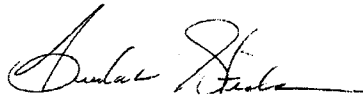
- 1) You are an unregulated entity mandating significant personal financial information be disclosed to you. Indeed, we wonder whether you have disclosed to your lender clients that they face potential liability should the personal financial information your company requires be stolen or misused.
- 2) We believe your model may constitute an unlicensed insurance product and an unlicensed credit reporting agency.
- 3) Your proposed "service" is merely a "pay to play" scheme that forces the unwilling participation of those who derive no benefit from it, for an uncertain perceived benefit to lenders. We view this scenario as a RESPA "anti-kickback" violation and will be exploring the legal aspects as to collusion, restraint of trade, extortion and racketeering aspects as well.
- 4) Your "vetting" process appears extremely subjective.
- 5) You are already exempting major national title companies from your "vetting" process making it discriminatory and anti-small business.
- 6) You are establishing yourself as a *de facto regulator*, who presumes to set "best practices" and continuing education requirements for an industry in which you have no apparent knowledge about or expertise in.
- 7) Your product and position assumes consumers have no choice in their affairs and encourages a lender's interference with an existing consumer contract where services and terms have been negotiated and agreed upon in advance of the lender's involvement, resulting in damages to the consumers who are the principals.
- 8) Your model creates an untenable level of risk for our members with regard to employee liability and personal data security.

Andrew Liput  
Page Three  
September 25, 2012

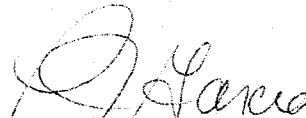
- 9) Secure Settlements, Inc. appears to be improperly supplanting or augmenting the regulatory function of the California Department of Corporations and various other title and escrow regulators with respect to the required qualifications to act as a licensed escrow holder in California without regard to California's regulatory standards and requirements.

You are welcome to contact any of the undersigned to discuss these issues further.

Sincerely,



Beulah Stidham  
President  
(310) 791-5050  
[bstidham@madronaparkescrow.com](mailto:bstidham@madronaparkescrow.com)



PJ Garcia  
Past President  
(714) 842-4594, Ext. 1#  
[PJ@escrow.net](mailto:PJ@escrow.net)



Tim Egan  
Chief Executive Officer  
(760) 633-4342  
[tegan@escrowinstitute.org](mailto:tegan@escrowinstitute.org)

cc: Richard Cordray, Director, Consumer Financial Protection Bureau  
Bart Sharpiro, Senior Advisory, Small Business, Community Banks and Credit Unions,  
Consumer Financial Protection Bureau  
Jeffrey Shu, Consumer Financial Protection Bureau  
Jan Lynn Owen, Commissioner, California Department of Corporations  
Kamala D. Harris, California Attorney General  
David Jones, Commissioner, California Department of Insurance  
Louisa Broudy, Assistant Commissioner, California Department of Corporations  
Kathleen Partin, Special Administrator/Escrow Law Program, California Department of  
Corporations  
DiAun Burns, Special Administrator/Residential Mortgage Lending Program, California  
Department of Corporations  
Michael Belote, California Escrow Association  
Art Davis, American Escrow Association  
Craig Page, California Land Title Association  
Alex Creel, California Association of Realtors  
Michelle Korsmo, American Land Title Association  
Anthony Afatati, Sr., National Association of Independent Land Title Association