

AMENDED IN SENATE JULY 15, 1996
AMENDED IN SENATE JUNE 19, 1996
AMENDED IN SENATE JUNE 12, 1995
AMENDED IN ASSEMBLY MAY 26, 1995
AMENDED IN ASSEMBLY APRIL 24, 1995
AMENDED IN ASSEMBLY APRIL 5, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 775

Introduced by Assembly Member Aguiar

February 22, 1995

An act to amend Sections 17210.2 and 17346 of the Financial Code, relating to escrow.

LEGISLATIVE COUNSEL'S DIGEST

AB 775, as amended, Aguiar. Escrow Agents' Fidelity Corporation.

Existing law provides that a licensed escrow agent in referring to corporate licensure under the Escrow Law in any communication, as specified, shall only use a statement, to the effect that the escrow company holds a specified Department of Corporations escrow license number.

This bill would instead require the inclusion of that statement when referring to corporate licensure in any communication.

Existing law prohibits Fidelity Corporation and its members from advertising, printing, displaying, publishing, distributing, or broadcasting any statement or representation with regard to a guarantee of trust obligations without first obtaining written approval of the Commissioner of Corporations.

This bill would limit the applicability of the provision to statements and representations in advertisements that are false or misleading or calculated to deceive or misinform the public.

Existing law also provides that any advertising referring to Fidelity Corporation shall state in type not smaller than the largest size of type used in the body of the advertisement a statement to the effect that the Escrow Agents' Fidelity Corporation is a private corporation and is not an agency or other instrumentality of the State of California.

This bill would delete the type size requirement and instead require a statement to be displayed in a clear and conspicuous manner. The bill would also provide that the State of California does not guarantee payment of a claim.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17210.2 of the Financial Code is
 2 amended to read:
 3 17210.2. (a) No escrow agent shall disseminate, or
 4 cause or permit to be disseminated, in any manner
 5 whatsoever, any statement or representation which is
 6 false, misleading, or deceptive, or which omits to state
 7 material information, or which refers to the supervision
 8 of that agent by the State of California or any department
 9 or official thereof.
 10 (b) A licensed escrow agent, in referring to the
 11 corporation's licensure under this law in any written or
 12 printed communication or any communication by means
 13 of recorded telephone messages or spoken on radio,
 14 television, or similar communications media, shall
 15 include the following statement: "This escrow company



1 holds Department of Corporations Escrow License No.
2 _____.”

3 (c) The commissioner may order any person to desist
4 from any conduct which the commissioner finds to be a
5 violation of this section.

6 SEC. 2. Section 17346 of the Financial Code is
7 amended to read:

8 17346. (a) Fidelity Corporation and its members
9 shall not advertise, print, display, publish, distribute, or
10 broadcast, or cause or permit to be advertised, printed,
11 displayed, published, distributed, or broadcast, in any
12 manner any statement or representation with regard to
13 a guarantee of trust obligations in their advertisements
14 that is false or misleading or calculated to deceive or
15 misinform the public. Any statement or representation
16 with regard to a guarantee of trust obligations, except the
17 statement set forth in subdivision (b), shall be reviewed
18 and approved by the commissioner prior to its use.

19 (b) Any advertising referring to Fidelity Corporation
20 shall state in a clear and conspicuous manner, the
21 ~~following statement: “Member of Escrow Agents’~~
22 ~~Fidelity Corporation (EAFC), a private corporation that~~
23 ~~provides fidelity coverage to its members. EAFC is not an~~
24 ~~agency or instrumentality of, and there is no guarantee of~~
25 ~~payment of any claim by, the State of California. following~~
26 ~~statement:~~

27
28 “MEMBER OF ESCROW AGENTS’ FIDELITY
29 CORPORATION (EAFC), A PRIVATE
30 CORPORATION THAT PROVIDES FIDELITY
31 COVERAGE TO ITS MEMBERS. EAFC IS NOT AN
32 AGENCY OR INSTRUMENTALITY OF, AND
33 THERE IS NO GUARANTEE OF PAYMENT OF
34 ANY CLAIM BY, THE STATE OF CALIFORNIA.”

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36
37 (c) Neither Fidelity Corporation nor its members shall
38 advertise that trust obligations of escrow agents are



1 “protected,” “guaranteed,” “insured,” or use words to
2 that effect.

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