

**ESCROW ADVISORY COMMITTEE MEETING**  
**March 14, 2012**

**Department of Corporations Represented By:**

Louisa Broudy, Deputy Commissioner  
Kathleen Partin, Special Administrator  
David Duong, Senior Examiner  
Ann Davila, Escrow Specialist  
Gayle Oshima, Staff Counsel (San Francisco)  
Peggy Fairman, Counsel (Via Telephone Sacramento)

**Committee Members Present:**

P J Garcia  
Joe Lins  
Beulah Stidham  
Leslie Sapone  
Steven Garcia  
Diane Boudreau  
Scott Akerley  
Jenifer Siou

**Committee Members Absent:**

Bill Nelson  
Jennifer Woodard

**1. Opening Remarks**

Deputy Commissioner Louisa Broudy introduced Gayle Oshima who was visiting from the Office of Legislation & Policy in San Francisco. Louisa also mentioned that there are three positions in the Advisory Committee that will end in June. The Positions may be extended if it is not possible to fill them by June. She noted that the Department does not receive too many resume`s due to the time commitment. The meeting was then turned over to Kathleen Partin.

**2. Accounting Update (J. Siou)**

Kathy turned the meeting over to CPA Jenifer Siou. Jenifer brought the group up to date on the ongoing accounting changes and the accounting for leases issue. She stated that the International Financial Reporting Standards (“IFRS”) are tailored mostly to publicly traded companies, whereas, Private Company Financial Reporting is for the non-public or privately-held companies such as escrow companies. Jenifer stated that according to the AICPA website, Financial

Accounting Foundation (FAF) received over 6,000 comments regarding private company financial reporting from CPA's, lenders, investors, financial statement users and company owners. The thought is that an independent authoritative standard setting board needs to be set up to modify and create the U.S. GAAP for private companies. It is her understanding that the IFRS adoption (if it gets adopted) will be first before private company financial reporting. An article reported by the AICPA "Significant Changes Coming to U.S. GAAP", among the various convergence projects that are ongoing, the "Big Three" topics of interest are (1) Revenue Recognition, (2) Leases, and (3) Financial Instruments. The proposed lease standard is tracking slightly after the proposed revenue recognition standard. FASB and IASB planned to re-expose the standards in the first part of 2012 and, as such, will receive more comments. Jenifer stated that by the September 2012 advisory meeting, she hopes to be able to give the committee another update as to the status of this proposed standard. Jenifer stated the importance of being proactive and has been meeting with a subcommittee made up of members from the escrow industry, CPA's and the Escrow Institute to discuss the effects these changes could have on the escrow industry. Proposals for language changes for Sections 1740.2 and 1740.3, and closing audit reporting issues, were recently submitted to the Department and are being reviewed.

### **3. Enforcement Action Update**

Kathy distributed a handout showing the latest administrative actions and licensing statistics. Kathy answered questions on what the various terms/abbreviations shown on the handout meant. Louisa informed the group that formal actions are posted on the DOC website.

### **4. Open Discussion**

Diane Boudreau informed the group that opposition is being put together for SB 12, Bulk Sales Law. The Bill was introduced by a group that wants uniform laws in all states. Beulah Stidham stated that EIC had met with the Consumer Financial Protection Bureau regarding an exemption for escrow companies that are state regulated.

The next meeting is scheduled for Tuesday, June 5, 2012.

The meeting adjourned at 10:40 a.m.