

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 UCHE L. ENENWALI (State Bar No.: 235832)
4 Senior Counsel
Department of Business Oversight
5 320 West 4th Street, Suite 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7586
7 Facsimile: (213) 576-7181

8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:)
12 THE COMMISSIONER OF BUSINESS) ESCROW LICENSE NO.: 9630277
13 OVERSIGHT,) ORDER SUSPENDING ESCROW AGENT’S
14 Complainant,) LICENSE
15 v.)
16 SOUTH BAY ESCROW CO.,)
17 Respondent.)
18)
19)

20 The Complainant, the Commissioner of The Department of Business Oversight
21 (“Commissioner”), finds that:

22 1. Respondent South Bay Escrow Co. (“South Bay Escrow”) is an escrow agent licensed
23 by the Commissioner pursuant to the Escrow Law of the State of California (Financial Code section
24 17000 et seq.)¹ (“Escrow Law”). South Bay Escrow has its principal place of business located at
25 317 Rosecrans Avenue, Manhattan Beach, California, 90266.

26 2. At all relevant times, Terri League is, or was, the president of South Bay Escrow.
27

28 ¹ All subsequent statutory references are to the Financial Code unless otherwise noted.

1 3. The Commissioner licenses and regulates the activities of escrow agents. Pursuant to
2 section 17406, all licensees under the Escrow Law are required to file an annual audit report
3 containing audited financial statements (“annual audit report”) within 105 days after the close of
4 their fiscal year. South Bay Escrow was required to file its annual audit report for the fiscal year
5 ended December 31, 2015, on or before April 15, 2016.

6 4. On or about December 2, 2015, the Commissioner sent a letter to South Bay Escrow
7 informing South Bay Escrow that its annual audit report would be due April 15, 2016 — 105 days
8 after the close of its fiscal year end pursuant to section 17408. The Commissioner’s December 2,
9 2015 letter also informed South Bay Escrow that failure to file the annual audit report by the due
10 date could result in the suspension or revocation of its license; and the imposition of penalties
11 calculated at \$100.00 per day for the first five days the report is overdue and \$500.00 per day
12 thereafter pursuant to sections 17408 and 17602.5.

13 5. South Bay Escrow failed to file the annual audit report by the due date. On April 27,
14 2016, the Commissioner issued a written demand (“Demand Letter”) requesting that South Bay
15 Escrow respond to the December 2, 2015 letter within 10 days from the date of the Demand Letter.
16 Further, the Demand Letter reiterated that if South Bay Escrow failed to file its annual audit report
17 within the 10- day deadline, the Commissioner could suspend or revoke South Bay Escrow’s license,
18 or impose penalties against South Bay Escrow calculated at \$100.00 per day for the first 5 days the
19 report is overdue and \$500.00 per day thereafter pursuant to the Financial Code.

20 6. On June 8, 2016, the Commissioner’s staff telephoned South Bay Escrow’s
21 representative to follow up on the Demand Letter. During that conversation, South Bay Escrow’s
22 representative told the Commissioner’s staff that South Bay Escrow had all the information
23 necessary to file the annual audit report but could not locate its accountant; and that it was
24 considering changing its accountant. To date, South Bay Escrow has not filed its annual audit report
25 in violation of section 17408. Accordingly, South Bay Escrow is subject to penalties of \$28,500.00
26 for failing to file its December 2015 annual report.

27 7. On June 28, 2016, counsel with the Enforcement Division of the Department of
28 Business Oversight (“Department”) attempted to contact South Bay Escrow’s president, Terri

1 League (“League”), by telephone at telephone number (310) 545-7171 to discuss South Bay
2 Escrow’s delinquent annual audit report. Counsel was prompted by a recorded message to leave a
3 message on the voice recording system. Counsel left a message requesting that League or someone
4 from South Bay Escrow return counsel’s phone call. Counsel did not receive a call back from
5 League or South Bay Escrow.

6 8. On or about June 28, 2016, counsel sent a letter to South Bay Escrow addressed to
7 League, informing South Bay Escrow that the Commissioner will commence an administrative
8 action and seek appropriate remedies for South Bay Escrow’s failure to file the audit report.
9 Counsel requested that South Bay Escrow respond to the June 28, 2016 letter by July 8, 2016.
10 Counsel did not receive South Bay Escrow’s response to the June 28, 2016 letter.

11 9. On July 21, 2016, the Commissioner issued an Accusation and Order Imposing
12 Penalties Pursuant to Financial Code Section 17408; and Notice of Intention to Issue Order
13 Suspending Escrow Agent’s License (collectively, “Accusation”).

14 8. The Accusation was served on South Bay Escrow by personal delivery on July 26,
15 2016, at its licensed main office location on file with the Department. To date, the Department has
16 not received a request for a hearing from South Bay Escrow and the time to request a hearing has
17 elapsed.

18 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow
19 agent’s license of South Bay Escrow Co., is suspended until the report is filed. South Bay Escrow
20 shall not accept any new escrow business but may continue to service prior and open escrows, in
21 accordance with California Financial Code section 17609.

22 Dated: September 2, 2016
23 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

24
25 By _____
26 MARYANN SMITH
27 Deputy Commissioner
28 Enforcement Division