PRESTON DuFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. ESCROWS, INC., Respondent.	File No.: 963-1001 ACCUSATION

The Complainant is informed and believes and based upon such information and belief, alleges and charges as follows:

I.

Escrows, Inc. (“Respondent” or “Escrows”) is an escrow agent licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.), with its principal place of business at 3520 W. Magnolia Ave., Burbank, CA 91505.

State of California – Department of Corporations

II.

Pursuant to Financial Code section 17210, all licensees under the Escrow Law are required to maintain at all times, a tangible net worth of fifty-thousand dollars ($50,000), including liquid assets of at least twenty-five thousand dollars ($25,000) in excess of current liabilities.

On or about February 17, 2010, Escrows filed its annual audit report for the fiscal year ending October 31, 2009, with the Department of Corporations ("Department"). The Department reviewed the financial statements contained in the report and determined that Escrows was deficient in meeting the tangible net worth and liquid asset requirements under the Escrow Law by $406,474 and $379,962, respectively.

On or about April 22, 2010, the Department sent a letter to Escrows, requesting that Escrows correct its tangible net worth and liquid asset deficiencies and send proof of the correction to the Department within 30 days. The Department did not receive any response to its letter.

On or about November 3, 2010, the Department conducted a regulatory examination of Escrows. During the regulatory examination, the Department reviewed Escrows' internal month-end financial statements which revealed that as of October 31, 2010, Escrows was deficient in meeting the tangible net worth and liquid asset requirements under the Escrow Law by $44,049.52 and $30,005.48, respectively.

On March 16, 2011, the Department's examiner ("Examiner") contacted Escrows' President ("Escrows President") and informed her about Escrows' tangible net worth and liquid asset deficiencies and that a letter will be sent out requesting that Escrows correct the deficiency. In response, Escrows President requested that the Department grant her 60 days to correct the deficiency. The Examiner informed Escrows President that she needed to respond to the Department's forthcoming letter in writing, setting forth her plan for correcting the deficiency.

On March 25, 2011, Escrows President sent a letter to the Department indicating that she does not have any more funds to put into the company and is seeking to sell the company. Escrows President also requested that the Department grant her a 6 month extension to resolve the issue. The Department has not granted the extension to Escrows.

On March 30, 2011, the Department received Escrows' annual audit report for the fiscal year ending October 31, 2010, which revealed that Escrows' tangible net worth and liquid asset deficiencies had grown to $245,455 and $242,957, respectively.

As of the date of this Accusation, Escrows is still deficient in meeting the tangible net worth and liquid asset requirements required under Financial Code section 17210.

III.

Financial Code section 17210 (a) provides as follows:

> An escrow agent licensed on or after January 1, 1986, shall maintain at all times a tangible net worth of fifty thousand dollars ($50,000), including liquid assets of at least twenty-five thousand dollars ($25,000) in excess of current liabilities.

Financial Code section 17608 provides in pertinent part:

> The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:
>
> (b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

IV.

The Commissioner finds that, by reason of the foregoing, Escrows, Inc. has violated Financial Code section 17210, and it is in the best interests of the public to revoke the escrow agent's license of Escrows, Inc.

WHEREFORE, IT IS PRAYED that the escrow agent license of Escrows, Inc. be revoked.

Dated: September 2, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Johnny Vuong
Corporations Counsel
Enforcement Division

State of California – Department of Corporations