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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, v. FIRESTONE ESCROW CORPORATION, Respondent.	File No.: 963-1927 **ACCUSATION**

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

I.

Respondent Firestone Escrow Corporation ("Firestone Escrow") is an escrow agent licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California Escrow Law (Fin. Code, §§ 17000 et seq.) ("Escrow Law").

II.

Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to file an annual audit report containing audited financial statements ("annual audit report") within one hundred five (105) days after the close of their fiscal year. Firestone Escrow's fiscal year-end is

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December 31st. Accordingly, Firestone Escrow was required to file its annual audit reports for the fiscal years ended December 31, 2008 and December 31, 2009, on or before April 15, 2009 and April 15, 2010, respectively. Neither annual audit report was ever filed by the licensee.

On or about March 24, 2009, Firestone Escrow's president and escrow manager, Lizley Roldan ("Roldan"), wrote to the Department of Corporations ("Department") requesting the surrender of Firestone Escrow's license. The Department responded in writing on or about April 14, 2009, demanding that prior to accepting the surrender, Firestone Escrow would need to submit a closing audit prepared by a certified public accountant within one hundred five (105) days from the date of its application to surrender, or July 7, 2009, which Firestone Escrow failed to do.

Thereafter, on or about March 23, 2010, the Department undertook an investigation into the status of Firestone Escrow's business after it received a complaint from a consumer who was unable to contact Roldan after demanding the return of his escrow deposit.

On or about March 24, 2010, the Commissioner's examiner met with Roldan, providing her with a written demand requesting certain books and records related to Firestone Escrow's business, including copies of the trust bank reconciliation from January 31, 2008 through May 31, 2009, trust bank statements, including copies of paid checks, from January 31, 2008 to February 1, 2010, month-end reports for the period January 31, 2008 to May 31, 2009, general account statements, among other items. Firestone Escrow's response to the demand was due on or before March 29, 2010. No response was received within the time provided.

Thereafter, on or about April 1, 2010, the Commissioner sent a second demand to Roldan, requesting that Firestone Escrow provide the above-listed documents and records to the Department on or before April 5, 2010. Firestone Escrow failed to respond to the second demand.

Given Firestone Escrow's and Roldan's refusal to grant the Commissioner access to the business' books and records, on or about May 25, 2010, the Commissioner issued an Order to Discontinue Escrow Activities to Firestone Escrow Corporation Pursuant to Financial Code section 17415.

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III.

Financial Code section 17406, subdivision (a) provides:

> Each licensee shall submit to the commissioner, at the licensee's own expense, an audit report containing audited financial statements covering the calendar year or, if the licensee has an established fiscal year, then for that fiscal year, within 105 days after the close of each the calendar or fiscal year, as applicable. At that time, each licensee shall also file additional relevant information as the commissioner may require.

Financial Code section 17600 provides:

> (a) An escrow agent's license remains in effect until surrendered, revoked, or suspended.
>
> (b) A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from the certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report, a determination has been made by the commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

Financial Code section 17602.5 provides in pertinent part as follows:

> If any licensed escrow agent fails to make any reports required by law or by the commissioner within ten (10) days from the day designated for the making of the reports, or within any extension of time granted by the commissioner, . . . such failure shall constitute grounds for the suspension or revocation of the license held by such escrow agent.

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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:
> . . .
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> (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 Complainant finds that, by reason of the foregoing, Firestone Escrow Corporation has violated Financial Code sections 17406, 17600, and 17602.5 which constitute grounds for the revocation of its escrow agent's license.

WHEREFORE, IT IS PRAYED that the escrow agent's license of Firestone Escrow Corporation be revoked.

DATED: July 25, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Blaine A. Noblett
Corporations Counsel

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