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California Corporations 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. C. GULL ESCROW, INC., Respondent.	)))))))))))	File No.: 963-2025 **ACCUSATION**

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

I.

C. GULL ESCROW, INC. (“Respondent” or “C.GULL”) 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*.).

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II.

Pursuant to Financial Code section 17210, all licensees must 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. *Cal. Fin. Code 17210.*

C.GULL was issued escrow agent license number 963-2025 on or about December 16, 2003 by the Commissioner, pursuant to the Escrow Law of the State of California. Thus, C.GULL is required to meet the liquidity and tangible net worth requirements of California Financial Code section 17210 at all times from December 16, 2003 to the present.

C.GULL filed their Annual Report dated December 31, 2009 ("Report 2009"), as required by the Escrow Law of the State of California with the Commissioner. C.GULL reported that the value of their net liquid assets was -$14,629.00 in the Report 2009. Also, C.GULL reported to the Commissioner that the value of their tangible net worth was $12,314.00 in the Report 2009.

On or about September 14, 2010, the Commissioner notified C.GULL in writing that its Report 2009 reflected a liquid asset deficiency of $39,629.00 and a gross tangible asset deficiency of $37,686.00, ("First Notice"). The Commissioner requested correction of these deficiencies and proof of such correction within thirty (30) days from the date of the First Notice. The First Notice warned that a failure to cure the deficiencies could result in the suspension of C.GULL's escrow license.

In response to the First Notice, C.GULL filed unaudited financial statements dated December 31, 2010 ("Unaudited Statements") with the Commissioner. The Unaudited Statements reflected a liquid asset deficiency of $5,017.39 and a gross tangible asset deficiency of $1,266.43. Both amounts were still deficient of the required asset amounts. Therefore, C.GULL was still in violation of California Financial Code section 17210.

On or about March 4, 2011, the Commissioner issued another correspondence to the Respondent requiring immediate action to cure all noted deficiencies ("Second Notice"). C.GULL was warned <u>again</u> in the Second Notice that failure to cure the deficiencies could result in the suspension of C.GULL's escrow license. The Commissioner did not receive a response to the Second Notice from C.GULL.

On or about April 14, 2011, a Certified Public Accountant on behalf of C.GULL, submitted C.GULL's Annual Report of December 31, 2010 ("Report 2010"). The Report 2010 reflected a liquid asset deficiency of $7,174.00 and a gross tangible asset deficiency of $10,008.00 as of December 31, 2010. These amounts varied from the amounts previously reported in the Unaudited Statements.

On or about April 21, 2011, the Commissioner issued another correspondence to the Respondent requiring immediate action to cure all noted deficiencies ("Third and Final Notice"). C.GULL was warned again in the Third and Final Notice that failure to cure the deficiencies could result in the suspension of C.GULL's escrow license. The Commissioner did not receive a response to the Third and Final Notice from C.GULL. The Commissioner has attempted to contact C.GULL and has left several telephone messages. To date, C.GULL has not responded to any request or has yet to cure any deficiency in violation of California Financial Code section 17210.

III.

Financial Code section 17210 provides in pertinent part 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:
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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.

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State of California – Department of Corporations

IV.

Complainant finds that, by reason of the foregoing, C. GULL ESCROW, INC. has violated Financial Code section 17210, which constitutes grounds for the suspension of its escrow agent's license.

WHEREFORE, IT IS PRAYED that C. GULL ESCROW, INC.'s escrow agent's license be suspended until such time as C. GULL ESCROW, INC. cures all net liquid asset and tangible net worth asset deficiencies and thus complies with California Financial Code section 17210, or for a period of one month, whichever period is greater.

Dated: September 5, 2011
Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Marisa I. Urteaga-Watkins
Corporations Counsel