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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. COASTAL EXPRESS ESCROW, INC., Respondent.	File No.: 963-2466 ACCUSATION IN SUPPORT OF REVOCATION OF CALIFORNIA ESCROW AGENT'S LICENSE

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

I

Coastal Express Escrow, Inc. ("Respondent") is an escrow agent licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") of the Department of Corporations ("Department") pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 *et seq*.).

II

The Commissioner received a letter from Respondent dated July 20, 2009 stating its intent to surrender its California escrow agent's license.

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On August 12, 2009 the Commissioner sent a certified letter ("Commissioner's Letter") to Respondent which was received on August 14, 2009. This letter notified Respondent that, as a condition of license surrender pursuant to Financial Code Section 17600, subdivision (b), the licensee is required to engage a certified public accountant to conduct a closing audit of the licensee's records ("closing audit report") and report findings of compliance with the Escrow Law to the Commissioner within 105 days from the date of the application to surrender the license. The application must contain the original license(s) that were issued by the Commissioner. Hence, the due date for the closing audit report was November 5, 2009. To date, the Commissioner has not received the closing audit report from Respondent.

The Commissioner's Letter notified Respondent that Respondent's 2008 annual Assessment of $2800.00 had not been received. Pursuant to Financial Code Section 17207, all licensees under the Escrow Law are required to pay an annual license fee or Assessment for each location in an amount not to exceed $2800.00. The surrender of Respondent's escrow license was conditioned upon the Commissioner's receipt of this Assessment. Invoice No. ES0177 in the amount of $2,800.00 was issued on May 30, 2009 and was due by June 30, 2009 pursuant to Financial Code Section 17207(e). To date, the Commissioner has not received the 2008 annual Assessment from Respondent.

The Commissioner's Letter stated that Respondent must comply with all the requirements of the Escrow Law, including but not limited to the payment of assessments and the filing of required reports until such time as the surrender of the license(s) is accepted by the Commissioner and the Respondent is notified in writing of such acceptance. While its surrender of license had not been accepted, Respondent has not filed its annual audit reports for fiscal years 2009, 2010, and 2011.

Pursuant to Financial Code Section 17406, all licensees under the Escrow Law are required to file an annual audit report containing audited financial statements within one hundred and five (105) days after the close of their fiscal year. Respondent was notified by letter on June 8, 2009 to file its annual audit report for the fiscal year ending on July 31, 2009, yet no response was received. Respondent was notified by letter on June 7, 2010, to file its annual audit report for the fiscal year ending on July 31, 2010, yet no response was received. On June 6, 2011, a letter was sent to

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Respondent's last known address on file with the Commissioner, notifying it to file its annual audit report for the fiscal year ending on July 31, 2011, and this letter was returned as "address unknown."

III

Financial Code Section 17600 provides as follows:

> (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 a 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 17207(e) provides in relevant part:

> (1) Each escrow agent shall pay to the commissioner for the support of this division for the ensuing year an annual license fee not to exceed two thousand eight hundred dollars ($2,800) for each office or location.
>
> (4) If an escrow agent fails to pay the amount due on or before the June 30 following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

Financial Code Section 17602.5 provides 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, or fails to include therein any matter required by law or 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 relevant 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

Complainant finds that, by reason of the foregoing, Respondent Coastal Express Escrow, Inc. has violated Financial Code Sections 17600, 17207, 17406, and 17602.5, and it is in the best interest of the public to revoke Respondent's escrow agent's license pursuant to Financial Code Section 17608.

WHEREFORE, IT IS PRAYED that the California escrow agent's license of Respondent Coastal Express Escrow, Inc. be revoked.

Dated: March 13, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
Sophia C. Kim
Corporations Counsel

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