PRESTON DuFAUCHARD
California Corporations Commissioner
ALAN S. WEINGER
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. MS ESCROW SERVICES, Respondent.	File No.: 963-2473 ACCUSATION

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

I

MS Escrow Services ("Respondent" or "MS Escrow") 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.).

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 ("audit report") within one hundred and five (105) days after the close of their fiscal year. Respondent's fiscal year end is

State of California – Department of Corporations

March 31. Accordingly, Respondent was required to file its audit report on or before July 15, 2011.

On or about February 7, 2011, Complainant notified Respondent in writing that its audit report was due July 15, 2011. Respondent failed to file the audit report by July 15, 2011.

On or about July 22, 2011, a follow up letter was sent to Respondent concerning its failure to file the audit report. Respondent was notified in the letter that failure to file to the audit report within ten days of the date of the letter could result in assessment of penalties, a special examination and/or administrative action.

Respondent has yet to file the audit report as required by Financial Code section 17406.

III

Respondent previously failed to timely file its 2008 and 2010 audit reports. Respondent failed to file its 2008 audit report until on or about September 9, 2008 (54 days late) and its 2010 audit report until on or about August 12, 2010 (28 days late).

IV

Pursuant to Financial Code section 17210, all licensees under the Escrow Law are required to maintain a tangible net worth of $50,000.00, to include liquid assets of at least $25,000.00 in excess of current liabilities.

The most recent balance sheet provided to Complainant by Respondent was for the period ended May 31, 2011 and disclosed a liquid asset deficiency of $18,407.84. On or about June 15, 2011, Respondent was requested to submit proof that the liquid asset deficiency had been corrected. Respondent has yet to submit any evidence that the liquid asset deficiency has been corrected or otherwise respond.

V

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 date 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.

State of California – Department of Corporations

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

Complainant finds that, by reason of the foregoing, Respondent has violated Financial Code sections 17210 and 17406, which constitutes grounds for the revocation of its escrow agent's license.

WHEREFORE, IT IS PRAYED that Respondent's escrow agent's license be revoked.

Dated: November 7, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Judy L. Hartley
Senior Corporations Counsel

State of California – Department of Corporations