ALAN S. WEINGER
Deputy Commissioner
BLAINE A. NOBLETT (BAR NO. 235612)
Senior Corporations Counsel
DEPARTMENT OF CORPORATIONS
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
Telephone: (213) 576-1396 Fax: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, v. ESCROWNOVA, INC., Respondent.	File No.: 963-2502 **ACCUSATION**

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

I.

Respondent Escrownova, Inc. ("Escrownova" and/or "Respondent") is an escrow agent licensed by the California Corporations Commissioner ("Commissioner") pursuant to the Escrow Law of the State of California (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. Escrownova's fiscal year-end is

State of California - Department of Corporations

December 31st. Accordingly, Escrownova was required to file its annual audit report for its fiscal year ended December 31, 2010, on or before April 15, 2011. On or about June 1, 2011, forty-seven days after the filing deadline, Escrownova submitted its December 31, 2010 annual audit report to the Commissioner.

A review of Escrownova's December 31, 2010 financial statement disclosed a tangible net worth deficiency of $56,765.00 and a net liquid asset deficiency of $40,119.00. 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 ($50,000.00), including liquid assets of at least twenty-five thousand dollars ($25,000.00) in excess of current liabilities. In light of the liquidity deficiencies reflected in Escrownova's annual audit report, on or about July 25, 2011, the Commissioner determined that Respondent was conducting its escrow business in such an unsafe and injurious manner as to render further operations hazardous to the public or to customers such that the Commissioner issued Escrownova an Order to Discontinue Escrow Activities Pursuant to Financial Code section 17415 ("Order to Discontinue"). The Order to Discontinue remains in effect.

Thereafter, on or about February 13, 2012, the Commissioner wrote to Escrownova requesting copies of its most recent unaudited financial statements. On or about February 27, 2012, Escrownova responded to the Commissioner's request. A review of the most recent unaudited financial statements provided by Escronova disclosed a tangible net worth deficiency of $66,261.76 and a net liquid asset deficiency of $45,214.86.

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.

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State of California - Department of Corporations

Financial Code section 17210, subdivision (a) provides:

> 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 Complainant finds that, by reason of the foregoing, Escrownova, Inc. has violated Financial Code section 17210 which constitutes ground for the revocation of its escrow agent's license.

WHEREFORE, IT IS PRAYED that the escrow agent's license of Escrownova, Inc. be revoked.

DATED: March 7, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
BLAINE A. NOBLETT
Senior Corporations Counsel
Enforcement Division

State of California - Department of Corporations