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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. DIRECTOR'S ESCROW SERVICE, INC., Respondent.	File No.: 963-2566 **ACCUSATION**

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

I.

Director's Escrow Service, Inc. ("Respondent") is an escrow agent licensed by the Commissioner ("Commissioner") of the California Department of Corporations ("Department") pursuant to the California Escrow Law (Financial Code section 17000 *et seq*.) ("Escrow Law"). Respondent last reported to the Department that its principal place of business is located at 400 Corporate Pointe, Suite 300, Culver City, California, 90230. Bernadyne Smith is Respondent's president and owner of record.

II.

State of California - Department of Corporations

Pursuant to Financial Code section 17202, all licensees must maintain a surety bond in the minimum amount of $25,000.

On November 6, 2012, the Department received notice that Repondent's surety bond would be canceled effective December 6, 2012.

On November 29, 2012, the Department sent written notice to Respondent that a replacement bond should be filed immediately or else the Commissioner would issue an order to discontinue any new escrow activities. Although this notice was mailed certified to Respondent, it was returned to the Department as "not deliverable as addressed."

On December 6, 2012, Respondent's surety bond expired and no replacement bond was obtained.

On December 19, 2012, pursuant to Financial Code section 17415, the Commissioner issued an Order to Discontinue Escrow Activities to Respondent due to the cancelation of its surety bond.

On December 19, 2012, the Commissioner's examiner attempted to personally serve Respondent the Order to Discontinue Escrow Activities at the licensed location last reported to the Department. However, upon arriving at the licensed location, the examiner was told by the building manager that Respondent had previously given notice and physically vacated from the office it had leased at the premises, which the examiner visually confirmed. The building manager also informed the examiner that Respondent's president had recently deceased.

Respondent has yet to provide the Commissioner with proof of bond replacement or reinstatement as required by Financial Code section 17202.

Additionally, Respondent has moved from its licensed location without giving prior notice to the Commissioner, in violation of Financial Code section 17213.1 and California Code of Regulations, title 10, section 1730, in that Respondent has removed its books and records from the licensed location, and the present location of the Respondent's books and records remains unknown.

III.

California Financial Code section 17202 provides in pertinent part:

> At the time of filing an application for an escrow agent's license, the applicant shall deposit with the commissioner a bond satisfactory to the commissioner in

State of California - Department of Corporations

the amount of at least twenty-five thousand dollars ($25,000). Thereafter, a licensee shall maintain a bond satisfactory to the commissioner . . . .

Financial Code section 17213.1, subdivision (a), provides as follows:

> (a) An escrow agent's business shall not be removed from the premises or address shown on the license without the prior approval of the commissioner, and notice of any intended change shall be transmitted to the commissioner not less than 30 days prior to the date of the intended change of location; provided, however, that the commissioner may waive the 30-day notice requirement when the move is occasioned by fire, emergency, or other catastrophe. The commissioner's approval shall be granted or denied within 30 days from the date of the commissioner's receipt of the licensee's request containing such information as the commissioner may require.

California Code of Regulations, title 10, section 1730 provides in pertinent part as follows:

> (a) An escrow agent who is engaged in the business of receiving escrows specified in subdivision (c) of Section 17312 of the Financial Code and is required to be a member of Escrow Agents' Fidelity Corporation shall have its business offices located in the State of California and shall maintain its books, records and accounts in the State of California . . .
>
> (b) An escrow agent shall notify the Commissioner in writing of the location of its books, records and accounts. Such books, records and accounts shall be maintained at such location unless the escrow agent notifies the Commissioner in writing at least 15 days prior to changing the location of such books.

Financial Code section 17600, subsection (a), provides:

> (a) An escrow agent's license remains in effect until surrendered, revoked, or suspended.

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:
>
> (a) The licensee has failed to maintain in effect a bond required under the provisions of this division.
>
> (b) The licensee has violated any provision of this division or any rule

State of California - Department of Corporations

made by the commissioner under and within the authority of this division.

IV.

The Complainant finds that, by reason of the foregoing, Director's Escrow Service, Inc. has violated Financial Code sections 17202 and 17213.1 and California Code of Regulations, title 10, section 1730, which constitute grounds for the revocation of its escrow agent's license under Financial Code section 17608.

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

DATED: January 7, 2013
Sacramento, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
Miranda LeKander
Senior Corporations Counsel

State of California - Department of Corporations