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Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	Escrow License No.: 963-0748
THE COMMISSIONER OF BUSINESS OVERSIGHT,)	
Complainant,)	ORDER IMPOSING PENALTIES PURSUANT TO FINANCIAL CODE SECTION 17408
v.)	
SC ESCROW SERVICES, INC.,)	
Respondent.)	

TO: SC ESCROW SERVICES, INC.
1901 Pacific Coast Highway
Hermosa Beach, California 90254

THE COMMISSIONER OF BUSINESS OVERSIGHT (COMMISSIONER) FINDS THAT:

1. SC Escrow Services, Inc. (SC Escrow) has failed to maintain, at all times, liquid assets in the amount of at least \$25,000.00 and a tangible net worth of at least \$50,000.00, as required by Financial Code section 17210 under the California Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law).
2. The Commissioner's review of the audited annual report of SC Escrow for the period ended

1 September 30, 2012, filed seven days late, disclosed a liquid asset deficiency in the amount of
2 \$85,736.00, in violation of Financial Code section 17210.¹

3 3. On or about May 1, 2013, the Commissioner sent a regulatory examination letter to SC
4 Escrow citing, among other violations, the liquid asset deficiency noted during the March 2012
5 examination, in violation of section 17210. The regulatory examination letter advised:

6 You are hereby directed to discontinue the practices outlined in this letter. You are required
7 to submit a report to this Department within (30) days from the date of this letter that
8 describes in detail the corrective actions being taken by your company to avoid recurrence of
9 these practices. The penalties for failure to file the report by the due date is \$100 per day for
the first five days the report is overdue and \$500 per day thereafter for each day the report is
overdue in accordance with the provisions of Financial Code Section 17408.

10 4. On or about July 15, 2013, after not receiving a report of corrective actions from SC Escrow,
11 the Commissioner sent by certified mail a 15-day demand letter warning SC Escrow that penalties
12 would accrue pursuant to section 17408 for each day the licensee failed to provide a written response
13 to the May 1, 2013 regulatory examination letter. This letter stated:

14 Your attention is directed to Section 17408 of the Financial Code, which provides for the
15 assessment of penalties for each day that a requested report or information is not submitted.
16 The penalties are assessed at \$100 per day for the first five days and \$500 per day for each
day thereafter.

17 5. On or about October 21, 2013, the Commissioner sent by certified mail a written demand to
18 SC Escrow to provide within 30 days proof of correction of the liquid asset deficiency that was
19 disclosed in the audited annual report the licensee filed for the year ended September 30, 2012, which
20 deficiency was also previously cited in the Commissioner's regulatory examination letter dated May
21 1, 2013. This letter advised SC Escrow that penalties of \$39,500.00 had accrued since the July 15,
22 2013 demand letter and that daily penalties would continue to accrue pursuant to section 17408 until
23 corrective action was taken.

24 6. Subsequently, SC Escrow failed to file its audited annual report for the year ended September
25 30, 2013, which was due on January 15, 2014, or 105 days after the close of the applicable calendar
26 or fiscal year, as required by section 17406.

27 _____
28 ¹ All further statutory references are to the Financial Code unless otherwise indicated.

1 7. On or about March 24, 2014, the Commissioner sent by certified mail to SC Escrow a 10-day
2 demand letter in connection with the non-filing of the audited annual report for the year ended
3 September 30, 2013, which warned of the assessment of penalties pursuant to section 17408 and
4 possible license suspension or revocation for the late filing of the annual report.

5 8. Most recently, SC Escrow failed to file its audited annual report for the period ended
6 September 30, 2014, which was due on January 15, 2015, as required by section 17406.

7 9. On or about January 21, 2015, the Commissioner sent by certified mail to SC Escrow a 10-
8 day demand letter in connection with the non-filing of the annual report containing audited financial
9 statements for the year ended September 30, 2014, which warned of the assessment of penalties
10 pursuant to section 17408 and possible license suspension or revocation for the late filing of the
11 audited annual report.

12 10. To date, SC Escrow has failed to file the annual reports containing audited financial
13 statements for the years ended September 30, 2013 and September 30, 2014, in violation of section
14 17406, and daily penalties accrue pursuant to section 17408.

15 11. Further, SC Escrow has yet to provide a written response to the Commissioner's May 1, 2013
16 regulatory examination letter and multiple letters demanding proof of compliance with the minimum
17 liquid asset and tangible net worth requirements of section 17210.

18 12. Section 17408, subdivisions (b) through (e), provides:

19 (b) The commissioner may impose, by order, a penalty on any person who fails, within the
20 time specified in any written demand of the commissioner, (1) to make and file with the
21 commissioner any report required by law or requested by the commissioner . . . The amount
22 of the penalty may not exceed one hundred dollars (\$100) for each day for the first five days
the report or information is overdue, and thereafter may not exceed five hundred dollars
(\$500) for each day the report or information is overdue.

23 (c) If, after an order has been made under subdivision (b), a request for hearing is filed in
24 writing within 30 days of the date of service of the order by the person to whom the order was
25 directed, a hearing shall be held in accordance with the Administrative Procedure Act,
26 Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the
Government Code, and the commissioner shall have all the powers granted under that chapter.

27 (d) If the person fails to file a written request for a hearing within 30 days of the date of
28 service of the order, the order imposing the penalty shall be deemed a final order of the
commissioner, and the penalty shall be paid within five business days.

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(e) If a hearing is requested, the penalty shall be paid within five business days after the effective date of any decision in the case ordering payment to be made.

NOW THEREFORE, the Commissioner of Business Oversight having found that SC Escrow Services, Inc. has failed to timely file its annual reports containing audited financial statements for the years ended September 30, 2013 and September 30, 2014, as required by section 17406, and provide a report proving correction of its liquid asset deficiency in compliance with section 17210, it is hereby ordered pursuant to section 17408 that SC Escrow Services, Inc. pay the Commissioner the sum of \$217,500.00 plus an additional \$500.00 for each day after the date of this order that the herein-referenced reports remain outstanding.

DATED: May 11, 2015
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division