

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

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THE CALIFORNIA CORPORATIONS) File No.: 963-2417
12 COMMISSIONER,)

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Complainant,

) **ORDER REVOKING ESCROW AGENT’S
LICENSE**

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vs.

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ESCROW NATION, INC.,

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Respondent.

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NOW THEREFORE the California Corporations Commissioner (“Commissioner”) finds that:

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1. The Commissioner issued to the Respondent Escrow Nation, Inc. (“Respondent”) an
22 escrow license pursuant to the California Escrow Law (California Financial Code Section 17000 et
23 seq.).

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2. Respondent filed its annual audit report for the period ending on December 31, 2007.
25 Respondent’s annual audit report was prepared by an independent Certified Public Accountant
26 (“CPA”).

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3. A review of Respondent’s annual audit report showed that Respondent, in violation of
28 California Financial Code section 17210, had a net liquid asset deficiency of \$152,904.00 and a

1 tangible net worth deficiency of \$292,427.00. In addition, the CPA expressed a going concern
2 regarding Respondent's incurred losses and cash position. According to Respondent's CPA, "Those
3 conditions raise substantial doubt about the Company's ability to continue as a going concern."

4 4. On June 16, 2008, the Commissioner notified Respondent that it had a net liquid asset
5 deficiency and a tangible net worth deficiency in violation of California Financial Code section
6 17210. Respondent was required to correct the deficiencies and provide the Commissioner with
7 proof of correction within 15 days. Respondent was also required to address the going concern issue
8 raised by its CPA by submitting a plan of action and reassurance that additional capital would be
9 provided as necessary.

10 5. In violation of California Financial Code section 17602.5, Respondent did not correct
11 the deficiencies.

12 6. On July 11, 2008, Respondent submitted a closing audit and its license for surrender.
13 Pursuant to California Financial Code section 17600, a license is not surrendered until the
14 Commissioner has reviewed and accepted the closing audit report, determined that there is no
15 violation of the California Escrow Law, and accepted the surrender of the license in writing.

16 7. On June 8, 2009, the Commissioner, by and through his representative, spoke to
17 Respondent regarding the finalization of its surrender. Respondent was again reminded that in order
18 to surrender its license, it had to submit proof of correction of the net liquid asset and the tangible net
19 worth deficiencies. The Commissioner further notified Respondent that its failure to correct the
20 deficiencies would result in a revocation of its license.

21 8. Respondent claimed that it did not have the funds to correct the net liquid asset and the
22 tangible net worth deficiencies. Respondent did not correct the net liquid asset and the tangible net
23 worth deficiencies.

24 9. Pursuant to California Financial Code section 17202, a licensee must maintain a bond
25 satisfactory to the Commissioner. On February 26, 2009, the Commissioner discovered that
26 Respondent's surety bond had been canceled. The Commissioner did not receive proof of
27 reinstatement or replacement of Respondent's surety bond.

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1 10. On July 22, 2009, the Commissioner filed and served his Notice of Intention to
2 Revoke Respondent’s license, the Accusation, and all the related documents. On August 5, 2009,
3 Respondent confirmed that it received the Notice of Intention to Revoke its license, the Accusation,
4 and all the related documents. The Commissioner has not received a request for a hearing from
5 Respondent, and the time within which to request a hearing has expired.

6 11. The Commissioner finds that, by reason of the foregoing, Respondent has violated
7 California Financial Code sections 17602.5, 17210, and 17202, which constitutes grounds for the
8 revocation of Respondent’s escrow agent’s license.

9 THEREFORE, pursuant to California Financial Code section 17608, the escrow license issued
10 to Escrow Nation, Inc. is hereby revoked. This Order is effective as of the date hereof.

11 Dated: August 19, 2009
12 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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15 By _____
16 ALAN S. WEINGER
17 Deputy Commissioner
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