

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of the Accusation of THE) File No.: 963-2401
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ACCUSATION
13)
Complainant,)
14)
15 vs.)
16 THE ESCROW PEOPLE, INC.,)
17 Respondent.)
18)

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

21 I

22 The Escrow People, Inc. (“Respondent” or “Escrow People”) is an escrow agent licensed by
23 the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the
24 Escrow Law of the State of California (California Financial Code Section 17000 et seq.).

25 II

26 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
27 file an annual audit report containing audited financial statements (“audit report”) within one
28 hundred and five (105) days after the close of their fiscal year. Respondent’s fiscal year end is

1 December 31. Accordingly, Respondent was required to file its audit reports for the fiscal years
2 ended December 31, 2007 and December 31, 2008 on or before April 15, 2008 and April 15, 2009,
3 respectively.

4 On or about November 13, 2007, Complainant notified Respondent in writing that its audit
5 report was due April 15, 2008. Respondent failed to file the audit report by April 15, 2008.

6 On or about November 17, 2008, Complainant notified Respondent in writing that its audit
7 report was due April 15, 2009. Respondent failed to file the audit report by April 15, 2009.

8 On or about May 26, 2009, Respondent was notified again in writing that its 2007 and 2008
9 had not been filed. To date, Respondent has failed to file its 2007 and 2008 audit reports as required
10 by Financial Code section 17406.

11 III

12 Pursuant to Financial Code section 17210, all licensees under the Escrow Law are required to
13 maintain liquid assets of \$25,000.00 and a tangible net worth of \$50,000.00.

14 During a regulatory examination of the books and records of Respondent commenced on or
15 about January 7, 2009, it was determined that Respondent did not meet the liquid asset and tangible
16 net worth requirements of Financial Code section 17210. As of December 31, 2008, Respondent had
17 a liquid asset deficiency in the amount of \$33,447.14 and a tangible net worth deficiency in the
18 amount of \$37,752.65.

19 On or about May 26, 2009, Respondent was requested to submit evidence that it meets the
20 liquid asset and tangible net worth requirements of Financial Code section 17210. To date,
21 Respondent has failed to prove its meet the liquid asset and tangible net worth requirements of
22 Financial Code section 17210.

23 IV

24 Financial Code section 17602.5 provides in pertinent part as follows:

25 If any licensed escrow agent fails to make any reports required by law
26 or by the commissioner within ten (10) days from the date designated
27 for the making of the reports, or within any extension of time granted
28 by the commissioner, . . . such failure shall constitute grounds for
the suspension or revocation of the license held by such escrow agent.

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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: July 8, 2009
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel