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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
OF THE STATE OF CALIFORNIA

In the Matter of:

THE COMMISSIONER OF FINANCIAL  
PROTECTION AND INNOVATION,

Complainant,

v.

CAL SMART ESCROW, INC.

Respondent.

ESCROW LICENSE NO.: 963-2646

ACCUSATION TO REVOKE ESCROW  
AGENT'S LICENSE

(Fin. Code §§ 17608 and 17602.5)

The Complainant, California Commissioner of Financial Protection and Innovation  
(Commissioner), is informed and believes, and based upon such information and belief, alleges and  
charges Respondent Cal Smart Escrow, Inc. (Respondent) as follows:

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1 I.

2 **Introduction**

3 1. The Commissioner seeks to revoke the escrow agent's license issued to Respondent  
4 based upon its violations of the California Escrow Law (Fin. Code, §§ 17000 et seq.) (Escrow Law),  
5 as set forth below.

6 2. At all relevant times herein, Respondent was an escrow agent licensed by the  
7 Commissioner under the Escrow Law, with its place of business located at 3715 Market Street, Suite  
8 110, Glendale, California 91208.

9 II.

10 **Violations of the Escrow Law**

11 3. Pursuant to Financial Code section 17600, subdivision (a), an escrow agent's license  
12 remains in effect until surrendered, revoked, or suspended.

13 4. Pursuant to Financial Code section 17202, subdivision (a) all licensees shall maintain  
14 a bond satisfactory to the Commissioner in the amount of: (1) \$25,000 if 150% of the previous year's  
15 average annual trust fund obligations, as calculated under Section 17348, equals \$250,000 or less; (2)  
16 \$35,000 if 150% of the previous year's average annual trust fund obligations, as calculated under  
17 Section 17348, equals at least \$250,001 but not more than \$500,000; or (3) \$50,000 if 150% of the  
18 previous year's average annual trust fund obligations, as calculated under Section 17348, equals  
19 \$500,001 or more.

20 5. Pursuant to California Financial Code section 17348, each licensed escrow agent must  
21 file its Escrow Annual Liability Report for each licensed location by no later than February 15 of  
22 each year.

23 6. Pursuant to Financial Code section 17600, subdivision (b), a licensee that wishes to  
24 surrender its license must notify the Commissioner in writing and, at that time, tender the license and  
25 all other indicia of licensure to the Commissioner. Within 105 days of the written notice to the  
26 Commissioner, the licensee shall submit to the Commissioner, at its own expense, a closing audit  
27 report as of the date the license is tendered to the Commissioner for surrender, to be performed by an  
28 independent certified public accountant (CPA). The closing audit shall include, but not be limited to,

information required by the Commissioner, a bank reconciliation of the trust account, and a verified statement from a CPA confirming lawful disbursement of funds. A license is not surrendered until the Commissioner has reviewed and accepted the closing audit report, a determination has been made by the Commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

7. On or about January 17, 2017, Respondent notified the Department of Financial Protection and Innovation (Department) that it was planning on closing its doors within the next 30 days.

8. On February 22, 2017, the Department notified Respondent that it had not received its Annual Escrow Liability Report for calendar year 2016, which was due on February 15, 2017.

9. Respondent failed to submit its 2016 Annual Escrow Liability Report, in violation of Financial Code section 17348.

10. On or about March 20, 2017, Respondent submitted a request to surrender its escrow agent's license to the Department.

11. On March 23, 2017, the Department notified Respondent about the surrender process requirements including the reports it had to produce, and the actions it had to take in order for the Commissioner to make a determination whether to accept Respondent's license for surrender. The Department informed Respondent about submitting its closing audit, returning the license and all other indicia of licensure to the Commissioner and properly reconciling its trust accounts or escheating them to the state. The letter was returned by the U.S. Postal Service.

12. On or about May 23, 2017, the Department was notified that Respondent's surety bond would be terminated within 30 days. Respondent failed to renew its surety bond, in violation of Financial Code section 17202.

13. On June 7 and August 18, 2017, the Department sent emails and letters to Respondent notifying that its closing audit report, and other reports and information required pursuant to Financial Code section 17600 were past due. The letters were returned by the U.S. Postal Service.

14. Respondent failed to submit its closing audit report, and failed to produce the necessary information, as required by Financial Code section 17600.

### Applicable Law

- ## ACCUSATION

submitted to Fidelity Corporation, with the schedule. The schedule shall be in the form and contain such information as the commissioner may require.

18. Financial Code section 17600 provides as follows:

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

(b) A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from a certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report, a determination has been made by the commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

19. Financial Code section 17602.5 provides as follows:

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

20. Financial Code section 17608 provides, in pertinent part, as follows:

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.

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IV.

**Prayer for Order Revoking Escrow Agent's License**

The Commissioner finds that, by reason of the foregoing, Respondent is in violation of Financial Code sections 17600, 17348 and 17202, which constitutes grounds for the revocation of its escrow agent's license under sections 17602.5 and 17608 of the Escrow Law.

WHEREFORE, IT IS PRAYED under sections 17602.5 and 17608 of the Escrow Law, that the escrow agent's license of Cal Smart Escrow, Inc. be revoked.

Dated: November 25, 2024  
San Diego, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By: \_\_\_\_\_  
AFSANEH EGHBALDARI  
Senior Counsel  
Enforcement Division