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11 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
12 OF THE STATE OF CALIFORNIA
13

14 In the Matter of:

15 THE COMMISSIONER OF FINANCIAL
16 PROTECTION AND INNOVATION,

17 Complainant,

18 v.

19 EMPIRE ESTATES ESCROW, INC.,

20 Respondent.
21
22

) ESCROW LICENSE NO.: 963-2537

) ACCUSATION TO REVOKE ESCROW
AGENT'S LICENSE

) (Fin. Code §§ 17608 and 17602.5)
23

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

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I.**Introduction**

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

2. At all relevant times herein, Respondent was an escrow agent licensed by the Commissioner under the Escrow Law, with its place of business located at 10750 Civil Center Drive, Suite 103, Rancho Cucamonga, California 91730.

II.**Escrow Law Violations**

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

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

5. Pursuant to Financial Code section 17600, subdivision (b), a licensee that wishes to surrender its license must 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, to be performed by an 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

1 the Commissioner that acceptance of the surrender is in the public interest, and tender of the license
2 is accepted in writing by the commissioner.

3 6. On or about February 26, 2018, Respondent submitted a request to surrender its
4 escrow agent's license to the Department of Financial Protection and Innovation (Department).

5 7. On March 26, 2018, the Department notified Respondent about the surrender process
6 requirements including the reports it had to produce, and the actions it had to take in order for the
7 Commissioner to make a determination whether to accept Respondent's license for surrender. The
8 Department informed Respondent about submitting its closing audit, returning the license and all
9 other indicia of licensure to the Commissioner and properly reconciling its trust accounts or
10 escheating them to the state.

11 8. On or about May 15, 2018, the Department was notified that Respondent's surety
12 bond would terminate within 30 days.

13 9. On or about May 21, 2018, the Department notified Respondent of the cancellation of
14 its surety bond and requested Respondent to provide proof of reinstatement. The Respondent
15 responded by stating that the company was being dissolved.

16 10. On or about July 12, 2018, the Department sent a letter notifying Respondent that its
17 closing audit report, and other reports and information required pursuant to Financial Code section
18 17600 were past due.

19 11. The Commissioner never accepted Respondent's surrender request due to its failure to
20 submit the necessary reports and information and its failure to take the necessary actions.

21 12. Respondent failed to submit its closing audit report and failed to produce all the
22 necessary information as required by Financial Code section 17600, and failed to renew its surety
23 bond, in violation of Financial Code section 17202.

24 III.

25 Applicable Law

26 13. Financial Code section 17202 provides, in pertinent part, as follows:

- 27 (a) At the time of filing an application for an escrow agent's license,
28 the applicant shall deposit with the commissioner a bond

satisfactory to the commissioner in the amount of at least twenty-five thousand dollars (\$25,000). Thereafter, a licensee shall maintain a bond satisfactory to the commissioner in the amount of: (1) twenty-five thousand dollars (\$25,000) if 150 percent of the previous year's average annual trust fund obligations, as calculated under Section 17348, equals two hundred fifty thousand dollars (\$250,000) or less; (2) thirty-five thousand dollars (\$35,000) if 150 percent of the previous year's average annual trust fund obligations, as calculated under Section 17348, equals at least two hundred fifty thousand one dollars (\$250,001) but not more than five hundred thousand dollars (\$500,000); or (3) fifty thousand dollars (\$50,000) if 150 percent of the previous year's average annual trust fund obligations, as calculated under Section 17348, equals five hundred thousand one dollars (\$500,001) or more. The bond shall run to the state for the use of the state and for any person who has cause against the obligor of the bond under the provision of this division. A deposit given instead of the bond required by this section shall not be deemed an asset of the applicant or licensee for the purpose of complying with Section 17210. An applicant or licensee may obtain an irrevocable letter of credit approved by the commissioner in lieu of the bond.

14. 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.

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15. 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.

16. 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.

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 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 Empire Estates 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