

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 AMY J. WINN
Assistant Chief Counsel
4 AFSANEH EGHBALDARI (State Bar No. 250107)
Senior Counsel
5 Department of Financial Protection and Innovation
6 1455 Frazee Road, Suite 315
7 San Diego, California 92108
Telephone: (619) 946-3312
8 Facsimile: (619) 209-3612
9 affi.eghbaldari@dfpi.ca.gov

10 Attorneys for Complainant

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) ESCROW LICENSE NO.: 963-2666
16 PROTECTION AND INNOVATION,)
17)
18 Complainant,) ACCUSATION TO REVOKE ESCROW
19 v.) AGENT’S LICENSE
20) (Fin. Code §§ 17608 and 17602.5)
21 APN ESCROW SERVICES, INC.,)
22 Respondent.)

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 APN Escrow Services, 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 120 Vantis, Suite 300,
8 Aliso Viejo, California 92656.

9 II.

10 **Failure to Submit Closing Audit Report and Complete the Surrender Process**

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 17600, subdivision (b), a licensee that wishes to
14 surrender its license must notify the Commissioner in writing and, at that time, tender the license and
15 all other indicia of licensure to the Commissioner. Within 105 days of the written notice to the
16 Commissioner, the licensee shall submit to the Commissioner, at its own expense, a closing audit
17 report as of the date the license is tendered to the Commissioner for surrender, to be performed by an
18 independent certified public accountant (CPA). The closing audit shall include, but not be limited to,
19 information required by the Commissioner, a bank reconciliation of the trust account, and a verified
20 statement from a CPA confirming lawful disbursement of funds. A license is not surrendered until the
21 Commissioner has reviewed and accepted the closing audit report, a determination has been made by
22 the Commissioner that acceptance of the surrender is in the public interest, and tender of the license
23 is accepted in writing by the commissioner.

24 5. On June 30, 2017, Respondent submitted a request to surrender its escrow agent’s
25 license to the Department of Financial Protection and Innovation (Department).

26 6. On July 6, 2017, the Department notified Respondent about the surrender process
27 requirements including the reports it had to produce, and the actions it had to take in order for the
28 Commissioner to make a determination whether to accept Respondent’s license for surrender. The

1 Department informed Respondent about submitting its closing audit, returning the license and all
2 other indicia of licensure to the Commissioner and properly reconciling its trust accounts or
3 escheating them to the state.

4 7. Respondent failed to submit its closing audit report and failed to produce all the
5 necessary information as required by Financial Code section 17600.

6 8. On December 13, 2017, the Department again notified Respondent that its closing
7 audit report and other reports and information required pursuant to Financial Code section 17600
8 were past due.

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

11 10. Respondent’s surrender request was never accepted by the Commissioner due to its
12 failure to submit the necessary reports and information and failure to take the necessary actions.

13 **III.**

14 **Applicable Law**

15 11. Financial Code section 17600 provides as follows:

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

18 (b) A licensee that ceases to engage in the business regulated by this
19 division and desires to no longer be licensed shall notify the
20 commissioner in writing and, at that time, tender the license and all
21 other indicia of licensure to the commissioner. Within 105 days of the
22 written notice to the commissioner, the licensee shall submit to the
23 commissioner, at its own expense, a closing audit report as of the date
24 the license is tendered to the commissioner for surrender, or for another
25 period as the commissioner may specify, to be performed by an
26 independent certified public accountant. The closing audit shall
27 include, but not be limited to, information required by the
28 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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12. 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.

13. 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 section 17600, 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 APN Escrow Services, Inc. be revoked.

DATED: November 20, 2024
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By: _____
AFSANEH EGHBALDARI
Senior Counsel
Enforcement Division