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7
8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of:) ESCROW LICENSE NO.: 96DBO-93291
13)
14 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) ACCUSATION TO REVOKE
15) ESCROW AGENT LICENSE
16 Complainant,)
17 v.)
18 MT ESCROW, INC.,)
19)
20 Respondent.)
21)

22
23 Khalil Mohseni, Acting Commissioner of the Department of Financial Protection and
24 Innovation, brings this action in the public interest and alleges and charges as follows:

25 **I.**

26 **Introduction**

27 1. The Commissioner of Financial Protection and Innovation (Commissioner) as head of
28 the Department of Financial Protection and Innovation (Department) brings this action pursuant to

1 Financial Code section 17608.

2 2. The Commissioner is authorized to administer and enforce the provisions of the
3 California Escrow Law (Escrow Law) (Fin. Code § 17000 et seq.).¹

4 3. The Commissioner seeks to revoke the escrow agent license issued to MT Escrow,
5 Inc. (MT Escrow) based upon its violations of the Escrow Law, including the failure to file its annual
6 report for the period ending December 31, 2022, and the failure to pay the assessments totaling
7 \$3,800.00.

8 4. MT Escrow is an escrow agent licensed by the Commissioner under the Escrow Law
9 with its place of business located at 4035 E. Thousand Oaks Boulevard, Suite 234, Westlake Village,
10 California, 91362. Respondent received its escrow agent license from the Commissioner on
11 September 6, 2019. MT Escrow’s license is currently classified as inactive.

12 5. Matthew Russell Bolin (Bolin) is the President of MT Escrow.

13 **II.**

14 **Violations of the Escrow Law**

15 **A. Failure to File the Annual Audit Report for Fiscal Year 2022**

16 6. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
17 required to file an annual audit report containing audited financial statements within 105 days after
18 the close of their fiscal year. Respondent’s fiscal year-end is December 31. MT Escrow failed to
19 submit its annual audit report for the fiscal year 2022, in violation of Section 17602.5.

20 7. Notices regarding the requirement to file the annual audit report were sent to MT
21 Escrow as follows:

22 a. On November 17, 2022, the Department issued a bulletin to MT Escrow via
23 GovDelivery.com, sending it to MT Escrow’s designated email address on file with the Department.
24 The bulletin served as a reminder that the company’s annual audit report for the fiscal year ending
25 December 31, 2022, was due no later than April 17, 2023 – 105 days after the close of the fiscal year,
26 as required by Financial Code Section 17406. The bulletin also cautioned that failure to submit the
27

28 ¹ All further statutory references are to the Financial Code, unless otherwise indicated.

1 report by the April 17 deadline would subject the company to penalties under Financial Code Section
 2 17408. A delivery report generated by GovDelivery.com on November 17, 2022 confirmed that the
 3 notification was successfully delivered and received by MT Escrow on the same day.

4 b. On June 19, 2023, the Department issued a written demand to MT Escrow and sent to
 5 its designated email address requiring the filing of its December 31, 2022 annual report within ten
 6 days. The demand letter also warned MT Escrow of potential penalties, including license suspension
 7 or revocation, for failing to file the required report within the specified timeframe.

8 c. On October 24, 2023, the Department sent a reminder to Bolin regarding the non-
 9 receipt of MT Escrow’s December 2022 annual report. Bolin was required to respond with an update
 10 within seven business days from the Department’s October 24, 2023 letter. To date, MT Escrow has
 11 not submitted its December 2022 annual report.

12 8. Given MT Escrow’s failure to file the required annual audit report, it has incurred
 13 fines totaling \$238,500.00. These fines were calculated from the expiration date of the 10-day
 14 demand letter through October 21, 2023, as shown below.

Date	Number of Days	Fines per Day	Fine Amount
6/29/23 – 7/3/23	5	\$100.00	\$500.00
7/4/23 – 10/21/23	476	\$500.00	\$238,000.00

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 19 **B. Failure to pay the Assessments**

20 9. On January 20, 2023, the Department issued a special assessment invoice, Invoice No.
 21 SES220706, to MT Escrow for the fiscal year 2022-2023, pursuant to Section 17207(h)(1). The
 22 special assessment amount was \$1,000.00, and MT Escrow was required to pay it by March 21, 2023.
 23 Failure to comply could result in the summary suspension or revocation of its license pursuant to
 24 Section 17207(e)(4). Additionally, the Commissioner is authorized to impose a penalty of 10% of the
 25 special assessment for each month or partial month of nonpayment, as provided by Section
 26 17207(h)(2). The special assessment, including a 10% penalty, due from March 22, 2023 through
 27 October 24, 2024, totals \$2,100.00.

28 ///

1 (e) (1) Each escrow agent shall pay to the commissioner for the
2 support of this division for the ensuing year an annual license fee not to
3 exceed two thousand eight hundred dollars (\$2,800) for each office or
4 location.

5 (2) On or before May 30 in each year, the commissioner shall notify
6 each escrow agent by mail of the amount of the annual license fee
7 levied against it, and that the payment of the invoice is payable by the
8 escrow agent within 30 days after receipt of notification by the
9 commissioner.

10 (3) If payment is not made within 30 days, the commissioner may
11 assess and collect a penalty, in addition to the annual license fee, of 10
12 percent of the fee for each month or part of a month that the payment is
13 delayed or withheld.

14 (4) If an escrow agent fails to pay the amount due on or before the June
15 30 following the day upon which payment is due, the commissioner
16 may by order summarily suspend or revoke the certificate issued to the
17 company.

18 (5) If, after an order is made pursuant to paragraph (4), a request for a
19 hearing is filed in writing and a hearing is not held within 60 days
20 thereafter, the order is deemed rescinded as of its effective date. During
21 any period when its certificate is revoked or suspended, a company
22 shall not conduct business pursuant to this division, except as may be
23 permitted by order of the commissioner. However, the revocation,
24 suspension, or surrender of a certificate shall not affect the powers of
25 the commissioner as provided in this division.

26 ...

27 (h)(1) If costs and expenses associated with the enforcement of this
28 division, including overhead, are or will be incurred by the
commissioner during the year for which the annual license fee is levied,
and that will or could result in the commissioner's incurring of costs
and expenses, including overhead, in excess of the costs and expenses,
including overhead, budgeted for expenditure for the year in which the
annual license fee is levied, then the commissioner may levy a special
assessment on each escrow agent for each office or location in an
amount estimated to pay for the actual costs and expenses associated
with the enforcement of this division, including overhead, in an amount
not to exceed one thousand dollars (\$1,000) for each office or location.
The commissioner shall notify each escrow agent by mail of the
amount of the special assessment levied against it, and that payment of
the special assessment is payable by the escrow agent within 60 days of
receipt of notification by the commissioner. The funds received from
the special assessment shall be deposited into the State Corporations
Fund and shall be used only for the purposes for which the special
assessment is made.

(2) If payment is not made within 60 days, the commissioner may
assess and collect a penalty, in addition to the special assessment, of 10

1 percent of the special assessment for each month or part of a month that
2 the payment is delayed or withheld. If an escrow agent fails to pay the
3 special assessment on or before 60 days following the day upon which
4 payment is due, the commissioner may by order summarily suspend or
5 revoke the certificate issued to the company. If an order is made under
6 this subdivision, the provisions of paragraph (5) of subdivision (e) shall
7 apply.

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16. Financial Code section 17406 provides in pertinent part as follows:

(a) Each licensee shall submit to the commissioner, at the licensee's own expense, an audit report containing audited financial statements covering the calendar year or, if the licensee has an established fiscal year, then for that fiscal year, within 105 days after the close of the calendar or fiscal year, as applicable. At that time, each licensee shall also file additional relevant information as the commissioner may require.

...

(d) The reports and financial statements referred to in subdivisions (a) and (b) shall include at least a balance sheet and a statement of income for the year ended on the balance sheet date together with other relevant information as the commissioner may require. The reports and financial statements referred to in subdivisions (a), (b), and (c) shall be prepared in accordance with generally accepted accounting principles, and shall be accompanied by a report, certificate, or opinion of, an independent certified public accountant or independent public accountant. The audits shall be conducted in accordance with generally accepted auditing standards and the rules of the commissioner.

(e) A licensee shall make other special reports to the commissioner as the commissioner may from time to time require.

(f) For good cause and upon written request, the commissioner may extend the time for compliance with subdivisions (a) and (b).

(g) A licensee shall, when requested by the commissioner, submit its unaudited financial statements, prepared in accordance with generally accepted accounting principles and consisting of at least a balance sheet and statement of income and expense as of the date and for the period specified by the commissioner. The commissioner may require the submission of these reports on a monthly or other periodic basis.

...

(i) The commissioner may reject any financial statement, report, certificate, or opinion by notifying the licensee or other person required

1 to make the filing of its rejection and the cause of the rejection. Within
2 30 days after the receipt of the notice, the licensee or other person shall
3 correct the deficiency and the failure so to do shall be deemed a
4 violation of this division. The commissioner shall retain a copy of all
5 rejected filings.

6 (j) The commissioner may make rules specifying the form and
7 content of the reports and financial statements referred to in this
8 section, and may require that those reports and financial statements be
9 verified by the licensee in the manner as he or she may prescribe.

10 (k) Upon completion of the reports and financial statements
11 referred to in subdivisions (a), (b), and (c), the independent accountant
12 shall submit to the commissioner complete copies of the reports and
13 financial statements at the same time that copies of the reports and
14 financial statements are submitted to the licensee.

15 17. Financial Code section 17408, subdivisions (b)-(e), provides as follows:

16 (b) The commissioner may impose, by order, a penalty on any
17 person who fails, within the time specified in any written demand of the
18 commissioner, (1) to make and file with the commissioner any report
19 required by law or requested by the commissioner, or (2) to furnish any
20 material information required by the commissioner to be included in
21 the report. The amount of the penalty may not exceed one hundred
22 dollars (\$100) for each day for the first five days the report or
23 information is overdue, and thereafter may not exceed five hundred
24 dollars (\$500) for each day the report or information is overdue.

25 (c) If, after an order has been made under subdivision (b), a request
26 for hearing is filed in writing within 30 days of the date of service of
27 the order by the person to whom the order was directed, a hearing shall
28 be held in accordance with the Administrative Procedure Act, Chapter
29 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2
30 of the Government Code, and the commissioner shall have all the
31 powers granted under that chapter.

32 (d) If the person fails to file a written request for a hearing within
33 30 days of the date of service of the order, the order imposing the
34 penalty shall be deemed a final order of the commissioner, and the
35 penalty shall be paid within five business days.

36 (e) If a hearing is requested, the penalty shall be paid within five
37 business days after the effective date of any decision in the case
38 ordering payment to be made.

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18. Financial Code section 17600 provides:
- (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:
- (a) The licensee has failed to maintain in effect a bond required under the provisions of this division.
 - (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 IMPOSING PENALTIES PURSUANT TO
FINANCIAL CODE SECTION 17408**

21. The Commissioner finds that, by reason of the foregoing, MT Escrow has failed to file its annual audit report for its fiscal year ended December 31, 2022, as required under Financial Code section 17406, which is ground for the imposition of penalties under Financial Code section 17408.

NOW THEREFORE the Commissioner having found that MT Escrow failed to file its annual audit report for its fiscal year ended December 31, 2022, as required by Financial Code section 17406, it is hereby ordered, pursuant to Financial Code section 17408, that MT Escrow pay the Commissioner the sum of \$238,500.00.

V.

**PRAYER FOR ORDER REVOKING MT ESCROW, INC’S ESCROW AGENT LICENSE
PURSUANT TO FINANCIAL CODE SECTION 17608**

22. The Commissioner finds that, by reason of the foregoing, MT Escrow has violated Financial Code sections 17406 and 17602.5 which constitutes grounds for the revocation of its escrow agent’s license under section 17608 of the Escrow Law.

WHEREFORE, IT IS PRAYED under section 17608 of the Escrow Law, that the escrow agent’s license of MT Escrow, Inc. be revoked.

Dated: January 22, 2025
Los Angeles, California

KHALIL MOHSENI
Acting Commissioner of Financial Protection
and Innovation

By _____
MARLOU de LUNA
Senior Counsel
Enforcement Division