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

In the Matter of:)	ESCROW LICENSE NO.: 96DBO-90940
THE COMMISSIONER OF FINANCIAL)	
PROTECTION AND INNOVATION,)	ACCUSATION TO REVOKE ESCROW
)	AGENT LICENSE
)	
Complainant,)	
v.)	
)	
STATEWIDE ESCROW, INC.,)	
)	
Respondent.)	

The Commissioner of the Department of Financial Protection and Innovation
(Commissioner), brings this action in the public interest and alleges and charges as follows:

I.

Introduction

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

2. The Commissioner as head of the Department of Financial Protection and Innovation

(Department) brings this action pursuant to Financial Code section 17608.

3. The Commissioner seeks to revoke the escrow agent license issued to Statewide Escrow, Inc. (Statewide Escrow) based upon its violations of the Escrow Law, including failing to provide escrow books and records, disbursing escrow funds without authorization, failing to file annual audit reports, failing to file escrow annual liability reports, failing to maintain its surety bond, and failing to pay its annual license fee and penalties.

4. Statewide Escrow is an escrow agent licensed by the Commissioner under the Escrow Law with its place of business located at 17200 Ventura Boulevard Suite 105, Encino, California 91316. Statewide Escrow received its escrow agent license from the Commissioner on December 14, 2018.

5. At all relevant times, Marina Clark (Clark) is the President, Owner, Chief Executive Officer, Chief Financial Officer, Secretary and Director of Statewide Escrow.

6. On November 25, 2024, Clark informed the Department that Statewide Escrow is no longer in business and is inactive.

II.

Violations of the Escrow Law

A. Failure to Provide Books and Records

7. The Department commenced a regulatory examination of Statewide Escrow on December 2, 2022. Despite repeated demands for its books and records, Statewide Escrow failed to provide the required books and records, preventing the Department from assessing the company's compliance with the Escrow Law in connection with its escrow agent's license.

8. When Clark failed to respond to the Department examiner's (Examiner) document requests, the Examiner arrived at Statewide Escrow's office location on November 22, 2024, and discovered the business location was vacant. On November 25, 2024, the Examiner received a phone call from Clark, during which she advised the Examiner of the following: Statewide Escrow did not re-new its office lease which expired on October 31, 2024; Statewide Escrow was no longer in business and was inactive; Statewide Escrow's books and records were stored on a disc with RBJ Escrow software (RBJ) and also stored in a storage facility in the City of Chatsworth; and Statewide

1 Escrow's trust account reconciliation was reconciled to current.

2 9. Thereafter, despite continued follow-up document requests and demand letters by the
3 Department, Statewide Escrow failed to provide the requested documentation for the regulatory
4 examination. Statewide Escrow also failed to provide an address nor notify the Commissioner of the
5 location of its books and records, in violation of California Code of Regulations, title 10, section
6 1730.

7 10. Later, on March 17, 2025, Clark sent a text message to the Examiner that the escrow
8 files got damaged while she was evacuating during the fires. Statewide Escrow failed to preserve and
9 provide its books and records to the Commissioner, in violation of California Code of Regulations,
10 title 10, section 1737.3.

11 11. Moreover, when the Examiner reached out to the reconciler, RBJ in February 2025 for
12 Statewide Escrow's complete trust account bank reconciliation reports from January 31, 2023 to
13 January 2025, RBJ indicated Statewide Escrow's account was behind and they were unresponsive.
14 RBJ was only able to provide limited reports during the Examiner's requested date range, and the
15 most recent trust reconciliation was as of October 31, 2023. Statewide Escrow failed to reconcile
16 their trust account from November 2023 to November 2024, in violation of California Code of
17 Regulations, title 10, section 1732.2.

18 **B. Unauthorized Disbursements**

19 12. Based on the Examiner's review of Statewide Escrow's bank statements requested and
20 received directly from the banks, the Examiner identified a \$416,552.07 shortage in the trust account
21 caused by Statewide Escrow's 145 unauthorized transfers by wire transfer and counter checks from
22 its trust account to its general account from August 2021 to November 2024. Statewide Escrow
23 knowingly caused and transferred funds from the trust account to the general account in violation of
24 Financial Code sections 17411 and 17411.1.

25 13. The Examiner identified an additional \$3,987.73 shortage in the trust account based on
26 Statewide Escrow's unauthorized transfers which were not deposited in the general account.

27 14. In total, the Examiner has identified a \$420,539.80 shortage in the trust account as of
28 November 30, 2024 based on Statewide Escrow's 148 unauthorized transfers. Statewide Escrow

1 knowingly or recklessly caused the disbursement of escrow funds totaling \$420,539.80 otherwise than in
2 accordance with escrow instructions, in violation of Financial Code section 17414, subdivision (a)(1),
3 and made the disbursements without authorization, in violation of California Code of Regulations,
4 title 10, section 1738. Moreover, Statewide Escrow failed to immediately report the unauthorized
5 transfers to the Commissioner, in violation of Financial Code section 17414, subdivision (c).

6 **C. Failure to File Annual Audit Reports and Escrow Annual Liability Reports**

7 March 31, 2022 Annual Audit Report

8 15. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
9 required to file an annual audit report containing audited financial statements within 105 days after
10 the close of their fiscal year. Statewide Escrow has a fiscal year end-date of March 31, and its March
11 31, 2022 annual audit report was due on July 14, 2022.

12 16. On July 14, 2022, the Department received a letter dated June 12, 2022 from Clark
13 requesting a filing extension for its March 2022 annual report due to a Covid outbreak in their office.
14 The Department granted Statewide Escrow a one-month extension to file its March 2022 annual
15 report no later than August 15, 2022. Between September 22, 2022, and October 24, 2022, the
16 Department followed up with Clark on multiple occasions about the filing of Statewide Escrow's
17 March 2022 annual report, and on September 27, 2022, Clark confirmed that Statewide Escrow had
18 provided its auditor files and accounting documents needed to prepare the report. Nonetheless,
19 Statewide Escrow never submitted its March 31, 2022 annual audit report, in violation of Financial
20 Code section 17602.5.

21 March 31, 2023 Annual Audit Report

22 17. Pursuant to Financial Code section 17406, Statewide Escrow's March 31, 2023 annual
23 audit report was due on July 14, 2023.

24 18. On October 16, 2023, the Department issued a written demand to Statewide Escrow
25 via its designated email address requesting that Statewide Escrow submit its March 31, 2023 annual
26 report by October 26, 2023. Statewide Escrow never submitted its March 31, 2023 annual audit
27 report, in violation of Financial Code section 17602.5.

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March 31, 2024 Annual Audit Report

19. Pursuant to Financial Code section 17406, Statewide Escrow’s March 31, 2024 annual audit report was due on July 15, 2024.

20. On August 19, 2024, the Department issued a written demand to Statewide Escrow via its designated email address requesting that Statewide Escrow submit its March 31, 2024 annual report by August 29, 2024. On August 26, 2024, Clark emailed the Department and requested a filing extension to September 27, 2024, which request the Department denied on August 27, 2024. Statewide Escrow never submitted its March 31, 2024 annual audit report, in violation of Financial Code section 17602.5.

2022 Escrow Annual Liability Report

21. Pursuant to Financial Code section 17348, each escrow agent is required to furnish to the Commissioner a 12-month escrow liability report for each licensed location no later than February 15 each year. Statewide Escrow’s 2022 escrow annual liability report was due on February 15, 2023.

22. On March 30, 2023, the Department issued a written demand to Statewide Escrow via certified mail requesting that Statewide Escrow file its 2022 liability report within ten days of the demand. Statewide Escrow never submitted its 2022 escrow annual liability report, in violation of Financial Code section 17602.5.

2023 Escrow Annual Liability Report

23. Pursuant to Financial Code section 17348, Statewide Escrow’s 2023 escrow annual liability report was due on February 15, 2024.

24. On February 27, 2024, the Department issued a written demand to Statewide Escrow via certified mail requesting that Statewide Escrow file its 2023 liability report within ten days of the demand. Statewide Escrow never submitted its 2023 escrow annual liability report, in violation of Financial Code section 17602.5.

2024 Escrow Annual Liability Report

25. Pursuant to Financial Code section 17348, Statewide Escrow’s 2024 escrow annual liability report was due on February 17, 2025.

26. On February 25, 2025, the Department issued a written demand to Statewide Escrow via certified mail requesting that Statewide Escrow file its 2024 liability report by March 7, 2025. Statewide Escrow never submitted its 2024 escrow annual liability report, in violation of Financial Code section 17602.5.

D. Failure to Maintain Surety Bond Requirement

27. On November 30, 2022, the Department received a bond cancellation notice from Swiss Re Corporate Solutions that Statewide Escrow's surety bond, number 9183144, in the amount of \$35,000.00, would be cancelled effective December 28, 2022.

28. On December 15, 2022, the Department issued a letter to Statewide Escrow via its designated email address, notifying Statewide Escrow of its surety bond cancellation and requesting a replacement bond of \$35,000.00 be filed immediately. However, there was no response from Statewide Escrow.

29. To date, Statewide Escrow has not reinstated its surety bond or filed a replacement bond, in violation of Financial Code section 17202.

E. Failure to Pay Escrow Assessment

30. Pursuant to Financial Code section 17207, subdivision (e)(1), on May 30, 2024, the Department issued an annual assessment invoice to Statewide Escrow (invoice number ES24704) in the amount of \$2,800.00, which invoice was due by June 30, 2024. On July 16, 2024, the Department issued a non-payment notice to Statewide Escrow via certified mail, requesting payment by August 16, 2024, and informing Statewide Escrow that a 10% penalty had been assessed for each month or partial month payment was delayed pursuant to Financial Code section 17207, subdivision (e)(3).

31. To date, the payment for invoice number ES24704 has not been received. Pursuant to Financial Code section 17207, subdivision (e)(3), Statewide has incurred penalties of \$3,640.00, which will continue to accrue until the outstanding invoice is paid, and the total amount due is \$6,440.00.

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III.

Applicable Law

32. Financial Code section 17202 provides in pertinent part:
 - (a) At the time of filing an application for an escrow agent's license, 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...
33. Financial Code section 17207 provides in pertinent part:

The commissioner shall charge and collect the following fees and assessments:

...

 - (e)(1) Each escrow agent shall pay to the commissioner for the support of this division for the ensuing year an annual license fee not to exceed two thousand eight hundred dollars (\$2,800) for each office or location.
 - (2) On or before May 30 in each year, the commissioner shall notify each escrow agent by mail of the amount of the annual license fee levied against it, and that the payment of the invoice is payable by the escrow agent within 30 days after receipt of notification by the commissioner.
 - (3) If payment is not made within 30 days, the commissioner may assess and collect a penalty, in addition to the annual license fee, of 10 percent of the fee for each month or part of a month that the payment is delayed or withheld.
 - (4) If an escrow agent fails to pay the amount due on or before the June 30 following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

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

34. Financial Code section 17348 provides in pertinent part:

In order to permit Fidelity Corporation to fulfill its obligation under this chapter, the commissioner shall furnish a list of all persons licensed under this division as of December 31 of each year and a copy of an escrow liability schedule filed with the commissioner. Each member on or before February 15 shall furnish to the commissioner and Fidelity Corporation the schedule of its escrow liability for each of its licensed locations as of the last day of each month for the preceding 12 months which ended December 31. A list of officers, directors, stockholders, trustees, agents, managers, and employees as of that date shall also be submitted to Fidelity Corporation, with the schedule. The schedule shall be in the form and contain such information as the commissioner may require.

35. Financial Code section 17406 provides in pertinent part:

(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.

...

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

36. Financial Code section 17411 provides in pertinent part:

No person shall knowingly keep or cause to be kept any funds or money in any bank or state or federal savings and loan association under the heading of "trust funds" or "escrow accounts" or any other name designating such funds or money as belonging to the clients of any escrow agency, except actual escrow or trust funds deposited with such agency.

- 1 37. Financial Code section 17411.1 provides in pertinent part:
2 “Trust funds” or “escrow accounts” as used in Sections 17409, 17410,
3 and 17411 shall include all funds required to be held by an escrow
4 agent pursuant to a federal or state law, or requirement of a
5 governmental agency.
- 6 38. Financial Code section 17414 provides in pertinent part:
7 (a) It is a violation for any person subject to this division or any
8 director, stockholder, trustee, officer, agent, or employee of any such
9 person to do any of the following:
10 (1) Knowingly or recklessly disburse or cause the disbursement of escrow
11 funds otherwise than in accordance with escrow instructions, or
12 knowingly or recklessly to direct, participate in, or aid or abet in a
13 material way, any activity which constitutes theft or fraud in connection
14 with any escrow transaction.
15 ...
16 (c) Any person subject to this division who knows of a person's
17 involvement in an abstraction or misappropriation of money, funds,
18 trust obligations, or property deposited with a licensed escrow agent
19 shall immediately report the abstraction or misappropriation in writing
20 to the commissioner and to Fidelity Corporation. No person shall be
21 civilly liable for reporting as required under this subdivision, unless the
22 information provided in the report is false and the person providing
23 false information does so with knowledge and malice. The reports filed
24 under this section, including the identity of the person making the
25 filing, shall remain confidential pursuant to state law.
- 26 39. Financial Code section 17602.5 provides in pertinent part:
27 If any licensed escrow agent fails to make any reports required by law
28 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.
40. 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:
 (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.

(c) Any fact or condition exists which, if it had existed at the time of the original application for such license, reasonably would have warranted the commissioner in refusing originally to issue such license.

41. California Code of Regulations, title 10, section 1730 provides in pertinent part:

(a) An escrow agent who is engaged in the business of receiving escrows specified in subdivision (c) of Section 17312 of the Financial Code and is required to be a member of Escrow Agents' Fidelity Corporation shall have its business offices located in the State of California and shall maintain its books, records and accounts in the State of California. An escrow agent who is not engaged in the business of receiving escrows specified in subdivision (c) of Section 17312 of the Financial Code and is not required to be a member of Escrow Agents' Fidelity Corporation shall maintain its books, records and accounts in the State of California or in the state the escrow agent is located in.

(b) An escrow agent shall notify the Commissioner in writing of the location of its books, records and accounts. Such books, records and accounts shall be maintained at such location unless the escrow agent notifies the Commissioner in writing at least 15 days prior to changing the location of such books.

42. California Code of Regulations, title 10, section 1732.2 provides in pertinent part:

(a) An escrow agent shall establish and maintain currently the following books with reference to its escrow accounts:

- (1) Escrow ledger containing a separate ledger sheet for each escrow;
- (2) Escrow liability controlling account;
- (3) Cash receipt and disbursement journal or a file containing copies of all receipts and checks and/or check stubs of checks issued by the escrow agent as a medium of posting to the records referred to in subsections (1) and (2) in which case adding machine tapes of totals of receipts and checks shall be retained. The records referred to in subsections (1) and (2) shall be reconciled at least once each month with the bank statements of the "trust" or "escrow" account. The records referred to in subsection (1) shall be reconciled at least once each week with the escrow liability controlling account referred to in subsection (2).

43. California Code of Regulations, title 10, section 1737.3 provides in pertinent part:

(a) An escrow agent shall preserve for at least five years from the close of escrow:

- (1) All bank statements of the "trust" or "escrow" account;
- (2) All canceled checks drawn upon the "trust" or "escrow" account;
- (3) Copies of bank deposit slips with reference to the "trust" or "escrow" account;
- (4) All additional records reflecting banking transactions with reference to the "trust" or "escrow" account, including copies of all receipts for funds transferred from interest-bearing accounts into the "trust" or "escrow" account;
- (5) The Statement of Account;
- (6) Escrow instructions and amendments thereto;
- (7) All additional records pertinent to the escrow transaction.

(b) The records referred to in paragraph (a) may be retained and provided to the Commissioner in electronic format provided that:...

44. California Code of Regulations, title 10, section 1738 provides in pertinent part:

(a) All money deposited in such "trust" or "escrow" account shall be withdrawn, paid out, or transferred to other accounts only in accordance with the written escrow instructions of the principals to the escrow transaction or the escrow instructions transmitted electronically over the Internet executed by the principals to the escrow transaction or pursuant to order of a court of competent jurisdiction...

IV.

Prayer

Based on the foregoing, the Commissioner finds that Statewide Escrow has violated Financial Code sections 17202, 17207, 17348, 17406, 17411, 17411.1, 17414, subdivisions (a)(1) and (c) and 17602.5 and California Code of Regulations, title 10, section 1730, 1732.2, 1737.3, and 1738.

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1 WHEREFORE IT IS PRAYED under Financial Code section 17608 that Statewide Escrow,
2 Inc.'s escrow agent license be revoked.

3
4 Dated: July 1, 2025
5 Los Angeles, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

6
7 By _____
8 SONIA SINGH
9 Senior Counsel
10 Enforcement Division
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