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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. MELROSE ESCROW, INC., Respondent.	ESCROW LICENSE NO.: 963-1342 ACCUSATION TO REVOKE ESCROW AGENT LICENSE (Fin. Code §§ 17602.5 and 17608)

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 Melrose Escrow, Inc. (Respondent) as follows:

I.

Introduction

1. At all relevant times herein, Respondent was an escrow agent licensed by the Commissioner under the California Escrow Law, with its place of business located at 4095 East La

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Palma Avenue, Suite M, Anaheim, California 92807.

2. The Commissioner seeks to revoke the escrow agent license issued to Respondent based upon its violations of the California Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law) and the regulations promulgated under title 10 of the California Code of Regulations (Cal. Code Regs., tit. 10, § 1700 et seq.), as set forth below.

3. Under the provisions of Financial Code sections 17602.5 and 17608, the Commissioner brings this action to revoke Respondent's escrow agent license for failing to submit its closing audit report, annual audit report, financials, records and information and failing to complete the surrender process, in violation of Financial Code sections 17405, 17406, 17600, and 17601.

II.

Factual Background

Failure to Submit Closing Audit Report and Complete the Surrender Process

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

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 the Commissioner that acceptance of the surrender is in the public's interest, and tender of the license is accepted in writing by the Commissioner.

6. On October 7, 2025, Respondent submitted a request to surrender its escrow agent license to the Department of Financial Protection and Innovation (Department).

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7. On October 7, 2025, 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.

8. The closing audit report was due on January 20, 2026.

9. Respondent failed to submit its closing audit report, failed to produce the necessary information, and failed to return the license.

10. On November 19, 2025 and January 22, 2026, Respondent was notified that failure to produce the requested report and information would result in revocation of its license and assessment of penalties, pursuant to Financial Code sections 17408, 17602.5, and 17608.

11. Respondent requested an extension on January 29, 2026, to submit the closing audit report and the supporting financials and materials. On January 29, 2026, Commissioner granted Respondent an extension to February 20, 2026, to submit the closing audit report and financials. Respondent failed to meet that extended deadline and has yet to submit the closing audit report and financials.

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

Failing to Submit Annual Report, Reconciliation Reports, Financials and Information

13. The Commissioner is authorized to investigate escrow licensees' business and examine the books, accounts, records, and files, and inspect and examine licensees' business, accounts and records at any time without prior notice, pursuant to Financial Code sections 17405 and 17601. The cost of any investigation, inspection, and examination of a licensee under this section shall be paid to the Commissioner as provided in Financial Code section 17405.1.

14. Financial Code section 17406, subdivision (a) requires all licensees under the Escrow Law to file an annual audit report containing audited financial statements (Annual Audit Report) within 105 days after the close of the calendar year or the licensee's fiscal year.

15. Respondent's 2024 Annual Audit Report was due on April 15, 2025. Respondent failed to submit this report.

16. From October 7, 2025 to March 2, 2026, the Department demanded Respondent to produce its 2024 Annual Audit Report, financials, trust reconciliation reports, detailed information about its escrow file locations, and other materials.

17. Respondent only partially responded and failed to provide the Department with the 2024 Annual Audit report, financials reconciliation reports and information.

18. On November 19, 2025 and January 22, 2026, Respondent was notified that failure to produce the requested information would result in revocation of its license and assessment of penalties, pursuant to Financial Code sections 17408, 17602.5, and 17608.

19. Respondent requested an extension on January 29, 2026, to submit the 2024 Annual Audit Report, the reconciliation reports, and the supporting financials. On January 29, 2026, Commissioner granted Respondent an extension to February 20, 2026, to submit the requested reports and financials and materials. Respondent failed to meet that extended deadline and has yet to submit the requested reports and financials.

III.

Violations of the Escrow Law

20. The conduct described above constitutes violations of the following provisions of the Escrow Law and its implementing regulations:

(a) Financial Code section 17600, subdivision (b): failing to submit the closing audit report, financials and information and failing to take the necessary actions in connection to the surrender requirements;

(b) Financial Code section 17406, subdivision (a): failing to file its 2024 Annual Audit Report; and

(c) Financial Code sections 17405 and 17601: failing to file necessary reports, financials, trust reconciliation reports, detailed information about its escrow file locations, and other materials.

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IV.

Applicable Law

21. 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.

22. 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.

V.

Prayer for Order Revoking Escrow Agent's License

The Commissioner finds, by reason of the foregoing, that Respondent is in violation of Financial Code sections 17405, 17406, 17600 and 17601, as fully described above, which constitutes grounds for the revocation of its escrow agent 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 license of Melrose Escrow, Inc. be revoked.

DATED: March 9, 2026
San Diego, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

By: _____
AFSANEH EGHBALDARI
Senior Counsel
Enforcement Division