

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 Department of Corporations
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4 Los Angeles, California 90013
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6 Attorneys for Complainant

7
8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE) File No.: 963-2159
11 CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ACCUSATION IN SUPPORT OF
13 Complainant,) REVOCATION OF CALIFORNIA ESCROW
14 vs.) AGENT’S LICENSE
15 AMERICAN FUND CONTROL, INC.,)
16 Respondent.)
17)

18
19 The Complainant is informed and believes and based upon such information and belief,
20 alleges and charges as follows:

21 I

22 American Fund Control, Inc. (“Respondent”) is an escrow agent licensed by the California
23 Corporations Commissioner ("Commissioner" or "Complainant") of the Department of Corporations
24 (“Department”) pursuant to the Escrow Law of the State of California (California Financial Code
25 Section 17000 *et seq.*).

26 II

27 The Commissioner received a letter from Respondent on September 1, 2010, informing that
28 it wished to surrender its California escrow agent’s license.

1 On September 3, 2010, the Commissioner sent a certified letter to Respondent at its last
2 known address on file with the Commissioner, which was received by Respondent on September 7,
3 2010. This letter notified Respondent that, as a condition of license surrender pursuant to Financial
4 Code section 17600, subdivision (b), the licensee is required to engage a certified public account to
5 conduct a closing audit of the licensee's records ("closing audit report") and report findings of
6 compliance with the Escrow Law to the Commissioner within 105 days from the date of the
7 application to surrender the license.

8 Pursuant to Financial Code section 17600, subdivision (b), the Respondent's closing audit
9 report was due 105 days from the date of application to surrender its escrow agent's license, which
10 was December 15, 2010.

11 In a follow-up letter dated September 1, 2011 the Department informed Respondent that the
12 closing audit report had still not been received. To date, the Commissioner has not received the
13 closing audit report from Respondent.

14 Pursuant to California Financial Code section 17202, all licensees must maintain a surety
15 bond in the minimum amount of 25,000.00. On August 12, 2010, American Contractors Indemnity
16 Company notified the Commissioner that it had elected to cancel the surety bond of Respondent in
17 its entirety. On August 13, 2010, the Commissioner notified Respondent in writing that its surety
18 bond would cancel on September 12, 2010, and requested Respondent to provide proof of bond
19 replacement or reinstatement. Respondent has failed to provide proof of bond replacement or
20 reinstatement.

21 III

22 Financial Code section 17600, subdivision (b), provides as follows:

23 A licensee that ceases to engage in the business regulated by this division and desires
24 to no longer be licensed shall notify the commissioner in writing and, at that time,
25 tender the license and all other indicia of licensure to the commissioner. Within 105
26 days of the written notice to the commissioner, the licensee shall submit to the
27 commissioner, at its own expense, a closing audit report as of the date the license is
28 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

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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.

Financial Code section 17602.5 provides in pertinent part 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 date designated for the making of the reports, or within any extension of time granted by the commissioner, . . . such failure shall constitute grounds for the suspension or revocation of the license held by such escrow agent.

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:

(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

Complainant finds that, by reason of the foregoing, Respondent American Fund Control, Inc. has violated Financial Code sections 17202 and 17600, and it is in the best interests of the public to revoke Respondent’s escrow agent’s license pursuant to Financial Code section 17608.

WHEREFORE, IT IS PRAYED that the California escrow agent’s license of Respondent American Fund Control, Inc. be revoked.

Dated: November 1, 2011
Los Angeles, CA

California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner

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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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|----|---------------------------------|---|--------------------------------------|
| 10 | In the Matter of THE CALIFORNIA |) | File No.: 963-2159 |
| | CORPORATIONS COMMISSIONER, |) | |
| 11 | |) | ORDER REVOKING ESCROW AGENT'S |
| | Complainant, |) | LICENSE |
| 12 | |) | |
| 13 | v. |) | |
| 14 | AMERICAN FUND CONTROL, INC., |) | |
| 15 | |) | |
| | Respondent. |) | |
| 16 | |) | |

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18 The California Corporations Commissioner (“Commissioner”) issued a Notice of Intention to
19 Issue Order Revoking Escrow Agent’s License and Accusation for the revocation of the escrow
20 agent’s license issued to American Fund Control, Inc. on November 1, 2011 (“Accusation”) pursuant
21 to Financial Code section 17608 of the California Escrow Law (“Escrow Law”) (Fin. Code, §§ 17000
22 et seq.). The Accusation is incorporated herein by reference. The Commissioner has not received a
23 hearing request from the Respondent, and the time to request a hearing on the Accusation has now
24 expired.

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NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow agent's license issued to American Fund Control, Inc. is revoked. This order is effective as of the date hereof.

DATED: November 17, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division