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Acting California Corporations Commissioner
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Acting Deputy Commissioner
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6 Attorneys for Complainant

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

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11 In the Matter of the Accusation of THE) Case No.: 963-2000
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ACCUSATION
13)
Complainant,)
14)
15 vs.)
16 A BETTER CHOICE ESCROW, INC.,)
17 Respondent.)
18)
19)

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

22 I

23 Respondent A Better Choice Escrow, Inc. ("Better Escrow") is, and at all times relevant
24 herein was, an escrow agent licensed by the California Corporations Commissioner
25 ("Commissioner" or "Complainant") pursuant to the Escrow Law of the State of California
26 (California Financial Code Section 17000 et seq.). Better Escrow has its principal place of business
27 located at 5831 Firestone Boulevard, South Gate, California 90280.
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II

Pursuant to California Financial Code section 17406, Better Escrow was required to submit its audited financial statement for its fiscal year ended September 30, 2004 (“2004 audit report”) to the Commissioner by January 15, 2005. Better Escrow has yet to file its 2004 audit report with the Commissioner despite numerous demands.

On or about August 18, 2004, the Commissioner notified Better Escrow in writing that its 2004 audit report was due January 15, 2005. Better Escrow failed to submit the 2004 audit report by January 15, 2005.

On or about January 24, 2005, Better Escrow was sent a further letter demanding that the 2004 audit report be filed and notifying Better Escrow that California Financial Code section 17408 authorizes penalties for failure to file the report at \$100.00 per day for the first five days and \$500.00 per day thereafter. Better Escrow was also notified in the letter that failure to file the 2004 audit report could result in an administrative action.

Better Escrow has yet to file the 2004 audit report as required by California Financial Code section 17406.

III

Pursuant to California Financial Code section 17406, Better Escrow was required to submit its audited financial statement for its fiscal year ended September 30, 2005 (“2005 audit report”) to the Commissioner by January 16, 2006. Better Escrow has yet to file its 2005 audit report with the Commissioner despite numerous demands.

On or about August 9, 2005, the Commissioner notified Better Escrow in writing that its 2005 audit report was due January 15, 2006. Better Escrow failed to submit the 2005 audit report by January 15, 2006.

On or about January 23, 2006, Better Escrow was sent a further letter demanding that the 2005 audit report be filed and notifying Better Escrow that California Financial Code section 17408 authorizes penalties for failure to file the report at \$100.00 per day for the first five days and \$500.00 per day thereafter. Better Escrow was also notified in the letter that failure to file the 2005 audit report could result in an administrative action.

1 Better Escrow has yet to file the 2005 audit report as required by California Financial Code
2 section 17406.

3 IV

4 On or about December 29, 2004, a report of the regulatory examination commenced on
5 September 15, 2004 was sent to Better Escrow. The regulatory examination report requested
6 responses to noted exceptions including debit balances, unauthorized early disbursements, no
7 approved escrow manager, and failure to file fingerprints on at least seven employees. Better
8 Escrow was required to respond to the regulatory examination report in writing within 30 days.
9 Better Escrow has yet to respond to the regulatory examination report as required by California
10 Financial Code section 17406(e) despite numerous reminders.

11 On or about February 4, 2005, Better Escrow was sent a further letter demanding that the
12 response to the regulatory examination report be filed immediately.

13 On or about March 4, 2005, Better Escrow was sent a further letter demanding that the
14 response to the regulatory examination report be filed immediately and notifying Better Escrow that
15 California Financial Code section 17408 authorizes penalties for failure to file the report at \$100.00
16 per day for the first five days and \$500.00 per day thereafter.

17 Better Escrow has yet to file the response to the regulatory examination report as required by
18 California Financial Code section 17406(e).

19 V

20 Pursuant to California Financial Code section 17348, all licensees under the Escrow Law are
21 required to file an annual Report of Escrow Liability By Month (“2003 Report”) on or before
22 February 15 of each year for the preceding 12 month period ended December 31.

23 In late 2003, a Report form was sent to all Escrow Law licensees with a notice that the
24 Report was due on February 15, 2004. Better Escrow failed to submit the 2003 Report by the
25 February 15, 2004 deadline.

26 On or about March 18, 2004, a follow up letter was sent to Better Escrow demanding the
27 2003 Report be filed immediately and notifying Better Escrow that California Financial Code
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1 section 17408 authorizes penalties for failure to file the report at \$100.00 per day for the first five
2 days and \$500.00 per day thereafter.

3 Better Escrow did not file its 2003 Report until April 16, 2004.

4 VI

5 Pursuant to California Financial Code section 17348, all licensees under the Escrow Law are
6 required to file an annual Report of Escrow Liability By Month (“2004 Report”) on or before
7 February 15 of each year for the preceding 12 month period ended December 31.

8 In late 2004, a Report form was sent to all Escrow Law licensees with a notice that the
9 Report was due on February 15, 2005. Better Escrow failed to submit the 2004 Report by the
10 February 15, 2005 deadline.

11 Better Escrow did not file its 2004 Report until April 8, 2004.

12 VII

13 California Financial Code section 17608 provides in pertinent part:

14 The commissioner may, after notice and a reasonable opportunity to be
15 heard, suspend or revoke any license if he finds that:
16 . . .

17 (b) The licensee has violated any provision of this division or any rule
18 made by the commissioner under and within the authority of this division.

19 VIII

20 The Commissioner finds that, by reason of the foregoing, Better Escrow has violated
21 California Financial Code sections 17348 and 17406 and based thereon, grounds exist to revoke the
22 escrow agent’s license of Better Escrow.

23 WHEREFORE, IT IS PRAYED that the escrow agent’s license of Better Escrow be revoked.

24 Dated: May 10, 2006
25 Los Angeles, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

26 By _____
27 Judy L. Hartley
28 Senior Corporations Counsel