

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

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11 In the Matter of the Accusation of THE) File No.: 963-0506
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ACCUSATION IN SUPPORT OF
) REVOCATION OF CALIFORNIA ESCROW
13 Complainant,) AGENT’S LICENSE
)
14 vs.)
)
15 CRESTWOOD ESCROW SERVICE, INC.,)
16)
17 Respondent.)
)

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19 The Complainant, Preston DuFauchard, the California Corporations Commissioner
20 ("Commissioner") of the Department of Corporations ("Department") alleges and charges as follows:

21 I

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

26 II

27 On or about October 5, 2009, the Commissioner received a letter from Respondent dated
28 October 1, 2009, informing that it wished to surrender its California escrow agent’s license.

1 On November 10, 2009, the Commissioner sent a certified letter to Respondent, which was
2 received on November 12, 2009. This letter notified Respondent that, as a condition of license
3 surrender pursuant to Financial Code section 17600, subdivision (b), the licensee is required to
4 engage a certified public account to conduct a closing audit of the licensee’s records (“closing audit
5 report”) and report findings of compliance with the Escrow Law to the Commissioner within 105
6 days from the date of the application to surrender the license. Additionally, the November 10, 2009
7 letter informed Respondent that the following issues must be corrected before the surrender process
8 can be completed:

- 9 a) Receipt of the Board of Directors Resolution authorizing the surrender;
- 10 b) A response to the examination letter must be submitted;
- 11 c) The 2009 escrow assessment of \$2800 that was due and payable no later June 30, 2009,
12 and must be paid;
- 13 d) Payment for the examination Invoice number 48253 issued on 7/2/2009 for \$4,658.48
14 must be paid;
- 15 e) Confirmation that the Escrow Agent’s Fidelity Corporation Assessments of \$318.47 has
16 been paid.

17 Pursuant to Financial Code section 17600, subdivision (b), the Respondent’s closing audit
18 report was due 105 days from the date of application to surrender its escrow agent’s license, which
19 was January 20, 2010. Pursuant to Financial Code section 17207(e) the escrow assessment of \$2800
20 was due and payable no later than June 30, 2009.

21 On July 1, 2011, Special Administrator, Kathleen Partin spoke to Respondent’s President
22 Judith Cunningham and was informed by Cunningham that the closing audit report had not been
23 completed due to lack of funds. To date, the Commissioner has not received the \$2800 escrow
24 assessment, the closing audit report, nor a response to issues addressed in the November 10, 2009
25 from Respondent.

26 III

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

28 ///

1 A licensee that ceases to engage in the business regulated by this division
2 and desires to no longer be licensed shall notify the commissioner in
3 writing and, at that time, tender the license and all other indicia of
4 licensure to the commissioner. Within 105 days of the written notice to the
5 commissioner, the licensee shall submit to the commissioner, at its own
6 expense, a closing audit report as of the date the license is tendered to the
7 commissioner for surrender, or for another period as the commissioner
8 may specify, to be performed by an independent certified public
9 accountant. The closing audit shall include, but not be limited to,
10 information required by the commissioner, a bank reconciliation of the
11 trust account, and a verified statement from a certified public accountant
12 confirming lawful disbursement of funds. A license is not surrendered
13 until the commissioner has reviewed and accepted the closing audit report,
14 a determination has been made by the commissioner that acceptance of the
15 surrender is in the public interest, and tender of the license is accepted in
16 writing by the commissioner.

17 Financial Code section 17207 provides in pertinent part:

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

19 (e) (1) Each escrow agent shall pay to the commissioner for the support of this division for
20 the ensuing year an annual license fee not to exceed two thousand eight hundred dollars
21 (\$2800) for each office or location.

22 (4) If an escrow agent fails to pay the amount due on or before the June 30 following
23 the day upon which payment was due, the commissioner may by order summarily suspend or
24 revoke the certificate issued to the company.

25 Financial Code section 17608 provides in pertinent part:

26 The commissioner may, after notice and a reasonable opportunity to
27 be heard, suspend or revoke any license if he finds that:

28 (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 Crestwood Escrow Service,
Inc. has violated Financial Code sections 17207(e) 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.

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WHEREFORE, IT IS PRAYED that the California escrow agent’s license of Respondent Crestwood Escrow Service, Inc. be revoked.

Dated: September 14, 2011
Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
MARY ANN SMITH
Senior Corporations Counsel
Enforcement Division

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
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9 BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Accusation of THE) File No.: 963-0506
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) **ORDER REVOKING ESCROW AGENT’S**
) **LICENSE PURSUANT TO CALIFORNIA**
13 Complainant,) **FINANCIAL CODE SECTION 17608**
)
14 vs.)
)
15 CRESTWOOD ESCROW SERVICE, INC.,)
16)
17 Respondent.)
)

18
19 The California Corporations Commissioner (“Commissioner”) finds that:

20 **I.**
21 **INTRODUCTION**

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

26 2. Crestwood had its principal place of business located at 201 West Manchester
27 Boulevard, Inglewood, California 90301.
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II.

VIOLATIONS OF THE ESCROW LAW

3. Pursuant to Financial Code section 17600, subdivision (b), a licensee must file a closing audit report within 105 days of giving written notice of its intent to surrender its license to the Commissioner. On or about October 5, 2009, the Commissioner received a letter from Crestwood, informing that it wished to surrender its California escrow agent’s license.

4. On November 10, 2009, the Commissioner sent a certified letter to Crestwood informing Crestwood that, as a condition of license surrender pursuant to Financial Code section 17600, subdivision (b), Crestwood is required to engage a certified public account to conduct a closing audit of the Crestwood’s records (“closing audit report”) and report findings of compliance with the Escrow Law to the Commissioner within 105 days from the date of the application to surrender the license. Additionally, the November 10, 2009 letter informed Crestwood that the following issues must be corrected before the surrender process can be completed:

- a) Receipt of the Board of Directors Resolution authorizing the surrender;
- b) A response to the examination letter must be submitted;
- c) The 2009 escrow assessment of \$2800 that was due and payable no later June 30, 2009, and must be paid;
- d) Payment for the examination Invoice number 48253 issued on 7/2/2009 for \$4,658.48 must be paid;
- e) Confirmation that the Escrow Agent’s Fidelity Corporation Assessments of \$318.47 has been paid.

5. Pursuant to Financial Code section 17600, subdivision (b), the Crestwood’s closing audit report was due 105 days from the date of application to surrender its escrow agent’s license, which was January 20, 2010.

6. Pursuant to Financial Code section 17207(e) the escrow assessment of \$2800 was due and payable no later than June 30, 2009.

7. On July 1, 2011, Special Administrator, Kathleen Partin spoke to Crestwood’s President Judith Cunningham and was informed by Cunningham that the closing audit report had not

1 been completed due to lack of funds. To date, the Commissioner has not received the \$2800 escrow
2 assessment, the closing audit report, nor a response to issues addressed in the November 10, 2009
3 letter.

4 8. On September 14, 2011, the Commissioner issued his Notice of Intention to Issue
5 Order Revoking Escrow Agent’s License, Accusation and accompanying documents (collectively,
6 “Accusation”) against Crestwood. On September 20, 2011, the Accusation was served, via certified
7 mail return-receipt requested, upon Crestwood. The return receipt shows that Crestwood received
8 the Accusation on September 20, 2011.

9 9. Crestwood did not request a hearing and the time to request a hearing has expired.

10 **III.**

11 **APPLICABLE CALIFORNIA ESCROW LAW**

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

13 A licensee that ceases to engage in the business regulated by this division
14 and desires to no longer be licensed shall notify the commissioner in
15 writing and, at that time, tender the license and all other indicia of
16 licensure to the commissioner. Within 105 days of the written notice to the
17 commissioner, the licensee shall submit to the commissioner, at its own
18 expense, a closing audit report as of the date the license is tendered to the
19 commissioner for surrender, or for another period as the commissioner
20 may specify, to be performed by an independent certified public
21 accountant. The closing audit shall include, but not be limited to,
22 information required by the commissioner, a bank reconciliation of the
23 trust account, and a verified statement from a certified public accountant
24 confirming lawful disbursement of funds. A license is not surrendered
25 until the commissioner has reviewed and accepted the closing audit report,
26 a determination has been made by the commissioner that acceptance of the
27 surrender is in the public interest, and tender of the license is accepted in
28 writing by the commissioner.

23 Financial Code section 17207 provides in pertinent part:

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

25 (e) (1) Each escrow agent shall pay to the commissioner for the support of this division for
26 the ensuing year an annual license fee not to exceed two thousand eight hundred dollars
27 (\$2800) for each office or location.

28 (4) If an escrow agent fails to pay the amount due on or before the June 30 following

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the day upon which payment was due, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

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.

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

The Commissioner finds that, by reason of the foregoing, Crestwood Escrow Service, Inc. has violated Financial Code sections 17207(e) 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.

NOW GOOD CAUSE APPEARING THEREFORE, pursuant to Financial Code section 17608, the escrow agent’s license issued to Crestwood Escrow Service, Inc. is hereby revoked. This order is effective as of the date hereof.

Dated: October 25, 2011

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner