

1 ALAN S. WEINGER  
Deputy Commissioner  
2 SOPHIA C. KIM (CA BAR NO. 265649)  
Corporations Counsel  
3 Department of Corporations  
320 West 4<sup>th</sup> Street, Suite 750  
4 Los Angeles, California 90013  
Telephone: (213) 576-7594  
5 Facsimile: (213) 576-7181

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.: 963-2466  
11 CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ACCUSATION IN SUPPORT OF  
13 Complainant, ) REVOCATION OF CALIFORNIA ESCROW  
14 vs. ) AGENT’S LICENSE  
15 )  
16 COASTAL EXPRESS ESCROW, INC., )  
17 Respondent. )

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

21 I

22 Coastal Express Escrow, 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 dated July 20, 2009 stating its intent to  
28 surrender its California escrow agent’s license.

1           On August 12, 2009 the Commissioner sent a certified letter (“Commissioner’s Letter”) to  
2 Respondent which was received on August 14, 2009. This letter notified Respondent that, as a  
3 condition of license surrender pursuant to Financial Code Section 17600, subdivision (b), the  
4 licensee is required to engage a certified public accountant to conduct a closing audit of the  
5 licensee’s records (“closing audit report”) and report findings of compliance with the Escrow Law to  
6 the Commissioner within 105 days from the date of the application to surrender the license. The  
7 application must contain the original license(s) that were issued by the Commissioner. Hence, the  
8 due date for the closing audit report was November 5, 2009. To date, the Commissioner has not  
9 received the closing audit report from Respondent.

10           The Commissioner’s Letter notified Respondent that Respondent’s 2008 annual Assessment  
11 of \$2800.00 had not been received. Pursuant to Financial Code Section 17207, all licensees under  
12 the Escrow Law are required to pay an annual license fee or Assessment for each location in an  
13 amount not to exceed \$2800.00. The surrender of Respondent’s escrow license was conditioned  
14 upon the Commissioner’s receipt of this Assessment. Invoice No. ES0177 in the amount of  
15 \$2,800.00 was issued on May 30, 2009 and was due by June 30, 2009 pursuant to Financial Code  
16 Section 17207(e). To date, the Commissioner has not received the 2008 annual Assessment from  
17 Respondent.

18           The Commissioner’s Letter stated that Respondent must comply with all the requirements of  
19 the Escrow Law, including but not limited to the payment of assessments and the filing of required  
20 reports until such time as the surrender of the license(s) is accepted by the Commissioner and the  
21 Respondent is notified in writing of such acceptance. While its surrender of license had not been  
22 accepted, Respondent has not filed its annual audit reports for fiscal years 2009, 2010, and 2011.

23           Pursuant to Financial Code Section 17406, all licensees under the Escrow Law are required  
24 to file an annual audit report containing audited financial statements within one hundred and five  
25 (105) days after the close of their fiscal year. Respondent was notified by letter on June 8, 2009 to  
26 file its annual audit report for the fiscal year ending on July 31, 2009, yet no response was received.  
27 Respondent was notified by letter on June 7, 2010, to file its annual audit report for the fiscal year  
28 ending on July 31, 2010, yet no response was received. On June 6, 2011, a letter was sent to

1 Respondent’s last known address on file with the Commissioner, notifying it to file its annual audit  
2 report for the fiscal year ending on July 31, 2011, and this letter was returned as “address unknown.”

3 III

4 Financial Code Section 17600 provides as follows:

5 (a) An escrow agent’s license remains in effect until surrendered, revoked,  
6 or suspended.

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

23 Financial Code Section 17207(e) provides in relevant part:

24 (1) Each escrow agent shall pay to the commissioner for the support of  
25 this division for the ensuing year an annual license fee not to exceed two  
26 thousand eight hundred dollars (\$2,800) for each office or location.

27 (4) If an escrow agent fails to pay the amount due on or before the June  
28 30 following the day upon which payment is due, the commissioner may  
by order summarily suspend or revoke the certificate issued to the  
company.

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.

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Financial Code Section 17608 provides in relevant 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 Coastal Express Escrow, Inc. has violated Financial Code Sections 17600, 17207, 17406, and 17602.5, and it is in the best interest 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 Coastal Express Escrow, Inc. be revoked.

Dated: March 13, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
Sophia C. Kim  
Corporations Counsel

1 ALAN S. WEINGER  
Deputy Commissioner  
2 SOPHIA C. KIM (CA BAR NO. 265649)  
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9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of the Accusation of THE ) File No.: 963-2466  
CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ORDER REVOKING ESCROW AGENT’S  
13 ) LICENSE PURSUANT TO CALIFORNIA  
Complainant, ) FINANCIAL CODE SECTION 17608  
14 )  
15 vs. )  
16 COASTAL EXPRESS ESCROW, INC., )  
17 Respondent. )  
18 \_\_\_\_\_ )

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21 The California Corporations Commissioner issued an Accusation in Support of Revocation  
22 of California Escrow Agent’s License (“Accusation for Revocation”) to Coastal Express Escrow,  
23 Inc. (“Coastal Express”) on March 13, 2012. The Accusation for Revocation is incorporated herein  
24 by reference. The Department has received no request for a hearing from Coastal Express and the  
25 time to request a hearing has expired.

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NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow agent's license of Coastal Express Escrow, Inc. is hereby revoked. This Order is effective as of the date hereof.

Dated: April 4, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
Alan S. Weinger  
Deputy Commissioner