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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) ESCROW LICENSE NOS.: 9632541,  
13 ) 96DBO-49449  
14 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) ACCUSATION TO SUSPEND  
15 Complainant, ) ESCROW AGENT LICENSE PURSUANT TO  
16 v. ) FINANCIAL CODE SECTION 17608  
17 )  
CAPITAL ESCROW INC., )  
18 )  
Respondent. )  
19 )

20 The Complainant, the Commissioner of the Department of Business Oversight  
21 (Commissioner), alleges and charges Respondent Capital Escrow Inc. (Capital Escrow) as follows:

22 **I.**  
23 **Introduction**

24 The Commissioner seeks to suspend Capital Escrow’s escrow agent license pursuant to  
25 Financial Code section 17608 for its repeated failures to meet the tangible net worth and liquid asset  
26 requirements of Financial Code section 17210 and pursuant to Financial Code section 17602.5 for  
27 failure to file a timely report to the Department of Business Oversight (DBO).

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**II.**  
**Facts**

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3 1. Capital Escrow is an escrow agent licensed by the Commissioner pursuant to the  
4 Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law).<sup>1</sup> Capital Escrow has its principal place of  
5 business located at 16250 Ventura Boulevard, Suite 115A, Encino, California 91436, and a branch  
6 office at 1000 Town Center Drive, Third Floor #300-48, Oxnard, California 93036.

7 2. The Commissioner licenses and regulates the activities of escrow agents.

8 3. Section 17210 requires all escrow agent licensees to maintain a tangible net worth of  
9 at least \$50,000.00 for their main office and at least \$25,000.00 more for an additional branch office.

10 4. Capital Escrow’s combined tangible net worth requirement is \$75,000, because it  
11 operates a main office and a branch office.

12 5. Section 17210 also requires all escrow agent licensees to maintain liquid assets of at  
13 least \$25,000.00.

14 6. Pursuant to section 17602.5, licensed escrow agents must make any reports required  
15 by law or by the commissioner within 10 days from the date designated for making of such reports.

16 7. On March 6, 2017, the DBO commenced a regulatory examination of Capital Escrow.

17 8. During the examination, the DBO’s review of Capital Escrow’s February 2017  
18 financial statements found that Capital Escrow’s tangible net worth was \$9,865.74 short of the  
19 \$75,000 requirement and its liquid assets were \$16,822.39 short of the \$25,000 requirement, in  
20 violation of Section 17210.

21 9. On March 30, 2017, the DBO sent a letter directing Capital Escrow to submit proof  
22 that it had corrected the above-described deficiencies by April 29, 2017. Capital Escrow received  
23 the letter by certified mail on April 3, 2017.

24 10. Capital Escrow failed to submit proof that it had corrected the deficiencies by  
25 April 29, 2017.

26 11. The March 30, 2017 letter informed Capital Escrow that if it failed to respond, the  
27 DBO could move to suspend Capital Escrow’s license.

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<sup>1</sup> All subsequent statutory references are to the Financial Code unless otherwise noted.

1           12.     On June 8, 2017, Capital Escrow provided a deposit slip to the DBO indicating that it  
2 had deposited \$30,000.00 into its bank account to cure the deficiencies from its February 2017  
3 financial statements. At the same time, Capital Escrow provided its May 2017 financial statements.

4           13.     Capital Escrow’s May 2017 financial statements indicated that Capital Escrow was  
5 \$18,239.08 short of the \$75,000 tangible net worth requirement and \$23,536.68 short of the \$25,000  
6 liquid asset requirement, in continued violation of Section 17210.

7           14.     Capital Escrow later provided its June 2017 financial statements to the DBO showing  
8 that its \$30,000.00 deposit had corrected its tangible net worth and liquid asset deficiencies.

9           15.     At the direction of the DBO, Capital Escrow later provided its July 2017 and August  
10 2017 financial statements.

11           16.     Capital Escrow’s July 2017 financial statements indicated that Capital Escrow was  
12 \$17,536.29 short of the \$75,000.00 tangible net worth requirement and \$21,156.09 short of the  
13 \$25,000.00 liquid asset requirement.

14           17.     Capital Escrow’s August 2017 financial statements indicated that it had corrected its  
15 net worth and liquid asset deficiencies.

16   **III.**  
17   **Authority to Suspend Capital Escrow’s License**

18           18.     Section 17608 provides, in pertinent part, as follows:

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

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

23           19.     Section 17602.5 provides that if an escrow agent fails to make a report within 10 days  
24 of the date designated by the Commissioner, “such failure shall constitute grounds for the suspension  
25 or revocation of the license held by such escrow agent.”

26   **IV.**  
27   **Prayer**

28           20.     The Commissioner finds that, by reason of the foregoing, Capital Escrow Inc. has  
violated section 17210 by repeatedly failing to meet its tangible net worth and liquid asset

1 requirements, and has violated section 17602.5 by failing to file a timely report with the  
2 Commissioner. These violations constitute grounds for suspension of Capital Escrow Inc.’s escrow  
3 agent’s license.

4 WHEREFORE, IT IS PRAYED pursuant to section 17608, that the escrow agent's license of  
5 Capital Escrow Inc. be suspended for a period of seven days.

7 Dated: February 2, 2018  
8 San Francisco, California

JAN LYNN OWEN  
Commissioner of Business Oversight

9 By: \_\_\_\_\_  
10 CHARLES CARRIERE  
11 Counsel  
12 Enforcement Division

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