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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
12 OF THE STATE OF CALIFORNIA

13 In the Matter of:) ESCROW LICENSE NOS.: 963-2541,
14) 96DBO-49449
15 THE COMMISSIONER OF BUSINESS)
16 OVERSIGHT,)
17)
18 Complainant,) AMENDED ORDER SUSPENDING
19) CALIFORNIA ESCROW AGENT’S LICENSE
20 v.)
21)
22 CAPITAL ESCROW INC.,)
23)
24)
25 Respondent.)
26)
27)
28)

29 The Complainant, the Commissioner of the Department of Business Oversight
(Commissioner), finds that:

30 1. Respondent Capital Escrow Inc. (Capital Escrow) is an escrow agent licensed by the
31 Commissioner pursuant to the California Escrow Law (Fin, Code, § 17000 et seq.)¹ (Escrow Law).
32 Capital Escrow has its principal place of business located at 16250 Ventura Boulevard, Suite 115A,
33 Encino, California 91436 and a branch office at 1000 Town Center Drive, Third Floor #300-48,
34 Oxnard, California 93036.

35 2. The Commissioner licenses and regulates the activities of escrow agents in California.

¹ All subsequent statutory references are to the Financial Code unless otherwise noted.

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

3 4. Capital Escrow’s combined tangible net worth requirement is \$75,000.00, because it
4 operates a main office and a branch office.

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

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

9 7. On March 6, 2017, the Commissioner commenced a regulatory examination of
10 Capital Escrow.

11 8. During the examination, the Commissioner’s review of Capital Escrow’s February
12 28, 2017 financial statements found that Capital Escrow’s tangible net worth was \$9,865.74 short of
13 its \$75,000.00 requirement, and its liquid assets were \$16,822.39 short of its \$25,000.00
14 requirement.

15 9. In a letter sent by certified mail on March 30, 2017, the Commissioner directed
16 Capital Escrow to submit proof that it had corrected the above-described deficiencies by April 29,
17 2017. Capital Escrow received the letter on April 3, 2017.

18 10. Capital Escrow failed to submit proof that it had corrected the deficiencies by the
19 April 29, 2017 deadline.

20 11. In a letter sent by certified mail on May 19, 2017, the Commissioner again directed
21 Capital Escrow to submit proof that it had corrected its tangible net worth and liquid asset
22 deficiencies, setting a new deadline of May 30, 2017. Capital Escrow received this letter on May 22,
23 2017.

24 12. Capital Escrow again failed to submit proof to the Commissioner that it had corrected
25 the deficiencies by the May 30, 2017 deadline.

26 13. Both the March 30, 2017 and May 19, 2017 letters informed Capital Escrow that if it
27 failed to respond, the Commissioner could move to suspend Capital Escrow’s license.
28

1 14. On June 8, 2017, Capital Escrow provided a deposit slip indicating that it had
2 deposited \$30,000.00 into its bank account to cure the deficiencies from its February 28, 2017
3 financial statements. At the same time, Capital Escrow provided its May 31, 2017 financial
4 statements.

5 15. Capital Escrow’s May 31, 2017 financial statements indicated that Capital Escrow
6 was \$18,239.08 short of its \$75,000.00 tangible net worth requirement and \$23,536.68 short of its
7 \$25,000.00 liquid asset requirement.

8 16. Capital Escrow later provided its June 30, 2017 financial statements showing that its
9 \$30,000 deposit had corrected its tangible net worth and liquid asset deficiencies.

10 17. At the direction of the Commissioner, Capital Escrow later provided its July 31, 2017
11 and August 31, 2017 financial statements.

12 18. Capital Escrow’s July 31, 2017 financial statements indicated that Capital Escrow
13 was \$17,536.29 short of its \$75,000.00 tangible net worth requirement and \$21,156.09 short of its
14 \$25,000.00 liquid asset requirement.

15 19. Capital Escrow’s August 31, 2017 financial statements indicated that it had corrected
16 its net worth and liquid asset deficiencies.

17 20. On January 25, 2018, the Commissioner issued an Accusation to Suspend Escrow
18 Agent License Pursuant to Financial Code Section 17608; and Notice of Intention to Issue Order
19 Suspending Escrow Agent’s License (collectively, “Accusation”).

20 21. The Accusation was served on Capital Escrow by personal delivery on January 30,
21 2018 at its licensed 16750 Ventura Boulevard location. The Commissioner did not receive a request
22 for a hearing from Capital Escrow, and the time to request a hearing elapsed.

23 22. On March 15, 2018, the Commissioner issued a final order suspending Capital
24 Escrow’s license (Suspension Order).

25 23. On March 29, 2018, the Commissioner executed a Consent Order with Capital
26 Escrow providing for the amendment of the Suspension Order.

27 Based on the foregoing, IT IS ORDERED, pursuant to Financial Code section 17608, that
28 Capital Escrow Inc.’s escrow agent’s license is suspended for three days as follows: Tuesday, April

1 3, 2018 through Thursday, April 5, 2018, inclusive. During this time, Capital Escrow, Inc. shall not
2 accept any new escrow business, but may continue to process existing and open escrows, in
3 accordance with Financial Code section 17609. It is further ordered that Capital Escrow, Inc. shall
4 file with the Commissioner at close of business, the business day immediately preceding the date on
5 which the suspension is to commence, a list of all open escrows with escrow numbers and escrow
6 party names along with a copy of the signed escrow instructions and signed deposit receipt(s) for the
7 last opened escrow. "Open escrow" means an escrow wherein the parties to such escrow have
8 already entered into a binding agreement and monies and/or escrow instructions have been submitted
9 to Capital Escrow, Inc. regarding the transaction. This Order is effective as of the date hereof.

10 Dated: March 29, 2018
11 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

12 By: _____
13 MARY ANN SMITH
14 Deputy Commissioner
15 Enforcement Division
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