

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
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8 Attorneys for Complainant

9  
10 BEFORE THE DEPARTMENT OF CORPORATIONS  
11 OF THE STATE OF CALIFORNIA

11 In the Matter of THE CALIFORNIA ) File No.: 963-0546  
12 CORPORATIONS COMMISSIONER, )  
13 Complainant, ) 1) ACCUSATION; and  
14 vs. ) 2) ORDER IMPOSING PENALTIES  
15 COMPASS ESCROW, INC., )  
16 Respondent. )  
17 \_\_\_\_\_)

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

20 **I.**

21 COMPASS ESCROW, INC. (“Respondent” or “Compass”) is an escrow agent licensed by  
22 the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the  
23 Escrow Law of the State of California (California Financial Code Section 17000 et seq.).  
24

25 **II.**

26 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to  
27 file an annual audit report containing audited financial statements (“Annual Report”) within one  
28 hundred and five (105) days after the close of their fiscal year. Compass Escrow’s fiscal year end is

1 October 31, 2009. Accordingly, Respondent was required to file its Annual Report on or before  
2 February 15, 2010.

3 On or about September 22, 2009, Complainant notified Respondent in writing that its Annual  
4 Report was due on or before February 15, 2010. Respondent failed to file the Annual Report by  
5 February 15, 2010.

6 On or about February 23, 2010, a warning letter was sent to Respondent concerning its  
7 failure to file the Annual Report. Respondent was notified in the letter that failure to file the Annual  
8 Report could result in a special examination, assessment of penalties and suspension or revocation of  
9 their escrow agent’s license. Respondent has yet to file the Annual Report as required by Financial  
10 Code section 17406.

11  
12 **III**

13 Financial Code section 17602.5 provides in pertinent part as follows:

14 If any licensed escrow agent fails to make any reports required by law or  
15 by the commissioner within ten (10) days from the date designated for the  
16 making of the reports, or within any extension of time granted by the  
17 commissioner, . . .such failure shall constitute grounds for the suspension  
or revocation of the license held by such escrow agent.

18 Financial Code section 17608 provides in pertinent part:

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 Financial Code section 17408 provides in pertinent part:

24 (b) The commissioner may, impose, by order, a penalty on any  
25 person who fails, within the time specified in any written demand  
26 of the commissioner, (1) to make and file with the commissioner  
27 any report required by law or requested by the commissioner, or  
28 (2) to furnish any material information required by the  
commissioner to be included in the report. The amount of the  
penalty may not exceed one hundred dollars (\$100) for each day  
for the first five days the report or information is overdue and,

1 thereafter, may not exceed five hundred dollars (\$500) for each  
2 day the report or information is overdue.

3 (c) If, after an order has been made under subdivision (b), a request  
4 for hearing is filed in writing within 30 days of the date of service  
5 of the order by the person to whom the order was directed, a  
6 hearing shall be held in accordance with the Administrative  
7 Procedure Act, Chapter 5 (commencing with Section 11500) of  
8 Part 1 of Division 3 of Title 2 of the Government Code, and the  
9 commissioner shall have all the powers granted under that  
10 chapter.

11 (d) If the person fails to file a written request for a hearing within 30  
12 days of the date of service of the order, the order imposing the  
13 penalty shall be deemed a final order of the commissioner, and the  
14 penalty shall be paid within five business days.

15 (e) If a hearing is requested, the penalty shall be paid within five  
16 business days after the effective date of any decision in the case  
17 ordering payment to be paid.

#### 18 IV

19 Complainant finds that, by reason of the foregoing, Compass has violated Financial Code  
20 sections 17406 which is a ground for penalties under Financial Code section 17408. Under Financial  
21 Code section 17408(b), penalties begin to accrue within the time specified in the Commissioner's  
22 demand. The Commissioner issued a letter on February 23, 2010 that demanded the financial  
23 reports be filed within ten (10) days of the date of the letter. Consequently, penalties begin accruing  
24 on March 6, 2010. Penalties are fifty dollars (\$50) per day for the first five days after the demand is  
25 not met, and two hundred and fifty dollars (\$250) for each day thereafter. To date, the report has not  
26 been filed by Respondent.

#### 27 **ORDER IMPOSING PENALTIES** 28 **PURSUANT TO FINANCIAL CODE SECTION 17408**

NOW, THEREFORE, COMPASS ESCROW, INC. is hereby ordered to pay the  
Commissioner a total of twenty-one thousand two hundred and fifty dollars (\$21,250), pursuant to  
Financial Code section 17408, plus an additional \$250 per day for each day hereafter until such time  
as the 2009 audit report is eventually filed.

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**V**

Complainant finds that, by reason of the foregoing, Compass has violated Financial Code section 17406, which constitutes grounds for the suspension of its escrow agent’s license under Financial Code section 17602.5.

WHEREFORE, IT IS PRAYED that the escrow agent’s license of COMPASS ESCROW, INC. be suspended pursuant to Financial Code section 17608 until such time as it files its Annual Report for the fiscal year end October 31, 2009 or for a period of one month, whichever period is greater.

Dated: June 3, 2010  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

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