

1 MARY ANN SMITH
Deputy Commissioner
2 MIRANDA LEKANDER
Assistant Chief Counsel
3 KIRK WALLACE (State Bar No. 129953)
Senior Counsel
4 One Sansome Street, Suite 600
San Francisco, CA 94104
5 Telephone: (415) 972-8546
6 Facsimile (415) 972-8550

7 Attorneys for Complainant

8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:)	Escrow License No.: 963-2662
)	
12 THE COMMISSIONER OF BUSINESS)	ACCUSATION IN SUPPORT OF ORDER TO
13 OVERSIGHT,)	REVOKE ESCROW AGENT LICENSE
)	PURSUANT TO FINANCIAL CODE
14 Complainant,)	SECTION 17608
)	
15 v.)	
)	
16 COVENANT ESCROW SERVICES)	
17 CORPORATION,)	
)	
18 Respondent.)	
)	

19
20 The Complainant, Commissioner of Business Oversight (Commissioner), alleges and charges
21 Respondent Covenant Escrow Services Corporation (Covenant) as follows:

22 **I.**
23 **INTRODUCTION**

24 The Commissioner seeks to revoke Covenant's escrow agent license pursuant to Financial
25 Code section 17608 for its failure to: (1) file its 2016 and 2017 escrow annual liability report for its
26 fiscal years ending December 31, 2016 and December 31, 2017; (2) file its 2016 and 2017 annual
27 audit report; (3) respond to the Department of Business Oversight's (DBO) repeated demands for
28

1 such reports or to maintain its registered place of business or maintain a working telephone number at
2 the registered telephone number provided the DBO; and, (4) pay its annual assessment or penalties
3 accrued for failing to file the required annual reports.

4 II.

5 FACTS

6 1. Respondent Covenant is an escrow agent licensed by the Commissioner pursuant to the
7 California Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law). Covenant had its principal place
8 of business located at 20 Pacifica, Suite 450, Irvine, California 92618, but no longer has any business
9 operations located at that address. Covenant was acquired in or about 2016 or 2017 by Christopher
10 A. Craig, who became its president and has a business address of 1300 Bristol Street North, Suite
11 215, Newport Beach, California 92660.

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

13 3. Pursuant to Financial Code sections 17348 and 17602.5, all licensees under the Escrow Law
14 are required to file an annual liability report. The licensees are also required under Financial Code
15 sections 17406 and 17602.5 to file its annual audit report.

16 4. Covenant failed to file its 2016 escrow annual liability report as required by Financial Code
17 17348. The Commissioner notified Covenant on January 9, 2017 through GovDelivery.com, via
18 Covenant's designated e-mail address, that Covenant needed to file its 2016 escrow annual liability
19 report electronically through its DBO website portal by February 15, 2017. The notice also indicated
20 that missing the filing deadline could result in penalty assessment, and failure to file could constitute
21 grounds for license revocation.

22 5. After Covenant failed to file its escrow annual liability report by February 15, 2017, the
23 Commissioner again notified Covenant by calling the telephone number on file, (949) 600-4024,
24 between February 14 and 22, 2017. The telephone number was busy on those dates and again when
25 telephone calls were attempted on August 11, 2017. Later calls to the registered telephone number
26 indicated that it had been disconnected and was no longer in service.

27 6. On February 22, 2017, a demand letter was sent by the Commissioner by certified mail again
28 request that Covenant file its annual liability report electronically through the DBO website portal

1 within 10 days from the date of the letter. The DBO’s letter also indicated that penalties were being
2 accrued as authorized by Financial Code section 17406.

3 7. On March 15, 2017, a DBO examiner contacted Covenant Escrow by phone, using s phone
4 number previously obtained from a prior examination of the company. The receptionist provided the
5 DBO examiner a cellphone number for Chris Craig (Craig), who claimed to be the new owner of the
6 company. Craig said Covenant was not operating and had no physical address. Craig indicated that he
7 would surrender the Covenant’s escrow agent license. However, Craig neither surrendered the
8 company’s license nor notified DBO of the change of address and phone number.

9 8. The Commissioner notified Covenant in writing on May 24, 2017 of its continued failure to
10 file its 2016 audit report. The Commissioner warned Covenant of the potential penalties and possible
11 suspension or revocation of the escrow agent’s license. To date, neither Craig nor Covenant have
12 responded to the Commissioner’s demands for the filing of the 2016 annual liability report and the
13 annual audit report.

14 9. Furthermore, Covenant has failed to pay its annual assessment as required by Financial Code
15 section 17207.

16 10. Additionally, Covenant failed to file its 2017 escrow annual liability report as required by
17 Financial Code 17348. The report was due to the DBO on February 15, 2018. The DBO’s efforts to
18 contact Covenant by telephone regarding the failure to file reports indicated the telephone number
19 registered with the DBO has been disconnected.

20 **III.**

21 **AUTHORITY TO REVOKE ESCROW AGENT LICENSE**

22 11. Financial Code section 17608 provides:

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

25 (a) The licensee has failed to maintain in effect a bond required under
26 the provisions of this division.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(c) Any fact or condition exists which, if it had existed at the time of the original application for such license, reasonably would have warranted the commissioner in refusing originally to issue such license.

IV.
CONCLUSION

The Commissioner finds that, by reason of the foregoing, Covenant Escrow Services Corporation has violated Financial Code sections 17348, 17406, 17408 and 17207, which constitutes grounds for the revocation of its escrow agent license pursuant to Financial Code section 17608.

V.
PRAYER

WHEREFORE, good cause showing, the Commissioner prays for relief as follows:

For an order, pursuant to Financial Code section 17608, that the escrow agent license of Covenant Escrow Services Corporation be revoked.

Dated: March 23, 2018
San Francisco, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
KIRK WALLACE
Senior Counsel