

1 ALAN S. WEINGER  
Deputy Commissioner  
2 BLAINE A. NOBLETT (BAR NO. 235612)  
Senior Corporations Counsel  
3 DEPARTMENT OF CORPORATIONS  
320 West 4th Street, Suite 750  
4 Los Angeles, California 90013-2344  
Telephone: (213) 576-1396 Fax: (213) 576-7181  
5 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10	In the Matter of the Accusation of THE	)	File No.: 963-2502
	CALIFORNIA CORPORATIONS	)	
11	COMMISSIONER,	)	<b>ORDER REVOKING ESCROW AGENT'S</b>
		)	<b>LICENSE</b>
12	Complainant,	)	
		)	
13		)	
	v.	)	
14		)	
	ESCROWNOVA, INC.,	)	
15		)	
	Respondent.	)	
16		)	
17		)	
18		)	

19 The California Corporations Commissioner ("Commissioner") issued his Notice of Intention  
20 to Issue Order Revoking Escrow Agent's License and Accusation for the revocation of the escrow  
21 agent's license issued to Escrownova, Inc. on March 7, 2012 ("Accusation") pursuant to Financial  
22 Code section 17608 of the Escrow Law of the State of California ("Escrow Law") (Fin. Code, §  
23 17000 et seq.). The Accusation is incorporated herein by reference. The Commissioner has not  
24 received a hearing request from the Respondent, and the time to request a hearing on the Accusation  
25 has now expired.

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NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow agent's license issued to Escrownova, Inc. is revoked. This order is effective as of the date hereof.

DATED: April 3, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner  
Enforcement Division

1 ALAN S. WEINGER  
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10 In the Matter of the Accusation of THE ) File No.: 963-2502  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, )  
12 Complainant, ) **ACCUSATION**  
13 )  
14 v. )  
15 ESCROWNOVA, INC., )  
16 Respondent. )  
17 )  
18 )

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

21 **I.**

22 Respondent Escrownova, Inc. ("Escrownova" and/or "Respondent") is an escrow agent  
23 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the Escrow  
24 Law of the State of California (Fin. Code, § 17000 et seq.) ("Escrow Law").

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 audit report") within one  
28 hundred five (105) days after the close of their fiscal year. Escrownova's fiscal year-end is

1 December 31st. Accordingly, Escrownova was required to file its annual audit report for its fiscal  
2 year ended December 31, 2010, on or before April 15, 2011. On or about June 1, 2011, forty-seven  
3 days after the filing deadline, Escrownova submitted its December 31, 2010 annual audit report to the  
4 Commissioner.

5 A review of Escrownova’s December 31, 2010 financial statement disclosed a tangible net  
6 worth deficiency of \$56,765.00 and a net liquid asset deficiency of \$40,119.00. Pursuant to Financial  
7 Code section 17210, all licensees under the Escrow Law are required to maintain at all times a  
8 tangible net worth of fifty thousand dollars (\$50,000.00), including liquid assets of at least twenty-  
9 five thousand dollars (\$25,000.00) in excess of current liabilities. In light of the liquidity deficiencies  
10 reflected in Escrownova’s annual audit report, on or about July 25, 2011, the Commissioner  
11 determined that Respondent was conducting its escrow business in such an unsafe and injurious  
12 manner as to render further operations hazardous to the public or to customers such that the  
13 Commissioner issued Escrownova an Order to Discontinue Escrow Activities Pursuant to Financial  
14 Code section 17415 (“Order to Discontinue”). The Order to Discontinue remains in effect.

15 Thereafter, on or about February 13, 2012, the Commissioner wrote to Escrownova requesting  
16 copies of its most recent unaudited financial statements. On or about February 27, 2012, Escrownova  
17 responded to the Commissioner’s request. A review of the most recent unaudited financial  
18 statements provided by Escrownova disclosed a tangible net worth deficiency of \$66,261.76 and a net  
19 liquid asset deficiency of \$45,214.86.

20 **III.**

21 Financial Code section 17406, subdivision (a) provides:

22 Each licensee shall submit to the commissioner, at the licensee's own  
23 expense, an audit report containing audited financial statements  
24 covering the calendar year or, if the licensee has an established fiscal  
25 year, then for that fiscal year, within 105 days after the close of each  
26 the calendar or fiscal year, as applicable. At that time, each licensee  
27 shall also file additional relevant information as the commissioner may  
28 require.

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Financial Code section 17210, subdivision (a) provides:

An escrow agent licensed on or after January 1, 1986 shall maintain at all times a tangible net worth of fifty thousand dollars (\$50,000), including liquid assets of at least twenty-five thousand dollars (\$25,000) in excess of current liabilities.

Financial Code section 17608 provides in pertinent 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.**

The Complainant finds that, by reason of the foregoing, Escrownova, Inc. has violated Financial Code section 17210 which constitutes ground for the revocation of its escrow agent's license.

WHEREFORE, IT IS PRAYED that the escrow agent's license of Escrownova, Inc. be revoked.

DATED: March 7, 2012  
Los Angeles, CA

JAN LYNN OWEN  
California Corporations Commissioner

By \_\_\_\_\_  
BLAINE A. NOBLETT  
Senior Corporations Counsel  
Enforcement Division

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10 In the Matter of THE CALIFORNIA ) File No.: 963-2502  
11 CORPORATIONS COMMISSIONER, )  
12 Complainant, ) **ORDER TO DISCONTINUE ESCROW**  
13 ) **ACTIVITIES PURSUANT TO FINANCIAL**  
14 v. ) **CODE SECTION 17415**  
15 ESCROWNOVA, INC., )  
16 Respondent. )  
17 \_\_\_\_\_ )

18 TO: ESCROWNOVA, INC.  
19 1138 North Pacific Avenue, Unit C  
20 Glendale, California 91202

21 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

22 ESCROWNOVA, INC. (“Escrownova”) has failed to comply with the liquid asset and tangible net  
23 worth requirements of Financial Code section 17210 of the California Escrow Law (Fin. Code, §§  
24 17000 et seq.) (“Escrow Law”). Escrownova’s most recent financial statement, its annual audit  
25 report for the period ended December 31, 2010, discloses a net liquid asset deficiency of \$40,119.00  
26 and a tangible net worth deficiency of \$56,765.00. Escrownova has to date failed to provide updated  
27 financial statements showing these deficiencies have been resolved, despite the Department of  
28 Corporations’ written request.

1 Based upon the foregoing, Escrownova is conducting its escrow business in such an unsafe  
2 and injurious manner as to render further operations hazardous to the public or to customers.

3 Financial Code section 17415 provides as follows:

4 (a) If the commissioner, as a result of any examination or from any report  
5 made to him or her, shall find that any person subject to this division is in an  
6 insolvent condition, is conducting escrow business in such an unsafe or  
7 injurious manner as to render further operations hazardous to the public or to  
8 customers, has failed to comply with the provisions of section 17212.1 or  
9 17414.1, has permitted its tangible net worth to be lower than the minimum  
10 required by law, has failed to maintain its liquid assets in excess of current  
11 liabilities as set forth in Section 17210, or has failed to comply with the  
12 bonding requirements of Chapter 2 (commencing with Section 17200) of this  
13 division, the commissioner may, by an order addressed to and served by  
14 registered or certified mail or personal service on such person and on any other  
15 person having in his or her possession or control any escrowed funds, trust  
16 funds or other property deposited in escrow with said person, direct  
17 discontinuance of the disbursement of trust funds by the parties or any of them,  
18 the receipt of trust funds, the delivery or recording of documents received in  
19 escrow, or other business operations. No person having in his or her  
20 possession any of these funds or documents shall be liable for failure to  
21 comply with the order unless he or she has received written notice of the order.  
22 Subject to subdivision (b), the order shall remain in effect until set aside by the  
23 commissioner in whole or in part, the person is the subject of an order for relief  
24 in bankruptcy, or pursuant to Chapter 6 (commencing with Section 17621) of  
25 this division the commissioner has assumed possession of the escrow agent.

26 (b) Within 15 days from the date of an order pursuant to subdivision (a), the  
27 person may request a hearing under the Administrative Procedure Act, Chapter  
28 5 (commencing with Section 11500) of Division 3 of Title 2 of the  
Government Code. Upon receipt of a request, the matter shall be set for  
hearing to commence within 30 days after such receipt unless the person  
subject to this division consents to a later date. If no hearing is requested  
within 15 days after the mailing or service of such notice and none is ordered  
by the commissioner, the failure to request a hearing shall constitute a waiver  
of the right to a hearing. Neither the request for a hearing nor the hearing itself  
shall stay the order issued by the commissioner under subdivision (a).

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NOW, THEREFORE, GOOD CAUSE APPERING, it is hereby ORDERED, pursuant to Financial Code section 17415, that ESCROWNOVA, INC. immediately discontinue acceptance of any new escrow or joint control business, and of money, documents or other property in connection therewith. This order is to remain in full force and effect until further order of the Commissioner.

DATED: July 25, 2011  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner