

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA LEKANDER (SBN 210082)
Senior Corporations Counsel
4 Department of Corporations
1515 K Street, Ste. 200
5 Sacramento, California 95814
Telephone: (916) 322-8730 Fax: (916) 445-6985
6

7 Attorneys for Complainant

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

11 In the Matter of the Accusation of THE) File No.: 963-2293
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION IN SUPPORT OF
14 Complainant,) REVOCATION OF CALIFORNIA ESCROW
15 vs.) AGENT’S LICENSE
16 ESSENTIAL ESCROW SERVICES, INC.,)
17 Respondent.)
18)

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

22 I

23 Essential Escrow Services, Inc. (“Respondent” or “Essential Escrow”) is an escrow agent
24 licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") of the
25 Department of Corporations (“Department”) pursuant to the Escrow Law of the State of California
26 (California Financial Code Section 17000 *et seq.*).

27 ///

28 ///

///

II

1
2 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
3 file an annual audit report containing audited financial statements (“annual audit report”) within 105
4 days after the close of their fiscal year.

5 On September 22, 2008, the Commissioner filed an Accusation in Support of Suspension of
6 Respondent’s escrow license due to failure to file its 2007 annual audit report in compliance with
7 Financial Code section 17406.

8 On or about October 22, 2008, Respondent contacted the Commissioner to inform that it did
9 not intend to request an administrative hearing and agreed to temporarily suspend its license in
10 accordance with the provisions of the Escrow Law.

11 On or about April 19, 2010, the Commissioner received a letter from Respondent informing
12 that it wished to surrender its California escrow agent’s license and permanently cease escrow
13 business operations.

14 On May 4, 2010, the Commissioner sent a certified letter to Respondent, which was received
15 on May 5, 2010. This letter notified Respondent that, as a condition of license surrender pursuant to
16 Financial Code section 17600, subdivision (b), the licensee is required to engage a certified public
17 accountant to conduct a closing audit of the licensee’s records (“closing audit report”) and report
18 findings of compliance with the Escrow Law to the Commissioner within 105 days from the date of
19 the application to surrender the license.

20 Pursuant to Financial Code section 17600, subdivision (b), the Respondent’s closing audit
21 report was due 105 days from the date of the April 19, 2010 application to surrender its escrow
22 agent’s license, which was August 4, 2010.

23 On June 23, 2011, the Commissioner sent a certified letter to Respondent, which was
24 received on June 24, 2011. This letter notified Respondent that the closing audit report due on
25 August 4, 2010 had not been received and informed that the matter would be referred for license
26 revocation if no response was received within 10 days of the date of the letter. To date, the
27 Commissioner has received neither a response to the June 23, 2011 letter nor the closing audit report
28 from Respondent.

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

III

Financial Code section 17602.5 provides in pertinent part as follows:

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

Financial Code section 17600, subdivision (b), provides as follows:

A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from a certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report, a determination has been made by the commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

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

Complainant finds that, by reason of the foregoing, Respondent Essential Escrow Services, Inc. has violated Financial Code sections 17602.5 and 17600, and it is in the best interests of the public to revoke the escrow agent’s license of Respondent pursuant to Financial Code section 17608.

///

///

///

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

WHEREFORE, IT IS PRAYED that the California escrow agent’s license of Respondent
Essential Escrow Services, Inc. be revoked.

Dated: July 22, 2011
Sacramento, CA

California Corporations Commissioner

By _____
MIRANDA LEKANDER
Senior Corporations Counsel