

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of the Accusation of THE) File No.: 963-2099
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ORDER REVOKING ESCROW AGENT’S
13) LICENSE
Complainant,)
14)
15 vs.)
16 LGM ESCROW SERVICES, INC. ,)
17 Respondent.)
18)

19 The California Corporations Commissioner (“Commissioner”) finds that:

- 20 1. LGM Escrow Services, Inc. (“LGM”) is an escrow agent licensed by the
21 Commissioner pursuant to the Escrow Law of the State of California (California Financial Code
22 Section 17000 et seq.).
23 2. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
24 required to file an annual audit report containing audited financial statements (“audit report”) within
25 one hundred and five (105) days after the close of their fiscal year. LGM’s fiscal year end is
26 December 31. Accordingly, LGM was required to file its audit report on or before April 15, 2009.
27 3. On November 17, 2008, the Commissioner notified LGM in writing that its audit
28 report was due April 15, 2009. LGM failed to file the audit report by April 15, 2009.

1 4. On January 15, 2009, LGM sent a letter to the Commissioner notifying the
2 Commissioner that it would cease doing business as of January 19, 2009 and that it was surrendering
3 its escrow agent’s license. On February 17, 2009, a letter was sent to LGM explaining that license
4 surrender could not be accepted until a closing audit was received from LGM evidencing that all
5 trust funds had been properly disbursed and that no outstanding violations of the Escrow Law
6 existed. LGM was further advised to maintain its reporting, surety bond and other licensing
7 requirements until such time as the closing audit was submitted and the surrender accepted in writing
8 by the Commissioner.

9 5. LGM has yet to file the audit report as required by Financial Code section 17406.

10 6. Pursuant to Financial Code section 17202, LGM was required to maintain a surety
11 bond in the minimum amount of \$25,000.00. The surety bond of LGM expired on March 28, 2009,
12 and no replacement bond has been obtained by LGM in violation of Financial Code section 17202.

13 7. On April 28, 2009, LGM submitted its closing audit to the Commissioner in regards
14 to its surrender application. A review of the closing audit disclosed questionable escrow balances
15 and further documentation was requested from LGM pursuant to Financial Code section 17405.
16 LGM has yet to comply with the Commissioner’s demand for records in connection with the closing
17 audit review in violation of Financial Code section 17405.

18 8. On June 2, 2009, the Commissioner sent a letter to LGM demanding copies of certain
19 escrow files be submitted in connection with a complaint received by the Department of
20 Corporations against LGM. LGM has yet to respond or otherwise comply with the Commissioner’s
21 demand for records in connection with the complaint in further violation of Financial Code section
22 17405.

23 9. The above-described violations constitute grounds under Financial Code section
24 17608 to revoke an escrow agent’s license.

25 10. On July 7, 2010, the Commissioner issued a Notice of Intention to Issue Order
26 Revoking Escrow Agent’s License, Accusation and accompanying documents against LGM based
27 upon the above. On July 7, 2010, the Commissioner served the pleadings on LGM via certified,
28 return-receipt mail at its licensed location. The Department has received no request for a hearing or

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any other response from LGM and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow agent's license issued by the Commissioner to Respondent LGM Escrow Services, Inc. is revoked effective this date.

Dated: July 28, 2010
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner