

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Corporations
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
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6 Attorneys for Complainant
7

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

10
11 In the Matter of the Accusation of THE) File No.: 963-2473
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ACCUSATION
13)
Complainant,)
14)
15 vs.)
16 MS ESCROW SERVICES,)
17 Respondent.)
18 _____)

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

21 I

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

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 (“audit report”) within one
28 hundred and five (105) days after the close of their fiscal year. Respondent’s fiscal year end is

1 March 31. Accordingly, Respondent was required to file its audit report on or before July 15, 2011.

2 On or about February 7, 2011, Complainant notified Respondent in writing that its audit
3 report was due July 15, 2011. Respondent failed to file the audit report by July 15, 2011.

4 On or about July 22, 2011, a follow up letter was sent to Respondent concerning its failure to
5 file the audit report. Respondent was notified in the letter that failure to file to the audit report
6 within ten days of the date of the letter could result in assessment of penalties, a special examination
7 and/or administrative action.

8 Respondent has yet to file the audit report as required by Financial Code section 17406.

9 III

10 Respondent previously failed to timely file its 2008 and 2010 audit reports. Respondent
11 failed to file its 2008 audit report until on or about September 9, 2008 (54 days late) and its 2010
12 audit report until on or about August 12, 2010 (28 days late).

13 IV

14 Pursuant to Financial Code section 17210, all licensees under the Escrow Law are required to
15 maintain a tangible net worth of \$50,000.00, to include liquid assets of at least \$25,000.00 in excess
16 of current liabilities.

17 The most recent balance sheet provided to Complainant by Respondent was for the period
18 ended May 31, 2011 and disclosed a liquid asset deficiency of \$18,407.84. On or about June 15,
19 2011, Respondent was requested to submit proof that the liquid asset deficiency had been corrected.
20 Respondent has yet to submit any evidence that the liquid asset deficiency has been corrected or
21 otherwise respond.

22 V

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

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

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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 has violated Financial Code sections 17210 and 17406, which constitutes grounds for the revocation of its escrow agent’s license.

WHEREFORE, IT IS PRAYED that Respondent's escrow agent’s license be revoked.

Dated: November 7, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel

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

10
11 In the Matter of THE CALIFORNIA) File No.: 963-2473
CORPORATIONS COMMISSIONER,)
12)
13 Complainant,) ORDER IMPOSING PENALTIES PURSUANT
TO CALIFORNIA FINANCIAL CODE
14 vs.) SECTION 17408
15 MS ESCROW SERVICES,)
16 Respondent.)
17)
18)

19 TO: MS ESCROW SERVICES
20 11841 Paramount Boulevard, Suite E
21 Downey, California 90241

22 NOW THEREFORE the California Corporations Commissioner (“Commissioner”) having
23 found that MS Escrow Services failed to file its annual audit report containing audited financial
24 statements for its fiscal year ended March 31, 2011 as required by Financial Code section 17406, MS
25 Escrow Services is hereby ordered, pursuant to Financial Code section 17408, to pay to the
26 Commissioner the sum of \$27, 500.00, plus an additional \$250.00 a day for each day after March 15,
27 2011 that the annual audit report is not filed.

28 Pursuant to Financial Code section 17406, MS Escrow Services (“MS Escrow”) was required

1 to submit its annual audit report for the fiscal year ended March 31, 2011 (“2011 audit report”) to the
2 Commissioner on or before July 15, 2011.

3 On or about February 7, 2011, Complainant notified Respondent in writing that its audit
4 report was due July 15, 2011. Respondent failed to file the audit report by July 15, 2011.

5 On or about July 22, 2011, a follow up letter was sent to Respondent concerning its failure to
6 file the audit report. Respondent was notified in the letter that failure to file to the audit report
7 within ten days of the date of the letter could result in assessment of penalties, a special examination
8 and/or administrative action.

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

10 Financial Code Section 17408, subdivisions (b) – (e) provides as follows:

11 (b) The commissioner may impose, by order, a penalty on any person
12 who fails, within the time specified in any written demand of the
13 commissioner, (1) to make and file with the commissioner any report
14 required by law or requested by the commissioner. . . . The amount of the
15 penalty shall be one hundred dollars (\$100) for each day for the first five
16 days the report or information is overdue and, thereafter, five hundred dollars
17 (\$500) for each day the report or information is overdue.

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

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

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

Dated: November 7, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner
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
11 In the Matter of the Accusation of THE) File No.: 963-2473
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) ORDER REVOKING ESCROW AGENT’S
13) LICENSE
Complainant,)
14)
15 vs.)
16 MS ESCROW SERVICES,)
17 Respondent.)

18 The California Corporations Commissioner finds that:

- 19
- 20 1. MS Escrow Services (“MS Escrow”) is an escrow agent licensed by the California
21 Corporations Commissioner ("Commissioner") pursuant to the Escrow Law of the State of
22 California (California Financial Code 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. MS Escrow’s fiscal year end is
26 March 31. Accordingly, MS Escrow was required to file its audit report on or before July 15, 2011.
 - 27 3. On February 7, 2011, the Commissioner notified MS Escrow in writing that its audit
28 report was due July 15, 2011. MS Escrow failed to file the audit report by July 15, 2011.
 4. On July 22, 2011, a follow up letter was sent to MS Escrow concerning its failure to

1 file the audit report. MS Escrow was notified in the letter that failure to file to the audit report
2 within ten days of the date of the letter could result in assessment of penalties, a special examination
3 and/or administrative action.

4 5. MS Escrow has yet to file the audit report as required by Financial Code section
5 17406.

6 6. MS Escrow previously failed to timely file its 2008 and 2010 audit reports. MS
7 Escrow failed to file its 2008 audit report until September 9, 2008 (54 days late) and its 2010 audit
8 report until August 12, 2010 (28 days late).

9 7. Pursuant to Financial Code section 17210, all licensees under the Escrow Law are
10 required to maintain a tangible net worth of \$50,000.00, to include liquid assets of at least
11 \$25,000.00 in excess of current liabilities.

12 8. The most recent balance sheet provided to the Commissioner by MS Escrow was for
13 the period ended May 31, 2011 and disclosed a liquid asset deficiency of \$18,407.84. On June 15,
14 2011, MS Escrow was requested to submit proof that the liquid asset deficiency had been corrected.
15 MS Escrow has yet to submit any evidence that the liquid asset deficiency has been corrected or
16 otherwise respond.

17 9. The above-described violations constitute grounds under Financial Code section
18 17608 to revoke the escrow agent's license.

19 10. On November 7, 2011, the Commissioner issued a Notice of Intention to Issue Order
20 Revoking Escrow Agent's License, Accusation and accompanying documents against MS Escrow
21 based upon the above. MS Escrow was personally served with those documents on November 14,
22 2011. The Department has received no request for a hearing from MS Escrow and the time to
23 request a hearing has expired.

24 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that escrow agent's
25 license of MS Escrow Services is revoked effective the date hereof.

26 Dated: December 1, 2011
27 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

28 By _____
Alan S. Weinger, Deputy Commissioner