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California Corporations Commissioner
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10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

12 In the Matter of THE CALIFORNIA) File No.: 963-7060
CORPORATIONS COMMISSIONER,)
13) 1) ACCUSATION; and
Complainant,) 2) ORDER IMPOSING PENALTIES
14)
15 vs.)
16 MID CAL ESCROW SERVICES, INC.,)
Respondent.)
17)
18)

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

21 **I.**

22 MID CAL ESCROW SERVICES, INC. (“Respondent” or “Mid Cal”) is an escrow agent
23 licensed by the California Corporations Commissioner (“Commissioner” or “Complainant”) pursuant
24 to the Escrow 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 (“Annual Report”) within one
28 hundred and five (105) days after the close of their fiscal year. Mid Cal’s fiscal year end is

1 December 31, 2009. Accordingly, Respondent was required to file its Annual Report on or before
2 April 15, 2010.

3 On or about November 2, 2009, Complainant notified Respondent in writing that its Annual
4 Report was due on or before April 15, 2010. Respondent failed to file the Annual Report.

5 On or about May 19, 2010, a demand letter was sent to Respondent concerning its failure to
6 file the Annual Report. Respondent was notified in the letter that failure to file the Annual Report
7 within ten (10) days of the date of the letter could result in assessment of penalties, a special
8 examination and/or administrative action. Respondent has yet to file the Annual Report as required
9 by Financial Code section 17406.

10 **III.**

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

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

16 Financial Code section 17608 provides in pertinent part:

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

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

21 Financial Code section 17408 provides in pertinent part:

22 (b) The commissioner may, impose, by order, a penalty on any
23 person who fails, within the time specified in any written demand of
24 the commissioner, (1) to make and file with the commissioner any
25 report required by law or requested by the commissioner, or (2) to
26 furnish any material information required by the commissioner to be
27 included in the report. The amount of the penalty may not exceed one
28 hundred dollars (\$100) for each day for the first five days the report
or information is overdue and, thereafter, may not exceed five
hundred dollars (\$500) for each day the report or information is
overdue.

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

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

(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.

IV.

Complainant finds that, by reason of the foregoing, Mid Cal has violated Financial Code section 17406, which is grounds for penalties under Financial Code section 17408. Under Financial Code section 17408(b), penalties begin to accrue within the time specified in the Commissioner’s demand. The Commissioner issued a letter on May 19, 2010 that demanded the financial reports be filed within ten (10) days of the date of the letter. Consequently, penalties begin accruing on May 29, 2010. Penalties for the first five days after the demand is not met are fifty dollars (\$50) per day. Penalties for each day thereafter are two hundred and fifty dollars (\$250). To date, the report has not been filed by Respondent.

ORDER IMPOSING PENALTIES

PURSUANT TO FINANCIAL CODE SECTION 17408

NOW, THEREFORE, MID CAL ESCROW SERVICES, INC. is hereby ordered to pay the Commissioner thirty-one thousand dollars (\$31,000), in addition to two hundred and fifty dollars (\$250) for each day after the date of this Order, until the Annual Report is filed, pursuant to Financial Code section 17408.

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V.

Complainant finds that, by reason of the foregoing, Mid Cal has violated Financial Code section 17406, which constitutes grounds for the suspension of its escrow agent’s license under Financial Code section 17602.5.

WHEREFORE, IT IS PRAYED that the MID CAL ESCROW SERVICES, INC.’s escrow agent’s license be suspended, pursuant to Financial Code section 17608, until such time as it files its Annual Report for its fiscal year ending December 31, 2009 or for a period of thirty (30) days, whichever is longer.

Dated: October 4, 2010
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner