	MADN ANN CHURT		
1	MARY ANN SMITH Deputy Commissioner		
2	SEAN ROONEY		
3	Assistant Chief Counsel JOHNNY VUONG (State Bar No. 249570)		
4	Senior Counsel		
5	Department of Business Oversight 320 W. 4th Street, Suite 750		
6	Los Angeles, California 90013 Telephone: (213) 576-7585 Facsimile: (213) 576-7181		
7			
8	Attorneys for Complainant		
9			
10	BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT		
11	OF THE STATE OF CALIFORNIA		
12			
13	In the Matter of:	ESCROW LICENSE NO. 963-2552	
14	THE COMMISSIONER OF BUSINESS))	
15	OVERSIGHT,))) ORDER REVOKING NORTHERN	
16	Complainant,	CALIFORNIA ESCROW SERVICES, INC.'S ESCROW AGENT LICENSE	
17	V.) ESCROW AGENT LICENSE	
18	NORTHERN CALIFORNIA ESCROW SERVICES, INC.)))	
19			
20	Respondent.		
21			
22			
23	The Commissioner of Business Oversight ("Commissioner") finds that:		
24	1. Northern California Escrow Services, Inc. ("NCES") is an escrow agent licensed by		
25	the Commissioner pursuant to the Escrow Law of the State of California (Financial Code Section		
26	17000 et seq.), with its principal place of business at 5540 Almaden Expressway, #A, San Jose, CA		
27	95118.		

Ι

Failure to File Annual Report

- 2. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to file an annual audit report containing audited financial statements ("Annual Report") within 105 days after the close of their fiscal year. NCES's fiscal year end for 2013 was June 30, 2013. Accordingly, NCES was required to file its 2013 Annual Report on or before October 15, 2013.
- 3. On October 21, 2013, the Commissioner demanded in a letter served by certified mail on NCES that their 2013 Annual Report was due within 10 days of October 21, 2013, or the Commissioner would assess penalties for each day the report is late, in addition to possibly conducting a special examination and/or taking administrative action. To date, NCES has not filed its 2013 Annual Report and the 2013 Annual Report.

II

Failure to Pay Penalties

- 4. Pursuant to Financial Code section 17408, the Commissioner may issue an order imposing penalties based on the failure to file reports demanded by the Commissioner. Pursuant to Financial Code section 17408, subdivision (e), if a hearing is requested upon the order imposing penalties and a final decision is made, the penalties are due within 5 business days after the effective date of any decision ordering the penalty payments.
- 5. On or about August 25, 2014, an administrative hearing was held at the Office of Administrative Hearings on the Commissioner's Accusation and Order Imposing Penalties issued against NCES on February 4, 2014.
- 6. On or about August 28, 2014, a proposed decision in the matter was issued by the Administrative Law Judge ("Proposed Decision").
- 7. On or about December 11, 2014, the Commissioner adopted the Proposed Decision as her Decision ("Final Decision") on the matter. The Final Decision became effective on January 10, 2015.
 - 8. Pursuant to the Final Decision, the following Orders were issued:

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

23

24

25

26

27

28

1

2

3

- 1) NCES's escrow agent license is suspended until: (a) NCES's 2013 Annual Report was filed; (b) NCES's outstanding examination bills dated January and August 2013 are paid in full to the Commissioner; and (c) NCES submits sufficient proof that it has met the liquid asset requirement pursuant to Financial Code section 17210.
- 2) The Order imposing penalties issued by the Commissioner pursuant to Financial Code section 17408 ("Penalty Order") was affirmed and NCES is ordered to pay the Commissioner the following penalties: (a) \$56,000.00 in penalties for the late filing of their 2012 Annual Report; and (b) \$50.00 in penalties for the first five days that their 2013 Annual Report was not submitted by the demand date and \$250.00 per day thereafter until the 2013 Annual Report is filed.
- 9. NCES has failed to pay \$56,000.00 in penalties to the Commissioner for the late filing of their 2012 Annual Report, in violation of Financial Code section 17408, subdivision (e).
- 10. NCES has also failed to file its 2013 Annual Report and pursuant to the Penalty Order, NCES has accrued penalties of at least \$123,500.00 that NCES has failed to pay to the Commissioner, in violation of Financial Code section 17408, subdivision (e).

III

Liquid Asset Deficiency

- 11. Pursuant to Financial Code section 17210, all licensees under the Escrow Law are required to maintain at all times, a tangible net worth of \$50,000.00, including liquid assets of at least \$25,000.00 in excess of current liabilities.
- 12. On or about October 14, 2013, the Commissioner received a compilation report dated June 30, 2013. The Commissioner's examiner reviewed the report and found that NCES was deficient in meeting the liquid asset requirements by \$23,222.00 and requested that NCES correct the deficiency. NCES has failed to submit any proof to the Commissioner that is has corrected the liquid asset deficiency under Financial Code section 17210.

IV

Order Revoking Northern California Escrow Services, Inc.'s Escrow Agent License Pursuant to Financial Code section 17608 On March 13, 2015, the Commissioner issued a Notice of Intention to Issue Order

- 13. On March 13, 2015, the Commissioner issued a Notice of Intention to Issue Order Revoking Northern California Escrow Services, Inc.'s Escrow Agent License, Accusation and accompanying documents against NCES and NCES was served with those documents on March 16, 2015. There has been no request for a hearing received by the Commissioner and the statutory time period to request a hearing has expired.
- 14. The above-described violations constitute grounds under California Financial Code section 17608 to revoke an escrow agent's license.

THEREFORE, it is hereby ordered that Respondent Northern California Escrow Services, Inc.'s escrow agent license is hereby revoked.

Dated: May 5, 2015

Los Angeles, California

JAN LYNN OWEN

Commissioner of Business Oversight

By_

MARY ANN SMITH Deputy Commissioner Enforcement Division