

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JOYCE TSAI (CA BAR NO. 241908)
Corporations Counsel
4 Department of Corporations
1350 Front Street, Suite 2034
5 San Diego, CA 92101
Telephone: (619) 525-4043 Fax: (619) 525-4045

6 Attorneys for Complainant

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

11 CALIFORNIA CORPORATIONS) File No.: 963-2525
12 COMMISSIONER,)
13 Complainant,) ACCUSATION
14 vs.)
15 CF ESCROW, INC.,)
16 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 CF Escrow, Inc. (“Respondent” or “CF Escrow”) is an escrow agent licensed by the
23 California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow
24 Law, California Financial Code Section 17000 et seq. Respondent’s license was issued on April 3,
25 2008.

26 II

27 Pursuant to Financial Code section 17406, all licensees under the Escrow Law are required to
28 file an annual audit report containing audited financial statements (“audit report”) within one

1 hundred and five (105) days after the close of their fiscal year. Pursuant to subsection (d) of that
2 section, the annual report must be prepared by an independent certified public accountant (CPA) or
3 independent public accountant. Respondent’s fiscal year end is October 31. Accordingly,
4 Respondent was required to file an audit report on or before February 15, 2010.

5 On or about September 22, 2009, Complainant notified Respondent in writing that its audit
6 report was due February 15, 2010. Respondent failed to file the audit report by February 15, 2010.

7 On or about February 23, 2010, Complainant sent another letter to Respondent demanding
8 that Respondent file the audit report within 10 days. Respondent was notified in the letter that
9 failure to file to the audit report could result in assessment of penalties, a special examination and/or
10 administrative action. Respondent received Complainant’s letter on March 1, 2010.

11 To date, Respondent has not filed its annual audit report for fiscal year 2009.

12 III

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

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

18 Financial Code section 17608 provides in pertinent part:

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

21 ...

22 (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.

23 IV

24 Complainant finds that, by reason of the foregoing, Respondent has violated Financial Code
25 section 17406, which constitutes grounds for the suspension of its escrow agent’s license.

26 WHEREFORE, IT IS PRAYED that the Respondent's escrow agent’s license be suspended
27 until such time as Respondent files its annual audit report for the fiscal year ending on October 31,
28 2009, or for a period of one month, whichever period is greater.

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

Dated: May 19, 2010
San Diego, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Joyce Tsai
Corporations Counsel