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

11 In the Matter of the Accusation of THE) File No.: 963-2445
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) **ACCUSATION IN SUPPORT OF**
14 Complainant,) **REVOCAION OF ESCROW AGENT’S**
) **LICENSE**
15 vs.)
)
16 PACIFIC FIRST ESCROW, INC.,)
17 Respondent.)
18)

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20 The California Corporations Commissioner (“Commissioner” or “Complainant”) is informed
21 and believes, and based upon such information and belief, alleges and charges as follows:

22 I.

23 Respondent Pacific First Escrow, Inc. (“Pacific First”) is an escrow agent licensed by the
24 Commissioner pursuant to the Escrow Law of the State of California (California Financial Code
25 Section 17000 et seq.). Pacific First had its principal place of business at 3355 Mission Ave., Suite
26 123, Oceanside, CA 92058.

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II.

Pursuant to California Financial Code section 17202, all licensees must maintain a surety bond in the minimum amount of \$25,000.00. In August 2009, the Commissioner discovered Pacific First's surety bond had expired as of August 14, 2009. On August 17, 2009, the Commissioner issued to Pacific First an Order to Discontinue Escrow Activities because it had failed to provide the Commissioner with proof of bond replacement or reinstatement. The Order to Discontinue Escrow Activities was personally served on Pacific First and Rafael Jaime, an officer. On June 16, 2010, Pacific First submitted a copy of its bond license reflecting an effective date of December 8, 2009, revealing a four-month lapse of its bond requirements.

III.

Pursuant to California Financial Code section, 17348, all licensees under the Escrow Law are required to file a Report of Escrow Liability ("Liability Report") for each licensed location on or before February 15 of each year for the preceding 12 month period ended December 31. On or about January 13, 2010, Liability Report forms were sent to all licensees with a notice that their 2009 Liability Reports were due on February 15, 2010. Pacific First failed to file its 2009 Liability Report by February 15, 2010.

In March 2010, a visit to Pacific First's business location revealed that Pacific First had been evicted from its place of business, its telephone number had been disconnected, and it had moved out of its business location without notifying the Commissioner. Pacific First has been conducting escrow business out of the home of a new escrow manager. Pacific First's business location has been changed without providing notice to the Commissioner regarding a possible new business location or the location of its books and records, in violation of Financial Code section 17213.1 and California Code of Regulations, title 10, section 1730. Also, in violation of California Financial Code section 17212.1, Pacific First failed to notify the Commissioner of its new escrow manager and officers.

IV.

Pursuant to California Financial Code section 17406, all licensees under the California Escrow Law are required to file an annual audit report containing audited financial statements

1 (“Audit Report”) within one hundred and five (105) days after the close of their fiscal year. Pacific
2 First’s fiscal year ends on December 31. Accordingly, Pacific First was required to file Audit
3 Reports on or before April 15, 2009 and April 15, 2010.

4 On November 17, 2008, the Commissioner notified Pacific First, in writing, that its 2008
5 Audit Report was due by April 15, 2009. Pacific First failed to file its 2008 Audit Report by the due
6 date. On November 2, 2009, the Commissioner notified Pacific First, in writing, that its 2009 Audit
7 Report was due by April 15, 2010. Pacific First failed to file its 2009 Audit Report by the due date.

8 V.

9 Furthermore, in violation of California Financial Code section 17207, Pacific First failed to
10 pay its 2010 annual assessment, which was due by June 30, 2010.

11 On June 17, 2010, the Commissioner again notified Pacific First of its failure to comply with
12 the Escrow Law and requested that Pacific First file its 2008 Audit Report, file its 2009 Audit
13 Report, file its Liability Report, report its business location, report its new officers, managers,
14 directors and employees, pay its 2010 annual assessment, and show continuous compliance with the
15 bond requirements. To this date, Pacific First has failed to submit the required documents, file the
16 required reports and pay its 2010 annual assessment.

17 VI.

18 Financial Code section 17602.5 provides:

19 If any licensed escrow agent fails to make any reports required by law or by the
20 commissioner within ten (10) days from the day designated for the making of the
21 reports, or within any extension of time granted by the commissioner, or fails to include
therein any matter required by law or by the commissioner, such failure shall constitute
grounds for the suspension or revocation of the license held by such escrow agent.

22 Financial Code section 17608 provides in pertinent part:

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

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

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VII.

Complainant finds that, by reason of the foregoing, Pacific First Escrow, Inc. has violated California Financial Code sections 17348, 17406, 17404, 17207, 17213.1, and California Code of Regulations, title 10, section 1730, which constitutes grounds for revocation of its escrow agent’s license.

WHEREFORE, IT IS PRAYED that Pacific First Escrow, Inc.’s escrow agent’s license be revoked pursuant to California Financial Code sections 17608 and 17602.5.

Dated: July 7, 2010
San Diego, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Afsaneh Eghbaldari
Corporations Counsel