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California Corporations Commissioner
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7
8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10	THE CALIFORNIA CORPORATIONS)	File No. 963-2445
11	COMMISSIONER,)	OAH Case No.: 2010071387
12)	
	Complainant,)	
13	vs.)	ORDER REVOKING ESCROW AGENT’S
14)	LICENSE PURSUANT TO CALIFORNIA
15)	FINANCIAL CODE SECTIONS 17608 AND
16)	17602.5
17	PACIFIC FIRST ESCROW, INC.,)	
)	
	Respondent.)	

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19 The California Corporations Commissioner (“Commissioner”) finds that:

20 **I.**
21 **INTRODUCTION**

22 1. On September 13, 2007, the Commissioner issued to Respondent Pacific First
23 Escrow, Inc. (“Pacific First”) an escrow agent’s license, pursuant to the California Escrow Law
24 (California Financial Code Section 17000 et seq.). (All future references to sections are to the
25 California Financial Code unless indicated otherwise.).

26 2. Pacific First had its principal place of business at 3355 Mission Ave., Suite 123,
27 Oceanside, CA 92058.
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II.

VIOLATIONS OF THE ESCROW LAW

3. Pursuant to California Financial Code section 17202, all licensees must maintain a surety bond in the minimum amount of \$25,000.00. Pacific First’s surety bond expired as of August 14, 2009.

4. 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 served on Pacific First and Rafael Jaime, an officer of Pacific First.

5. 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.

6. 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 (“Audit Report”) within one hundred and five (105) days after the close of their fiscal year. Pacific First’s fiscal year ends on December 31. Accordingly, Pacific First was required to file its 2008 and 2009 Audit Reports on or before April 15, 2009 and April 15, 2010.

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

8. On November 2, 2009, the Commissioner notified Pacific First, in writing, that its 2009 Audit Report was due by April 15, 2010. Pacific First failed to file its 2009 Audit Report by the due date.

9. Pursuant to California Financial Code section 17348, all licensees under the California Escrow Law are required to file a Report of Escrow Liability (“Liability Report”) for each licensed locations on or before February 15 of each year for the preceding 12 months, which ended December 31.

1 10. On or about January 13, 2010, Liability Report forms were sent to all licensees with a
2 notice that their 2009 Liability Reports were due on February 15, 2010. Pacific First failed to file its
3 2009 Liability Report by February 15, 2010.

4 11. In March 2010, a visit to Pacific First’s business location revealed that Pacific First
5 had been evicted from its place of business, its telephone number had been disconnected, and it had
6 moved out of its business location without notifying the Commissioner. Subsequently, the
7 Commissioner discovered that Pacific First had been conducting escrow business out of the home of
8 a new escrow manager.

9 12. Pacific First’s business location had been changed without providing notice to the
10 Commissioner regarding a possible new business location or the location of its books and records, in
11 violation of California Financial Code section 17213.1 and California Code of Regulations, title 10,
12 section 1730. Also, in violation of California Financial Code section 17212.1, Pacific First failed to
13 notify the Commissioner of its new escrow manager and officers.

14 13. Also, in violation of California Financial Code section 17207, Pacific First failed to
15 pay its 2010 annual assessment in the amount of \$2,800.00, which was due by June 30, 2010.

16 14. On June 17, 2010, the Commissioner again notified Pacific First of its failure to
17 comply with the California Escrow Law and requested that Pacific First file its 2008 Audit Report,
18 file its 2009 Audit Report, file its Liability Report, and report its business location, report its new
19 officers, managers, directors and employees, pay its 2010 annual assessment, and show continuous
20 compliance with the bond requirements. Pacific First failed to submit the reports, pay the annual
21 assessment, and show continuous compliance with the bond requirements.

22 15. On July 7, 2010, the Commissioner filed and served his Accusation In Support of
23 Revocation of Pacific First’s license, Notice of Intention to Issue Order Revoking Pacific First’s
24 license, and the accompanying documents.

25 16. On July 22, 2010, Pacific First filed its Notice of Defense and requested a hearing.
26 The hearing was set for January 10, 2011.

27 17. The Commissioner further discovered that Pacific First’s corporate status with the
28 California Secretary of State was suspended as of November 2, 2009, forfeiting its qualification to

1 transact business in the State of California. As such, Pacific First would be prohibited from
2 defending itself in the present action unless it cured all defects with the California Secretary of State.

3 18. The Commissioner brought the suspended corporate status and forfeiture to the
4 attention of Pacific First on June 10, 2010, June 17, 2010, December 23, 2010 and January 3, 2011.
5 The Commissioner demanded that Pacific First cures all defects with the California Secretary of
6 State and provide the Commissioner with proof of the cure. Pacific First failed to cure the
7 suspended status with the California Secretary of State.

8 19. On January 5, 2011, Pacific First withdrew its Notice of Defense, and notified the
9 Commissioner that it is no longer conducting escrow business.

10 **III.**

11 **APPLICABLE CALIFORNIA ESCROW LAW**

12 Financial Code section 17602.5 provides:

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

18 Financial Code section 17608 provides:

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

21 (a) The licensee has failed to maintain in effect a bond required under the provisions of
22 this division.

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

25 (c) Any fact or condition exists which, if it had existed at the time of the original
26 application for such license, reasonably would have warranted the commissioner in
27 refusing originally to issue such license.

28 **IV.**

CONCLUSION

The Commissioner 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, and it is in the best interest of the public to revoke the
escrow agent's license of Pacific First Escrow, Inc.

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NOW GOOD CAUSE APPEARING THEREFORE, pursuant to California Financial Code sections 17608 and 17602.5, the escrow agent’s license issued to Pacific First Escrow, Inc. is hereby revoked. This order is effective as of the date hereof.

Dated: January 6, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner