

1 MARY ANN SMITH
Deputy Commissioner
2 MIRANDA LEKANDER
Assistant Chief Counsel
3 KENNY V. NGUYEN (State Bar No. 233385)
Senior Counsel
4 Department of Business Oversight
1515 K Street, Suite 200
5 Sacramento, California 95814
Telephone: (916) 322-8782
6 Facsimile: (916) 445-8730
Attorneys for Complainant
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9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA
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12 In the Matter of:)
13 THE COMMISSIONER OF BUSINESS) ESCROW LICENSE NO.: 963-2469
OVERSIGHT,)
14 Complainant,) ACCUSATION TO SUSPEND
15 v.) ESCROW AGENT LICENSE PURSUANT TO
PEARL ESCROW CORPORATION,) FINANCIAL CODE SECTION 17608
17 Respondent.)
18

19 The Complainant, the Commissioner of the Department of Business Oversight
20 (Commissioner), alleges and charges Respondent Pearl Escrow Corporation (Pearl Escrow) as
21 follows:

22 **I.**
23 **Introduction**

- 24 1. The Commissioner seeks to suspend Pearl Escrow’s escrow agent license pursuant to
25 Financial Code section 17608 for its repeated failures to meet the tangible net worth and liquid asset
26 requirements of Financial Code section 17210.
27 2. At all relevant times, Pearl Escrow was a corporation formed in California with a business
28 address of 12501 Philadelphia Street, Suite A, Whittier, California 90601.

1 **II.**
2 **Statement of Facts**

3 3. On August 13, 2007, Pearl Escrow was first licensed as an escrow agent by the Department of
4 Business Oversight (DBO) pursuant to the Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law).

5 4. On or about November 29, 2011, the Commissioner issued an Accusation against Pearl
6 Escrow in support of the suspension of Pearl Escrow’s escrow agent license. The Accusation was
7 based on the Commissioner’s findings that Pearl Escrow violated Financial Code sections 17406
8 (failure to timely submit audit reports) and 17210 (failure to maintain minimal amounts of tangible
9 net worth and liquid assets at all times).

10 5. On or about March 15, 2012, the Commissioner issued an Order suspending Pearl Escrow’s
11 escrow agent license for one month, based on the November 29, 2011 Accusation. Pearl Escrow’s
12 escrow agent license was thereafter suspended for one month.

13 6. On or about December 30, 2016, the DBO received and reviewed Pearl Escrow’s Financial
14 Statements Year Ended July 31, 2016 with Independent Auditors’ Report and Supplementary
15 Comments (July 2016 Audit Report).

16 7. The July 2016 Audit Report revealed that Pearl Escrow again failed to meet the minimal
17 amounts of tangible net worth (\$50,000) and liquid assets (\$25,000) at all times during the period of
18 fiscal year 2015-2016. Despite receiving notice of this deficiency from the Department, Pearl
19 Escrow did not remedy the deficiency until July 2017.

20 8. In March 2018, the DBO requested and received Pearl Escrow’s Financial Statement dated
21 February 28, 2018. The February 28, 2018 Financial Statement showed that Pearl Escrow again
22 failed to meet the minimal amounts of tangible net worth (\$50,000) and liquid assets (\$25,000).

23 **III.**
24 **Applicable Law**

25 9. Financial Code section 17210 provides in pertinent part: “(a) An escrow agent licensed on or
26 after January 1, 1986, shall maintain at all times a tangible net worth of fifty thousand dollars
27 (\$50,000), including liquid assets of at least twenty-five thousand dollars (\$25,000) in excess of
28 current liabilities.”

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10. Financial Code section 17608 provides in pertinent part:
The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if [she] finds that:

(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.

IV.
Conclusion

Based upon the foregoing, the Commissioner is of the opinion that between June 2015 and July 2017, and again on February 28, 2018, Pearl Escrow Corporation failed to maintain a tangible net worth of \$50,000.00, including liquid assets of at least \$25,000.00 in excess of current liabilities, at all times, in violation of Financial Code section 17210, subdivision (a).

WHEREFORE, IT IS PRAYED that Pearl Escrow Corporation’s escrow agent license be suspended, pursuant to Financial Code section 17608, for a period of six months.

Dated: April 10, 2018

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
KENNY V. NGUYEN
Senior Counsel
Enforcement Division