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8  
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of: )  
13 THE COMMISSIONER OF BUSINESS ) ESCROW LICENSE NO.: 963-2469  
OVERSIGHT, )  
14 Complainant, ) STATEMENT OF FACTS IN SUPPORT OF  
15 v. ) ORDER TO DISCONTINUE VIOLATIONS  
PEARL ESCROW CORPORATION, ) PURSUANT TO FINANCIAL CODE  
16 Respondent. ) SECTION 17602  
17 )  
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 order Pearl Escrow pursuant to Financial Code section 17602 to  
25 discontinue violations of Financial Code section 17210, specifically with respect to Pearl Escrow's  
26 repeated failures to meet the tangible net worth and liquid asset requirements.  
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.”

1 10. Financial Code section 17602 provides:  
2 If it appears to the commissioner that any licensed escrow agent has violated its articles of  
3 incorporation, or any law or rule binding upon it, the commissioner shall, by written order  
4 addressed to the agent direct the discontinuance of such violation. The order shall be  
5 effective immediately, but shall not become final except in accordance with the provisions of  
6 Section 17604.

7 11. Financial Code section 17604 provides:  
8 No order issued pursuant to Sections 17602 or 17603 may become final except  
9 after notice to any licensed escrow agent affected thereby of the intention of the  
10 commissioner to make such order final and of the reasons therefor and that upon  
11 receipt of a request the matter will be set down for hearing to commence within  
12 15 business days after such receipt unless the licensed agent affected consents to a  
13 later date. If no hearing is requested within 30 days after the mailing of such  
14 notice and none is ordered by the commissioner, the order may become final  
15 without hearing and the licensed escrow agent shall immediately discontinue the  
16 practices named in the order. If a hearing is requested or ordered, it shall be held  
17 in accordance with the provisions of the Administrative Procedure Act, Chapter 5  
18 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the  
19 Government Code, and the commissioner shall have all of the powers granted  
20 thereunder. If upon the hearing, it appears to the commissioner that the licensed  
21 agent is conducting business in an unsafe and injurious manner or is violating its  
22 articles of incorporation or any law of this state, or any rule binding upon it, the  
23 commissioner shall make the order of discontinuance final and the licensed  
24 escrow agent shall immediately discontinue the practices named in the order.

25 **IV.**  
26 **Conclusion**

27 Based upon the foregoing, the Commissioner is of the opinion that between June 2015 and  
28 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).

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1           WHEREFORE, good cause showing, the Commissioner is issuing an Order to Discontinue  
2 Violations and notifying Pearl Escrow Corporation of her intention to make the order final.

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4 Dated: April 10, 2018

JAN LYNN OWEN  
Commissioner of Business Oversight

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7 By:

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Senior Counsel  
Enforcement Division