

1 Based upon the foregoing, SHERWOOD ESCROW, INC. is conducting escrow business
2 in violation of Section 17202 of the Financial Code and is conducting business in an unsafe and
3 injurious manner as to render further operations hazardous to the public or to customers.

4 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
5 THEREFORE, it is hereby ORDERED, under the provisions of Section 17415 of the California
6 Financial Code, that SHERWOOD ESCROW, INC. immediately discontinue acceptance of any
7 new escrow or joint control business, and of money, documents or other property in connection
8 therewith.

9 THIS ORDER is to remain in full force and effect until further order of the Commissioner.

10 Section 17415 of the Financial Code provides as follows:

11 (a) If the commissioner, as a result of any examination or from
12 any report made to him or her, shall find that any person subject to this
13 division is in an insolvent condition, is conducting business in such an
14 unsafe or injurious manner as to render further operations hazardous to the
15 public or to customers, has failed to comply with the provisions of Section
16 17212.1 or 17414.1, has permitted its tangible net worth to be lower than
17 the minimum required by law, has failed to maintain its liquid assets in
18 excess of current liabilities as set forth in Section 17210, or has failed to
19 comply with the bonding requirements of Chapter 2 (commencing with
20 Section 17200) of this division, the commissioner may, by an order
21 addressed to and served by registered or certified mail or by personal
22 service on such person and on any other person having in his or her
23 possession or control any escrowed funds, trust funds or other property
24 deposited in escrow with said person, direct discontinuance of the
25 disbursement of trust funds by the parties or any of them, the receipt of
26 trust funds, the delivery or recording of documents received in escrow, or
27 other business operations. No person having in his or her possession any of
28 these funds or documents shall be liable for failure to comply with the
order unless he or she has written notice of the order. Subject to
subdivision (b), the order shall remain in effect until set aside by the
commissioner in whole or in part, the person has been adjudged bankrupt,
or pursuant to Chapter 6 (commencing with Section 17621) of this division
the commissioner has assumed possession of the escrow agent.

(b) Within 15 days from the date of any order pursuant to
Subdivision (a), the person may request a hearing under the Administrative
Procedure Act, Chapter 5 (commencing with Section 11500) of Division 3
or Title 2 of the Government Code. Upon receipt of a request, the matter
shall be set for hearing to commence within 30 days after such receipt
unless the person subject to this division consents to a later date. If no

1 hearing is requested 15 days after the mailing or service of such notice and
2 none is ordered by the commissioner, the failure to request a hearing shall
3 constitute a waiver of the right to a hearing. Neither the request for a
4 hearing nor the hearing itself shall stay the order issued by the
5 commissioner under subdivision (a).

6 Dated: June 8, 2011
7 Los Angeles, California

8 Preston DuFauchard
9 California Corporations Commissioner

10 By _____
11 Kathleen R. Partin
12 Special Administrator
13 (213) 576-7595
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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)
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,)

File No.: 963-2286

13 Complainant,)

**ACCUSATION IN SUPPORT OF
REVOCATION OF ESCROW AGENT'S
LICENSE**

14 v.)
15)

16 SHERWOOD ESCROW, INC.,)

17 Respondent.)
18)
19)

20 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
21 believes, and based upon such information and belief, alleges and charges Respondent, Sherwood
22 Escrow, Inc. ("Sherwood Escrow") as follows:

23 **I.**

24 Sherwood Escrow is an escrow agent licensed by the Commissioner pursuant to the Escrow
25 Law of the State of California (California Financial Code Section 17000 et seq.). Sherwood
26 Escrow's prior principal place of business was at 6355 Topanga Canyon Blvd., Suite 230, Woodland
27 Hills, CA 91367. To date, Sherwood Escrow has failed to notify the Commissioner of its current
28

1 principal place of business.

2 **II.**

3 Pursuant to California Financial Code section 17406¹ all licensees under the Escrow Law are
4 required to file an annual audit report containing audited financial statements ("audit report") within
5 one hundred five (105) days after the close of their fiscal year. The fiscal year-end for Sherwood
6 Escrow is December 21, 2010. Accordingly, the Commissioner sent a letter to Sherwood Escrow with
7 a notice that the audit report was due on or before April 15, 2011. Sherwood Escrow failed to file the
8 audit report by such date.
9

10 On or about April 22, 2011, the Commissioner sent a letter demanding that the report be filed
11 no later than May 1, 2011. The letter notified Sherwood Escrow that failure to file the audit report by
12 such date would incur penalties and/or may result in a special examination pursuant to section 17408,
13 and/or an action to suspend or revoke its license pursuant to section 17602.5.
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15 To date, Sherwood Escrow has failed to submit the required audit report and has incurred
16 penalties in excess of \$66,000.00 per sections 17406 and 17408, respectively.
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18 **III.**

19 Pursuant to California Financial Code section 17207, all licensees are required to pay an
20 annual assessment to the Commissioner. To date, Sherwood Escrow has not paid its escrow
21 assessment of \$2,800.00 that was due on June 30, 2011.

22 **IV.**

23 Pursuant to section 17202, all licensees must maintain a surety bond in the minimum amount
24 of \$25,000.00. On June 8, 2011, the Commissioner issued an Order to Discontinue Escrow Activities
25 ("Order") pursuant to section 17415 as the surety bond of Sherwood Escrow had expired and no
26 replacement bond was obtained.

27 _____
28 ¹ All references are to the California Financial Code unless otherwise noted.

1 An attempt to personally serve the Order revealed that Sherwood Escrow had vacated its
2 licensed location and moved without obtaining prior approval or notifying the Commissioner of a
3 possible new location, in violation of section 17213.1 and California Code of Regulations, title 10,
4 section 1730.

5 It appears that Sherwood Escrow is no longer operating and has not initiated surrender of its
6 escrow license. Jay Michael Belson, the President of Sherwood Escrow, informed the Commissioner
7 that his current mailing address is 415 N. Crescent Drive, #240, Beverly Hills, CA 90210.

8 **V.**

9 California Financial Code section 17608 provides in pertinent part:

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

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

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

16 **VI.**

17 The Commissioner finds that, by reason of the foregoing, Sherwood Escrow, Inc. has violated
18 California Financial Code sections 17202, 17207, 17213.1, 17406, and 17602.5 and California Code
19 of Regulations, title 10, section 1730, and based thereon grounds exist to revoke the escrow agent's
20 license of Sherwood Escrow, Inc.

21 WHEREFORE, IT IS PRAYED that the escrow agent's license of Sherwood Escrow, Inc. be
22 revoked pursuant to California Financial Code section 17608.

23 Dated: September 14, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

24 By _____
25 MICHELLE LIPTON
26 Senior Corporations Counsel
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