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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10	In the Matter of THE CALIFORNIA)	File No.: 963-0748
11	CORPORATIONS COMMISSIONER,)	
12	Complainant,)	ACCUSATION IN SUPPORT OF ORDERS:
13	vs.)	1) IMPOSING PENALTIES PURSUANT
14	SC ESCROW SERVICES, INC.,)	TO FINANCIAL CODE SECTION
15	Respondent.)	17408
16)	2) SUSPENDING ESCROW AGENT’S
17)	LICENSE PURSUANT TO
18)	PURSUANT TO FINANCIAL CODE
)	SECTION 17608

19 The Complainant is informed and believes and based upon such information and belief,
20 alleges and charges as follows:

- 21 1. SC Escrow Services, Inc. (“Respondent” or “SC Escrow”) is an escrow agent licensed by the
22 California Corporations Commissioner (“Commissioner” or “Complainant”) of the Department of
23 Corporations (“Department”) pursuant to the Escrow Law of the State of California (“Escrow Law”)
24 (California Financial Code Section 17000 *et seq.*).
- 25 2. Financial Code section 17406 requires all licensees under the Escrow Law to file an annual
26 audit report containing audited financial statements (“audit report”) within one hundred and five
27 (105) days after the close of the licensee’s designated fiscal year.
- 28 3. Respondent was required to submit its annual audit report for its fiscal year ended September

1 30, 2009 (“2009 audit report”) to the Department on or before January 15, 2010 pursuant to
2 Financial Code section 17406.

3 4. On or about August 18, 2009, the Department notified Respondent in writing that its 2009
4 audit report was due on January 15, 2010. The Department’s letter informed Respondent that failure
5 to timely file the 2009 audit report could result in assessment of penalties, a special examination,
6 and/or administrative action.

7 5. On or about February 2, 2010, the Department issued a 10-day demand letter advising
8 Respondent to immediately file its 2009 audit report which was due on January 15, 2010. The
9 Department’s letter again informed Respondent that failure to timely file the 2009 audit report could
10 result in assessment of penalties, a special examination, and/or administrative action.

11 6. Respondent’s 2009 audit report was not received by the Department until March 3, 2010, or
12 19 days after the expiration date set forth in the 10-day demand letter.

13 7. On or about August 10, 2010, the Department notified Respondent in writing that its annual
14 audit report for the fiscal year ended September 30, 2010 (“2010 audit report”) was due on January
15 15, 2011. The letter informed Respondent that failure to timely file the 2010 audit report could
16 result in assessment of penalties, a special examination, and/or administrative action.

17 8. Respondent failed to file its 2010 audit report by January 15, 2011. To date the report
18 remains outstanding.

19 9. On or about February 4, 2011, a demand letter was sent to Respondent concerning its failure
20 to timely file the 2010 audit report. Respondent was again notified that failure to file to the audit
21 report within 10 days of the date of the letter could result in assessment of penalties, a special
22 examination and/or administrative action.

23 10. Financial Code Section 17408, subdivision (b) provides as follows:

24 (b) The commissioner may impose, by order, a penalty on any person
25 who fails, within the time specified in any written demand of the
26 commissioner, (1) to make and file with the commissioner any report
27 required by law or requested by the commissioner. . . . The amount of the
28 penalty shall be one hundred dollars (\$100) for each day for the first five
days the report or information is overdue and, thereafter, five hundred dollars
(\$500) for each day the report or information is overdue.

1 11. Pursuant to the filing requirement set forth in Financial Code section 17408, the
2 Commissioner is authorized to assess a penalty up to \$100 for each of the first five days the audit
3 report is overdue and a penalty up to \$500 for each day thereafter until the report is received.
4 Accordingly, a penalty of \$50 shall be assessed for each of the first five days that Respondent’s 2010
5 audit report was overdue and a penalty of \$250 for each day thereafter, totaling \$19,500 to date, and
6 continuing to accrue until received.

7 12. Financial Code section 17602.5 provides in pertinent part as follows:
8 If any licensed escrow agent fails to make any reports required by law
9 or by the commissioner within ten (10) days from the date designated
10 for the making of the reports, or within any extension of time granted
11 by the commissioner, . . . such failure shall constitute grounds for
the suspension or revocation of the license held by such escrow agent.

12 13. Financial Code section 17608 provides in pertinent part:
13 The commissioner may, after notice and a reasonable opportunity to
14 be heard, suspend or revoke any license if he finds that:
15 (b) The licensee has violated any provision of this division or any
16 rule made by the commissioner under and within the authority of this
division.

17 WHEREFORE, the Commissioner prays that the license issued under the Escrow Law to SC
18 Escrow Services, Inc. be suspended until such time as Respondent files its audit report for the fiscal
19 year ended September 30, 2010 or for a period of thirty (30) days, whichever period is greater.
20

21 Dated: May 5, 2011
22 Los Angeles, CA

California Corporations Commissioner

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24 By _____
25 ALAN S. WEINGER
26 Deputy Commissioner
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