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7
8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE)
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,)

) Oah No.: 2012031188
) File No.: 963-2286
)

12 Complainant,)

13 v.)

) **FIRST AMENDED ACCUSATION IN**
) **SUPPORT OF REVOCATION OF ESCROW**
) **AGENT'S LICENSE AND PENALTIES**
)

14)
15 SHERWOOD ESCROW, INC.,)

16 Respondent.)
17)
18)

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

22 **I.**

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

II.

Pursuant to California Financial Code section 17406¹ all licensees under the Escrow Law are required to file an annual audit report containing audited financial statements ("audit report") within one hundred five (105) days after the close of their fiscal year. The fiscal year-end for Sherwood Escrow is December 31, 2010. Accordingly, the Commissioner sent a letter to Sherwood Escrow with a notice that the audit report was due on or before April 15, 2011. Sherwood Escrow failed to file the audit report by such date.

On or about April 22, 2011, the Commissioner sent a letter demanding that the report be filed no later than May 1, 2011. The letter notified Sherwood Escrow that failure to file the audit report by such date would incur penalties and/or may result in a special examination pursuant to section 17408, and/or an action to suspend or revoke its license pursuant to section 17602.5.

To date, Sherwood Escrow has failed to submit the required annual audit report and has incurred penalties in the amount of \$177,000.00 that continues to accrue at \$500 per day, under sections 17406 and 17408, respectively.

III.

Pursuant to California Financial Code section 17207, all licensees are required to pay an annual assessment to the Commissioner. To date, Sherwood Escrow has not paid its escrow assessment of \$5,600.00 that was due on June 30, 2011, for its two offices. Furthermore, Sherwood Escrow has now incurred penalties in the amount of at least \$5,600.00, for a grand total of \$11,200.00 owed to date for failing to pay its annual assessment, which also continues to accrue at 10% per month.

IV.

Pursuant to section 17202, all licensees must maintain a surety bond in the minimum amount

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

1 of \$25,000.00 and Sherwood is currently required to maintain a surety bond in the amount of
2 \$30,000.00. On June 8, 2011, the Commissioner issued an Order to Discontinue Escrow Activities
3 (“Order”) pursuant to section 17415 as the surety bond of Sherwood Escrow had expired and no
4 replacement bond was obtained.

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

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

12 **V.**

13 California Financial Code section 17608 provides in pertinent part:

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

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

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

20 **VI.**

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

25 WHEREFORE, IT IS PRAYED that the escrow agent’s license of Sherwood Escrow be
26 revoked pursuant to California Financial Code section 17608.

27 The Commissioner also finds that Sherwood Escrow has incurred penalties in the amount of
28 \$177,000.00, as of the date of this Accusation, for violations of California Financial Code section
17406, which continues to accrue at \$500 per day.

1 WHEREFORE, IT IS PRAYED that Sherwood Escrow shall be ordered to pay \$177,000.00
2 in penalties for violations of California Financial Code section 17406, pursuant to section 17408 and
3 an additional \$500 per day its annual audit report is not filed as of the date of this Accusation.

4 The Commissioner also finds that Sherwood Escrow has incurred penalties in the amount of
5 \$11,200.00 to date for violations of California Financial Code section 17207.

6 WHEREFORE, IT IS PRAYED that Sherwood Escrow shall be ordered to pay \$11,200.00 in
7 penalties for violations of California Financial Code section 17207 and an additional 10% of
8 \$5,600.00, for each additional month its annual assessment goes unpaid as of the date of this
9 Accusation.

10 Dated: April 23, 2012
11 Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

12 By _____
13 MICHELLE LIPTON
14 Senior Corporations Counsel
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