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

11 In the Matter of:)
12 THE COMMISSIONER OF BUSINESS) ESCROW LICENSE NO: 9630277
13 OVERSIGHT,) ORDER REVOKING ESCROW AGENT’S
14 Complainant,) LICENSE
15 v.)
16 SOUTH BAY ESCROW CO.,)
17 Respondent.)
18)
19)

20 The Complainant, the Commissioner of The Department of Business Oversight
21 (Commissioner), finds that:

- 22 1. Respondent South Bay Escrow Co. (South Bay Escrow) is an escrow agent licensed
23 by the Commissioner pursuant to the Escrow Law of the State of California (Financial Code section
24 17000 et seq.) (Escrow Law).
25 2. South Bay Escrow’s principal place of business was formerly located at 317
26 Rosecrans Avenue, Manhattan Beach, California, 90266. On or about October 14, 2016, South Bay
27 Escrow notified the Commissioner that its address has changed to 24236 Walnut Street, Torrance,
28 California 90501.

1 3. At all relevant times, Terri League is, or was, the president of South Bay Escrow.

2 4. The Commissioner licenses and regulates the activities of escrow agents.

3 **I.**

4 **South Bay Escrow's Failure to File its Annual Audit Report**

5 5. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
6 required to file an annual audit report containing audited financial statements (annual audit report)
7 within 105 days after the close of their fiscal year.

8 6. On July 21, 2016, the Commissioner commenced an administrative action against
9 South Bay Escrow seeking to suspend its escrow agent license for failure to file its annual audit
10 report by issuing an Accusation and Order Imposing Penalties Pursuant to Financial Code Section
11 17408; and a Notice of Intention to Issue Order Suspending Escrow Agent's License (collectively,
12 Suspension Pleadings).

13 7. The Suspension Pleadings were served on South Bay Escrow's president, Teague, on
14 July 26, 2016, by personal delivery at Teague's residence. The Commissioner did not receive a
15 request for a hearing from South Bay Escrow, and on September 2, 2016, the Commissioner issued
16 an Order suspending South Bay Escrow's license for failing to file its annual audit report in violation
17 of Financial Code section 17408.

18 **II.**

19 **South Bay Escrow's Failure to Submit a Closing Audit Report to the Commissioner**

20 8. Following the suspension of South Bay Escrow's escrow agent license, on September
21 6, 2016, South Bay Escrow submitted a written notice of its intention to surrender its escrow agent
22 license to the Commissioner. Pursuant to Financial Code section 17600, a licensee wishing to
23 surrender its license must first submit a closing audit prepared by a Certified Public Accountant
24 (CPA) before the Commissioner may accept the surrender.

25 9. On September 30, 2016, the Commissioner sent a letter to South Bay Escrow by
26 certified mail, informing it that in accordance with Financial Code section 17600, it must first submit
27 a closing audit prepared by a CPA within 105 days from the date of its application or September 30,
28

1 2016 before the surrender may be accepted. South Bay Escrow did not respond to the
2 Commissioner's September 30, 2016 letter or file a closing audit as required by law.

3 10. On December 30, 2016 the Commissioner issued a written demand (Demand Letter)
4 requesting that South Bay Escrow respond to the September 30, 2016 letter within ten days from the
5 date of the Demand Letter. Further, the Demand Letter notified South Bay Escrow that if it failed to
6 respond to the Demand Letter or file its closing audit report within the ten- day deadline, the
7 Commissioner could revoke South Bay Escrow's license. To date, the Commissioner has not
8 received South Bay Escrow's closing audit report.

9 11. On May 4, 2017, the Commissioner commenced an administrative action seeking to
10 revoke South Bay Escrow's escrow agent's license for failure to file its annual audit report by
11 issuing an Accusation and Order Imposing Penalties Pursuant to Financial Code Section 17408; and
12 a Notice of Intention to Issue Order Suspending Escrow Agent's License (collectively, Revocation
13 Pleadings).

14 12. The Revocation Pleadings were served on South Bay Escrow's president, Teague, on
15 June 29, 2017, by personal delivery at Teague's residence. Pursuant to Financial Code section
16 17608, and Government Code section 11505, subdivision (c), South Bay Escrow had up to, and
17 including, July 14, 2017 to request a hearing. The Commissioner did not receive a request for a
18 hearing from South Bay Escrow, and the date to request a hearing has lapsed.

19 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow
20 agent's license of South Bay Escrow Co. issued by the Commissioner is hereby revoked.
21 This order is effective as of the date hereof. Pursuant to California Financial Code section 17602.5.
22 South Bay Escrow has sixty days within which to complete any loans for which it had commitments.

23 Dated: August 23, 2017
24 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

25
26 By _____
27 MARY ANN SMITH
28 Deputy Commissioner
Enforcement Division