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

11 In the Matter of: ) OAH CASE NO.: 2018070428  
12 )  
13 THE COMMISSIONER OF BUSINESS ) ESCROW LICENSE NO.: 963-2279  
OVERSIGHT, )  
14 ) ORDER REVOKING REALTY ESCROW  
15 Complainant, ) CORPORATION'S ESCROW AGENTS  
16 ) LICENSE  
17 v. )  
18 )  
19 REALTY ESCROW CORPORATION, )  
ROBERTO MELCHOR, as an individual, )  
20 FRANK CANCINO, as an individual, and )  
CAROL ALVAREZ, as an individual, )  
21 Respondents. )  
22 )

23 Under the Settlement Agreement (the Agreement) dated November 29, 2018, between Realty  
24 Escrow Corporation (Realty), Roberto Melchor (Melchor), and Frank Cancino (Cancino)  
25 (collectively, Respondents) and the Commissioner of Business Oversight:

26 1. Melchor, Realty's owner and president, had 90 days within which to sell Realty, and  
27 the 90-day period commenced on December 1, 2018, the effective date of the Agreement. Melchor  
28 agreed to immediately surrender to the Commissioner Realty's escrow license in the event there was

1 no sale, or good faith negotiations to sell Realty, pending at the end of the 90-day period. The 90-day  
2 period expired on February 28, 2019.

3         2.         Realty and Melchor acknowledged and understood that under Financial Code section  
4 17213, the sale of Realty (as an ongoing independent escrow business) would need to be approved by  
5 the Commissioner through the filing of an application for change of ownership (the Application).

6         3.         Realty and Melchor acknowledged and understood that if Realty was sold as an  
7 ongoing independent escrow business, prior to approval of any such Application to sell Realty,  
8 Realty would need to be in compliance with the Escrow Law, which included net worth and liquid  
9 asset requirements, annual audit reporting, and books and records maintenance.

10         4.         Under the Agreement the parties acknowledged that any Application filed with the  
11 Commissioner under the contemplated sale of Realty Escrow would be processed in an expeditious  
12 manner, which would include prompt notice to such applicant of any deficiency in the completeness  
13 of the Application or of any potential problems with the applicant. Melchor agreed that in the event  
14 the Commissioner abandoned or denied any Application, as provided by the Escrow Law, and the 90-  
15 day period had passed, Melchor would be required to immediately surrender Realty's escrow agent's  
16 license to the Commissioner.

17         5.         Realty and Melchor further agreed that if Realty's escrow agent's license was not  
18 surrendered to the Commissioner as required under the Agreement within 15 days after written  
19 notice by the Commissioner to Realty and Melchor, the Commissioner would automatically revoke  
20 Realty's escrow agent's license and Realty waived its right to a hearing regarding the license  
21 revocation and to any reconsideration, appeal, or other rights which may be afforded it under the  
22 California Escrow Law (Escrow Law) (Fin. Code, § 17000 et seq.), the Administrative Procedure  
23 Act (Gov. Code, § 11340 et seq.), the Code of Civil Procedure (Code of Civ. Proc., § 1 et seq.), or  
24 any other provision of law in connection with the matter.

25         6.         Realty failed to file its 2018 annual audit report, which was due by December 17,  
26 2018, in violation of Financial Code section 17406. Realty failed to file its escrow liability report,  
27 which was due by February 15, 2019.  
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1           7.       On February 27, 2019, the Commissioner issued Realty an Order Imposing Penalties  
2 (Order) concerning the company’s non-filed 2018 annual audit report. Under the Order, the  
3 Commissioner would assess Realty penalties each day the annual audit report remained unfiled  
4 pursuant to Financial Code section 17408. Realty failed to request a hearing in connection with the  
5 Order, and the Order is now final. Penalties for the late-filed report have accrued totaling at least  
6 \$20,500.00, and the penalties remain unpaid.

7           8.       Realty has not complied with the annual audit reporting requirements of the Escrow  
8 Law as was required under the Agreement.

9           9.       Realty filed its change of ownership application with the Commissioner on February  
10 5, 2019. The Commissioner notified Realty and Melchor on February 26, 2019, that the Application  
11 was incomplete. Realty had 15 days to supplement the incomplete application, but it failed to do so.  
12 The Commissioner formally abandoned Realty’s Application on March 19, 2019.

13           10.      Melchor failed to immediately surrender Realty’s license, once the Commissioner  
14 gave notice that she had formally abandoned the Application.

15           11.      On March 20, 2019, the Commissioner gave Realty and Melchor written notice of  
16 the Commissioner’s intention to revoke Realty’s license under the Agreement unless they cured the  
17 defects described above by filing Realty’s annual audit report, filing Realty’s escrow liability report,  
18 paying the accrued penalties for the non-filed annual audit report, and surrendering Realty’s escrow  
19 agents license as required under the Agreement. Realty and Melchor failed to cure the defects  
20 within the time required and the time for Melchor to surrender Realty’s escrow agents license has  
21 now passed.

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1 The Commissioner hereby revokes the escrow agents license issued to Realty. Effective this  
2 date.

3 JAN LYNN OWEN  
4 Commissioner of Business Oversight

5 Dated: April 10, 2019  
6 Los Angeles, California

7 By \_\_\_\_\_  
8 MARY ANN SMITH  
9 Deputy Commissioner  
10 Enforcement Division  
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