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

10
11 In the Matter of:)
) ESCROW LICENSE NO.: 96DBO-72261
12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,) ACCUSATION
)
14 Complainant,)
)
15 v.)
)
16 GOLDEN SUNSET ESCROWS, INC.,)
17)
18 Respondent.)
)

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

22 I.

23 **Introduction**

24 1. Respondent Golden Sunset Escrows, Inc. (Golden) is an escrow agent licensed by the
25 Commissioner of Business Oversight (Commissioner) pursuant to the Escrow Law of the State of
26 California (Fin. Code § 17000 et seq.) (Escrow Law). Golden has its principal place of business
27 located at 1755 South Grand Avenue, Glendora, California 91740.
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1 II.

2 **Failure to Maintain Required Liquid Assets and Tangible Net Worth**

3 2, Pursuant to Financial Code section 17210, all licensees are required to continually
4 maintain liquid assets and tangible net worth of at least \$25,000.00 and \$50,000.00, respectively.
5 Golden has failed to maintain the required liquid assets and/or tangible net worth since on or about
6 June 30, 2018.

7 3. On or about October 11, 2018, Golden submitted its annual audit report for the fiscal
8 year end June 30, 2018 (2018 audit report) to the Department of Business Oversight (Department).
9 The 2018 audit report disclosed a liquid asset deficiency of \$26,971.00 and a tangible net worth
10 deficiency \$12,210.00.

11 4. On or about January 22, 2019, the Department made written demand on Golden to
12 provide proof of correction of the deficiencies within 30 days from the date of the letter along with
13 financials for December 2018 and January 2019. Golden did not respond.

14 5. On or about March 27, 2019, the Department staff telephoned Golden requesting a
15 response.

16 6. On or about April 3, 2019, Golden provided the Department with financial statements
17 for December 2018 and January through March 2019. A review of the financial statements disclosed
18 Golden had a liquid asset and tangible net worth deficiency, respectively, as follows: \$44,855.71 and
19 \$7,640.41 for December 2018; \$44,990.95 and \$7,686.65 for January 2019; \$41,618.12 and
20 \$3,213.82 for February 2019; and \$25,588.00 and \$8,496.76 for March 2019.

21 7. On or about April 3, 2019, the Department notified Golden in writing of the ongoing
22 deficiencies and demanded a plan for correctness by April 12, 2019. Golden did not respond.

23 8. On or about April 16, 2019, the Department made written demand on Golden to
24 provide proof of correction of the deficiencies within 10 days from the date of the letter. Golden did
25 not respond.

26 9. On or about April 26, 2019, Department staff telephoned Golden requesting a
27 response. Golden indicated it would deposit \$35,000.00 to correct the deficiencies by May 3, 2019.
28

1 10. On or about May 6, 2019, Golden informed the Department that the deposit to correct
2 the deficiency would now occur on May 7, 2019. On or about May 8, 2019, Golden sent the
3 Department evidence of a deposit of \$30,000.00.

4 11. On or about May 8, 2019, the Department made written demand on Golden to provide
5 financial statements for April 2019 on or before May 15, 2019 and financial statements for May
6 2019 on or before June 15, 2019.

7 12. As of May 29, 2019, Golden had not submitted financial statements to the
8 Department for April 2019. Accordingly, the Department made written demand on Golden to submit
9 financial statements for April 2019 within 10 days of the date of the letter and the financial
10 statements for May 2019 and June 2019 on or before June 15 and July 15, 2019, respectively.

11 13. On or about June 6, 2019 and June 11, 2019, respectively, Golden provided the
12 Department with financial statements for April 2019 and May 2019. A review of the financial
13 statements disclosed Golden had a liquid asset deficiency of \$28,798.94 and a tangible net worth
14 deficiency of \$9,207.62 as of April 30, 2019 and a liquid asset deficiency of \$5,081.47 as of May 31,
15 2019.

16 14. On or about June 13, 2019, the Department notified Golden in writing that a liquid
17 asset deficiency still existed. On or about June 14, 2019, Golden notified the Department that it
18 would correct the deficiency by June 18, 2019. On or about June 19, 2019, Golden submitted
19 evidence of a deposit to the general account on June 18, 2019 in the amount of \$5,100.00.

20 15. On or about July 15, 2019, Golden submitted its financial statements for June 2019.
21 A review of the June 2019 financial statements disclosed Golden continued to have a liquid asset
22 deficiency, which had increased to \$9,804.60.

23 16. On or about July 16, 2019, the Department notified Golden of the continuing liquid
24 asset deficiency. Golden did not respond.

25 17. On or about August 6, 2019, the Department made further demand to Golden to
26 correct the liquid asset deficiency.

27 18. On or about August 8, 2019, Golden informed the Department that it would correct
28 the liquid asset deficiency by August 16, 2019. Golden did not submit evidence of a correction by

1 August 16, 2019.

2 19. On or about August 16, 2019, the Commissioner, through staff, commenced a
3 preliminary examination of the books and records of Golden. The financial statements for July 2019
4 were requested during the examination. The July 2019 financial statements disclosed the liquid asset
5 deficiency continued and totaled \$12,516.19 as of July 31, 2019.

6 20. On or about August 27, 2019, the Department made further demand on Golden to
7 correct the liquid asset deficiency. To date, Golden has never submitted documentation to the
8 Department evidencing the long-term liquid asset deficiency has been corrected nor responded any
9 further to the Department.

10 **III.**

11 **Failure to File Annual Audit Report**

12 21. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
13 required to file an annual audit report containing audited financial statements (annual audit report)
14 within one hundred and five (105) days after the close of their fiscal year. Golden’s fiscal year end
15 is June 30. Accordingly, Golden was required to file its audit report for the fiscal year end June 30,
16 2019 (2019 audit report) on or before October 14, 2019.

17 22. On or about May 29, 2019, the Commissioner notified Golden in writing that its 2019
18 audit report was due October 14, 2019. Golden failed to file the 2019 annual audit report by
19 October 14, 2019.

20 23. On or about October 24, 2019, a follow up letter was sent to Golden concerning its
21 failure to file the 2019 audit report. Golden was notified in the letter that failure to file to the 2019
22 audit report within ten days of the date of the letter could result in the assessment of penalties, a
23 special examination and/or administrative action.

24 24. On or about October 24, 2019, Golden emailed the Department, but only submitted
25 unaudited financial statements for June 2019, which had previously been submitted to the
26 Department by Golden.

27 25. Golden has yet to file its 2019 annual audit report as required by Financial Code
28 section 17406.

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IV.

Revocation Statute

26. California Financial Code section 17608 provides in pertinent part:

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

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

V.

Conclusion

27. The Commissioner finds that, by reason of the foregoing, Golden Sunset Escrow, Inc. has violated Financial Code sections 17210 and 17406, and based thereon, it is in the best interests of the public to revoke the escrow agent license of Golden Sunset Escrows, Inc. pursuant to Financial Code section 17608.

VI.

Prayer

WHEREFORE, IT IS PRAYED that:

Pursuant to Financial Code section 17608, the escrow agent license of Golden Sunset Escrows, Inc. be revoked.

Dated: January 6, 2020
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel
Enforcement Division