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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,) ORDER REVOKING ESCROW AGENT
) LICENSE
14 Complainant,)
)
15 v.)
)
16 GOLDEN SUNSET ESCROWS, INC.,)
17)
18 Respondent.)
)

19
20 The Commissioner of Business Oversight (Commissioner) finds that:

21 **I.**

22 **Introduction**

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

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II.

Failure to Maintain Required Liquid Assets and Tangible Net Worth

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

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

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

5. On March 27, 2019, Department staff telephoned Golden requesting a response.

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

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

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

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

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

1 11. On May 8, 2019, the Department made written demand on Golden to provide
2 financial statements for April 2019 on or before May 15, 2019 and financial statements for May
3 2019 on or before June 15, 2019.

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

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

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

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

19 16. On July 16, 2019, the Department notified Golden of the continuing liquid asset
20 deficiency. Golden did not respond.

21 17. On August 6, 2019, the Department made further demand to Golden to correct the
22 liquid asset deficiency.

23 18. On August 8, 2019, Golden informed the Department that it would correct the liquid
24 asset deficiency by August 16, 2019. Golden did not submit evidence of a correction by August 16,
25 2019.

26 19. On August 16, 2019, the Commissioner, through staff, commenced a preliminary
27 examination of the books and records of Golden. The financial statements for July 2019 were
28 requested during the examination. The July 2019 financial statements disclosed the liquid asset

1 deficiency continued and totaled \$12,516.19 as of July 31, 2019.

2 20. On August 27, 2019, the Department made further demand on Golden to correct the
3 liquid asset deficiency. To date, Golden has never submitted documentation to the Department
4 evidencing the long-term liquid asset deficiency has been corrected nor responded any further to the
5 Department.

6 **III.**

7 **Failure to File Annual Audit Report**

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

13 22. On May 29, 2019, the Commissioner notified Golden in writing that its 2019 audit
14 report was due October 14, 2019. Golden failed to file the 2019 annual audit report by
15 October 14, 2019.

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

20 24. On October 24, 2019, Golden emailed the Department, but only submitted unaudited
21 financial statements for June 2019, which had previously been submitted to the Department by
22 Golden.

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

25 **IV.**

26 **Administrative Action**

27 26. On January 6, 2020, the Commissioner issued a Notice of Intention to Issue Order
28 Revoking Escrow Agent's License, Accusation and accompanying documents (Accusation) against

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Golden based upon the above.

27. On January 7, 2020, Golden was personally served with the Accusation. The Department has received no request for a hearing from Golden and the time to request a hearing has expired.

V.

Revocation Order

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the escrow agent’s license of Respondent Golden Sunset Escrows, Inc. is revoked effective this date.

Dated: January 27, 2020
Los Angeles, CA

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division