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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA
12

13 In the Matter of:)
14) FILE NO.: 9632100
15 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,)
16)
17 Complainant,) AMENDED ACCUSATION
18 v.)
19)
20 IMPACT ESCROW, INC.,)
21 Respondent.)
22)

23 The Complainant is informed and believes, and based upon such information and belief,
24 alleges and charges Respondent as follows:

25 **I.**

26 **Introduction**

27 1. The Commissioner of Financial Protection and Innovation (Commissioner or
28 Complainant) seeks to revoke the escrow agent’s license issued to Impact Escrow, Inc. (Impact

1 Escrow or Respondent) based upon its violations of the California Escrow Law (Fin. Code, §§ 17000
2 et seq.) (Escrow Law), as set forth below.

3 **II.**

4 **Factual Background**

5 2. Impact Escrow, a California corporation, at all relevant times herein, is an escrow
6 agent licensed by the Commissioner under the Escrow Law with its place of business located at 11280
7 Corbin Avenue, Suite B, Porter Ranch, California. Respondent received its escrow agent license from
8 the Commissioner on July 14, 2004. Impact Escrow’s license remains in “active” status.

9 3. Victor Sampson (Sampson), at all relevant times herein, is Impact Escrow’s president
10 and chief financial officer.

11 4. Impact Escrow has not filed its annual audit report for fiscal years 2020, 2021 and
12 2022, in violation of the Escrow Law, Financial Code section 17406, as discussed below.

13 5. The Complainant received a letter from Sampson stating that Impact Escrow has
14 closed its business as of December 31, 2021. In response, the Complainant, through her staff, sent an
15 email to Sampson on April 22, 2022, advising Sampson of the surrender process of Impact Escrow’s
16 escrow agent license. On May 5 and 24, 2022, voicemails were also left for Sampson informing him
17 of the surrender process. And on June 24, 2022, a certified letter was sent to Sampson advising him
18 of the surrender process. Thus far, the Commissioner has not received the company’s written request
19 to surrender its license nor its closing audit. Under the Escrow Law, Financial Code section 17600,
20 Impact Escrow’s escrow agent license remains in effect until it is surrendered, revoked, or suspended.

21 **III.**

22 **Violations of the Escrow Law**

23 6. Pursuant to Financial Code section 17406, all licensees under the Escrow Law are
24 required to file an annual audit report containing audited financial statements within 105 days after
25 the close of their fiscal year. Respondent’s fiscal year-end is December 31.

26 7. Impact Escrow has failed to file its annual audit report for fiscal years 2020, 2021 and
27 2022. Impact Escrow was required to file its annual audit report for the fiscal year ended December
28 31, 2020 (2020 annual audit report) on or before April 15, 2020. Similarly, it was required to file its

1 annual audit report for the fiscal year ended December 31, 2021 on or before April 15, 2021 (2021
2 annual report). And for the fiscal year ended December 31, 2022, Impact Escrow was required to file
3 on or before April 15, 2022 (2022 annual report). To date, Impact Escrow has not filed its audit report
4 for fiscal years 2020, 2021 and 2022.

5 Notice of 2020 annual audit report.

6 8. On November 20, 2020, the Complainant sent a notification, through
7 GovDelivery.com, to Respondent's designated email address on file, to remind Respondent that its
8 2020 annual audit report is due April 15, 2021. The Complainant also warned Respondent that failure
9 to file its 2020 annual audit report by the due date would subject it to penalty under Financial Code
10 section 17408. In addition, Respondent was also cautioned that its escrow agent license may be
11 revoke or suspended pursuant to Financial Code section 17602.5 if it fails to file the required report
12 by the due date. A delivery report generated from GovDelivery.com dated November 20, 2020
13 indicated the notification was delivered and received by Respondent. The 2020 annual audit report
14 was not filed on or before the due date of April 15, 2021.

15 9. On August 3, 2021, the Commissioner, through her staff, issued a written demand to
16 Respondent to file its 2020 annual audit report within 10 days (10-day written demand). Again, the
17 Commissioner warned Respondent of the potential penalty assessment and suspension or revocation
18 of its escrow agent's license for its failure to file the required 2020 annual audit report. The 10-day
19 written demand was sent by email to Respondent's designated email address with the Commissioner
20 and to the company's email address. On the same date, the 2021 written demand was also sent by
21 email to Sampson's personal email address.

22 10. Approximately one week after the written demand was emailed to Respondent and
23 Sampson, the Complainant received a phone call from the company's certified public accountant
24 Michael Haas (Haas) who said he would be working with the Respondent to submit its December
25 2020 annual audit report.

26 11. On October 27, 2021, more than two months after the 10-day written demand was sent
27 to the Respondent, the Complainant, through her staff, sent an email to Haas to inquire about the
28 submission of the 2020 annual audit report. Haas responded that he was still waiting for "a couple of

1 items from Sampson about subsequent events that occurred after the company’s December 31, 2020
 2 fiscal year-end.” To date, Impact Escrow’s 2020 annual audit report has not been filed with the
 3 Complainant and there has been no communication from Impact Escrow since.

4 12. On July 19, 2022, the Complainant, through her staff, sent an email to Haas to inquire
 5 about the status of the 2020 annual audit report. There was no response from Haas or Impact Escrow.

6 13. The Commissioner is authorized to impose a penalty under Financial Code section
 7 17408 for Impact Escrow’s failure to file its 2020 annual audit report. As of November 8, 2021, the
 8 accrued penalty for the late filing of the 2020 annual audit report amounts to \$166,500.00, calculated
 9 as follows:

Date	Number of Days	Fines per Day	Fine Amount
8/16/21 – 8/20/21	5	\$100.00	\$500.00
8/21/21 – 7/17/22	333	\$500.00	\$166,500.00

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 14 Notice of 2021 annual audit report.

15 14. On September 1, 2022, the Commissioner, through her staff, issued a written demand
 16 to Respondent to file its 2021 annual audit report within 10 days. Again, the Commissioner warned
 17 Respondent of the potential penalty assessment and suspension or revocation of its escrow agent’s
 18 license for its failure to file the required 2022 annual audit report. This written demand was sent by
 19 email to Respondent’s designated email address with the Commissioner and to the company’s email
 20 address. Respondent has not submitted its 2021 annual report.

21 Notice of 2022 annual audit report.

22 15. On June 19, 2023, the Commissioner, through her staff, issued a written demand to
 23 Respondent to file its 2022 annual audit report within 10 days. The Commissioner warned
 24 Respondent of the potential penalty assessment and suspension or revocation of its escrow agent’s
 25 license for its failure to file the required 2022 annual audit report. This written demand was sent by
 26 email to Respondent’s designated email address with the Commissioner and to the company’s email
 27 address. Respondent has not submitted its 2022 annual report.

1 require the submission of these reports on a monthly or other periodic
2 basis.

3 ...

4 (i) The commissioner may reject any financial statement, report,
5 certificate, or opinion by notifying the licensee or other person required
6 to make the filing of its rejection and the cause of the rejection. Within
7 30 days after the receipt of the notice, the licensee or other person shall
8 correct the deficiency and the failure so to do shall be deemed a
9 violation of this division. The commissioner shall retain a copy of all
10 rejected filings.

11 (j) The commissioner may make rules specifying the form and
12 content of the reports and financial statements referred to in this
13 section, and may require that those reports and financial statements be
14 verified by the licensee in the manner as he or she may prescribe.

15 (k) Upon completion of the reports and financial statements
16 referred to in subdivisions (a), (b), and (c), the independent accountant
17 shall submit to the commissioner complete copies of the reports and
18 financial statements at the same time that copies of the reports and
19 financial statements are submitted to the licensee.

20 18. Financial Code section 17408, subdivisions (b)-(e), provides as follows:

21 (b) The commissioner may impose, by order, a penalty on any
22 person who fails, within the time specified in any written demand of the
23 commissioner, (1) to make and file with the commissioner any report
24 required by law or requested by the commissioner, or (2) to furnish any
25 material information required by the commissioner to be included in
26 the report. The amount of the penalty may not exceed one hundred
27 dollars (\$100) for each day for the first five days the report or
28 information is overdue, and thereafter may not exceed five hundred
dollars (\$500) for each day the report or information is overdue.

(c) If, after an order has been made under subdivision (b), a request
for hearing is filed in writing within 30 days of the date of service of
the order by the person to whom the order was directed, a hearing shall
be held in accordance with the Administrative Procedure Act, Chapter
5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2
of the Government Code, and the commissioner shall have all the
powers granted under that chapter.

(d) If the person fails to file a written request for a hearing within
30 days of the date of service of the order, the order imposing the
penalty shall be deemed a final order of the commissioner, and the
penalty shall be paid within five business days.

1 (e) If a hearing is requested, the penalty shall be paid within five
2 business days after the effective date of any decision in the case
ordering payment to be made.

3 19. Financial Code section 17600 provides:

4 (a) An escrow agent's license remains in effect until surrendered,
5 revoked, or suspended.

6 (b) A licensee that ceases to engage in the business regulated by this
7 division and desires to no longer be licensed shall notify the
8 commissioner in writing and, at that time, tender the license and all
9 other indicia of licensure to the commissioner. Within 105 days of the
10 written notice to the commissioner, the licensee shall submit to the
11 commissioner, at its own expense, a closing audit report as of the date
12 the license is tendered to the commissioner for surrender, or for another
13 period as the commissioner may specify, to be performed by an
14 independent certified public accountant. The closing audit shall
15 include, but not be limited to, information required by the
16 commissioner, a bank reconciliation of the trust account, and a verified
17 statement from a certified public accountant confirming lawful
18 disbursement of funds. A license is not surrendered until the
19 commissioner has reviewed and accepted the closing audit report, a
20 determination has been made by the commissioner that acceptance of
21 the surrender is in the public interest, and tender of the license is
22 accepted in writing by the commissioner.

17 20. Financial Code section 17602.5 provides as follows:

18 If any licensed escrow agent fails to make any reports required by law
19 or by the commissioner within ten (10) days from the day designated
20 for the making of the reports, or within any extension of time granted
21 by the commissioner, or fails to include therein any matter required by
22 law or by the commissioner, such failure shall constitute grounds for
the suspension or revocation of the license held by such escrow agent.

21 21. Financial Code section 17608 provides in pertinent part as follows:

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

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

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

**PRAYER FOR ORDER IMPOSING PENALTIES PURSUANT TO
FINANCIAL CODE SECTION 17408**

22. The Commissioner finds that, by reason of the foregoing, Impact Escrow, Inc. has failed to file its annual audit report timely for its fiscal year ended December 31, 2020, as was required under Financial Code section 17406, which is ground for the imposition of penalties under Financial Code section 17408.

NOW THEREFORE the Commissioner having found that Impact Escrow, Inc. failed to timely file its annual audit report for its fiscal year ended December 31, 2020 as required by Financial Code section 17406, it is hereby ordered, pursuant to Financial Code section 17408, that Impact Escrow, Inc., pay the Commissioner the sum of \$167,000.00.

VI.

**PRAYER FOR ORDER REVOKING IMPACT ESCROW, INC.’S ESCROW
AGENT’S LICENCE PURSUANT TO FINANCIAL CODE SECTION 17608**

23. The Commissioner finds that, by reason of the foregoing, Impact Escrow, Inc. has violated Financial Code section 17406 which constitutes grounds for the revocation of its escrow agent’s license under sections 17602.5 and 17608 of the Escrow Law.

WHEREFORE, IT IS PRAYED under sections 17602.5 and 17608 of the Escrow Law, that the escrow agent’s license of Impact Escrow, Inc. be revoked.

Dated: November 14, 2023
Los Angeles, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By _____
MARLOU de LUNA
Senior Counsel
Enforcement Division