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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. CERRITOS ESCROW, INC., Respondent.	File No.: 963-1415 ACCUSATION IN SUPPORT OF REVOCATION OF CALIFORNIA ESCROW AGENT'S LICENSE

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

I

Cerritos Escrow, Inc. ("Respondent") is an escrow agent licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") of the Department of Corporations ("Department") pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 *et seq*.).

II

On December 7, 2011, the Commissioner received a letter from Respondent stating its intent to surrender its California escrow agent's license.

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On December 14, 2011 the Commissioner mailed a letter ("Commissioner's Letter") to Respondent at its last known address. Respondent confirmed via email dated December 21, 2011 that the Commissioner's Letter had been received. The Commissioner's Letter notified Respondent that, as a condition of license surrender pursuant to Financial Code Section 17600, subdivision (b), the licensee is required to engage a certified public accountant ("CPA") to conduct a closing audit of the licensee's records ("closing audit report") and report findings of compliance with the Escrow Law to the Commissioner within 105 days from the date that application to surrender the license was received by the Commissioner. Hence, the due date for the closing audit report was March 22, 2012. To date, the Commissioner has not received the closing audit report from Respondent.

On March 29, 2012, the Commissioner sent a certified letter ("Second Letter") to Respondent at its last known address that was received and signed for on March 30, 2012. The Second Letter notified Respondent that the closing audit report had not been received and demanded that Respondent provide proof within ten days of the date of the Second Letter that Respondent's CPA prepared the closing audit report; otherwise, Respondent's escrow agent's license will be referred for revocation. Hence, Respondent's response was due on April 9, 2012. To date, the Commissioner has not received a response regarding the closing audit report.

III

Financial Code Section 17600 provides as follows:

> (a) An escrow agent's license remains in effect until surrendered, revoked, or suspended.
>
> (b) A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall notify the commissioner in writing and, at that time, tender the license and all other indicia of licensure to the commissioner. Within 105 days of the written notice to the commissioner, the licensee shall submit to the commissioner, at its own expense, a closing audit report as of the date the license is tendered to the commissioner for surrender, or for another period as the commissioner may specify, to be performed by an independent certified public accountant. The closing audit shall include, but not be limited to, information required by the commissioner, a bank reconciliation of the trust account, and a verified statement from a certified public accountant confirming lawful disbursement of funds. A license is not surrendered until the commissioner has reviewed and accepted the closing audit report,

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> a determination has been made by the commissioner that acceptance of the surrender is in the public interest, and tender of the license is accepted in writing by the commissioner.

Financial Code Section 17602.5 provides as follows:

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

Financial Code Section 17608 provides in relevant 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.

IV

Complainant finds that, by reason of the foregoing, Respondent Cerritos Escrow, Inc. has violated Financial Code Sections 17600 and 17602.5, and it is in the best interest of the public to revoke Respondent's escrow agent's license pursuant to Financial Code Section 17608.

WHEREFORE, IT IS PRAYED that the California escrow agent's license of Respondent Cerritos Escrow, Inc. be revoked.

Dated: May 22, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
Sophia C. Kim
Corporations Counsel

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