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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. ALTERNATIVE ESCROW, Respondent.	File No.: 963-2053 1) ACCUSATION; and 2) ORDER IMPOSING PENALTIES

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

I.

ALTERNATIVE ESCROW ("Respondent" or "Alternative") is an escrow agent licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.).

II.

Pursuant to Financial Code Section 17406, all licensees under the Escrow Law are required to file an annual audit report containing audited financial statements ("Annual Report") within one hundred and five (105) days after the close of their fiscal year. Alternative's fiscal year end is June 30, 2011. Accordingly, Respondent was required to file its Annual Report on or before October 15,

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2011.

On or about May 5, 2011, Complainant notified Respondent in writing that its Annual Report was due on or before October 15, 2011. Respondent failed to file the Annual Report by October 15, 2011.

On or about October 21, 2011, a follow-up letter was sent to Respondent concerning its failure to file the Annual Report. Respondent was notified in the letter that failure to file the Annual Report could result in assessment of penalties, a special examination and/or administrative action. Respondent has yet to file the Annual Report as required by Financial Code Section 17406.

III.

Financial Code Section 17602.5 provides, in relevant part:

> 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, . . . 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.

Financial Code Section 17408 provides, in relevant part:

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

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

IV.

Complainant finds that, by reason of the foregoing, Alternative has violated Financial Code Section 17406, which is a basis for penalties under Financial Code Section 17408. Under Financial Code Section 17408(b), penalties begin to accrue within the time specified in the Commissioner's demand. The Commissioner issued a letter on October 21, 2011 that demanded the financial reports to be filed within ten (10) days of the date of the letter. Consequently, penalties begin accruing on October 31, 2011. Penalties for the first five days after the demand is not met are fifty dollars ($50) per day. Penalties for each day thereafter are two hundred and fifty dollars ($250). To date, the report has not been filed by Respondent.

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ORDER IMPOSING PENALTIES

PURSUANT TO FINANCIAL CODE SECTION 17408

NOW, THEREFORE, ALTERNATIVE ESCROW is hereby ordered to pay the Commissioner a total of twenty-four thousand dollars ($24,000), accruing at a rate of two hundred and fifty dollars ($250) per day from the date of this Order until paid, pursuant to Financial Code Section 17408.

V.

Complainant finds that, by reason of the foregoing, Alternative has violated Financial Code Section 17406, which constitutes grounds for the suspension of its escrow agent's license under Financial Code Section 17602.5.

WHEREFORE, IT IS PRAYED that ALTERNATIVE ESCROW's escrow agent's license be suspended, pursuant to Financial Code Section 17608, until such time as it files its Annual Report for the fiscal year end June 30, 2011, or for a period of one month, whichever period is greater.

Dated: February 7, 2012
Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

By_____
Alan S. Weinger
Deputy Commissioner