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7 Attorneys for Complainant

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

11	In the Matter of)	Escrow License No.: 963-2696
)	
12	THE COMMISSIONER OF BUSINESS)	ACCUSATION IN SUPPORT OF ORDERS
13	OVERSIGHT,)	SUSPENDING ESCROW AGENT’S LICENSE
)	PURSUANT TO FINANCIAL CODE
14	Complainant,)	SECTIONS 17602.5 AND 17608 AND
)	IMPOSING PENALTIES PURSUANT TO
15	vs.)	FINANCIAL CODE SECTION 17207
)	
16	MODEL ESCROW, INC.)	
)	
17	Respondent.)	
)	
18)	
19)	

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

23 I

24 1. Model Escrow, Inc., (“Respondent” or “Model Escrow”) is an escrow agent licensed by
25 the Commissioner of the Department of Business Oversight (“Commissioner” or “Complainant”)
26 pursuant to the Escrow Law of the State of California (Fin. Code, §§ 17000 et seq.). This escrow
27 license was granted to Model Escrow on September 30, 2013. Model Escrow has its principal place
28 of business at 20633 Amar Road, Walnut, California 91789.

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II

2. The Escrow Law, at Financial Code section 17207, provides for the Commissioner to collect annual fees and assessments. Specifically at section 17207, subdivision (d)(2), it is provided that on or before May 30 of each year, the Commissioner shall notify each escrow agent by mail of the amount of the annual license fee levied against it, and that the payment of the invoice is payable by the escrow agent within 30 days after receipt of the notification by the Commissioner. The Commissioner may also demand payment of the assessment in addition to penalties that are to be calculated as follows: The Commissioner may collect a penalty, in addition to the special assessment, of 10 percent of the special assessment for each month or part of the month that the payment is delayed or withheld.

3. Model Escrow was issued an invoice number ESO411 for the special assessment on May 30, 2014, in the amount of \$2800.00, and this amount is now unpaid and more than 262 days past due.

III

Financial Code section 17207, subdivision (e)(1), provides in pertinent part as follows:

Each escrow agent shall pay to the commissioner for the support of this division for the ensuing year an annual license fee not to exceed two thousand eight hundred dollars (\$2800.00) for each office or location.

Financial Code section 17207, subdivision (e)(3), provides in pertinent part as follows:

If payment is not made within 30 days, the commissioner may assess and collect a penalty, in addition to the annual license fee, of 10 percent of the fee for each month or part of a month that the payment is delayed or withheld.

IV

4. 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 audit report”) within one hundred five (105) days after the close of their fiscal year. Model Escrow’s fiscal year end is December 31, 2013. Accordingly, Model Escrow was required to file its annual audit report for the fiscal year ended December 31, 2013 on or before April 15,

1 2014. The Commissioner notified Model Escrow in writing that its annual report was due by
2 April 15, 2014. Model Escrow failed to submit its annual report to the Commissioner by the
3 due date of April 15, 2014. On May 2, 2014, the Commissioner issued a 10-day demand
4 letter to Model Escrow, demanding submission of the annual report and noting the specific
5 penalties for non-filing and the possibility of suspension or revocation of their escrow license
6 if they failed to file the annual report. The annual report was not submitted until February 5,
7 2015. Therefore, the calculation for statutory penalties pursuant to Financial Code section
8 17408 starts May 13, 2014 and proceeds through February 5, 2015. The statute provides for
9 \$100.00 a day penalty for the first five days after the due date, and no more than \$500.00 a
10 day thereafter. As of the date of this Order the annual audit report of Model Escrow is 276
11 days late. The failure to file the annual audit in a timely manner is grounds for suspension
12 under Financial Code sections 17602.5 and 17608 subdivision (b).

13
14 Financial Code section 17602.5 provides in pertinent part as follows:

15 If any licensed escrow agent fails to make any reports required by law or by the
16 commissioner within ten (10) days from the date designated for the making of the
17 reports, or within any extension of time granted by the commissioner ...such failure
18 shall constitute grounds for the suspension or revocation of the license held by such
19 escrow agent.

20 Financial Code section 17608 provides in pertinent part:

21 The commissioner may, after notice and reasonable opportunity to be heard, suspend
22 or revoke any license if she 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.

23
24 **V**

25 **PRAYER FOR ORDER SUSPENDING ESCROW AGENT’S LICENSE PURSUANT TO**
26 **FINANCIAL CODE SECTION 17608 AND IMPOSING PENALTIES PURSUANT TO**
27 **FINANCIAL CODE SECTION 17207**

28 The Commissioner finds that, by reason of the foregoing, Model Escrow, Inc. has violated
Financial Code section 17207 subdivision(e)(1) by failing to pay its annual license fee. This
violation is grounds for penalties under Financial Code section 17207, subdivision (d)(3), and for

1 suspension or revocation of its escrow agent’s license under Financial Code section 17408,
2 subdivision (b).

3 The Commissioner further finds that Model Escrow has violated Financial Code sections
4 17406 by failing to timely file a required audit report. This violation is grounds for suspension or
5 revocation of its license pursuant to Financial Code sections 17602.5 and 17608, subdivision (b).
6

7 WHEREFORE, IT IS PRAYED that:

8 1. Pursuant to Financial Code section 17207 subdivision(e)(3), penalties shall be paid by
9 Model Escrow, Inc. to the Commissioner, in the total amount of \$280.00 a month for nine months
10 in addition to the annual fee due of \$2800.00 for a total of five thousand three hundred and twenty
11 dollars (\$5320.00).

12 2. Pursuant to Financial Code sections 17602.5 and 17608 subdivision (b), the escrow
13 agent’s license of Model Escrow, Inc. be suspended until such time as all statutory amounts and
14 penalties ordered herein are paid in full.

15 3. Send the penalty payable to the Department of Business Oversight to:

16 John R. Drews
17 Department of Business Oversight
18 One Sansome Street, Suite 600
19 San Francisco, CA 94104

20 Dated: February 24, 2015
21 San Francisco, California

JAN LYNN OWEN
Commissioner of Business Oversight

22 By _____
23 John R. Drews
24 Corporations Counsel
25 Enforcement Division
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