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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. SC ESCROW SERVICES, INC., Respondent.	File No.: 963-0748 ACCUSATION IN SUPPORT OF ORDERS: 1) IMPOSING PENALTIES PURSUANT TO FINANCIAL CODE SECTION 17408 2) SUSPENDING ESCROW AGENT'S LICENSE PURSUANT TO PURSUANT TO FINANCIAL CODE SECTION 17608

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

1. SC Escrow Services, Inc. ("Respondent" or "SC Escrow") 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 ("Escrow Law") (California Financial Code Section 17000 *et seq*.).

2. Financial Code section 17406 requires all licensees under the Escrow Law to file an annual audit report containing audited financial statements ("audit report") within one hundred and five (105) days after the close of the licensee's designated fiscal year.

3. Respondent was required to submit its annual audit report for its fiscal year ended September

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30, 2009 ("2009 audit report") to the Department on or before January 15, 2010 pursuant to Financial Code section 17406.

4. On or about August 18, 2009, the Department notified Respondent in writing that its 2009 audit report was due on January 15, 2010. The Department's letter informed Respondent that failure to timely file the 2009 audit report could result in assessment of penalties, a special examination, and/or administrative action.

5. On or about February 2, 2010, the Department issued a 10-day demand letter advising Respondent to immediately file its 2009 audit report which was due on January 15, 2010. The Department's letter again informed Respondent that failure to timely file the 2009 audit report could result in assessment of penalties, a special examination, and/or administrative action.

6. Respondent's 2009 audit report was not received by the Department until March 3, 2010, or 19 days after the expiration date set forth in the10-day demand letter.

7. On or about August 10, 2010, the Department notified Respondent in writing that its annual audit report for the fiscal year ended September 30, 2010 ("2010 audit report") was due on January 15, 2011. The letter informed Respondent that failure to timely file the 2010 audit report could result in assessment of penalties, a special examination, and/or administrative action.

8. Respondent failed to file its 2010 audit report by January 15, 2011. To date the report remains outstanding.

9. On or about February 4, 2011, a demand letter was sent to Respondent concerning its failure to timely file the 2010 audit report. Respondent was again notified that failure to file to the audit report within 10 days of the date of the letter could result in assessment of penalties, a special examination and/or administrative action.

10. Financial Code Section 17408, subdivision (b) provides as follows:

> (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.. . . The amount of the penalty shall be one hundred dollars ($100) for each day for the first five days the report or information is overdue and, thereafter, five hundred dollars ($500) for each day the report or information is overdue.

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11. Pursuant to the filing requirement set forth in Financial Code section 17408, the Commissioner is authorized to assess a penalty up to $100 for each of the first five days the audit report is overdue and a penalty up to $500 for each day thereafter until the report is received. Accordingly, a penalty of $50 shall be assessed for each of the first five days that Respondent's 2010 audit report was overdue and a penalty of $250 for each day thereafter, totaling $19,500 to date, and continuing to accrue until received.

12. Financial Code section 17602.5 provides in pertinent part 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 date 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.

13. Financial Code section 17608 provides in pertinent 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.

WHEREFORE, the Commissioner prays that the license issued under the Escrow Law to SC Escrow Services, Inc. be suspended until such time as Respondent files its audit report for the fiscal year ended September 30, 2010 or for a period of thirty (30) days, whichever period is greater.

Dated: May 5, 2011
Los Angeles, CA

California Corporations Commissioner

By_____
ALAN S. WEINGER
Deputy Commissioner

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