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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:)	ESCROW LICENSE NO.: 96DBO-
)	100644
THE COMMISSIONER OF FINANCIAL)	
PROTECTION AND INNOVATION,)	
)	
Complainant,)	ACCUSATION TO REVOKE
)	ESCROW AGENT'S LICENSE OF
v.)	CALIFORNIA ESCROW GROUP,
)	INC.
CALIFORNIA ESCROW GROUP, INC.)	
)	
Respondent.)	
)	
)	
)	

Khalil Mohseni, Commissioner of the Department of Financial Protection and Innovation
(Commissioner or Department), brings this action in the public interest and alleges and charges as
follows:

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I.

Introduction

1. The Commissioner is authorized to administer and enforce the provisions of the Escrow Law (Escrow) (Cal. Fin. Code §§ 17000 set seq.).

2. At all relevant times, California Escrow Group, Inc. (CEGI) is and was a company licensed as an escrow agent under the authority of the Escrow Law, under license number 96DBO-100644 since December 2019, with a business address of 22632 Golden Springs Drive, Suite 310, Diamond Bar, California 91765, with one licensed branch location at 1110 Roosevelt Ave., Ste. 200, Irvine, California 92620

3. At all relevant times, Jocelyn Zhang (Zhang) is the Chief Executive Officer, Secretary and Financial Officer of CEGI.

II.

2023 Regulatory Examination

4. On December 4, 2023, the Department commenced a regulatory examination of CEGI. The regulatory examination disclosed that CEGI violated multiple provisions of the Escrow Law as detailed below:

A.

Providing Consideration To A Third Party For Referral of Escrow Business

5. Financial Code section 17420 provides that:

Except for the normal compensation of his own employees, it shall be a violation of this division for any person subject to this division to pay over to any other person any commission, fee, **or other consideration** as compensation for referring, soliciting, handling, or servicing escrow customers or accounts. [emphasis added]

6. CEGI generated a marketing flyer that advertised the services that they can provide (Marketing Flyer). The Marketing Flyer is in Chinese and was present at CEGI's main office and stated that CEGI can provide services such as:

- a. Confirmation of property rights information;
- b. Customized property transfer plans;
- c. Seller / Buyer Net Sheets;

- d. Work with Accountants to facilitate 1031 investment property exchange plans;
- e. Photography for Listings + 3D;
- f. Supplies for Open Houses (including shoes + snacks);
- g. Flyer printing of up to 100 copies (including design and printing);
- h. Customized small gifts;
- i. Promotion for agents (including designing promotion?);
- j. 30 second – 1 minute person video promotion
(English Translation)

7. The Marketing Flyer contained the logo of CEGI, the cell phone number of Zhang, and listed the licensed office location of CEGI in Diamond Bar and the licensed branch office in Irvine, but also contained an office location at 411 East Huntington Drive, Suite #212, Arcadia, California 91006 that is not a licensed branch location.

1.

Proving Photography and Videographer Services To Real Estate Brokers For Referral of Escrow Business

8. A review of invoices and general account payments made by CEGI revealed that CEGI made payments to several photography and videographer vendors (Photo Vendors). The invoices provided to CEGI by the Photo Vendors were billed to CEGI and included the property address that the invoice was issued in reference to. CEGI is not licensed by the California Department of Real Estate (DRE) as either a broker or a salesperson and does not need photography services for property listings as part of their escrow business. Each property listed on the invoice for which the Photo Vendors took photographs were in connection with a property that was for sale and listed by a DRE-licensed broker or salesperson that frequently closes their transactions through CEGI. These photography services were consistent with the types of services that CEGI had advertised in its Marketing Flyer that they can provide to real estate agents. CEGI appears to be engaging in a pattern of offering consideration in the form of paying for photography services for listing brokers as compensation for escrow business, in violation of Financial Code section 17420.

9. Approximately 104 invoices for photography and videography services were paid by

CEGI, totaling at least \$44,639.25 between August 2022 and August 2024. A comparison of the property addresses referenced in the invoices issued by the Photo Vendors to CEGI and the escrow records of CEGI showed that out of the 104 properties where the Photo Vendors took photographs and invoiced CEGI for, 85 of those same property listings ended up closing their transaction through CEGI as the escrow agent in the transaction. In sum, CEGI was able to obtain the escrow business in 82% of all transactions in which CEGI paid for photography services for the benefit of the listing brokers of the properties. The detailed breakdown by vendor is contained in the chart below:

Name of Photographer/Videographers	Amount	Number of Invoice Payments	Number of Transactions Closed with CEGI
Vendor A	\$1,395.00	1	
Vendor B	\$1,970.00	5	5
Vendor C	\$32,123.25	54	50
Vendor D	\$7,201.00	40	26
Vendor E	\$1,000.00	1	1
Vendor F	\$300.00	1	1
Vendor G	\$350.00	1	1
Vendor H	\$300.00	1	1
Grand Total	\$44,639.25	104	85

i.

Vendor B

10. A total of 5 invoices were issued by Vendor B to CEGI for photography services. Each invoice by Vendor B contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	DRE Licensed Listing Broker	Escrow File Number
Vendor B	2473	8/1/22	\$500.00	Broker No. 1	022117-SW
Vendor B	2605	10/26/22	\$360.00	Broker No. 2	202341-JI
Vendor B	2616	11/22/22	\$300.00	Broker No. 2	202389-JL
Vendor B	2810	11/30/22	\$350.00	Broker No. 2	202519-JI
Vendor B	6039	6/20/23	\$460.00	Broker No. 2	203028-JM

11. In sum, CEGI paid Vendor B to take pictures for marketing use of a property for sale by the listing broker and in 5 out of 5, or 100% of the properties in which CEGI paid Vendor B for the photography services, the escrow transaction for the purchase and sale of the same property was subsequently given to CEGI to handle.

ii.

Vendor C

12. A total of 55 invoices were issued to CEGI for Vendor C for photography services. Each invoice by Vendor C contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	Listing Broker	Escrow File Number
Vendor C	2967	6/1/23	\$600.00	Broker No. 3	202791-JI
Vendor C	3206	10/5/23	\$350.00	Broker No. 4	203123-JL
Vendor C	3206	10/5/23	\$1,000.00	Broker No. 5	203023-JI
Vendor C	3206	10/5/23	\$350.00	Broker No. 1	22403-SW
Vendor C	3206	10/5/23	\$489.00	Broker No. 6	203014-JI
Vendor C	3207	10/5/23	\$700.00	Broker No. 4	203150-JL
Vendor C	3207	10/5/23	\$350.00	Broker No. 7	203136-JI
Vendor C	3278	11/7/23	\$900.00	Broker No. 4	203171-JL
Vendor C	3278	11/7/23	\$300.00	Broker No. 4	203182-JL
Vendor C	3278	11/7/23	\$350.00	Broker No. 8	203159-JM
Vendor C	3278	11/7/23	\$500.00	Broker No. 9	22497-SW
Vendor C	3278	11/7/23	\$350.00	Broker No. 10	22474-SW
Vendor C	3293	11/13/23	\$1,848.00	Broker No. 9	203105-JI
Vendor C	6025	12/6/23	\$1,848.00	Broker No. 9	203105-JL
Vendor C	6058	12/27/23	\$350.00	Broker No. 7	203551-JS
Vendor C	6059	12/27/23	\$350.00	Broker No. 11	203362-JI

1	Vendor C	6059	12/27/23	\$350.00	Broker No. 12	Not closed with CEG
2	Vendor C	6059	12/27/23	\$500.00	Broker No. 13	Not closed with CEG
3	Vendor C	6191	2/21/24	\$749.00	Broker No. 5	203499-JI
4	Vendor C	6191	2/21/24	\$800.00	Broker No. 5	203427-JI
5	Vendor C	6191	2/21/24	\$350.00	Broker No. 14	203729-JL
6	Vendor C	6191	2/21/24	\$450.00	Broker No. 4	203480-JI
7	Vendor C	6191	2/21/24	\$450.00	Broker No. 15	203527-JM
8	Vendor C	6191	2/21/24	\$450.00	Broker No. 16	22646-SW
9	Vendor C	6191	2/21/24	\$300.00	Broker No. 7	202530-JS
10	Vendor C	6329	4/15/24	\$350.00	Broker No. 5	203600-JM
11	Vendor C	6329	4/15/24	\$450.00	Broker No. 4	203636-JL
12	Vendor C	6329	4/15/24	\$350.00	Broker No. 4	22780-SL
13	Vendor C	6329	4/15/24	\$350.00	Broker No. 4	203696-JL
14	Vendor C	6329	4/15/24	\$450.00	Broker No. 15	203563-JI
15	Vendor C	6329	4/15/24	\$749.00	Broker No. 2	203714-JI
16	Vendor C	6430	5/29/24	\$350.00	Broker No. 17	203840-JL
17	Vendor C	6430	5/29/24	\$549.00	Broker No. 18	022832-SL
18	Vendor C	6430	5/29/24	\$350.00	Broker No. 5	022855-SL
19	Vendor C	6430	5/29/24	\$400.00	Broker No. 4	022841-SL
20	Vendor C	6430	5/29/24	\$350.00	Broker No. 4	022844-SL
21	Vendor C	6430	5/29/24	\$350.00	Broker No. 7	203780-JS
22	Vendor C	6430	5/29/24	\$350.00	Broker No. 7	203787-JS
23	Vendor C	6431	5/29/24	\$1,796.25	Broker No. 4	203859-JL

1	Vendor C	6431	5/29/24	\$999.00	Broker No. 8	022862-TB
2	Vendor C	6431	5/29/24	\$999.00	Broker No. 19	022863-SL
3	Vendor C	6505	6/26/24	\$800.00		Offmarket
4	Vendor C	6506	6/26/24	\$1,498.00	Broker No. 4	Not closed with CEG
5	Vendor C	6533	7/8/24	\$350.00	Broker No. 18	022882-SL
6	Vendor C	6533	7/8/24	\$900.00	Broker No. 20	022884-SL
7	Vendor C	6533	7/8/24	\$350.00	Broker No. 4	022906-SL
8	Vendor C	6533	7/8/24	\$400.00	Broker No. 15	203886-JI
9	Vendor C	6533	7/8/24	\$300.00	Broker No. 21	203911-JI
10	Vendor C	6533	7/8/24	\$350.00	Broker No. 21	203953-JB
11	Vendor C	6533	7/8/24	\$300.00	Broker No. 10	22615-SW
12	Vendor C	6533	7/8/24	\$450.00	Broker No. 19	203969-JL
13	Vendor C	6570	7/22/24	\$1,199.00	Broker No. 4	022893-SL
14	Vendor C	6570	7/22/24	\$700.00	Broker No. 10	022943-JT
15	Vendor C	6570	7/22/24	\$300.00	Broker No. 7	204000-JS

13. In sum, CEGI paid Vendor C to take pictures for marketing use of a property for sale by the listing broker and in 50 out of 54 or 92.6% of the properties in which CEGI paid Vendor C for these services, the escrow transaction for the purchase and sale of the same property was subsequently given to CEGI to handle.

iii.

Vendor D

14. A total of 40 invoices were issued to CEGI for Vendor D for photography services. Each invoice by Vendor D contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	Listing Broker	Escrow File Number
Vendor D	3272	11/7/23	\$150.00	Broker No. 23	Not closed with CEG
Vendor D	3273	11/7/23	\$150.00	Broker No. 24	Still in the marketing
Vendor D	3274	11/7/23	\$150.00	Broker No. 25	Not closed with CEG
Vendor D	3275	11/7/23	\$199.00	Broker No. 7	203269-JS
Vendor D	3276	11/7/23	\$199.00	Broker No. 10	022571-SW
Vendor D	6010	12/4/23	\$199.00	Broker No. 4	203311-JL
Vendor D	6011	12/4/23	\$199.00	Broker No. 10	022604-SW
Vendor D	6012	12/4/23	\$150.00	Broker No. 4	203265-JI
Vendor D	6013	12/4/23	\$249.00	Broker No. 7	Still in the marketing
Vendor D	6014	12/4/23	\$150.00	Broker No. 24	203724-JM
Vendor D	6015	12/4/23	\$199.00	Broker No. 26	203332-JI
Vendor D	6016	12/4/23	\$150.00	Broker No. 7	203326-JS
Vendor D	6068	1/2/24	\$150.00	Broker No. 7	203339-JS
Vendor D	6069	1/2/24	\$150.00	Broker No. 27	203360-JL
Vendor D	6070	1/2/24	\$150.00	Broker No. 7	203434-JS
Vendor D	6159	2/7/24	\$150.00	Broker No. 28	Still in the marketing
Vendor D	6160	2/7/24	\$150.00	Broker No. 7	203462-JS
Vendor D	6161	2/7/24	\$249.00	Broker No. 7	203462-JS
Vendor D	6162	2/7/24	\$150.00	Broker No. 29	off the market

1	Vendor D	6163	2/7/24	\$175.00	Broker No. 2	203493-JI
2	Vendor D	6213	3/1/24	\$150.00	Broker No. 8	203574-JL
3	Vendor D	6214	3/1/24	\$175.00	Broker No. 2	203519-JI
4	Vendor D	6215	3/1/24	\$199.00	Broker No. 30	Not closed with CEG
5	Vendor D	6216	3/1/24	\$199.00	Broker No. 31	203529-SL
6	Vendor D	6217	3/1/24	\$175.00	Broker No. 27	Not closed with CEG
7	Vendor D	6218	3/1/24	\$125.00	Broker No. 32	Still in the marketing
8	Vendor D	6219	3/1/24	\$548.00	Broker No. 2	Not closed with CEG
9	Vendor D	6296	4/2/24	\$175.00	Broker No. 27	203727-JI
10	Vendor D	6297	4/2/24	\$125.00		Not closed with CEG
11	Vendor D	6298	4/2/24	\$199.00	Broker No. 7	203630-JS
12	Vendor D	6299	4/2/24	\$199.00	Broker No. 2	203674-JL
13	Vendor D	6300	4/2/24	\$175.00	Broker No. 2	Not closed with CEG
14	Vendor D	6301	4/2/24	\$199.00	Broker No. 33	Not closed with CEG
15	Vendor D	6446	6/4/24	\$175.00	Broker No. 7	203835-JS
16	Vendor D	6550	7/15/24	\$165.00	Broker No. 30	204112-SJ
17	Vendor D	6551	7/15/24	\$150.00	Broker No. 17	203970-JL
18	Vendor D	6552	7/15/24	\$150.00	Broker No. 4	203962-JI
19	Vendor D	6553	7/15/24	\$150.00		off the market
20	Vendor D	6554	7/15/24	\$150.00	Broker No. 17	203997-JL
21	Vendor D	6555	7/15/24	\$150.00	Broker No. 5	204015-SJ

15. In sum, CEGI paid Vendor D to take pictures for marketing use of a property for sale by the listing broker and in 26 out of 40 or 65% of the properties in which CEGI paid Vendor D for these services, the escrow transactions for the purchase and sale of the same property was subsequently given to CEGI to handle.

iv.

Vendor E

16. Vendor E issued an invoice to CEGI for photography services. The invoice issued to CEG contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	Listing Broker	Escrow File Number
Vendor E	3286	10/26/23	\$1,000.00	Broker No. 4	203171-JL

17. In sum, CEGI paid Vendor E to take pictures for marketing use of a property for sale by the listing broker and subsequently, the escrow transaction for the purchase and sale of the same property was given to CEGI to handle.

v.

Vendor F

18. Vendor F issued an invoice to CEGI for photography services. The invoice issued to CEG contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	Listing Broker	Escrow File Number
Vendor F	6402	5/20/24	\$300.00	Broker No. 4	203851-JL

19. In sum, CEGI paid Vendor F to take pictures for marketing use of a property for sale by the listing broker and subsequently, the escrow transaction for purchase and sale of the property of the same property was given to CEGI to handle.

vi.

Vendor G

20. Vendor G issued an invoice to CEGI for photography services. The invoice issued to CEG contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	Listing Broker	Escrow File Number
Vendor G	6399	5/20/24	\$350.00	Broker No. 2	203877-JI

21. In sum, CEGI paid Vendor G to take pictures for marketing use of a property for sale by the listing broker and subsequently, the escrow transaction for purchase and sale of the property of the same property was given to CEGI to handle.

vii.

Vendor H

22. Vendor H issued an invoice to CEGI for photography services. The invoice issued to CEG contained a reference to a property address that was a property listed by a DRE-licensed broker or salesperson for sale that ultimately closed their escrow through CEGI as follows:

Payee	Check Number	Check Date	Amount	Listing Broker	Escrow File Number
Vendor H	6448	6/4/24	\$300.00	Broker No. 2	203936-JL

23. In sum, CEGI paid Vendor H to take pictures for marketing use of a property for sale by the listing broker and subsequently, the escrow transaction for purchase and sale of the property of the same property was given to CEGI to handle.

24. In analyzing the Photo Vendor invoices and the escrow records for the transactions that were closed through CEGI, it appears that there is a recurring pattern of practice where in property transactions in which CEGI paid for photography services on behalf of the listing broker, the escrow transaction would inevitably be handled by CEGI as reflected in the chart below showing the referral

rates for CEGI's top 5 sources of business:

Listing Broker	Number of Photo Vendor Invoices Paid by CEGI	Number of Transactions Closed by CEGI	Percentage of Referred Transactions When CEGI Pays For Photos
Broker No. 4	19	18	94.7%
Broker No. 7	15	14	93.3%
Broker No. 2	13	10	76.9%
Broker No. 5	6	6	100%
Broker No. 10	5	5	100%

25. In analyzing the recurring pattern of referrals of escrow business from listing brokers who benefited from the photography services paid for by CEGI, there appears to be a strong correlation between the escrow transactions that are closed by CEGI and the listing brokers who have benefited from the photography services paid for by CEGI. As the data reflects, for CEGI's top 5 sources of escrow business, the referral rate of business is between 76.9% to 100%. Taken as a whole in looking at all the listing brokers that provides business to CEGI, as previously cited in Paragraph 9 above, 82% of all transactions in which CEGI paid for photography services on behalf of the listing broker resulted in CEGI being chosen as the escrow agent for the transaction. Thus, CEGI appears to be engaging in a pattern of offering consideration in the form of paying for photography services for listing brokers as compensation for escrow business, in violation of Financial Code section 17420.

2.

Sponsoring Broker Previews In Exchange for Referral of Escrow Business

26. CEGI did not just provide photography services for listing brokers, but would also sponsor broker previews, events where real estate agents can tour the property that is going to be listed for sale. On some broker previews, CEGI's logo would be prominently displayed in marketing materials for the property along with that of the listing broker. CEGI's sponsoring of these broker previews is consistent with the marketing services that CEGI indicated on its Marketing Flyer that it can offer to real estate agents to promote their property. In four instances, CEGI sponsored broker previews that ultimately resulted in CEGI being chosen to handle the closing of the transaction as

1 follows:

2 Escrow File Number	3 Date Broker Preview Held	4 CEGI Information Contained in Listing Broker Marketing Materials	5 Listing Broker
6 022832-SL	7 4/27/24	8 Y	9 Broker No. 18
10 203499-JI	11 1/30/24	12 Y	13 Broker No. 5
14 22680-SW	15 2/2/24	16 Y	17 Broker No. 10
18 204009-JL		19 Y	20 Broker No. 17

21
22 27. CEGI's sponsorship of broker previews and the subsequently choice of CEGI as the
23 escrow agent in the transaction as reflected above, evidences the existence of a pattern of CEGI
24 providing consideration to these listing brokers, many of whom have already benefited from the
25 photography services paid for by CEGI as discussed in Section II.A.1 above, in exchange for escrow
26 business in violation of Financial Code section 17420.

27 **B.**

28 **Misrepresentations to the Commissioner**

29 28. On or about July 29, 2024, the Department sent a letter to CEGI (DFPI July 2024
30 Letter) asking CEGI for documents, including ledgers and service contracts regarding large payments
31 made to companies that shared common control under Zhang, including Emax Group, Hunter
32 Marketing, Inc (Hunter). and Robin Management Consultant, Inc. (Robin).

33 **1.**

34 **Misrepresentations Regarding Existence of a Written Agreement for Hunter Marketing, Inc.**

35 29. On August 27, 2024, CEGI responded to the DFPI July 2024 Letter in a letter signed
36 by Zhang that in regard to Hunter: "Hunter marketing [sic], Inc. provides email marketing, event
37 invitation, social media, broker event, and Google webmaster setup service. California Escrow Group,
38 Inc. has a verbal agreement with Hunter Marketing, Inc. Enclosed please find the general ledger."

39 30. However, on January 23, 2025, the Department issued an Investigative Request for
40 Production of Records and asked for CEGI to produce, "Any and all DOCUMENTS constituting
41 agreements between CEG and HUNTER," with HUNTER referring to Hunter Marketing, Inc. In

1 response, CEGI produced Bates No. CEG000058-59, which is a written agreement between CEGI and
2 Hunter dated May 1, 2020, but signed by CEGI on April 1, 2020 (Hunter Agreement). The date of
3 Hunter Agreement predates August 27, 2024, when CEGI, in the CEGI August 2024 Response Letter
4 signed by Zhang, represented to the Department that there are only verbal agreements between CEGI
5 and Hunter.

6 31. Thus, CEGI knowingly misrepresented to the Department in the CEGI August 2024
7 Response Letter that only a verbal agreement existed between CEGI and Hunter, when in fact CEGI
8 had knowledge of the existence of the Hunter Agreement since 2020, in violation of Financial Code
9 section 17414 (a), subdivision (2).

10 2.

11 **Misrepresentations Regarding Existence of a Written Agreement for Robin Management**
12 **Consultant, Inc.**

13 32. On August 27, 2024, CEGI responded to the DFPI July 2024 Letter in a letter signed by
14 Zhang that in regard to Robin: "Robin Management Consultant, Inc. provides hiring, training, and
15 consulting service. California Escrow Group, Inc. has a verbal agreement with Robin Management
16 Consultant, Inc. Enclosed please find the general ledger."

17 33. However, on January 23, 2025, the Department issued an Investigative Request for
18 Production of Records and asked for CEGI to produce, "Any and all DOCUMENTS constituting
19 agreements between CEG and ROBIN," with ROBIN referring to Robin Management Consultant, Inc.
20 In response, CEGI produced Bates No. CEG000105-108, which is a written agreement between CEGI
21 and Robin dated January 1, 2021, and signed by Zhang on behalf of CEGI (Robin Agreement). The
22 date of the Robin Agreement predates August 27, 2024, when CEGI, in the CEGI August 2024
23 Response Letter signed by Zhang, represented to the Department that there are only verbal agreements
24 between CEGI and Robin.

25 34. Thus, CEGI knowingly misrepresented to the Department in the CEGI August 2024
26 Response Letter that only a verbal agreement existed between CEGI and Robin, when in fact CEGI
27 had knowledge of the existence of the Robin Agreement since 2021, in violation of Financial Code
28 section 17414 (a), subdivision (2).

1 3.

2 **Misrepresentations Regarding Existence of an Arcadia Branch**

3 35. In the Marketing Flyer that is placed for public viewing at CEGI's main office in
4 Diamond Bar, the flyer contained 3 office locations for CEGI: 22632 Golden Spring Dr. Ste310,
5 Diamond Bar, California 91765 (main office); 1110 Roosevelt, Ste200, Irvine, California 92620
6 (licensed branch); and 411 East Huntington Dr Ste212, Arcadia, California 91006 (unlicensed).
7 The Department has never approved any branch location in Arcadia.

8 36. The Marketing Flyer misrepresents to the public that CEGI has an office in Arcadia,
9 when in fact the Department has never approved any branch location in Arcadia, in violation of
10 Financial Code section 17414 (a), subdivision (2).

11 4.

12 **Misrepresentations Regarding Existence of a Santa Clara Branch**

13 37. On CEGI's website at <https://www.californiaescrowgroup.com>, CEGI lists 3 office
14 locations on its website: 22632 Golden Spring Dr. Ste 310, Diamond Bar, California 91765 (main
15 office); 1110 Roosevelt, Ste 200, Irvine, California 92620 (licensed branch); and 1500 Wyatt Dr.
16 #11, Santa Clara, California 95054 (unlicensed) (Santa Clara Office). The Department has never
17 approved any branch location in Santa Clara.

18 38. CEGI's website misrepresents to the public that CEGI has an office in Santa Clara,
19 when in fact the Department has never approved any branch location in Santa Clara, in violation of
20 Financial Code section 17414 (a), subdivision (2).

21 C.

22 **Unlicensed Branch Location**

23 39. Financial Code section 17213.5 provides that an escrow agent may establish a branch
24 office by filing an application for approval by the Commissioner. Section 17213.5 further provides
25 that, "The commissioner shall within 30 days from the receipt by the commissioner of a separate and
26 complete application ... license the designated premises as a branch of the parent licensee..."

27 40. As of the date of this pleading, CEGI has never submitted and the Department has
28 never received, any application from CEGI to operate a branch at 1500 Wyatt Dr. #11, Santa Clara,

California 95054.

41. CEGI not only represents to the public on its website that it has an office location in Santa Clara, but upon the Department's visitation to the Santa Clara Office, there is signage for "California Escrow Group", although the actual suite number with the California Escrow Group signage was for Suite 12 and not Suite 11 as indicated on its website.

42. Thus, CEGI is operating a branch in Santa Clara without approval from the Commissioner, in violation of Financial Code section 17213.5.

III.

Applicable Law

43. Financial Code section 17213.5 provides in pertinent part :

Licensees of this division shall be entitled to establish additional business office locations by compliance with all of the following:

....

With respect to all applications for authorization to establish additional locations, the commissioner shall promptly commence his or her investigation and review of the application.

The commissioner shall within 30 days from the receipt by the commissioner of a separate and complete application, license the designated premises as a branch of the parent licensee...

44. Financial Code section 17414 provides in pertinent part:

(a) It is a violation for any person subject to this division or any director, stockholder, trustee, officer, agent, or employee of any such person to do any of the following:

...

(2) Knowingly or recklessly make or cause to be made any misstatement or omission to state a material fact, orally or in writing, in escrow books, accounts, files, reports, exhibits, statements, or any other document pertaining to an escrow or escrow affairs.

45. Financial Code section 17420 provides in pertinent part:

Except for the normal compensation of his own employees, it shall be a violation of this division for any person subject to this division to pay over to any other person any commission, fee, or other consideration as compensation for referring, soliciting, handling, or servicing escrow customers or accounts.

46. 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:

- (a) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.
- (b) Any fact or condition exists which, if it had existed at the time of the original application for such license, reasonably would have warranted the commissioner in refusing originally to issue such license.

47. The Commissioner finds that, by reason of the foregoing, CEGI has violated Financial Code sections 17213.5, 17414, and 17420. Furthermore, based upon CEGI's violations of the Escrow Law, a fact or condition now exists, that if it had existed at the time of original licensure under the Escrow Law, reasonably would have warranted the Commissioner in refusing to issue an escrow agent license to CEGI.

WHEREFORE, IT IS PRAYED that:

California Escrow Group, Inc.'s escrow agent license be revoked.

Dated: June 6, 2025
Los Angeles, California

KHALIL MOHSENI
Commissioner of Financial Protection and
Innovation

By _____
JOHNNY O VUONG
Senior Counsel
Enforcement Division