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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,)	STATEMENT OF FACTS IN
)	SUPPORT OF ORDER TO
v.)	DISCONTINUE VIOLATIONS
)	PURSUANT TO FINANCIAL CODE
CALIFORNIA ESCROW GROUP, INC.)	SECTION 17602 AND NOTICE OF
)	INTENT TO MAKE ORDER FINAL
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:

I.

STATEMENT OF FACTS IN SUPPORT OF ORDER TO DISCONTINUE VIOLATIONS
PURSUANT TO FINANCIAL CODE SECTION 17602 AND NOTICE OF INTENT TO MAKE
ORDER FINAL

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

1 compensation for escrow business, in violation of Financial Code section 17420.

2 9. Approximately 104 invoices for photography and videography services were paid by
3 CEGI, totaling at least \$44,639.25 between August 2022 and August 2024. A comparison of the
4 property addresses referenced in the invoices issued by the Photo Vendors to CEGI and the escrow
5 records of CEGI showed that out of the 104 properties where the Photo Vendors took photographs and
6 invoiced CEGI for, 85 of those same property listings ended up closing their transaction through CEGI
7 as the escrow agent in the transaction. In sum, CEGI was able to obtain the escrow business in 82% of
8 all transactions in which CEGI paid for photography services for the benefit of the listing brokers of
9 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

10 i.

11 **Vendor B**

12 10. A total of 5 invoices were issued by Vendor B to CEGI for photography services. Each
13 invoice by Vendor B contained a reference to a property address that was a property listed by a DRE-
14 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

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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

1	Vendor C	3278	11/7/23	\$350.00	Broker No. 10	22474-SW
2	Vendor C	3293	11/13/23	\$1,848.00	Broker No. 9	203105-JI
3	Vendor C	6025	12/6/23	\$1,848.00	Broker No. 9	203105-JL
4	Vendor C	6058	12/27/23	\$350.00	Broker No. 7	203551-JS
5	Vendor C	6059	12/27/23	\$350.00	Broker No. 11	203362-JI
6	Vendor C	6059	12/27/23	\$350.00	Broker No. 12	Not closed with CEG
7	Vendor C	6059	12/27/23	\$500.00	Broker No. 13	Not closed with CEG
8	Vendor C	6191	2/21/24	\$749.00	Broker No. 5	203499-JI
9	Vendor C	6191	2/21/24	\$800.00	Broker No. 5	203427-JI
10	Vendor C	6191	2/21/24	\$350.00	Broker No. 14	203729-JL
11	Vendor C	6191	2/21/24	\$450.00	Broker No. 4	203480-JI
12	Vendor C	6191	2/21/24	\$450.00	Broker No. 15	203527-JM
13	Vendor C	6191	2/21/24	\$450.00	Broker No. 16	22646-SW
14	Vendor C	6191	2/21/24	\$300.00	Broker No. 7	202530-JS
15	Vendor C	6329	4/15/24	\$350.00	Broker No. 5	203600-JM
16	Vendor C	6329	4/15/24	\$450.00	Broker No. 4	203636-JL
17	Vendor C	6329	4/15/24	\$350.00	Broker No. 4	22780-SL
18	Vendor C	6329	4/15/24	\$350.00	Broker No. 4	203696-JL
19	Vendor C	6329	4/15/24	\$450.00	Broker No. 15	203563-JI
20	Vendor C	6329	4/15/24	\$749.00	Broker No. 2	203714-JI
21	Vendor C	6430	5/29/24	\$350.00	Broker No. 17	203840-JL
22	Vendor C	6430	5/29/24	\$549.00	Broker No. 18	022832-SL

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1	Vendor C	6430	5/29/24	\$350.00	Broker No. 5	022855-SL
2	Vendor C	6430	5/29/24	\$400.00	Broker No. 4	022841-SL
3						
4	Vendor C	6430	5/29/24	\$350.00	Broker No. 4	022844-SL
5	Vendor C	6430	5/29/24	\$350.00	Broker No. 7	203780-JS
6	Vendor C	6430	5/29/24	\$350.00	Broker No. 7	203787-JS
7	Vendor C	6431	5/29/24	\$1,796.25	Broker No. 4	203859-JL
8	Vendor C	6431	5/29/24	\$999.00	Broker No. 8	022862-TB
9	Vendor C	6431	5/29/24	\$999.00	Broker No. 19	022863-SL
10	Vendor C	6505	6/26/24	\$800.00		Offmarket
11	Vendor C	6506	6/26/24	\$1,498.00	Broker No. 4	Not closed with CEG
12	Vendor C	6533	7/8/24	\$350.00	Broker No. 18	022882-SL
13	Vendor C	6533	7/8/24	\$900.00	Broker No. 20	022884-SL
14	Vendor C	6533	7/8/24	\$350.00	Broker No. 4	022906-SL
15	Vendor C	6533	7/8/24	\$400.00	Broker No. 15	203886-JI
16	Vendor C	6533	7/8/24	\$300.00	Broker No. 21	203911-JI
17	Vendor C	6533	7/8/24	\$350.00	Broker No. 21	203953-JB
18	Vendor C	6533	7/8/24	\$300.00	Broker No. 10	22615-SW
19	Vendor C	6533	7/8/24	\$450.00	Broker No. 19	203969-JL
20	Vendor C	6570	7/22/24	\$1,199.00	Broker No. 4	022893-SL
21	Vendor C	6570	7/22/24	\$700.00	Broker No. 10	022943-JT
22	Vendor C	6570	7/22/24	\$300.00	Broker No. 7	204000-JS
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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
Vendor D	6163	2/7/24	\$175.00	Broker No. 2	203493-JI
Vendor D	6213	3/1/24	\$150.00	Broker No. 8	203574-JL
Vendor D	6214	3/1/24	\$175.00	Broker No. 2	203519-JI
Vendor D	6215	3/1/24	\$199.00	Broker No. 30	Not closed with CEG
Vendor D	6216	3/1/24	\$199.00	Broker No. 31	203529-SL
Vendor D	6217	3/1/24	\$175.00	Broker No. 27	Not closed with CEG
Vendor D	6218	3/1/24	\$125.00	Broker No. 32	Still in the marketing
Vendor D	6219	3/1/24	\$548.00	Broker No. 2	Not closed with CEG
Vendor D	6296	4/2/24	\$175.00	Broker No. 27	203727-JI
Vendor D	6297	4/2/24	\$125.00		Not closed with CEG

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Vendor D	6298	4/2/24	\$199.00	Broker No. 7	203630-JS
Vendor D	6299	4/2/24	\$199.00	Broker No. 2	203674-JL
Vendor D	6300	4/2/24	\$175.00	Broker No. 2	Not closed with CEG
Vendor D	6301	4/2/24	\$199.00	Broker No. 33	Not closed with CEG
Vendor D	6446	6/4/24	\$175.00	Broker No. 7	203835-JS
Vendor D	6550	7/15/24	\$165.00	Broker No. 30	204112-SJ
Vendor D	6551	7/15/24	\$150.00	Broker No. 17	203970-JL
Vendor D	6552	7/15/24	\$150.00	Broker No. 4	203962-JI
Vendor D	6553	7/15/24	\$150.00		offthe market
Vendor D	6554	7/15/24	\$150.00	Broker No. 17	203997-JL
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

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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 follows:

Escrow File Number	Date Broker Preview Held	CEGI Information Contained in Listing Broker Marketing Materials	Listing Broker
022832-SL	4/27/24	Y	Broker No. 18
203499-JI	1/30/24	Y	Broker No. 5
22680-SW	2/2/24	Y	Broker No. 10
204009-JL		Y	Broker No. 17

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

B.

Misrepresentations to the Commissioner

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

1.

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

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

30. However, on January 23, 2025, the Department issued an Investigative Request for Production of Records and asked for CEGI to produce, "Any and all DOCUMENTS constituting agreements between CEG and HUNTER," with HUNTER referring to Hunter Marketing, Inc. In response, CEGI produced Bates No. CEG000058-59, which is a written agreement between CEGI and Hunter dated May 1, 2020, but signed by CEGI on April 1, 2020 (Hunter Agreement). The date of Hunter Agreement predates August 27, 2024, when CEGI, in the CEGI August 2024 Response Letter signed by Zhang, represented to the Department that there are only verbal agreements between CEGI and Hunter.

31. Thus, CEGI knowingly misrepresented to the Department in the CEGI August 2024 Response Letter that only a verbal agreement existed between CEGI and Hunter, when in fact CEGI

1 had knowledge of the existence of the Hunter Agreement since 2020, in violation of Financial Code
2 section 17414 (a), subdivision (2).

3 **2.**

4 **Misrepresentations Regarding Existence of a Written Agreement for Robin Management**
5 **Consultant, Inc.**

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

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

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

22 **3.**

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

24 35. In the Marketing Flyer that is placed for public viewing at CEGI’s main office in
25 Diamond Bar, the flyer contained 3 office locations for CEGI: 22632 Golden Spring Dr. Ste310,
26 Diamond Bar, California 91765 (main office); 1110 Roosevelt, Ste200, Irvine, California 92620
27 (licensed branch); and 411 East Huntington Dr Ste212, Arcadia, California 91006 (unlicensed).

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1 The Department has never approved any branch location in Arcadia.

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

5 **4.**

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

7 37. On CEGI's website at <https://www.californiaescrowgroup.com>, CEGI lists 3 office
8 locations on its website: 22632 Golden Spring Dr. Ste 310, Diamond Bar, California 91765 (main
9 office); 1110 Roosevelt, Ste 200, Irvine, California 92620 (licensed branch); and 1500 Wyatt Dr.
10 #11, Santa Clara, California 95054 (unlicensed) (Santa Clara Office). The Department has never
11 approved any branch location in Santa Clara.

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

15 **C.**

16 **Unlicensed Branch Location**

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

21 40. As of the date of this pleading, CEGI has never submitted and the Department has
22 never received, any application from CEGI to operate a branch at 1500 Wyatt Dr. #11, Santa Clara,
23 California 95054.

24 41. CEGI not only represents to the public on its website that it has an office location in
25 Santa Clara, but upon the Department's visitation to the Santa Clara Office, there is signage for
26 "California Escrow Group", although the actual suite number with the California Escrow Group
27 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 17602 provides:

If it appears to the commissioner that any licensed escrow agent is violating or has violated its articles of incorporation, or any law or rule binding upon it, the commissioner shall, by written order addressed to the agent direct the discontinuance of such violation.

The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 17604.

47. Financial Code section 17604 provides:

No order issued pursuant to Sections 17602 or 17603 may become final except after notice to any licensed escrow agent affected thereby of the intention of the commissioner to make such order final and of the reasons therefor and that upon receipt of a request the matter will be set down for hearing to commence within 15 business days after such receipt unless the licensed agent affected consents to a later date. If no hearing is requested within 30 days after the mailing of such notice and none is ordered by the commissioner, the order may become final without hearing and the licensed escrow agent shall immediately discontinue the practices named in the order. If a hearing is requested or ordered, it shall be held in accordance with the provisions of 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 of the powers granted thereunder. If upon the hearing, it appears to the commissioner that the licensed agent is conducting or has conducted business in an unsafe and injurious manner or is violating or has violated its articles of incorporation or any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the licensed escrow agent shall immediately discontinue the practices named in the order.

NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING, the Commissioner of Financial Protection and Innovation is issuing an Order to Discontinue Violations under the provisions of Financial Code sections 17602 and 17604, and notifying California Escrow Group, Inc. of his intention to make the order final.

Dated: June 6, 2025
Los Angeles, California

KHALIL MOHSENI
Commissioner of Financial Protection and
Innovation

By _____
JOHNNY O VUONG
Senior Counsel
Enforcement Division