

ALAN S. WEINGER
Deputy Commissioner
JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
Department of Corporations
320 West 4th Street, Ste. 750
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the Statement of	)	File No.: 963-1157
Issues/Accusation of THE CALIFORNIA)	
CORPORATIONS COMMISSIONER,	)	ORDER DISMISSING STATEMENT OF
	)	ISSUES/ACCUSATION IN SUPPORT OF
Complainant,	)	NOTICE OF INTENTION TO ISSUE ORDER
	)	PURSUANT TO CALIFORNIA FINANCIAL
vs.	)	CODE SECTION 17423 (SUSPENSION FROM
	)	EMPLOYMENT, MANAGEMENT OR
ESCROW TECHNOLOGIES, INC., and	)	CONTROL OF ANY ESCROW AGENT); TO
ROGER D. HANCE,	)	ISSUE ORDER REVOKING ESCROW
	)	AGENT'S LICENSE; AND TO ISSUE ORDER
Respondents.	)	DENYING ESCROW AGENT'S BRANCH
	)	LICENSE APPLICATION
)	

Pursuant to the Settlement Agreement entered into between the California Corporations Commissioner and Escrow Technologies, Inc and Roger D. Hance on January 9, 2012, a copy of which is attached and incorporated herein as Exhibit 1, the Notice of Intention to Issue Order Pursuant to California Financial Code Section 17423 (Suspension from Employment, Management or Control of Any Escrow Agent); To Issue Order Revoking Escrow Agent's License; and To Issue Order Denying Escrow Agent's Branch License Application issued against Escrow Technologies, Inc and Roger D. Hance on November 30, 2011 is hereby dismissed.

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Dated: January 9, 2012
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner
Enforcement Division

ALAN S. WEINGER
Deputy Commissioner
JUDY L. HARTLEY (CA BAR NO. 110628)
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BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the Statement of) File No.: 963-1157
Issues/Accusation of THE CALIFORNIA)
CORPORATIONS COMMISSIONER,) SETTLEMENT AGREEMENT
Complainant,)
vs.)
ESCROW TECHNOLOGIES, INC. and)
ROGER D. HANCE,)
Respondents.)

In the Matter of the Desist and Refrain Order)
Issued by THE CALIFORNIA)
CORPORATIONS COMMISSIONER,)
Complainant,)
vs.)
RAPTOR CONSULTING, INC. and ROGER D.)
HANCE,)
Respondents.)

This Settlement Agreement is entered into between the California Corporations
Commissioner (“Commissioner”), on the one hand, and Escrow Technologies, Inc. (“ETI”), Raptor
Consulting, Inc. (“Raptor”), and Roger D. Hance (“Hance”), on the other hand, and is made with

1 respect to the following facts:

2 **RECITALS**

3 A. ETI is a corporation in good standing, duly formed and existing pursuant to the laws
4 of the State of California, and authorized to conduct business in the State of California

5 B. ETI is an escrow agent licensed by the Commissioner pursuant to the Escrow Law of
6 the State of California (California Financial Code § 17000 et seq.). ETI has its principal place of
7 business located at 9440 Reseda Boulevard, Suite 203, Northridge, California 91324. ETI has a
8 branch license application currently pending with the Commissioner for an office to be located at 5
9 Upper Newport Plaza, Suite 100, Newport Beach, California 92660.

10 C. Raptor is a corporation in good standing, duly formed and existing pursuant to the
11 laws of the State of California, and authorized to conduct business in the State of California. Raptor
12 has its principal place of business located at 9440 Reseda Boulevard, Suite 200, Northridge,
13 California 91324.

14 D. Hance is, and was at all times relevant, the president and sole shareholder of ETI.
15 Hance is, and was at all times relevant, the president and sole shareholder of Raptor. Hance is
16 authorized to enter into this Settlement Agreement on behalf of ETI and Raptor.

17 E. On December 1, 2011, ETI and Hance were personally served by the Commissioner
18 with a Notice of Intention to Issue an Order Pursuant to California Financial Code Section 17423
19 (Suspension from Employment, Management or Control of an Escrow Agent), To Issue Order
20 Revoking Escrow Agent’s License; and To Issue Order Denying Escrow Agent’s Branch License
21 Application, Statement of Issues/Accusation and accompanying documents dated November 30,
22 2011 (the “ETI matter”). ETI and Hance have filed Notices of Defense with the Commissioner in
23 the ETI matter.

24 F. On December 1, 2011, Raptor and Hance were personally served by the
25 Commissioner with a Desist and Refrain Order dated November 30, 2011 (the “Raptor matter”).
26 Raptor and Hance have filed requests for a hearing with the Commissioner in the Raptor matter.

27 G. It is the intention and desire of the parties to resolve the ETI and Raptor matters
28 without the necessity of a hearing and/or other litigation.

1 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
2 forth herein, the parties agree as follows:

3 **TERMS AND CONDITIONS**

4 1. This Settlement Agreement is entered into for the purpose of judicial economy and
5 expediency, and to avoid the expense of a hearing, and possible further court proceedings.

6 **ETI MATTER**

7 2. Hance, without admitting or denying any of the allegations contained in the Statement
8 of Issues/Accusation described in paragraph E above, agrees, that if the Commissioner finds, after a
9 hearing to be held before an administrative law judge, in accordance with the Administrative
10 Procedure Act, California Government Code Sections 11500 et seq., that Hance has at any time in
11 the future, either directly or indirectly, engaged in unlicensed escrow activities or assisted any other
12 person(s) to engage in unlicensed escrow activities, the Commissioner may immediately issue an
13 order suspending Hance from any position of employment, management or control of any escrow
14 agent for a period of twelve (12) months.

15 3. Hance waives his right to any reconsideration, appeal or other right to review of any
16 finding by the Commissioner pursuant to paragraph 2 above which may be afforded pursuant to the
17 Escrow Law, the California Administrative Procedure Act, the California Code of Civil Procedure,
18 or any other provision of law in connection therewith.

19 4. Hance further agrees to pay to the Commissioner upon execution of this Settlement
20 Agreement, the sum of \$9,639.96 as and for his examination costs.

21 5. The Commissioner agrees to dismiss the ETI matter against ETI and Hance upon
22 execution and delivery of this Settlement Agreement and payment of costs set forth in paragraph 4
23 above. A true and correct copy of the Dismissal Order is attached and incorporated herein as Exhibit
24 A.

25 6. The Commissioner further agrees to issue the branch license application described in
26 paragraph B above upon execution and delivery of this Settlement Agreement, payment of costs set
27 forth in paragraph 4 above, and fulfillment of all the requirements for issuance of a branch license
28 under the Escrow Law.

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RAPTOR MATTER

7. Raptor and Hance, without admitting or denying any of the findings set forth in the Desist and Refrain Order described in paragraph F above, agree that such Desist and Refrain Order is hereby deemed a final order.

8. Raptor and Hance acknowledge their right to an administrative hearing under Financial Code section 17416 in connection with the Desist and Refrain Order, and hereby waive their rights to a hearing, and to any reconsideration, appeal, or other rights which may be afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection with this matter.

MISCELLANEOUS PROVISIONS

9. The parties hereby acknowledge and agree that this Settlement Agreement is intended to constitute a full, final and complete resolution of this matter. The parties further acknowledge and agree that nothing contained in this Settlement Agreement shall operate to limit the Commissioner's ability to assist any other agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by any such agency against ETI, Raptor and/or Hance based upon any of the activities alleged in this matter or otherwise.

10. Each of the parties represents, warrants, and agrees that it has received independent advice from its attorney(s) and/or representatives with respect to the advisability of executing this Settlement Agreement.

11. Each of the parties represents, warrants, and agrees that in executing this Settlement Agreement it has relied solely on the statements set forth herein and the advice of its own counsel and/or representative. Each of the parties further represents, warrants, and agrees that in executing this Settlement Agreement it has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation or disclosure of anything whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this

1 Settlement Agreement.

2 12. This Settlement Agreement is the final written expression and the complete and
3 exclusive statement of all the agreements, conditions, promises, representations, and covenants
4 between the parties with respect to the subject matter hereof, and supercedes all prior or
5 contemporaneous agreements, negotiations, representations, understandings, and discussions
6 between and among the parties, their respective representatives, and any other person or entity, with
7 respect to the subject matter covered hereby.

8 13. In that the parties have had the opportunity to draft, review and edit the language of
9 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any
10 part of this Settlement Agreement will be applied in any action relating to, connected, to, or
11 involving this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil
12 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,
13 language of a contract should be interpreted most strongly against the party who caused the
14 uncertainty to exist.

15 14. This Settlement Agreement shall not become effective until signed and delivered by
16 all parties.

17 15. This Settlement Agreement may be executed in one or more counterparts, each of
18 which shall be an original but all of which, together, shall be deemed to constitute a single
19 document. This Settlement Agreement may be executed by facsimile signature, and any such
20 facsimile signature by any party hereto shall be deemed to be an original signature and shall be
21 binding on such party to the same extent as if such facsimile signature were an original signature.

22 16. Each signator hereto covenants that he/she possesses all necessary capacity and
23 authority to sign and enter into this Settlement Agreement.

24 Dated: 1/9/2012

JAN LYNN OWEN
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner

28 (signatures continued on page 6)

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Dated: 1/4/12

ESCROW TECHNOLOGIES, INC.

By _____

ROGER D. HANCE, President
RAPTOR CONSULTING, INC.

Dated: 1/4/12

By _____

ROGER D. HANCE, President

Dated: 1/4/12

By _____

ROGER D. HANCE, an individual

APPROVED AS TO FORM:

CARLSON & COHEN, LLP

By _____

ROBERT J. CARLSON, ESQ. Attorney for ESCROW
TECHNOLOGIES, INC., RAPTOR CONSULTING, INC.
and ROGER D. HANCE

JAN LYNN OWEN
California Corporations Commissioner

By _____

JUDY L. HARTLEY
Senior Corporations Counsel

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Corporations
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6 Attorneys for Complainant
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8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA
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11 In the Matter of the Statement of) File No.: 963-1157
Issues/Accusation of THE CALIFORNIA)
12 CORPORATIONS COMMISSIONER,) STATEMENT OF ISSUES/ACCUSATION
13)
Complainant,)
14)
15 vs.)
16 ESCROW TECHNOLOGIES, INC. and)
ROGER D. HANCE,)
17)
18 Respondents.)

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

21 I
22 INTRODUCTION

23 The proposed orders seek to (i) suspend Roger D. Hance (“Hance”) from any position of
24 employment, management or control of any escrow agent for a period of twelve (12) months
25 pursuant to Financial Code section 17423; (ii) revoke the escrow agent’s license of Escrow
26 Technologies, Inc. (“ETI”) pursuant to Financial Code section 17608, and (iii) deny the application
27 of ETI for an escrow agent’s branch license pursuant to Financial Code section 17209.3 in that
28 Hance has committed numerous violations of the Escrow Law (Financial Code § 17000 et seq.).

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II

CURRENT ESCROW AGENT’S LICENSE

ETI, a California corporation, currently holds escrow agent’s license number 963-1157 for 9440 Reseda Boulevard, Suite 203, Northridge, California 91324. ETI has been licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the Escrow Law at this location since on or about August 24, 1984.

Hance has been the president and sole shareholder of ETI since on or about July 31, 2007. Hance is, and was at all times relevant herein, the president and sole shareholder of Raptor Consulting, Inc. (“Raptor”). Raptor has its principal place of business at 9440 Reseda Boulevard, Suite 200, Northridge, California 91324.

III

THE PENDING APPLICATION

On August 8, 2011, ETI filed an application for a branch escrow agent’s license (hereinafter "application") with the Commissioner pursuant to the Escrow Law. The application is for a location situated at 5 Upper Newport Plaza, Suite 100, Newport Beach, California 92660. The application continues to identify Hance as the president and sole shareholder of ETI.

IV

ESCROW LAW VIOLATIONS

On or about February 4, 2010, the Commissioner, by and through his staff, commenced a special examination of Raptor after receiving information that someone was engaging in unlicensed escrow activity at that location. The special examination disclosed that Raptor and Hance were engaged in unlicensed escrow activity in violation of Financial Code section 17200 by processing escrow transactions on behalf of the following six (6) licensed real estate brokers: VIP on 99 Enterprises, Inc. dba Closing Solutions; LF Associates, Inc. dba Los Feliz Escrow; Dream Team Real Estate Consultants, Inc. dba Mulholland Escrow; VIP Enterprise, Inc. dba Victory Escrow; Forward Beverly Hills, Inc. dba Canon Hills Closings; and AGL Brentwood, Inc. dba San Vicente Escrow. While the instructions for the escrow transactions represented that the real estate brokers were processing the escrow transactions pursuant to the exemption provided for in Financial Code

1 section 17006(d) (sic), Raptor and Hance were actually processing the escrows as follows:

2 (a) Raptor, by and through Hance, had entered into a contract with each of the real estate
3 brokers to provide escrow staff to open, process, and close escrow transactions for the brokers;

4 (b) The persons processing the escrow transactions were all paid employees of Raptor;

5 (c) The escrow transactions were processed at the offices of Raptor and under the
6 supervision of Raptor;

7 (d) Raptor employees were simultaneously processing escrow transactions for six (6) real
8 estate brokers;

9 (e) The network and software used to process the escrow transactions was owned by R.R.
10 Gable Real Estate Group, Inc., a corporation owned by Hance; and

11 (f) The email address for which escrow customers and others were to contact the escrow
12 officers regarding escrow transactions for each of the six (6) real estate brokers was registered to
13 Hance.

14 The special examination further revealed that Raptor and Hance had been engaged in
15 unlicensed escrow activity since in or about November 2007.

16 A follow up examination of Raptor to determine if Raptor and Hance were continuing to
17 engage in unlicensed escrow activity was commenced on or about June 21, 2011. The follow up
18 examination disclosed that Raptor and Hance were continuing to violate Financial Code section
19 17200 by processing escrow transactions on behalf of numerous licensed real estate brokers; to wit:
20 VIP on 99 Enterprises, Inc. dba Closing Solutions; LF Associates, Inc. dba Los Feliz Escrow; Dream
21 Team Real Estate Consultants, Inc. dba Mulholland Escrow; VIP Enterprise, Inc. dba Victory
22 Escrow; Forward Beverly Hills, Inc. dba Canon Hills Closings; Forward Wilshire, Inc. dba
23 Larchmont Escrow; and Forward Calabasas, Inc. dba Parkway Escrow, as follows:

24 (a) Raptor had entered into a contract with each of the real estate brokers to provide
25 escrow staff to open, process, and close escrow transactions for the brokers;

26 (b) The escrow officers continued to receive the majority of their pay for processing
27 escrow transactions from Raptor;

28 (c) The escrow support staff were paid employees of Raptor;

1 (d) The escrow transactions were processed at the offices of Raptor and under the
2 supervision of Raptor;

3 (e) Raptor employees were simultaneously processing escrow transactions for seven (7)
4 real estate brokers;

5 (f) The network and software used to process the escrow transactions continued to be
6 owned by Hance’s company, R.R. Gable Real Estate Group, Inc.;

7 (g) The email address for which escrow customers and others were to contact the escrow
8 officers regarding escrow transactions for each of the real estate brokers was registered to Hance;
9 and

10 (h) A sign on the front door of Raptor stated “Escrow Services – Suite 200 – We are
11 Open”.

12 Financial Code section 17006(a)(4) provides an exemption from the licensing provisions of
13 the Escrow Law for “[a]ny broker licensed by the Real Estate Commissioner while performing acts
14 in the course of or incidental to a real estate transaction in which the broker is an agent or party to
15 the transaction in which the broker is performing an act for which a real estate license is required.”
16 Financial Code section 17006 goes on to provide at subsection (b) that “[t]he exemptions provided
17 for in paragraphs . . . (4) are personal to the persons listed, and those persons shall not delegate any
18 duties other than duties performed under the direct supervision of those persons. Notwithstanding
19 the provisions of this subdivision, the exemptions provided for in paragraphs . . . (4) are not
20 available for any business arrangement entered into for the purpose of performing escrows for more
21 than one business.”

22 V

23 PRIOR ESCROW LAW VIOLATIONS

24 Previously, during a routine regulatory examination of ETI commenced in February 2006,
25 the Commissioner found that ETI was processing escrow transactions for at least one licensed real
26 estate broker. Hance was only the vice-president of ETI at that time. Hance was informed that
27 providing escrow processing activities for real estate brokers was in violation of the Escrow Law.
28 During a meeting in May 2007 between the Department of Corporations and Hance, to discuss

1 Hance’s pending application to purchase ETI, Hance was again notified that providing escrow
2 processing activities for real estate brokers was a violation of the Escrow law. When Hance
3 suggested that he create a separate entity to handle such activities for real estate brokers, Hance was
4 notified that such activities by a separate entity would be unlicensed escrow activity in violation of
5 Financial Code section 17200.

6 IV

7 CONCLUSION

8 Complainant finds, by reason of the foregoing, that Hance, the president and sole shareholder
9 of ETI, has committed innumerable violations of the Escrow Law and it is in the best interests to (i)
10 revoke the escrow agent’s license of ETI, (ii) deny the pending escrow agent’s branch license
11 application of ETI, and (iii) suspend Hance from any position of employment, management or
12 control of any escrow agent for a period of twelve (12) months.

13 California Financial Code section 17209.3 provides in pertinent part:

14 The commissioner may refuse to issue any license being applied for
15 if upon his examination and investigation, and after appropriate notice
16 and hearing, he finds any of the following:

16 . . .

17 (f) The applicant or any officer, director, general partner, or incorporator
18 of the applicant, or any person owning or controlling, directly or indirectly, 10
19 percent or more of the outstanding equity securities of the applicant has violated
20 any provision of this division or the rules thereunder or any similar regulatory
21 scheme of the State of California or of a foreign jurisdiction.

21 California Financial Code section 17608 provides in pertinent part:

22 The commissioner may, after notice and a reasonable opportunity to
23 be heard, suspend or revoke any license if he finds that:

24 (c) Any fact or condition exists, which, if it had existed at the time of the
25 original application for such license, reasonably would have warranted the
26 commissioner in refusing originally to issue such license.

27 California Financial Code Section 17423 provides in pertinent part:

28 (a) The commissioner may, after appropriate notice and opportunity
for hearing, by order, . . . suspend for a period not exceeding 12 months,

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or bar from any position of employment, management, or control any escrow agent, or any other person, if the commissioner finds either of the following:

(1) That the . . . suspension, or bar is in the public interest and that the person has committed or caused a violation of this division or rule or order of the commissioner, which violation was either known or should have been known by the person committing or causing it or has caused material damage to the escrow agent or to the public.

THEREFORE, Complainant asserts that he is justified under Financial Code sections 17209.3, 17423 and 17608 in (i) denying the branch license application of ETI, (ii) revoking the escrow agent’s license of ETI, and (iii) suspending Hance from any position of employment, management or control of any escrow agent for a period of twelve (12) months.

WHEREFORE IT IS PRAYED that (i) the escrow agent’s branch license application of ETI be denied, (ii) the escrow agent’s license of ETI be revoked, and (iii) Hance be suspended from any position of employment, management or control of any escrow agent for a period of twelve (12) months.

Dated: November 30, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel