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8 Attorneys for Complainant

9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) OAH NO. 2017010763  
13 )  
14 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) ESCROW LICENSE NO. 963-2059  
15 )  
16 Complainant, )  
17 v. ) SETTLEMENT AGREEMENT  
18 CITADEL ESCROW INC )  
19 Respondent. )  
20 )  
21 )

22  
23 This Settlement Agreement is entered into between Complainant, the Commissioner of the  
24 Department of Business Oversight (Commissioner) and Respondent Citadel Escrow Inc (Citadel  
25 Escrow) (collectively, the Parties), and is made with respect to the following facts:

26 **RECITALS**

27 A. Citadel Escrow is a California corporation in good standing, duly formed and existing  
28 pursuant to the laws of the State of California.

1           B.       Citadel Escrow is an escrow agent licensed by the Commissioner under the Escrow  
2 Law of the State of California (Fin. Code, § 17000 et seq.) (Escrow Law), license number 963-2059.  
3 Citadel Escrow (formerly known as First Request Escrow, Inc.) received its escrow agent’s license  
4 on March 9, 2004.

5           C.       Citadel Escrow’s principal place of business is 10995 Eucalyptus Street, Suite 102,  
6 Rancho Cucamonga, California, 91730. Citadel Escrow has a branch office at 17100 Pioneer Blvd.,  
7 Suite 312, Artesia, California 90701.

8           D.       Peter Hom (Hom) purchased First Request Escrow in 2012, and began operating  
9 Citadel Escrow. Hom has been Citadel Escrow’s sole owner, sole director, and president since 2012.  
10 Hom is authorized to enter into this agreement on behalf of Citadel Escrow.

11           E.       On August 5, 2016, the Commissioner issued to Citadel Escrow a: (1) Notice of  
12 Intention to Issue Order Revoking Escrow Agent’s License, Accusation, and accompanying  
13 documents (Accusation); (2) Order to Discontinue Violations Pursuant to Financial Code section  
14 17602 and Statement of Facts in Support Thereof (Order to Discontinue Violations); and (3) Order  
15 of Forfeiture Under Financial Code section 17213.2 (Order of Forfeiture) (Collectively, the Action).

16           F.       The Accusation, Order to Discontinue Violations, Order of Forfeiture, and  
17 accompanying documents were personally served on Hom on behalf of Citadel Escrow on August  
18 26, 2016.

19           G.       On or around September 7, 2016, Citadel Escrow filed a Notice of Defense with the  
20 Commissioner acknowledging receipt of the Accusation, Order to Discontinue Violations, and Order  
21 of Forfeiture and requested a hearing with the Commissioner regarding the above-listed orders.

22           H.       A hearing is set in this matter in front of the Los Angeles Office of Administrative  
23 Hearings (OAH) for June 5-8, 2017.

24           I.       It is the intention and desire of the Parties to resolve this Action without the necessity  
25 of a hearing and/or other litigation.

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

28 ///

**TERMS AND CONDITIONS**

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

5 2. Waiver of Hearing Rights. Citadel Escrow acknowledges its rights to an  
6 administrative hearing under the Escrow Law in connection with the Accusation, Order to  
7 Discontinue Violations, and Order of Forfeiture and hereby waives such rights to a hearing, and to  
8 any reconsideration, appeal, or other rights to review which may be afforded pursuant to the Escrow  
9 Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any  
10 other provision of law in connection with these matters.

11 3. Order to Discontinue Violations. Citadel Escrow agrees that the Order to  
12 Discontinue Violations issued on August 5, 2016, referenced in Paragraph E above, is final and  
13 shall remain in full force and effect.

14 4. License Surrender. Citadel Escrow agrees that it will notify the Commissioner in  
15 writing on or before August 1, 2017 that it desires to no longer be licensed, and agrees to tender its  
16 escrow agent’s license and all other indicia of licensure to the Commissioner on that date (Notice of  
17 License Surrender). Within 105 days of the Notice of License Surrender to the Commissioner,  
18 Citadel Escrow agrees to submit to the Commissioner, at its own expense: (a) a transferred or  
19 assigned file report prepared in accordance with paragraph 8; (b) a closing audit report prepared in  
20 accordance with paragraph 9; and (c) a closed file report prepared in accordance with paragraph 10.

21 Citadel Escrow agrees to wind-down its business within 105 days of the Notice of Surrender  
22 to the Commissioner (Wind-Down Period). No extensions of time of the 105 day Wind-Down  
23 Period will be granted. Citadel Escrow agrees to pay all bills due and outstanding to the  
24 Commissioner within the Wind-Down Period.

25 5. License Surrender Date. Citadel Escrow’s license will not be surrendered until the  
26 Commissioner accepts the surrender.

27 6. Wind-Down of Escrow Business. During the Wind-Down Period, Citadel Escrow  
28 shall transfer or assign escrow files and any trust accounts associated therewith to an independent

1 third party, unaffiliated with Hom, who is authorized to process escrow files under California law  
2 (the Transfer or Assignment). Citadel Escrow agrees that it will not accept new escrows beginning  
3 June 30, 2017, as it completes the Wind-Down Process.

4 7. Notice of Transfer or Assignment to Principals. Citadel Escrow shall provide notice  
5 to the principals of the open escrow files prior to transferring or assigning any file. The notice  
6 shall: (a) state that the escrow files and any trust account attendant thereto are being transferred or  
7 assigned to a new provider; (b) state the escrow provider's name, contact information, and license  
8 number, if applicable, and (c) notify the principals that they have 15 days from the date of service  
9 with which to object to the transfer or assignment and request that the escrow file be transferred to a  
10 different person authorized to accept escrow files under California law. Notice shall be given in a  
11 manner reasonably calculated to give actual notice. Citadel Escrow shall retain proof of service of  
12 the notice and provide a copy to the Commissioner within 5 days at the Commissioner's request. If  
13 any escrow file and trust account is transferred to a real estate broker in compliance with Financial  
14 Code section 17006, the consent of all principals to the transaction is required. Personnel currently  
15 employed by Citadel Escrow shall be relocating to new employers in light of Citadel Escrow's  
16 closing, and, therefore, any new employer, who is an independent third party, who meets the new  
17 provider criteria noted above, and is unaffiliated with Hom, may agree to take assignment or  
18 transfer of the escrow files from Citadel Escrow.

19 8. Transferred or Assigned File Report. Citadel Escrow shall submit a report to the  
20 Commissioner, within the time specified in paragraph 4, which includes: (a) a list of each  
21 Transferred or Assigned file, including the names of the parties to the transaction; and (b) the name,  
22 address, and telephone number of the independent third party, unaffiliated with Hom, who accepted  
23 transfer or assignment of each Transferred or Assigned file.

24 9. Closing Audit Report. Citadel Escrow shall submit to the Commissioner, within the  
25 time specified in paragraph 4, a closing audit report as of the date the license is tendered to the  
26 Commissioner for surrender, or for another period as the Commissioner may specify, to be  
27 performed by an independent certified public accountant. The closing audit shall include, but not  
28 be limited to, information required by the Commissioner, a bank reconciliation of the trust account,

1 a verified statement from a certified public accountant confirming lawful disbursement of funds,  
2 and proof that any remaining trust funds have been properly escheated to the State Controller’s  
3 Office.

4 10. Closed File Report. Citadel Escrow shall submit to the Commissioner, within the  
5 time specified in paragraph 4, a report which includes the location of Citadel Escrow’s closed  
6 escrow files and the contact information for the person responsible for the closed escrow files.  
7 Citadel Escrow agrees to maintain the closed escrow files in accordance with the Escrow Law.

8 11. Order of Forfeiture. Citadel Escrow agrees that the Order of Forfeiture issued on  
9 August 5, 2017, referenced in Paragraph E above is final. Citadel Escrow agrees to forfeit  
10 \$2,210.00 to the Commissioner within 10 days of the Effective Date of this Agreement as defined  
11 in paragraph 25. The payment shall be made payable in the form of a cashier’s check or Automated  
12 Clearing House deposit to the “Department of Business Oversight,” and transmitted to the attention  
13 of:

14 ATTN: Accounting – Litigation  
15 The Department of Business Oversight  
16 1515 K Street, Suite 200, Sacramento, California, 95814

17 Notice of payment shall be sent to:

18 Danielle A. Stoumbos  
19 Senior Counsel, Enforcement Division  
20 Department of Business Oversight  
21 320 West Fourth Street, Suite 750  
22 Los Angeles, California 90013  
23 E-mail: Danielle.Stoumbos@dbo.ca.gov

24 In the event the payment due date falls on a weekend or holiday, the payment shall be due the  
25 next business day.

26 12. Failure to Comply with Settlement Agreement. If Citadel Escrow fails to comply  
27 with any of the terms of this Settlement Agreement, the Commissioner may institute proceedings for  
28 any and all violations otherwise resolved under this Agreement, Accusation, Order to Discontinue  
Violations, and Order of Forfeiture.

Citadel Escrow acknowledges that failure to comply with the terms of this Settlement

1 Agreement shall be a breach of this Settlement Agreement and shall be cause for the Commissioner  
2 to immediately revoke Citadel Escrow's escrow agent license, and/or deny any pending  
3 application(s) of Citadel Escrow or its successors and assigns, by whatever names they might be  
4 known until the terms are met. Citadel Escrow hereby waives any notice of hearing rights to contest  
5 the immediate revocation of its escrow agent license which may be afforded under the Escrow Law,  
6 the California Administrative Procedure Act, the Code of Civil Procedure, or any other provision of  
7 law in connection therewith.

8 13. Settlement Agreement Coverage. This Settlement Agreement is intended to  
9 constitute a full, final and complete resolution of the Accusation, Order to Discontinue Violations,  
10 and Order of Forfeiture, excepting therefrom any proceeding or action if such proceeding or action  
11 is based upon facts not presently known to the Commissioner or which were knowingly concealed  
12 from the Commissioner. The Parties further acknowledge and agree that nothing contained in this  
13 Settlement Agreement shall operate to limit the Commissioner's ability to assist any other agency,  
14 (city, county, state or federal) with any prosecution, administrative, civil or criminal, brought by  
15 any such agency against Citadel Escrow based upon any of the activities alleged in these matters or  
16 otherwise.

17 14. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that  
18 it has had an opportunity to seek independent advice from its attorney(s) and/or representatives with  
19 respect to the advisability of executing this Settlement Agreement.

20 15. No Other Representation. Each of the Parties represents, warrants, and agrees that in  
21 executing this Settlement Agreement it has relied solely on the statements set forth herein and has  
22 had the opportunity to seek the legal advice of its own counsel. Each of the Parties further  
23 represents, warrants, and agrees that in executing this Settlement Agreement it has placed no  
24 reliance on any statement, representation, or promise of any other party, or any other person or  
25 entity not expressly set forth herein, or upon the failure of any party or any other person or entity to  
26 make any statement, representation or disclosure of anything whatsoever. The Parties have  
27 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced  
28 to execute this Settlement Agreement; and (2) to preclude the introduction of parol evidence to

1 vary, interpret, supplement, or contradict the terms of this Settlement Agreement.

2       16.    Modifications and Qualified Integration. No amendment, change or modification of  
3 this agreement shall be valid or binding to any extent unless it is in writing and signed by all of the  
4 parties affected by it.

5       17.    Full Integration. This Settlement Agreement is the final written expression and the  
6 complete and exclusive statement of all the agreements, conditions, promises, representations, and  
7 covenants between the Parties with respect to the subject matter hereof, and supersedes all prior or  
8 contemporaneous agreements, negotiations, representations, understandings, and discussions  
9 between and among the Parties, their respective representatives, and any other person or entity, with  
10 respect to the subject matter covered hereby.

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

18       19.    Voluntary Agreement. Citadel Escrow enters into this Settlement Agreement  
19 voluntarily and without coercion and acknowledges that no promises, threats or assurances have  
20 been made by the Commissioner or any officer, or agent thereof, about this Settlement Agreement.  
21 The Parties each represent and acknowledge that he, she or it is executing this Agreement  
22 completely voluntarily and without any duress or undue influence of any kind from any source.

23       20.    Authority For Settlement. Each party warrants and represents that such party is  
24 fully entitled and duly authorized to enter into and deliver this Settlement Agreement. In  
25 particular, and without limiting the generality of the foregoing, each party warrants and  
26 represents that it is fully entitled to enter into the covenants, and undertake the obligations set  
27 forth herein.

28       21.    Waiver. The waiver of any provision of this Settlement Agreement shall not operate

1 to waive any other provision set forth herein, and any waiver, amendment and/or change to the  
2 terms of this Settlement Agreement must be in writing and signed by the parties affected by it.

3 22. Counterparts. This Agreement may be executed in any number of counter-parts  
4 by the Parties, and when each party has signed and delivered at least one such counterpart to the  
5 other party, each counterpart shall be deemed an original and taken together shall constitute  
6 one and the same Agreement.

7 23. Signatures. This Agreement may be executed by facsimile or scanned signature, and  
8 any such facsimile or scanned signature by any party hereto shall be deemed to be an original  
9 signature and shall be binding on such party to the same extent as if such facsimile or scanned  
10 signature were an original signature.

11 24. Governing Law. This Settlement Agreement shall be construed and enforced in  
12 accordance with and governed by California law.

13 25. Effective Date. This Settlement Agreement shall not become effective until signed  
14 and delivered by all parties.

15 26. Capacity to Contract. Each signator hereto covenants that he/she possesses all  
16 necessary capacity and authority to sign and enter into this Settlement Agreement.

17 27. Notice. Any notices required under this Settlement Agreement shall be provided to  
18 each party at the following addresses:

19  
20 If to Respondent to: Karel Rocha, Esq.  
21 Prenovost, Normandin, Bergh & Dawe  
22 2122 N. Broadway, Suite 200  
23 Santa Ana, CA 92706  
E-mail: krocha@pnbd.com

24 If to the Commissioner to: Danielle A. Stoumbos  
25 Senior Counsel, Enforcement Division  
26 Department of Business Oversight  
320 West Fourth Street, Suite 750  
27 Los Angeles, California 90013  
E-mail: Danielle.Stoumbos@dbo.ca.gov

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Dated: 6/5/17

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

Dated: 5/26/17

CITADEL ESCROW INC  
By \_\_\_\_\_  
Peter Hom, President

**APPROVED AS TO FORM:**

\_\_\_\_\_  
KAREL ROCHA  
PRENOVOST, NORMANDIN, BERGH & DAWE, A.P.C.  
Counsel for Citadel Escrow Inc

\_\_\_\_\_  
DANIELLE A. STOUMBOS  
Counsel for Commissioner of Business Oversight