

1 WILLIAM P. WOOD  
California Corporations Commissioner  
2 WAYNE STRUMPFER  
Acting Deputy Commissioner  
3 ALAN S. WEINGER (CA BAR NO. 86717)  
Supervising Counsel  
4 MICHELLE LIPTON (CA BAR NO. 178078)  
Corporations Counsel  
5 Department of Corporations  
6 320 West 4<sup>th</sup> Street, Ste. 750  
Los Angeles, California 90013-2344  
7 Telephone: (213) 576-7591 Fax: (213) 576-7181

8 Attorneys for Complainant

9  
10 BEFORE THE DEPARTMENT OF CORPORATIONS  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of the Accusation of ) OAH NO. L2002090155  
13 )  
14 THE CALIFORNIA CORPORATIONS ) FILE NO. 963-1800  
COMMISSIONER, )  
15 ) STIPULATION  
Complainant, )  
16 v. )  
17 )  
FAIRWAY ESCROW CORPORATION, a )  
18 California corporation; and )  
GRACE HU, an individual, )  
19 )  
20 Respondents.

21 This Stipulation is entered into between Respondents Fairway Escrow Corporation  
22 (“Fairway”), and Grace Hu (“Hu”), on the one hand, and the California Corporations Commissioner  
23 (“Commissioner”), on the other hand, and is made with respect to the following facts:

24 **RECITALS**

25 A. Fairway is an escrow agent licensed by the Commissioner under the California  
26 Escrow Law (California Financial Code § 17000 et seq.) since January 29, 1998.

27 B. Fairway is a California corporation located at 18842 Norwalk Boulevard, Artesia,  
28 California 90701.

1 C. Hu has been employed as an escrow officer with Fairway since January 1998. At all  
2 times, Hu has also been the President and owner of Fairway.

3 D. On August 9, 2002, the Commissioner served Fairway and Hu (“Respondents”) by  
4 certified mail a Notice of Intention to Issue Order Pursuant to California Financial Code Sections  
5 17608 and 17423 (Revoke Escrow Agent License and Bar from Employment, Management or  
6 Control of an Escrow Agent), Accusation and accompanying documents dated August 7, 2002. On  
7 or about August 16, 2002, Respondents filed a Notice of Defense with the Commissioner on the  
8 above-referenced matter. A hearing is scheduled for March 7 through 11, 2005.

9 E. On January 24, 2005, Respondents agreed to stipulate to the following: 1) an Order  
10 barring Hu from management and control of any escrow agent permanently and suspending Hu from  
11 employment of any escrow agent for one year, effective the date Fairway ownership is transferred;  
12 and should Hu return to employment in the escrow industry after the one-year suspension, she shall  
13 not be employed by Fairway or any of her relatives; 2) pay \$40,000 in penalties; 3) transfer complete  
14 ownership of Fairway to someone other than Hu’s immediate family, including husband, parents,  
15 children, cousins and their spouses by submitting an application by no later than September 30,  
16 2005, and transferring ownership of Fairway by no later than November 30, 2005.

17 It is the intention and desire of the parties to resolve this matter without the necessity of a  
18 hearing and/or other litigation.

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

21 **TERMS AND CONDITIONS**

22 1. Respondents agree to: 1) an Order barring Hu from management and control of any  
23 escrow agent permanently and suspending Hu from employment of any escrow agent for one year,  
24 effective the date Fairway ownership is transferred; and should Hu return to employment in the  
25 escrow industry after the one-year suspension, she shall not be employed by Fairway or any of her  
26 relatives; 2) pay \$40,000 in penalties, which is due upon execution of this Stipulation and made  
27 payable to the Department of Corporations by cashier check; 3) transfer complete ownership of  
28 Fairway to someone other than Hu’s immediate family, including husband, parents, children, cousins

1 and their spouses by submitting an application by no later than September 30, 2005, and transferring  
2 ownership of Fairway by no later than November 30, 2005. If Hu does not transfer ownership of  
3 Fairway by November 30, 2005, then Hu agrees to surrender Fairway's escrow license, effective that  
4 date. If Hu, however, fails to surrender Fairway's escrow license then the Department can  
5 immediately revoke Fairway's escrow license and Hu and Fairway waive their rights to a hearing,  
6 and to any reconsideration, appeal, or other rights which may be afforded pursuant to the Escrow  
7 Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any  
8 other provision of law in connection with this matter herein. The Department will act reasonably in  
9 its approval of the transfer of ownership of Fairway, as long as the new proposed owner meets the  
10 licensing requirements under the Escrow Law.

11 2. The Commissioner will issue an Order barring Hu from management and control of any  
12 escrow agent permanently and suspending Hu from employment of any escrow agent for one year,  
13 effective the date Fairway ownership is transferred, surrendered or revoked. A true and correct copy  
14 of the Stipulated Bar Order is attached and incorporated as **Exhibit A**.

15 3. Hu stipulates to the bar order without admitting any of the allegations contained in the  
16 Accusation. If Hu, however, shall apply for any license currently under the Department's  
17 jurisdiction, the allegations contained in the Accusation will be deemed admitted. This includes any  
18 application for the following licenses: 1) Escrow Agent license pursuant to Financial Code section  
19 17000, et seq.; 2) Finance Lender license pursuant to Financial Code section 22000, et seq.; 3)  
20 Deferred Deposit Transaction license pursuant to Financial Code section 23000, et seq.; 4)  
21 California Residential Mortgage Lender/Service license pursuant to Financial Code section 50000,  
22 et seq.; 5) Check Seller, Bill Payer or Prorater license pursuant to Financial Code section 12000, et  
23 seq.; and 6) Any securities license, including as a broker-dealer, agent or investment adviser.

24 4. Hu and Fairway acknowledge their right to an administrative hearing under  
25 the Financial Code in connection with the revocation and bar and waive their rights to a hearing, and  
26 to any reconsideration, appeal, or other rights which may be afforded pursuant to the Escrow Law,  
27 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
28 provision of law in connection with this matter herein. Furthermore, Hu and Fairway acknowledge

1 that this Stipulation is a public document.

2 5. The parties hereby acknowledge and agree that this Stipulation is intended to constitute a  
3 full, final and complete resolution of this matter. The parties further acknowledge and agree that  
4 nothing contained in this Stipulation shall operate to limit the Commissioner's ability to assist any  
5 other agency, (county, state or federal) with any prosecution, administrative, civil or criminal,  
6 brought by any such agency against Hu or Fairway based upon any of the activities alleged in this  
7 matter or otherwise.

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

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

20 8. This Stipulation is the final written expression and the complete and exclusive  
21 statement of all the agreements, conditions, promises, representations, and covenants between the  
22 parties with respect to the subject matter hereof, and supercedes all prior or contemporaneous  
23 agreements, negotiations, representations, understandings, and discussions between and among the  
24 parties, their respective representatives, and any other person or entity, with respect to the subject  
25 matter covered hereby.

26 9. In that the parties have had the opportunity to draft, review and edit the language of this  
27 Stipulation, no presumption for or against any party arising out of drafting all or any part of this  
28 Stipulation will be applied in any action relating to, connected, to, or involving this Stipulation.

1 Accordingly, the parties waive the benefit of California Civil Code section 1654 and any successor  
2 or amended statute, providing that in cases of uncertainty, language of a contract should be  
3 interpreted most strongly against the party who caused the uncertainty to exist.

4 10. This Stipulation may be executed in one or more counterparts, each of which shall be an  
5 original but all of which, together, shall be deemed to constitute a single document.

6 11. Each signator hereto covenants that he/she possesses all necessary capacity and  
7 authority to sign and enter into this Stipulation.

8  
9 Dated: 2/15/05 WILLIAM P. WOOD  
10 California Corporations Commissioner  
11 By \_\_\_\_\_  
12 ALAN S. WEINGER  
Supervising Counsel

13 Dated: 2/9/05  
14 By \_\_\_\_\_  
15 GRACE HU, as President, on behalf of  
16 Fairway Escrow Company

17 Dated: 2/9/05  
18 By \_\_\_\_\_  
19 GRACE HU, an individual

20 Approved as to form on:  
21 February 9, 2005  
22 By \_\_\_\_\_  
23 DAVID J. PASTERNAK, ESQ.  
24 Attorney for Respondents  
25  
26  
27  
28