

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
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Accusation of THE) File No.: 963-2525
CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) SETTLEMENT AGREEMENT
13)
Complainant,)
14)
15 vs.)
16 CF ESCROW, INC. and CHRISTIAN)
FREEMAN,)
17)
18 Respondents.)

19 This Settlement Agreement is entered into between CF Escrow, Inc. (“CF Escrow”) and
20 Christian Freeman (“Freeman”), on the one hand, and the California Corporations Commissioner
21 (“Commissioner”), on the other hand, and is made with respect to the following facts:

22 **RECITALS**

23 A. CF Escrow is a corporation in good standing, duly formed and existing pursuant to
24 the laws of the State of California, and authorized to conduct business in the State of California.

25 B. CF Escrow is an escrow agent licensed by the Commissioner pursuant to the Escrow
26 Law of the State of California (California Financial Code § 17000 et seq.). CF Escrow has its
27 principal place of business located at 778 Jamacha Road, El Cajon, California 92019.

28 C. Freeman is, and was at all times relevant to the Accusation described in paragraph D

1 below (“Accusation”), the president and sole shareholder of CF Escrow.

2 D. On April 25, 2011, CF Escrow and Freeman were personally served by the
3 Commissioner with a Notice of Intention to Issue Order to Revoke Escrow Agent’s License and To
4 Issue an Order Pursuant to Section 17423 (Bar from Employment, Management or Control of an
5 Escrow Agent), Accusation and accompanying documents dated April 19, 2011.

6 E. There is a change of ownership application currently pending with the Commissioner
7 wherein 50% of the shares of CF Escrow were being transferred to Tammy Piron (“Piron”), the
8 escrow manager of CF Escrow. CF Escrow and Freeman intend to amend the change of ownership
9 application to transfer 100% of the shares of CF Escrow to Piron (“change of ownership”) upon
10 execution of this Settlement Agreement.

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

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

15 **TERMS AND CONDITIONS**

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

18 2. CF Escrow and Freeman admit the allegations contained in the Accusation. The
19 admissions of CF Escrow and Freeman are solely for the limited purposes of these proceedings and
20 any future proceeding(s) that may be initiated by or brought before the Commissioner against CF
21 Escrow and Freeman. It is the intent and understanding between the parties that this Settlement
22 Agreement, and particularly the admissions of CF Escrow and Freeman, shall not be binding or
23 admissible against CF Escrow and/or Freeman in any action(s) brought against CF Escrow and/or
24 Freeman by third parties.

25 3. Freeman hereby agrees to the issuance by the Commissioner of an order barring
26 Freeman from any position of employment, management or control of any escrow agent. The Order
27 shall be effective no sooner than May 27, 2011, but no later than June 10, 2011. A copy of the bar
28 order is attached and incorporated as Exhibit A.

1 4. Freeman acknowledges his right to an administrative hearing under Financial Code
2 section 17423 in connection with the bar and hereby waives that right to a hearing, and to any
3 reconsideration, appeal, or other rights which may be afforded pursuant to the Escrow Law, the
4 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
5 provision of law in connection with this matter herein.

6 5. The Commissioner hereby agrees that Freeman shall be allowed 30 days within which
7 to complete the change of ownership of CF Escrow. The 30 day period shall commence on April 27,
8 2011. The Commissioner further agrees to extend the 30 day period up to a further 15 days in order
9 for Freeman to complete the change of ownership if such change of ownership has been diligently
10 pursued. CF Escrow and Freeman agree that in the event the change of ownership is not completed,
11 the escrow agent’s license of CF Escrow shall be automatically revoked and any rights to a hearing
12 regarding such revocation and to any reconsideration, appeal, or other rights which may be afforded
13 pursuant to the Escrow Law, the California Administrative Procedure Act, the California Code of
14 Civil Procedure, or any other provision of law in connection therewith are hereby waived.

15 6. CF Escrow and Freeman hereby acknowledge that pursuant to California Financial
16 Code Section 17213, any change of ownership of an ongoing independent escrow agent business
17 must be approved by the Commissioner through the filing of an Application for Change of
18 Ownership, which as stated in Recital Paragraph E above is currently pending and will be modified
19 to provide for the transfer of 100% of the shares of CF Escrow.

20 7. CF Escrow and Freeman understand that CF Escrow must be in compliance with the
21 Escrow Law, to include net worth and liquid asset requirements, annual audit reporting, and books
22 and records maintenance prior to approval of the change of ownership.

23 8. Except as otherwise provided in paragraph 7 above, the Commissioner hereby agrees
24 to process the change of ownership in an expeditious manner, which shall include prompt notice of
25 any deficiency in the completeness of the change of ownership application. CF Escrow and Freeman
26 agree that in the event that the Commissioner abandons or denies the change of ownership
27 application as provided by the Escrow Law, and the time set forth in paragraph 5 above has passed,
28 the escrow agent’s licenses of CF escrow shall be automatically revoked.

1 9. Notwithstanding paragraph 3 above, during the time period set forth in paragraph 5
2 above and including any extensions granted thereunder by the Commissioner, Freeman, as the owner
3 of CF Escrow, shall be allowed to take such steps as are necessary to sell CF Escrow as
4 contemplated by this Settlement Agreement. However, under no circumstances, shall such steps by
5 Freeman include processing any escrow transactions and/or signing on the trust account.

6 10. Except as otherwise provided herein, the parties agree that this Settlement Agreement
7 shall have the effect of dismissing that portion of the Notice of Intention relating to the revocation of
8 CF Escrow’s escrow agent’s licenses. The dismissal shall become effective upon the approval of the
9 change of ownership described in paragraph E above. This dismissal shall have no effect on the
10 validity of CF Escrow’s admissions herein.

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

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

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

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

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

16 16. This Settlement Agreement may be executed in one or more counterparts, each of
17 which shall be an original but all of which, together, shall be deemed to constitute a single
18 document.

19 17. Each signator hereto covenants that he/she possesses all necessary capacity and
20 authority to sign and enter into this Settlement Agreement.

21 Dated: 5/9/11 PRESTON DuFAUCHARD
22 California Corporations Commissioner

23 By _____
24 ALAN S. WEINGER
25 Deputy Commissioner

26 Dated: 4/28/11 CF ESCROW, INC.

27 By _____
28 CHRISTIAN FREMAN, President

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Dated: 4/28/11

By _____
CHRISTIAN FREEMAN, an individual

APPROVED AS TO FORM:

LAW OFFICES OF MICHAEL J. MATLAF

By _____
MICHAEL J. MATLAF, ESQ. Attorney for CF ESCROW, INC.
and CHRISTIAN FREEMAN

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
JUDY L. HARTLEY
Senior Corporations Counsel