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Deputy Commissioner
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Senior Corporations Counsel
3 Department of Corporations
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6

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

10 In the Matter of the Accusation of THE) OAH No.: 2011060649
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) File No.: 963-0748
12)
Complainant,) SETTLEMENT AGREEMENT
13)
14 vs.)
15 SC ESCROW SERVICES, INC.,)
16 Respondent.)
17 _____)

18 This Settlement Agreement is entered into between the California Corporations
19 Commissioner ("Commissioner") and SC Escrow Services, Inc. ("Respondent") (hereafter "the
20 parties") and is made with respect to the following facts:

21 **RECITALS**

- 22 A. Respondent is a corporation in good standing, duly formed and existing pursuant to
23 the laws of the State of California, and authorized to conduct business in the State of California.
24 B. Respondent currently holds escrow agent’s license number 963-0748 with its
25 principal place of business located at 500 Pier Avenue, Hermosa Beach, California, 90254.
26 C. Nancy Siqueiros is the president of Respondent and is authorized to enter into this
27 Settlement Agreement on behalf of Respondent.
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1 D. Respondent failed to timely file with the Commissioner its annual report containing
2 audited financial statements for year ending September 30, 2009 (“2009 Audit Report”), in violation
3 of Financial Code section 17406. This report was due on January 15, 2010 but was not filed until
4 March 3, 2010, subjecting Respondent to penalties pursuant to Financial Code section 17408.

5 E. On or about April 8, 2010, the Department sent to Respondent a letter explaining the
6 findings of the February 8, 2008 regulatory examination. The letter notified Respondent that a
7 written response was required within 30 days to inform the Department of corrective actions taken to
8 address the multiple issues cited in the letter. Respondent failed to submit a written report
9 responding to the Department’s April 8, 2010 regulatory examination letter within 30 days,
10 subjecting Respondent to additional penalties pursuant Financial Code section 17408.

11 F. Respondent failed to timely file with the Commissioner its annual report containing
12 audited financial statements for year ending September 30, 2010 (“2010 Audit Report”), in violation
13 of Financial Code section 17406. This report was due on January 18, 2011 but was not filed until
14 June 24, 2011. Accordingly, the Commissioner has assessed penalties in the amount of \$31,750.00
15 pursuant to Financial Code section 17408.

16 G. On May 11, 2011, the Commissioner issued an Accusation to Respondent in Support
17 of: (1) Order Suspending Escrow Agent’s License Pursuant to Financial Code Section 17608; and,
18 (2) Order Imposing Penalties Pursuant to Financial Code Section 17408 (“Accusation”).

19 H. Respondent’s annual report containing audited financial statements for year ending
20 September 30, 2011 (“2011 Audit Report”) became due on January 17, 2012. The 2011 Audit
21 Report was not filed with the Commissioner until February 6, 2012, or 20 days late, and is subject to
22 the assessment of additional penalties up to \$2,500.00 pursuant to Financial Code section 17408.

23 I. Respondent has timely requested an administrative hearing.

24 J. It is the intention and desire of the parties to resolve these matters without the
25 necessity of a hearing and/or other litigation.

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

TERMS AND CONDITIONS

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

4 2. Respondent hereby admits the allegations contained in the Accusation. Respondent’s
5 admissions herein are solely for the limited purposes of this proceeding and any future proceeding
6 that may be initiated by or brought before the Commissioner against Respondent. It is the intent and
7 understanding between the parties that this Settlement Agreement, and particularly Respondent’s
8 admissions herein, shall not be binding or admissible against Respondent in any action(s) brought
9 against Respondent by third parties.

10 3. Respondent agrees that the penalties accrued for the untimely filing of its 2010 Audit
11 Report total thirty-one thousand seven hundred and fifty dollars (\$31,750.00) and that penalties up to
12 two thousand five hundred dollars (\$2,500.00) may be assessed for the late filing of the 2011 Audit
13 Report. And, Respondent acknowledges that it is subject to the assessment of additional penalties
14 pursuant to Financial Code section 17408 until a satisfactory written response to the Commissioner’s
15 April 8, 2010 regulatory examination letter is filed. As full and final resolution of the above-
16 referenced penalties, Respondent agrees to pay to the Commissioner the sum of twenty thousand
17 dollars (\$20,000.00). The penalty shall be paid in two equal installments. The first payment of ten
18 thousand dollars (\$10,000.00) shall be due on or before April 1, 2012. The second payment of ten
19 thousand dollars (\$10,000.00) shall be due on or before April 15, 2012. The penalty payment shall
20 be postmarked by the due date and mailed via U.S. certified mail to: Senior Corporations Counsel
21 Miranda LeKander, 1515 K Street, Suite 200, Sacramento, California, 95814. Respondent further
22 agrees to an automatic revocation of its escrow agent’s license, effective immediately, if penalties
23 are not paid in strict compliance with the terms of this paragraph.

24 4. Respondent agrees that no later than April 15, 2012 it shall file with the
25 Commissioner a complete and satisfactory written response to the April 8, 2010 regulatory
26 examination letter referenced in Paragraph E above. Respondent further agrees to an automatic
27 revocation of its escrow agent’s license, effective immediately, if Respondent fails to strictly comply
28 with the terms of this paragraph.

1 5. Respondent hereby agrees to the immediate issuance by the Commissioner of an
2 order suspending Respondent's escrow agent's license for a period of seven (7) calendar days
3 ("Suspension Order"). The seven-day suspension shall be in effect from April 4, 2012 to April 10,
4 2012, during which period Respondent shall not accept any new escrow business, but may continue
5 to service prior and open escrows, in accordance with California Financial Code section 17609. For
6 purposes of this Settlement Agreement, "open escrow" shall mean an escrow wherein the parties to
7 such escrow have already entered into a binding agreement and monies and/or escrow instructions
8 have been submitted to Respondent regarding the transaction. This suspension does not preclude
9 Respondent from: (1) continuing to service prior and open escrows; (2) responding to regulatory
10 inquiries from the Department of Corporations or other agencies; (3) making the penalty payment
11 described in this Settlement Agreement; and, (4) otherwise responding to customer inquiries
12 concerning open escrows. Additionally, Respondent will be required to engage its certified public
13 accounting firm to review the records of Respondent after the suspension has been completed and
14 report its findings of compliance with the suspension to the Commissioner within 30 days of
15 completion of the suspension. The Commissioner reserves the right to audit Respondent for
16 compliance with the suspension notwithstanding the findings of the certified public accountant's
17 review. A copy of the Suspension Order is attached and incorporated as Exhibit A.

18 6. The parties hereby acknowledge and agree that this Settlement Agreement is intended
19 to constitute a full, final and complete resolution of the Accusation. The parties further acknowledge
20 and agree that nothing contained in this Settlement Agreement shall operate to limit the
21 Commissioner's ability to assist any other agency (county, state or federal) with any prosecution,
22 administrative, civil or criminal, brought by any such agency against Respondent based upon any of
23 the activities alleged in these matters or otherwise.

24 7. Respondent acknowledges and agrees that the suspension and revocation orders
25 provided for above shall not be the exclusive remedy available to the Commissioner in pursuing
26 future violations but may be sought and employed in addition to any other remedy available pursuant
27 to the Escrow Law. Further, Respondent acknowledges that this Settlement Agreement does not
28 resolve any regulatory issues not otherwise specified in the Accusation or herein, including any

1 concerns that the Commissioner may identify arising from review of Respondent’s 2011 Audit
2 Report.

3 8. Respondent acknowledges it has waived its right to an administrative hearing under
4 California Financial Code sections 17608 and 17408 in connection with the Accusation, and hereby
5 waives its right to a hearing, and to any reconsideration, appeal, or other rights which may be
6 afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the California
7 Code of Civil Procedure, or any other provision of law in connection with these matters.
8 Respondent further authorizes the Commissioner to withdraw and/or dismiss with prejudice its
9 request for an administrative hearing.

10 9. Each of the parties represents, warrants, and agrees that it has received, or
11 acknowledges the right to seek, independent legal advice from its attorney(s) with respect to the
12 advisability of executing this Settlement Agreement.

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

23 11. This Settlement Agreement is the final written expression and the complete and
24 exclusive statement of all the agreements, conditions, promises, representations, and covenants
25 between the Parties with respect to the subject matter hereof, and supercedes all prior or
26 contemporaneous agreements, negotiations, representations, understandings, and discussions
27 between and among the parties, their respective representatives, and any other person or entity, with
28 respect to the subject matter covered hereby.

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

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

14. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: 03/14/12 JAN LYNN OWEN
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner

Dated: 03/14/12 SC ESCROW SERVICES, INC.

By _____
NANCY SIQUEIROS
President