

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
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Senior Corporations Counsel
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7 Attorneys for Complainant
CALIFORNIA DEPARTMENT
8 OF CORPORATIONS

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11 In the Matter of the ORDER of THE
CALIFORNIA CORPORATIONS
12 COMMISSIONER,

13 Complainant,

14 v.

15
16 SAGE CREDIT ESCROW, INC.,

17 Respondent.
18
19
20

) OAH Case No.: 2008050598

) File No.: 963-2086

) **SETTLEMENT AGREEMENT**

21
22 This Settlement Agreement ("Agreement") is entered into between Sage Credit Escrow, Inc.
23 ("Sage Credit Escrow") and the California Corporations Commissioner ("Commissioner") with
24 respect to the following facts:

25 **RECITALS**

26 A. Sage Credit Escrow is a corporation in good standing, duly formed and existing pursuant
27 to the laws of the State of California, and authorized to conduct business in the State of California.
28

1 B. Sage Credit Escrow is an escrow agent licensed by the Commissioner pursuant to the
2 Escrow Law of the State of California (California Financial Code, Section 17000, *et seq.*) Sage
3 Credit Escrow currently holds escrow agent's license number 963-2086 with its principal place of
4 business located at 8001 Irvine Center Drive, Suite 220, Irvine, CA 92618.

5 C. Quentin Caruana ("Caruana") is Sage Credit Escrow's president, and Paul Rodriguez
6 ("Rodriguez") serves as the executive vice-president of Sage Credit Escrow. Either Caruana or
7 Rodriguez are authorized to enter into this agreement on the part of Sage Credit Escrow.

8 D. On or about March 26, 2008, the Commissioner issued an Order Imposing Penalties
9 pursuant to the California Financial Code section 17408 ("Order"). This Order imposed penalties in
10 the amount "of \$19,300, plus an additional \$100 a day for each day after March 26, 2008 that the
11 annual audit report is not filed." The penalties were assessed due to Sage Credit Escrow's failure to
12 timely file its annual audit report for the fiscal year ended May 31, 2007 as required by California
13 Financial Code section 17406.

14 E. On or about March 26, 2008, the Commissioner issued a Notice of Intention to Issue
15 Order Suspending Escrow Agent's License pursuant to the California Financial Code section 17608,
16 Accusation and accompanying documents. Finding that Sage Credit Escrow had violated Financial
17 Code section 17406 by failing to timely file its annual audit report, the Commissioner notified Sage
18 Credit Escrow of his intention to suspend Sage Credit Escrow's agent license "until such time as
19 Respondent files its audit report for the fiscal year ending May 31, 2007 or for a period of one
20 month, whichever is greater."

21 E. The Order Imposing Penalties, Notice of Intention to Issue Order Suspending Escrow
22 Agent's License, Accusation and accompanying documents were served on Sage Credit Escrow at
23 its address of record on file with the Department no later than May 16, 2008. Sage Credit Escrow
24 filed the annual audit report and its request for a hearing on the Commissioner's Order with the
25 Department on or about May 20, 2008.

26 F. The Office of Administrative Hearings set this matter for a hearing on August 20, 2008 at
27 9:00 AM. It is the intention and the desire of the parties to resolve this matter without proceeding
28 with the 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
4 **TERMS AND CONDITIONS**

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

7 2. Sage Credit Escrow hereby admits the allegations contained in the Order. The admissions
8 of Sage Credit Escrow are solely for the limited purposes of these proceedings and any future
9 proceeding(s) that may be initiated by or brought before the Commissioner against Sage Credit
10 Escrow. It is the intent and understanding of the parties that this Agreement, and the admissions of
11 Sage Credit Escrow contained herein, shall not be binding or admissible against Sage Credit Escrow
12 in any action(s) brought against Sage Credit Escrow by third parties.

13 3. Sage Credit Escrow agrees that the Order is hereby deemed a final order. Sage Credit
14 Escrow acknowledges penalties accruing pursuant to the Order for the untimely filing of its 2007
15 annual audit report totaled \$24,600. As full settlement of the Order, Sage Credit Escrow agrees to
16 pay the Commissioner the sum of \$24,600 in penalties, which shall be paid as follows:

- 17 - \$2000 by the close of business on September 15, 2008;
- 18 - \$2000 by the close of business on October 15, 2008;
- 19 - \$2000 by the close of business on November 15, 2008;
- 20 - \$2000 by the close of business on December 15, 2008;
- 21 - \$2000 by the close of business on January 15, 2009;
- 22 - \$2000 by the close of business on February 15, 2009;
- 23 - \$2000 by the close of business on March 15, 2009;
- 24 - \$2000 by the close of business on April 15, 2009;
- 25 - \$2000 by the close of business on May 15, 2009;
- 26 - \$2000 by the close of business on June 15, 2009;
- 27 - \$2000 by the close of business on July 15, 2009;

1 - \$2000 by the close of business on August 15, 2009;

2 - \$600 by the close of business on September 15, 2009.

3 Sage Credit Escrow's payments shall be forwarded to the attention of Brent Lindgren, Senior
4 Corporations Counsel for the Department of Corporations.

5 4. Sage Credit Escrow hereby agrees to the issuance of an order suspending Sage Credit
6 Escrow's license for a period of one week beginning September 8, 2008. The suspension shall be
7 effective provided that Sage Credit has already (1) signed and returned this settlement agreement; (2)
8 paid their assessment of \$2800 to the Department of Corporations which was due on June 30, 2008;
9 and (3) paid the assessment of \$373.80 to Escrow Agent's Fidelity Corporation. In connection with
10 the suspension, Sage Credit shall file with the Commissioner at close of business on September 5,
11 2008, a list of all open escrows with escrow numbers and escrow party names along with a copy of
12 the signed escrow instructions and signed deposit receipt(s) for the last opened escrow, signed by the
13 president of Sage Credit Escrow under penalty of perjury. For purposes of this Agreement, open
14 escrow shall mean an escrow wherein the parties to such escrow have already entered into a binding
15 agreement and monies and/or escrow instructions have been submitted to Sage Credit Escrow
16 regarding the transaction. Additionally, Sage Credit Escrow will be required to immediately engage
17 its certified public accounting ("CPA") firm to review the records of Sage Credit Escrow after the
18 suspension has been completed and report its findings regarding compliance with the suspension
19 ("CPA Report") to the Department by October 10, 2008. Sage Credit Escrow's CPA shall file its
20 CPA Report with the Department directly. The Commissioner reserves the right to audit Sage Credit
21 Escrow for compliance with the suspension notwithstanding the findings of the CPA review.

22 A copy of the suspension order is attached and incorporated as Exhibit A.

23 5. In the event that Sage Credit Escrow fails to make any of the payments outlined in
24 paragraph 3 by the time specified or violates the Suspension Order attached as Exhibit A, then the
25 Commissioner will summarily revoke the escrow agent's license of Sage Credit Escrow, and Sage
26 Credit Escrow waives any right to a hearing on the matter of the summary revocation.

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13. This 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. A faxed signature shall be deemed the same as an original signature.

9/2/08 aaw
Dated: ~~August 26, 2008~~

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
Alan S. Weinger
Acting Deputy Commissioner
California Department of Corporations

Dated: August 25, 2008

SAGE CREDIT ESCROW, INC.

By: _____
Quentin Caruana or Paul Rodriguez
President or Executive Vice-president