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8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) ESCROW LICENSE NO.: 963-0348
12)
13 THE COMMISSIONER OF BUSINESS) ACCUSATION
OVERSIGHT,)
14)
15 Complainant,)
16)
17 v.)
18)
HACIENDA ESCROW CORPORATION and)
19 RONALD BRYAN FORNO,)
20 Respondents.)

21 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), is informed
22 and believes, and based upon such information and belief, alleges and charges Respondents Hacienda
23 Escrow Corporation (Hacienda) and Ronald Bryan Forno (Forno) as follows:

24 I.

25 Introduction

26 1. The Commissioner seeks to vacate and set aside the stay order imposed under
27 the August 1, 2019 adopted decision issued in the matter of the *Commissioner v. Hacienda*
28

1 *Escrow, Inc. et al.*, Office of Administrative Hearings (OAH) case number 2019010464 (Adopted
2 Decision).

3 2. The Commissioner finds Hacienda and Forno violated the Financial Code and its
4 regulations by accepting new escrow business while Hacienda was subject to the Commissioner's
5 November 7, 2018 order to discontinue escrow activities under Financial Code section 17415 (Order
6 to Discontinue). The Order to Discontinue explicitly prohibited Hacienda from accepting any new
7 escrow business during the period the order was in effect, November 9 through November 29, 2018,
8 but Hacienda and Forno accepted approximately 60 new escrows during that time. Because Hacienda
9 and Forno violated an order of the Commissioner, grounds exist to set aside the stay under the
10 Adopted Decision and impose the revocation of Hacienda's escrow agent's license and Forno's bar.

11 II.

12 Jurisdiction

13 3. The Commissioner has jurisdiction over the licensing and regulation of persons and
14 entities engaged in the business of receiving escrows for deposit or delivery under the Escrow Law
15 (Fin. Code, § 17000 et seq.) (Escrow Law). The Commissioner is authorized to administer and
16 enforce the Escrow Law and the rules and regulations promulgated in title 10 of the California Code
17 of Regulations (CCR).

18 4. The Commissioner brings this action under the Adopted Decision to revoke
19 Hacienda's escrow agent's license pursuant to Financial Code section 17608 and to bar Forno from
20 any position of employment, management, or control of any escrow agent pursuant to Financial Code
21 section 17423.

22 III.

23 Statement of Facts

24 5. Hacienda, a California corporation, is an escrow agent licensed by the Commissioner
25 under license number 963-0348. Hacienda has its principal place of business located at 1131 West
26 6th Street, Suite 270, Ontario, California.

27 6. Forno is Hacienda's owner, president, escrow manager, and escrow officer. Forno is
28 the authorized signer on Hacienda's trust account.

1 7. The Commissioner began a regulatory examination of Hacienda’s business on August
2 2, 2017.

3 8. The Commissioner’s examination disclosed multiple violations of the Escrow Law,
4 including Hacienda’s failure to timely reconcile its trust account in violation of Financial Code
5 section 17404 and CCR section 1732.2; fraudulent checks drawn on the trust account by third parties
6 in violation of Financial Code section 17414, subdivision (a)(1); Hacienda’s failure to timely provide
7 the Commissioner with books and records necessary to complete the regulatory examination in
8 violation of Financial Code section 17405, subdivision (b); and unreported employees processing
9 escrows at Hacienda’s licensed location in violation of CCR 1726.

10 **Order to Discontinue Violations**

11 9. In light of the examination findings, the Commissioner determined Hacienda was
12 operating in such an unsafe and injurious manner as to render further operations hazardous to the
13 public or to customers and issued Hacienda the Order to Discontinue.

14 10. Under the Order to Discontinue, the Commissioner demanded Hacienda “immediately
15 discontinue acceptance of any new escrow [] business, and of any money, documents or other
16 property in connection therewith.” (Order to Discontinue at p. 6:10-11.) The Order to Discontinue
17 was to remain in “full force and effect” until the Commissioner ordered otherwise. (*Id.* at p. 6:12.)

18 11. On November 8, 2018, by e-mail, the Commissioner served Hacienda’s counsel with
19 the Order to Discontinue. Hacienda’s counsel acknowledged receiving the Order to Discontinue and
20 submitted Hacienda’s hearing request and discovery demand by e-mail that same day.

21 12. In her November 8 e-mail requesting a hearing on behalf of the client, Hacienda’s
22 counsel wrote (in reference to the Order to Discontinue):

23 [M]y client emphatically states that he provided much of this requested
24 information to [the examiner] during the investigation. Can you please
25 forward me all that [the examiner] has so that I can see where the holes
are that need to be filled in. *He is eager to comply.* (emphasis added.)

26 13. Both Hacienda and Forno had actual notice of the Order to Discontinue by at least
27 November 8.

28

1 14. OAH set the matter for a one-day hearing on December 5. Hacienda’s counsel later
2 sought to continue the hearing date, and OAH accommodated Hacienda’s request and continued the
3 hearing to December 6.

4 15. Hacienda and Forno responded to the Commissioner’s demand to produce books and
5 records and they took certain steps necessary to address the issues identified during the August 2,
6 2017 regulatory exam as described in the Order to Discontinue.

7 16. In light of Hacienda and Forno’s compliance with the Order to Discontinue, the
8 Commissioner set the order aside on November 29, and the parties agreed to take the December 6
9 hearing off calendar.

10 17. The Order to Discontinue was in effect from November 9 through November 29,
11 2018.

12 **Adopted Decision**

13 18. The Commissioner’s August 2, 2017 examination also disclosed Forno had disbursed
14 \$10,000.00 in trust funds to his personal bank account on April 5, 2017, and neither Forno nor
15 Hacienda replaced the trust funds Forno took for another 15 months despite having knowledge of the
16 disbursement. Forno’s unauthorized disbursement of trust funds violated Financial Code section
17 17414, subdivision (a)(1) and caused an actual shortage in Hacienda’s trust account from April 5,
18 2017 until July 23, 2018, when Hacienda replaced the \$10,000.00 from its general account.

19 19. On January 7, 2019, the Commissioner concluded Hacienda’s escrow agent’s license
20 should be revoked and Forno barred from any position of employment, management, or control of
21 any escrow agent, as a result of Forno’s unauthorized disbursement of trust funds and issued notices
22 of intention and an accusation (Accusation) against Hacienda and Forno.

23 20. Hacienda and Forno timely filed their notices of defense under Government Code
24 section 11506 for the purpose of requesting an administrative hearing on the allegations set forth in
25 the Accusation, and OAH set the matter for a one-day hearing on February 6, 2019.

26 21. Judge Eileen Cohn conducted the parties’ February 6 hearing. Attorney Jennifer Felten
27 represented Hacienda and Forno. During the hearing, Forno testified on his own behalf and on behalf
28 of Hacienda. Forno’s testimony confirmed that no one at Hacienda had decision making authority

1 above him and that he was aware of what was going on at the business at all times. The court closed
2 the record on February 6.

3 22. On March 8, Judge Cohn reopened the record and requested additional briefing on the
4 meaning of reckless under Financial Code section 17414, subdivision (a)(1) and whether any order,
5 bar, or suspension had been imposed on respondents pending the department's final decision.

6 23. On April 22, Judge Cohn issued her proposed decision. Under the proposed decision,
7 Judge Cohn concluded Forno had recklessly disbursed \$10,000.00 in trust funds within the meaning
8 of the statute and regulations and cause existed to revoke Hacienda's escrow agent's license and to
9 bar Forno. (See Adopted Decision at p. 8, ¶ 7. (c).) But under Government Code section 11519,
10 subdivision (b), Judge Cohn stayed the execution of the revocation and bar, and placed Hacienda and
11 Forno on probation for a period of 18 months. (Adopted Decision at p. 10, ¶¶ 9 and 10.)

12 24. Judge Cohn further ordered that should Hacienda and Forno violate the terms of the
13 Adopted Decision "or otherwise violate[] the Financial Code or its regulations, the Commissioner,
14 after notice to respondents and an opportunity to be heard, may, in [his] discretion, vacate and set
15 aside the stay order and impose the revocation of Hacienda's escrow license and[] the bar issued to
16 Forno." (Adopted Decision at p. 11, ¶ 5.)

17 25. On August 1, under Government Code section 11517, subdivision (c)(2)(C) the
18 Commissioner adopted the proposed decision.

19 26. The Adopted Decision became effective on August 31, and Hacienda and Forno
20 remain on probation and subject to the terms set forth in the Adopted Decision.

21 **Grounds to Impose Revocation and Bar – Violation of Order to Discontinue and Financial**
22 **Code**

23 27. An escrow agent must file its annual audit report (containing audited financial
24 statements and other information) within 105 days of the close of its fiscal year-end. (Fin. Code, §
25 17406, subdivision (a).) Hacienda's fiscal year-end is December 31, and the company's 2018 annual
26 audit report was due to the Commissioner by April 15, 2019.

27 28. On May 3, Hacienda filed its December 31, 2018 annual audit report. Hacienda's
28 report was 28 days late.

1 29. The Commissioner's review of Hacienda's December 31, 2018 annual audit report
2 showed Hacienda and Forno had accepted new escrow business during the period the Order to
3 Discontinue was in effect.

4 30. Hacienda provided a copy of its trial balance with the December 31, 2018 annual audit
5 report.

6 31. Hacienda's trial balance records the escrow file number, first activity date, last activity
7 date, and escrow balance. The trial balance showed Hacienda had opened at least 10 new escrow files
8 during the period November 9 through November 29, 2018, the same period of time the Order to
9 Discontinue remained in effect.

10 32. On July 18 and 19, the Commissioner's examiner conducted a special examination of
11 Hacienda's books and records to confirm Hacienda and Forno had accepted new escrow business
12 during the period the Order to Discontinue was in effect.

13 33. The examiner obtained a copy of Hacienda's manual escrow log under the special
14 examination. Hacienda's manual escrow log records the escrow file number, the escrow officer,
15 property address, escrow opening date, and a reference name.

16 34. Escrow agents issue escrow file numbers consecutively. According to Hacienda's
17 manual escrow log, on November 8, 2018, the same day Hacienda and Forno received the Order to
18 Discontinue, Hacienda assigned escrow number 18-15145-BF to the last file opened that day. The
19 very next entry, after escrow file number 18-15145-BF, was an entry for escrow file number 18-
20 15146-BF, but the entry fails to record an escrow opening date. The next entry to record an escrow
21 file opening date is an entry for November 30 – escrow file number 18-15204-BF.

22 35. Between November 9 and November 29, the manual escrow log records 60 new
23 escrows, but the log fails to record the escrow file opening date for all 60 entries. Forno is the escrow
24 officer listed in all 60 escrow transactions.

25 36. Hacienda's failure to record the escrow file opening date in the manual escrow log
26 only occurs during the period November 9 through November 29, the same period the Order to
27 Discontinue was in effect.

28

1 37. The examiner concluded Hacienda opened the 60 escrow files recorded in the manual
2 escrow log during the period the Order to Discontinue was in effect. For example, Hacienda's trial
3 balance shows escrow file number 18-15176-BF opened on November 15, but the manual escrow log
4 fails to record a file opening date next to the entry for escrow file number 18-15176-BF.

5 38. Financial Code section 17414, subdivision (a)(2) prohibits any person subject to the
6 Escrow Law, including escrow officers, agents, and employees, from knowingly or recklessly making
7 any misstatement or omission to state a material fact, in writing, in escrow books, accounts, files,
8 reports, exhibits, statements, or any other document pertaining to an escrow or escrow affairs.

9 39. Hacienda violated Financial Code section 17414, subdivision (a)(2) by failing to
10 record the opening date for the 60 escrow files reflected in Hacienda's manual escrow log.

11 40. To confirm the opening date for the 60 escrow files, the examiner requested a copy of
12 Hacienda's status report for the month of November 2018. The status report includes the receipts and
13 disbursements for all escrows active during the time the report was printed. The examiner reviewed
14 the report and requested at least three of the 60 escrow files opened during the period the Order to
15 Discontinue was in effect.

16 ***Escrow File Number 18-15187-BF***

17 41. Hacienda opened escrow file number 18-15187-BF on November 19, 2018, according
18 to the company's status report (Hacienda's manual escrow log fails to record the file opening date).
19 Forno was the assigned escrow officer.

20 42. On November 15, the buyer in the escrow submitted an offer to purchase the property.
21 On November 18, the seller submitted a counteroffer, which the buyer accepted that same day. The
22 parties signed a California Residential Purchase Agreement and Joint Escrow Instructions (purchase
23 agreement) on November 19. The purchase agreement the parties signed on November 19 designates
24 Hacienda as the escrow agent.

25 43. Forno, on behalf of Hacienda, signed the escrow holder acknowledgment contained in
26 the purchase agreement and assigned the transaction escrow file number 18-15187-BF.

27 44. The purchase agreement indicates the buyer's earnest money deposit was to be
28 \$2,000.00. The seller's counteroffer confirmed the earnest money deposit was to be \$2,000.00.

1 45. On November 19, Hacienda issued an Escrow Acceptance, Instructions and General
2 Provisions (escrow instructions) dated November 19, which also confirmed that the buyer's earnest
3 money deposit was \$2,000.00.

4 46. On November 19, Samantha Williams (Williams), an escrow assistant employed by
5 Hacienda and managed by Forno, e-mailed the following message to the escrow parties' transaction
6 coordinator and Forno:

7 Hello there, We will get this going right away!! Please see our wire
8 instructions attached, please advise once [the earnest money deposit]
9 has been sent so we can be on the lookout. We have a group email for
10 all parties in our office who assist with sale transactions, please be sure
11 to keep resale@haciendaescrowcorp.com CC'ed on all emails. We look
12 forward to a smooth transaction!!

13 47. The examiner's review of Hacienda's trust account bank statement for the month
14 ended November 30, 2018 shows on November 21 Hacienda received the buyer's earnest money
15 deposit by wire in the amount of \$2,000.00.

16 48. Under CCR section 1732.1, all receipts must be posted no later than the next business
17 day after the funds are received from the escrow customer. Despite having received the buyer's
18 earnest money deposit by wire transfer on November 21, Hacienda issued the buyer a receipt for the
19 earnest money deposit dated November 30, six business days after Hacienda received the buyer's
20 funds and one day after the Commissioner set aside the Order to Discontinue.

21 49. Hacienda violated CCR section 1732.1 by failing to timely post the buyer's earnest
22 money deposit receipt in escrow file number 18-15187-BF.

23 50. Based on the examiner's review of escrow file 18-15187-BF, Hacienda and Forno
24 violated the Order to Discontinue and Financial Code section 17415 by accepting new escrow
25 business while the Order to Discontinue was in effect.

26 ***Escrow File Number 18-15188-BF***

27 51. Hacienda opened escrow file number 18-15188-BF on November 19, 2018,
28 according to the company's status report (Hacienda's manual escrow log fails to record the file
opening date). Forno was the assigned escrow officer.

1 52. On November 19, the buyer submitted an offer to purchase the property. On
2 November 19, the seller submitted a counteroffer, and the buyer accepted the seller's counteroffer
3 that same day. The parties signed a California Residential Purchase Agreement and Joint Escrow
4 Instructions (purchase agreement) on November 19. The purchase agreement the parties signed on
5 November 19 designates Hacienda as the escrow agent.

6 53. Forno, on behalf of Hacienda, signed the escrow holder acknowledgment contained in
7 the purchase agreement.

8 54. The purchase agreement indicates the buyer's earnest money deposit was to be
9 \$3,250.00.

10 55. On November 19, Hacienda issued an Escrow Acceptance, Instructions and General
11 Provisions (escrow instructions) dated November 19, confirming that the earnest money deposit was
12 \$3,250.00.

13 56. On November 20, the broker to the transaction e-mailed the following message to
14 Williams at Hacienda:

15 Good Morning Sam [Williams], attached is a[n] executed [Residential
16 Purchase Agreement] and Counter Offer [*sic*] for the subject property. I
17 am also attaching the prelim I ordered from USA Title and the HOA
18 statement . . . Please send wire instructions. We are shooting to close 30
19 days or sooner so please find out what the lender will need from the
20 HOA so it can be ordered[.]

21 57. The examiner's review of Hacienda's trust account bank statement for the month
22 ended November 30, 2018 shows on November 20 Hacienda received the buyer's earnest money
23 deposit by wire in the amount of \$3,250.00.

24 58. Despite having received the buyer's earnest money deposit by wire transfer on
25 November 20, Hacienda issued the buyer a receipt for the earnest money deposit dated November 30,
26 seven business days after Hacienda received the buyer's funds and one day after the Commissioner
27 set aside the Order to Discontinue.

28 59. Hacienda violated CCR section 1732.1 by failing to timely post the buyer's earnest
money deposit receipt in escrow file number 18-15188-BF.

1 60. Based on the examiner's review of escrow file 18-15188-BF, Hacienda and Forno
2 violated the Order to Discontinue and Financial Code section 17415 by accepting new escrow
3 business while the Order to Discontinue was in effect.

4 ***Escrow File Number 18-15189-BF***

5 61. Hacienda opened escrow file number 18-15189-BF on November 18, 2018, according
6 to the company's status report (Hacienda's manual escrow log fails to record the file opening date).
7 Forno was the assigned escrow officer.

8 62. On November 17, the buyer submitted an offer to purchase the property. On
9 November 18, the seller accepted the buyer's offer. The parties signed a California Residential
10 Purchase Agreement and Joint Escrow Instructions (purchase agreement) on November 18. The
11 purchase agreement the parties signed on November 18 designates Hacienda as the escrow agent.

12 63. The purchase agreement indicates the buyer's earnest money deposit was to be
13 \$3,000.00.

14 64. On November 18, Hacienda issued an Escrow Acceptance, Instructions and General
15 Provisions (escrow instructions) dated November 18, confirming that the earnest money deposit was
16 \$3,000.00.

17 65. The buyer was the remitter of a cashier's check dated November 19 in the amount of
18 \$3,000.00. On November 30, Hacienda posted receipt number 17081 for the buyer's \$3,000.00
19 earnest money deposit. But a review of Hacienda's "Receipt Activity for the period 11/1/2018 to
20 11/30/2018" report shows Hacienda issued receipts numbers 17080 and 17082 on November 27.
21 Receipt number 17081 should have been issued on November 27, but Hacienda post-dated receipt
22 17081 to November 30, one day after the Commissioner set aside the Order to Discontinue.

23 66. Hacienda violated CCR section 1732.1 by failing to timely post the buyer's earnest
24 money deposit receipt in escrow file number 18-15189-BF.

25 67. Based on the examiner's review of escrow file 18-15189-BF, Hacienda and Forno
26 violated the Order to Discontinue and Financial Code section 17415 by accepting new escrow
27 business while the Order to Discontinue was in effect.

28

1 68. Hacienda and Forno violated the Financial Code and regulations, and cause exists to
 2 vacate and set aside the stay order and impose the revocation of Hacienda’s escrow license and
 3 Forno’s bar.

4 **IV.**

5 **Applicable Statutes**

6 69. Financial Code section 17400 provides:

7 The commissioner may from time to time make, amend, and rescind the
 8 rules, forms, and orders that are necessary to carry out the provisions of
 9 this division, and define any terms, whether or not used in this division,
 10 insofar as the definitions are not inconsistent with the provisions of this
 11 division. For the purpose of rules and forms, the commissioner may,
 12 among other things, classify persons and matters within the
 13 commissioner’s jurisdiction and may prescribe different requirements
 for different classes. The commissioner may, in the commissioner’s
 14 discretion, waive any requirement of any rule or form in situations
 15 where in his or her opinion the requirement is not necessary in the
 16 public interest or for the protection of the public.

14 70. Financial Code section 17406, subdivision (a) provides:

15 Each licensee shall submit to the commissioner, at the licensee's own
 16 expense, an audit report containing audited financial statements
 17 covering the calendar year or, if the licensee has an established fiscal
 18 year, then for that fiscal year, within 105 days after the close of the
 19 calendar or fiscal year, as applicable. At that time, each licensee shall
 also file additional relevant information as the commissioner may
 20 require.

20 71. Financial Code section 17414 provides:

21 (a) It is a violation for any person subject to this division or any
 22 director, stockholder, trustee, officer, agent, or employee of any such
 23 person to do any of the following:

24 (1) Knowingly or recklessly disburse or cause the disbursement of escrow
 25 funds otherwise than in accordance with escrow instructions, or
 26 knowingly or recklessly to direct, participate in, or aid or abet in a
 27 material way, any activity which constitutes theft or fraud in connection
 28 with any escrow transaction.

 (2) Knowingly or recklessly make or cause to be made any
 misstatement or omission to state a material fact, orally or in writing, in

1 escrow books, accounts, files, reports, exhibits, statements, or any other
2 document pertaining to an escrow or escrow affairs.

3 (b) Any director, officer, stockholder, trustee, employee, or agent of an
4 escrow agent, who abstracts or willfully misappropriates money, funds,
5 trust obligations or property deposited with an escrow agent, is guilty
6 of a felony. Upon conviction, of an offense under this section or similar
7 offenses specified in Chapter 4 (commencing with Section 470),
8 Chapter 5 (commencing with Section 484), or Chapter 6 (commencing
9 with Section 503) of Title 13 of Part 1 of the Penal Code, the court
10 shall, in addition to any other punishment imposed, order the person to
11 make full restitution, first to the escrow agent and then to Fidelity
12 Corporation, to the extent it has indemnified the escrow agent. Nothing
13 in this section shall be deemed or construed to repeal, amend, or impair
14 any existing provision of law prescribing a punishment for such an
15 offense.

16 (c) Any person subject to this division who knows of a person's
17 involvement in an abstraction or misappropriation of money, funds,
18 trust obligations, or property deposited with a licensed escrow agent
19 shall immediately report the abstraction or misappropriation in writing
20 to the commissioner and to Fidelity Corporation. No person shall be
21 civilly liable for reporting as required under this subdivision, unless the
22 information provided in the report is false and the person providing
23 false information does so with knowledge and malice. The reports filed
24 under this section, including the identity of the person making the
25 filing, shall remain confidential pursuant to state law.

26 72. Financial Code section 17415 provides:

27 (a) If the commissioner, as a result of any examination or from any
28 report made to him or her, shall find that any person subject to this
division is in an insolvent condition, is conducting escrow business in
such an unsafe or injurious manner as to render further operations
hazardous to the public or to customers, has failed to comply with the
provisions of Section 17212.1 or 17414.1, has permitted its tangible net
worth to be lower than the minimum required by law, has failed to
maintain its liquid assets in excess of current liabilities as set forth in
Section 17210, or has failed to comply with the bonding requirements
of Chapter 2 (commencing with Section 17200) of this division, the
commissioner may, by an order addressed to and served by registered
or certified mail or by personal service on such person and on any other
person having in his or her possession or control any escrowed funds,
trust funds or other property deposited in escrow with said person,
direct discontinuance of the disbursement of trust funds by the parties
or any of them, the receipt of trust funds, the delivery or recording of

1 documents received in escrow, or other business operations. No person
2 having in his or her possession any of these funds or documents shall
3 be liable for failure to comply with the order unless he or she has
4 received written notice of the order. Subject to subdivision (b), the
5 order shall remain in effect until set aside by the commissioner in
6 whole or in part, the person is the subject of an order for relief in
7 bankruptcy, or pursuant to Chapter 6 (commencing with Section
8 17621) of this division the commissioner has assumed possession of the
9 escrow agent.

7 (b) Within 15 days from the date of an order pursuant to subdivision
8 (a), the person may request a hearing under the Administrative
9 Procedure Act, Chapter 5 (commencing with Section 11500) of
10 Division 3 of Title 2 of the Government Code. Upon receipt of a
11 request, the matter shall be set for hearing to commence within 30 days
12 after such receipt unless the person subject to this division consents to a
13 later date. If no hearing is requested within 15 days after the mailing or
14 service of such notice and none is ordered by the commissioner, the
15 failure to request a hearing shall constitute a waiver of the right to a
16 hearing. Neither the request for a hearing nor the hearing itself shall
17 stay the order issued by the commissioner under subdivision (a).

14 73. Financial Code section 17423 provides:

15 (a) The commissioner may, after appropriate notice and opportunity for
16 hearing, by order, censure or suspend for a period not exceeding 12
17 months, or bar from any position of employment, management, or
18 control any escrow agent, or any other person, if the commissioner
19 finds either of the following:

19 (1) That the censure, suspension, or bar is in the public interest and that
20 the person has committed or caused a violation of this division or rule
21 or order of the commissioner, which violation was either known or
22 should have been known by the person committing or causing it or has
23 caused material damage to the escrow agent or to the public.

23 (2) That the person has been convicted of or pleaded nolo contendere to
24 any crime, or has been held liable in any civil action by final judgment,
25 or any administrative judgment by any public agency, if that crime or
26 civil or administrative judgment involved any offense specified in
27 subdivision (b) of Section 17414.1, or any other offense reasonably
28 related to the qualifications, functions, or duties of a person engaged in
the business in accordance with the provisions of this division.

(b) Within 15 days from the date of a notice of intention to issue an
order pursuant to subdivision (a), the person may request a hearing

1 under the Administrative Procedure Act (Chapter 5 (commencing with
2 Section 11500) of Division 3 of Title 2 of the Government Code).
3 Upon receipt of a request, the matter shall be set for hearing to
4 commence within 30 days after such receipt unless the person subject
5 to this division consents to a later date. If no hearing is requested within
6 15 days after the mailing or service of such notice and none is ordered
7 by the commissioner, the failure to request a hearing shall constitute a
8 waiver of the right to a hearing.

9 (c) Upon receipt of a notice of intention to issue an order pursuant to
10 this section, the person who is the subject of the proposed order is
11 immediately prohibited from engaging in any escrow processing
12 activities, including disbursing any trust funds in the escrow agent's
13 possession, custody or control, and the financial institution holding
14 trust fluids shall be so notified by service of the notice, accusation and
15 other administrative pleadings. The prohibition against disbursement of
16 trust funds may be set aside, in whole or in part, by the commissioner
17 for good cause.

18 (d) Fidelity Corporation shall disclose to all licensees the identity of
19 persons who have been censured, suspended, or barred from any
20 position of employment, management, or control.

21 (e) Persons suspended or barred under this section are prohibited from
22 participating in any business activity of a licensed escrow agent and
23 from engaging in any business activity on the premises where a
24 licensed escrow agent is conducting escrow business. This subdivision
25 shall not be construed to prohibit suspended or barred persons from
26 having their personal escrow transactions processed by a licensed
27 escrow agent.

28 (f) This section shall apply to any violation, conviction, plea, or
judgment occurring at any time prior to and after the enactment of this
section.

(g) The provisions of Section 17414.1 exempting convictions for which
a person has obtained a certificate of rehabilitation from the prohibition
against serving as an officer, director, stockholder, trustee, agent, or
employee of an escrow agent, or in any position involving any duties
with an escrow agent, shall not apply to permit the reinstatement of any
person barred by the commissioner pursuant to this section, nor to
prohibit the commissioner from bringing any action pursuant to this
section.

(h) If any provision of this section or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of this section which can be given effect without the invalid provision or application, and to this end the provisions of this section are severable.

74. Financial Code section 17608 provides in pertinent part:

The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:

(b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

(c) Any fact or condition exists which, if it had existed at the time of the original application for such license, reasonably would have warranted the commissioner in refusing originally to issue such license.

75. CCR 1732.1 provides:

All receipts and disbursements of moneys shall be posted in the escrow ledger as of the date of such receipts and disbursements, regardless of the date of posting.

V.

Prayer

The Commissioner finds that, by reason of the foregoing, Hacienda violated Financial Code sections 17406, subdivision (a) (by filing its annual audit report 28 days late); 17414, subdivision (a)(2) (by knowingly or recklessly failing to record the escrow file opening dates in the manual escrow log); 17415 (by accepting new escrow business while the Order to Discontinue was in effect during the period November 9 through 29, 2018); and CCR section 1732.1 (by failing to post receipts in the escrow ledger at least one business day after the funds were received), and grounds exist to revoke its escrow agent’s license under Financial Code 17608 and the Adopted Decision. The Commissioner further finds that Forno violated Financial Code section 17415 (by accepting new escrow business on behalf of Hacienda while the Order to Discontinue was in effect) and grounds

1 exist to bar Forno from any position of employment, management, or control of any escrow agent
2 under Financial Code 17423 and the Adopted Decision.

3 WHEREFORE, IT IS PRAYED that:

4 Under Financial Code section 17608 and the Adopted Decision, the escrow agents license of
5 Hacienda Escrow Corporation be revoked.

6 Under Financial Code section 17423 and the Adopted Decision, Ronald Bryan Forno be
7 barred from any position of employment, management, or control of any escrow agent.

8 Dated: September 12, 2019

9 Los Angeles, California

MANUEL P. ALVAREZ

Commissioner of Business Oversight

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By _____

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Blaine A. Noblett

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Senior Counsel

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Enforcement Division

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