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8 Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of:) OAH Case No.: 2019071281
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) ESCROW LICENSE NO.: 963-1459
14 Complainant,)
15 v.)
16 GLEN OAKS ESCROW, INC.,) SETTLEMENT AGREEMENT
17 Respondent.)
18)

19
20 This Settlement Agreement is entered into between the Commissioner of Business Oversight
21 (Commissioner) and Glen Oaks Escrow, Inc. (Glen Oaks) (collectively the Parties) and is made
22 with respect to the following facts:

23 I.

24 Recitals

25 A. Glen Oaks is a California corporation in good standing, duly formed and existing
26 pursuant to the laws of the State of California.

27 B. Glen Oaks is an escrow agent licensed by the Commissioner under the Escrow Law
28 of the State of California (Fin. Code, § 17000 et seq.) (Escrow Law), license number 963-1459.

1 C. Glen Oaks’ principal place of business is 6100 San Fernando Road, Glendale,
2 California 91201.

3 D. On or around March 16, 2018, the Commissioner received a letter from Glen Oaks,
4 informing the Commissioner that from at least December 15, 2017 through February 16, 2018, an
5 escrow assistant, Kari Jane Hardwick (Hardwick) in its Glendale, California office mishandled trust
6 funds in several refinance escrow transactions. Glen Oaks reviewed Hardwick’s escrow files and
7 discovered irregularities in 15 escrow transactions (Glen Oak’s self-audit).

8 E. The letter informed the Commissioner that Glen Oaks had terminated Hardwick on
9 February 16, 2018, had cured the escrow trust account shortages, and provided borrowers with
10 refunds on or around March 7, 2018; but the letter failed to justify why Glen Oaks did not
11 immediately report Hardwick’s conduct on February 16, 2018, prior to its self-audit.

12 F. On or around July 27, 2018, the Commissioner commenced a special examination of
13 Glen Oak’s books and records to review Hardwick’s escrow transactions. During the special
14 examination, the Commissioner found 14 additional unauthorized trust disbursements that were not
15 detected during Glen Oak’s self-audit, which brought the total unauthorized trust disbursements by
16 Hardwick to \$4,447.00. Glen Oaks replaced the additional shortages from its operating funds on or
17 around September 24, 2018, and subsequently refunded the principals to the transactions.

18 G. On June 28, 2019, the Commissioner served an Order to Discontinue Violations
19 Pursuant to Financial Code section 17602 and Statement of Facts in Support Thereof (the Action) on
20 Glen Oaks.

21 H. On or around July 12, 2019, Glen Oaks filed a Notice of Defense with the
22 Commissioner acknowledging receipt of the Action and requested a hearing.

23 I. A hearing is set in this matter in front of the Los Angeles Office of Administrative
24 Hearings for February 10-13, 2020.

25 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
26 forth herein, the Parties agree as follows:

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II.

Terms and Conditions

1. Purpose. This Settlement Agreement resolves the issues before the Commissioner in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the applicable law.

2. Final Order to Discontinue Violations. Glen Oaks hereby agrees that in accordance with Financial Code section 17602, it will discontinue the violation of not immediately reporting a known abstraction or misappropriation of money, funds, trust obligations, or property to the Commissioner as required under Financial Code section 17414, subdivision (c) (the Order to Discontinue Violations). Glen Oaks agrees that the Order to Discontinue Violations is hereby deemed a final order.

3. Waiver of Hearing Rights. Glen Oaks acknowledges the Commissioner is ready, willing, and able to proceed with the administrative enforcement action described in Paragraph G and Glen Oaks hereby waives the right to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law; and by waiving such rights, Glen Oaks effectively consents to this Settlement Agreement becoming final.

4. Failure to Comply with Settlement Agreement. Glen Oaks agrees that if it fails to comply with the terms of this Settlement Agreement, the Commissioner may, in addition to all other available remedies it may invoke under the Escrow Law, summarily suspend/revoke Glen Oaks' escrow agent license until Glen Oaks is in compliance, subject to the Opportunity to Cure provision in paragraph 5 below. Glen Oaks waives any notice and hearing rights to contest such summary suspensions which may be afforded under the Escrow Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection therewith.

5. Opportunity to Cure. In the event Glen Oaks fails to immediately report a known abstraction or misappropriation of money, funds, trust obligations or property to the Commissioner as required under Financial Code section 17414, subdivision (c), the Commissioner, in his sole

1 discretion, may give Glen Oaks written notice of such breach (Notice) and the opportunity to cure
2 the breach (Cure). The Cure must be completed to the satisfaction of the Commissioner within five
3 business days after the day the Notice has been sent via email to Glen Oaks' counsel, Matthew Davis
4 at mdavis@ddesq.com, unless another date for receipt of Cure is agreed to in writing by the
5 Commissioner. Proof of Cure, satisfactory to the Commissioner, shall be sent to Danielle Stoumbos,
6 Enforcement Counsel, Department of Business Oversight, at 320 West 4th Street, Suite 750, Los
7 Angeles, California 90013 and via email at Danielle.Stoumbos@dbo.ca.gov.

8 6. Information Willfully Withheld or Misrepresented. This Settlement Agreement may
9 be revoked, and the Commissioner may pursue any and all remedies available under the law against
10 Glen Oaks if the Commissioner discovers that Glen Oaks knowingly or willfully withheld or
11 misrepresented information used for and relied upon in this Settlement Agreement.

12 7. Future Actions by Commissioner. Notwithstanding paragraph 4, if Glen Oaks fails to
13 comply with any term of the Settlement Agreement, the Commissioner may institute proceedings for
14 any and all violations otherwise resolved under this Settlement Agreement. The Commissioner
15 reserves the right to bring any future actions against Glen Oaks, or any of its owners, officers,
16 shareholders, directors, employees or successors for any and all unknown violations of the Escrow
17 Law.

18 8. Assisting Other Agencies. Nothing in this Settlement Agreement limits the
19 Commissioner's ability to assist any other government agency (city, county, state, or federal) with
20 any prosecution, administrative, civil or criminal brought by that agency against Glen Oaks or any
21 other person based upon any of the activities alleged in this matter or otherwise.

22 9. Headings. The headings to the paragraphs of this Settlement Agreement are inserted
23 for convenience only and will not be deemed a part hereof or affect the construction or
24 interpretation of the provisions hereof.

25 10. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or
26 successors in interest.

27 11. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
28 Settlement Agreement it has relied solely on the statements set forth herein and the advice of its

1 own counsel. Each of the Parties further represents, warrants, and agrees that in executing this
2 Settlement Agreement it has placed no reliance on any statement, representation, or promise of any
3 other Party, or any other person or entity not expressly set forth herein, or upon the failure of any
4 Party or any other person or entity to make any statement, representation or disclosure of anything
5 whatsoever. The Parties have included this clause: (1) to preclude any claim that any Party was in
6 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the
7 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
8 Settlement Agreement.

9 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
10 of this Settlement Agreement will be valid or binding unless it is in writing and signed by each of
11 the Parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver
12 of any other provision. No waiver by either Party of any breach of, or of compliance with, any
13 condition or provision of this Agreement by the other Party will be considered a waiver of any other
14 condition or provision or of the same condition or provision at another time.

15 13. Full Integration. This Settlement Agreement is the final written expression and the
16 complete and exclusive statement of all the agreements, conditions, promises, representations, and
17 covenant between the Parties with respect to the subject matter hereof, and supersedes all prior or
18 contemporaneous agreements, negotiations, representations, understandings, and discussions
19 between and among the Parties, their respective representatives, and any other person or entity with
20 respect to the subject matter covered hereby.

21 14. Governing Law. This Settlement Agreement will be governed by and construed in
22 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such
23 court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an
24 inconvenient forum to the maintenance of such action or proceeding in such court.

25 15. Counterparts. This Settlement Agreement may be executed in one or more separate
26 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
27 together constitute a single document.

28 16. Effect Upon Future Proceedings. If Respondent applies for any license, permit, or

1 qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future
2 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof
3 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

4 17. Voluntary Agreement. Glen Oaks enters this Settlement Agreement voluntarily and
5 without coercion and acknowledges that no promises, threats or assurances have been made by the
6 Commissioner or any officer, or agent thereof, about this Settlement Agreement. The Parties each
7 represent and acknowledge that he, she or it is executing this Settlement Agreement completely
8 voluntarily and without any duress or undue influence of any kind from any source.

9 18. Notice. Any notice required under this Settlement Agreement shall be provided to
10 each Party at the following addresses:

11 To Glen Oaks: Scott Akerley, President and Owner
12 Glen Oaks Escrow, Inc.
13 6100 San Fernando Road
14 Glendale, California 91201

15 and

16 Matthew Davis, Counsel for Glen Oaks Escrow, Inc.
17 mdavis@ddesq.com

18 To the Commissioner: Danielle A. Stoumbos, Senior Counsel
19 Department of Business Oversight
20 320 West 4th Street Suite 750
21 Los Angeles, California 90013
22 Danielle.Stoumbos@dbo.ca.gov

23 19. Signatures. This Settlement Agreement may be executed by facsimile or scanned
24 signature, and any such facsimile or scanned signature by any Party hereto shall be deemed to be an
25 original signature and shall be binding on such Party to the same extent as if such facsimile or
26 scanned signature were an original signature.

27 20. Public Record. Glen Oaks acknowledges that this Settlement Agreement is and will
28 be a matter of public record.

21. Effective Date. This Settlement Agreement shall become final and effective when
signed by all Parties and delivered by the Commissioner’s agent via e-mail to Glen Oak’s counsel,
Matthew Davis at mdavis@ddesq.com.

1 22. Authority to Sign. Each signatory hereto covenants that he/she possesses all
2 necessary capacity and authority to sign and enter into this Settlement Agreement and undertake the
3 obligations set forth herein.

4 Dated: 2/6/20

MANUEL P. ALVAREZ
Commissioner of Business Oversight

6 By: _____
7 MARY ANN SMITH
8 Deputy Commissioner

9 Dated: 2/6/20

GLEN OAKS ESCROW, INC.

11 By: _____
12 Scott Akerley
13 President/Owner