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

12 In the Matter of: )  
13 THE COMMISSIONER OF BUSINESS )  
14 OVERSIGHT, )  
15 Complainant, )  
16 v. )  
17 ARROYO VILLAGE ESCROW SERVICES, )  
18 INC., )  
19 Respondent. )

CONSENT ORDER

22 This Consent Order is entered into between the Commissioner of Business Oversight  
23 (Commissioner) and Arroyo Village Escrow Services, Inc. (Arroyo and collectively, the Parties), and  
24 is made with respect to the following facts:

25 **I.**

26 **Recitals**

27 A. The Commissioner has jurisdiction over the licensing and regulation of persons and  
28 entities licensed under the California Escrow Law (Escrow Law) (Fin. Code, § 17000 et seq.).

1 B. Arroyo is an escrow agent licensed by the Commissioner, pursuant to the Escrow  
2 Law.

3 C. Arroyo has its primary place of business at 969 Colorado Boulevard, Suite 103, Los  
4 Angeles, California 90041.

5 D. Rosalia Garcia is the President of Arroyo, and as such, is authorized to enter into this  
6 Consent Order on behalf of Arroyo.

7 E. Financial Code section 17210, subdivision (a) requires all escrow agents to maintain  
8 at all times a tangible net worth of \$50,000.00, including liquid assets of at least \$25,000.00 in  
9 excess of current liabilities.

10 F. Arroyo’s annual audit reports and financial statements from March 2015 through  
11 October 2018, showed liquid asset and tangible net worth deficiencies, in violation of Financial  
12 Code section 17210.

13 G. Arroyo’s annual audit report as of March 31, 2015, showed a liquid asset deficiency  
14 of \$2,687.00.

15 H. Arroyo’s financial statements as of December 31, 2016, showed a liquid asset  
16 deficiency of \$13,881.61 and a tangible net worth deficiency of \$1,336.51.

17 I. Arroyo’s financial statements as of March 31, 2017, showed a liquid asset deficiency  
18 of \$23,156.00 and a tangible net worth deficiency of \$5,515.00.

19 J. Arroyo’s financial statements as of March 31, 2018, showed a liquid asset deficiency  
20 of \$16,908.00 and a tangible net worth deficiency of \$2,387.00.

21 K. Arroyo’s financial statements as of August 31, 2018, showed a liquid asset deficiency  
22 of \$14,906.16 and a tangible net worth deficiency of \$10,824.88.

23 L. Arroyo’s financial statements as of October 31, 2018, showed a liquid asset  
24 deficiency of \$5,428.75 and a tangible net worth deficiency of \$2,391.13.

25 M. From 2015 through 2017, at least on two occasions, the Department of Business  
26 Oversight (Department) notified Arroyo of the deficiencies and demanded resolution of the  
27 deficiencies. Arroyo’s financial statements showed intermittent compliance.

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1 N. Based upon the foregoing, the Commissioner finds that Arroyo repeatedly violated  
2 Financial Code section 17210.

3 O. The Commissioner finds that this Consent Order is appropriate, in the public interest,  
4 and consistent with the purposes fairly intended by the policies and provisions of the Escrow Law.

5 **II.**

6 **Terms and Conditions**

7 1. Purpose. This Consent Order resolves the issues before the Commissioner, finding  
8 that Arroyo violated the Escrow Law, as set forth above in paragraphs A through O, in a manner that  
9 avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the  
10 public interest, and is consistent with the purposes, policies, and provisions of the applicable law  
11 under the Escrow Law.

12 2. Order to Discontinue Violations. Pursuant to Financial Code sections 17602 and  
13 17604, Arroyo Village Escrow Services, Inc. is hereby ordered to immediately discontinue  
14 violations of the Escrow Law, set forth herein. Arroyo Village Escrow Services, Inc. is hereby  
15 ordered to maintain, at all times, the required liquid assets and tangible net worth mandated by  
16 Financial Code section 17210. This Order to Discontinue Violations is final and effective from the  
17 Effective Date of this Consent Order, as defined in paragraph 25 (Effective Date).

18 3. Suspension Order. Arroyo Village Escrow Services, Inc. is hereby ordered suspended  
19 for seven consecutive business days, as follows: April 13, 2020 through April 21, 2020, inclusive.  
20 During this time, Arroyo Village Escrow Services, Inc. shall not accept any new escrow business,  
21 but may continue to process existing and open escrows, in accordance with Financial Code section  
22 17609. It is further ordered that Arroyo Village Escrow Services, Inc. shall file with the  
23 Commissioner at close of business on April 10, 2020, a list of all open escrows with escrow numbers  
24 and escrow party names along with a copy of the signed escrow instructions and signed deposit  
25 receipt(s) for the last opened escrow. Open escrow, for the purpose of this Consent Order, means an  
26 escrow wherein the parties to such escrow have already entered into a binding agreement and monies  
27 and/or escrow instructions have been submitted to Arroyo regarding the transaction. Arroyo Village  
28 Escrow Services, Inc. is ordered to immediately engage a certified public accounting firm to review

1 the records of Arroyo Village Escrow Services, Inc. after the suspension has been completed to  
2 determine compliance with the Suspension Order and report its findings (Suspension Report) to the  
3 Commissioner within 30 days of completion of the suspension. The Suspension Report shall be sent  
4 concurrently to Afsaneh Eghbaldari, Counsel, Enforcement Division, by email at:  
5 [affi.eghbaldari@dbo.ca.gov](mailto:affi.eghbaldari@dbo.ca.gov).

6 4. Quarterly Audited Financial Statements. Arroyo hereby agrees to engage (at its own  
7 expense) a certified public accountant or certified accounting firm, or compliance auditing firm  
8 (Auditor), subject to the approval of the Department. The Auditor shall conduct an audit of Arroyo’s  
9 books and financial records to ensure compliance with Financial Code section 17210, subdivision  
10 (a), and to provide quarterly audit reports containing audited financial statements (Audit Report), set  
11 forth as follows:

- 12 a. The first Audit Report shall cover all of Arroyo’s books and financial records from  
13 March 1, 2020 through May 31, 2020, and shall be submitted to the Commissioner no  
14 later than June 30, 2020.
- 15 b. The second Audit Report shall cover all of Arroyo’s books and financial records from  
16 June 1, 2020 through August 31, 2020, and shall be submitted to the Commissioner  
17 no later than September 30, 2020.
- 18 c. The third Audit Report shall cover all of Arroyo’s books and financial records from  
19 September 1, 2020 through November 30, 2020, and shall be submitted to the  
20 Commissioner no later than December 31, 2020.
- 21 d. The fourth Audit Report shall cover all of Arroyo’s books and financial records from  
22 December 1, 2020 through February 28, 2021, and shall be submitted to the  
23 Commissioner no later than March 31, 2021.

24 The above Audit Reports shall be sent concurrently to Afsaneh Eghbaldari, Counsel,  
25 Enforcement Division, by email at: [affi.eghbaldari@dbo.ca.gov](mailto:affi.eghbaldari@dbo.ca.gov).

26 5. Waiver of Hearing Rights. Arroyo acknowledges the Commissioner is ready, willing,  
27 and able to proceed with the filing of an administrative enforcement action on the charges contained  
28 in this Consent Order. Arroyo hereby waives the right to any hearings, and to any reconsideration,

1 appeal, or other right to review which may be afforded pursuant to the Escrow Law, the California  
2 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law.  
3 Arroyo further expressly waives any requirement for the filing of an enforcement action pursuant to  
4 Government Code section 11415.60, subdivision (b). By waiving such rights, Arroyo effectively  
5 consents to this Consent Order becoming final.

6 6. Full and Final Settlement. The Parties hereby acknowledge and agree that this  
7 Consent Order is intended to constitute a full, final, and complete resolution of the violations  
8 described herein: failing to maintain the required liquid asset and tangible net worth at all times, and  
9 that no further proceedings or actions will be brought by the Commissioner in connection with these  
10 matters except under the Escrow Law, or any other provision of law, to enforce compliance with the  
11 terms of this Consent Order.

12 7. Failure to Comply with Consent Order. Arroyo agrees that if it fails to comply with  
13 any of the terms of this Consent Order or the Order to Discontinue Violations, including but not  
14 limited to, failure to maintain, at all times, the required liquid assets and tangible net worth pursuant  
15 to Financial Code section 17210, the Commissioner may, in addition to all other available remedies  
16 it may invoke under the Escrow Law, summarily suspend or revoke Arroyo’s license. Arroyo waives  
17 any notice and hearing rights to contest such summary suspension or revocation which may be  
18 afforded under the Escrow Law, the California Administrative Procedure Act, the California Code of  
19 Civil Procedure, or any other provision of law in connection therewith.

20 8. Information Willfully Withheld or Misrepresented. This Consent Order may be  
21 revoked, and the Commissioner may pursue any and all remedies available under the law against  
22 Arroyo if the Commissioner discovers that Arroyo knowingly or willfully withheld or  
23 misrepresented information used for and relied upon in this Consent Order.

24 9. Future Actions by Commissioner. If Arroyo fails to comply with any terms of this  
25 Consent Order or Order to Discontinue Violations, the Commissioner may institute proceedings for  
26 any and all violations otherwise resolved under this Consent Order. The Commissioner reserves the  
27 right to bring any future actions against Arroyo, or any of its partners, owners, officers, shareholders,  
28 directors, employees or successors for any and all unknown violations of the Escrow Law.

1           10.    Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s  
2 ability to assist any other government agency (city, county, state, or federal) with any prosecution,  
3 administrative, civil, or criminal brought by that agency against Arroyo or any other person based  
4 upon any of the activities alleged in this matter or otherwise.

5           11.    No Presumption Against Drafting Party. The Parties acknowledge that each has had  
6 the opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the  
7 Parties intend that no presumption for or against the drafting party will apply in construing any part  
8 of this Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or  
9 corresponding provisions of any successor statute, which provide that in cases of uncertainty,  
10 language of a contract should be interpreted most strongly against the party that caused the  
11 uncertainty to exist.

12           12.    Independent Legal Advice. The Parties represent, warrant, and agree that it has  
13 received independent advice from its attorney(s) and/or representative(s) with respect to the  
14 advisability of executing this Consent Order.

15           13.    Headings. The headings to the paragraphs of this Consent Order are inserted for  
16 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
17 the provisions hereof.

18           14.    Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
19 interest.

20           15.    Reliance. The Parties represent, warrant, and agree that in executing this Consent  
21 Order it has relied solely on the statements set forth herein and the advice of its own counsel. The  
22 Parties further represent, warrant, and agree that in executing this Consent Order it has placed no  
23 reliance on any statement, representation, or promise of any other party, or any other person or  
24 entity not expressly set forth herein, or upon the failure of any party or any other person or entity to  
25 make any statement, representation or disclosure of anything whatsoever. The Parties have included  
26 this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute  
27 this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret,  
28 supplement, or contradict the terms of this Consent Order.

1           16.    Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
2 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.  
3 The waiver of any provision of this Consent Order will not be deemed a waiver of any other  
4 provision. No waiver by either party of any breach of, or of compliance with, any condition or  
5 provision of this Agreement by the other party will be considered a waiver of any other condition or  
6 provision or of the same condition or provision at another time.

7           17.    Full Integration. This Consent Order is the final written expression and the complete  
8 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
9 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
10 contemporaneous agreements, negotiations, representations, understandings, and discussions  
11 between and among the Parties, their respective representatives, and any other person or entity with  
12 respect to the subject matter covered hereby.

13           18.    Governing Law. This Consent Order will be governed by and construed in  
14 accordance with California law. The Parties hereto consent to the jurisdiction of such court, and  
15 hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient  
16 forum to the maintenance of such action or proceeding in such court.

17           19.    Counterparts. This Consent Order may be executed in one or more separate  
18 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
19 together constitute a single document.

20           20.    Effect Upon Future Proceedings. If Arroyo applies for any license, permit or  
21 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future  
22 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be  
23 admitted for the purpose of such application(s) or enforcement proceeding(s).

24           21.    Voluntary Agreement. Arroyo enters this Consent Order voluntarily and without  
25 coercion and acknowledges that no promises, threats or assurances have been made by the  
26 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent  
27 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and  
28 without any duress or undue influence of any kind from any source.

