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

13 In the Matter of:	)	OAH CASE NO.: 2019090948
)	
14 THE COMMISSIONER OF BUSINESS	)	ESCROW LICENSE NO.: 963-0348
15 OVERSIGHT,)	
	)	SETTLEMENT AGREEMENT
16 Complainant,)	
	)	Hearing Dates: May 18-19, 2020
17 v.	)	Hearing Time: 9:00 a.m.
	)	Location: OAH Los Angeles
	)	320 W. 4th Street
19 HACIENDA ESCROW CORPORATION and	)	Sixth floor, Suite 630
20 RONALD BRYAN FORNO,	)	Los Angeles, CA 90013-2344
	)	ALJ: Ji-Lan Zang
21 Respondents.)	
)	
)	
)	

24
25 This Settlement Agreement (Settlement Agreement) is entered into between the
26 Commissioner of Business Oversight (Commissioner) and Hacienda Escrow Corporation (Hacienda)
27 and Ronald Bryan Forno (Forno) (collectively, Respondents) and is made with respect to the
28 following facts:

I.

Recitals

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

B. Hacienda, a California corporation, is an escrow agent licensed by the Commissioner under license number 963-0348, since March 17, 1969. Hacienda has its principal place of business located at 1131 West 6th Street, Suite 270, Ontario, California.

C. Forno is Hacienda's sole owner, president, director, escrow manager, and an escrow officer employed by the company. As Hacienda's sole owner, president, and director, Forno is authorized to enter into this Settlement Agreement on behalf of Hacienda.

D. Angelica M. Forno, aka Angelica Marcela Torres Ulloa, Angelica Marcella Torres, and Angie Forno (Angie Forno), is Forno's wife. Angie Forno is the authorized signer designated on Hacienda's trust, general, and money market accounts.

E. On September 16, 2019, the Commissioner personally served Hacienda and Forno with his notices of intention to issue orders revoking the escrow agent's license issued to Hacienda under Financial Code section 17608 and to bar Forno from any position of employment, management, or control of any escrow agent under Financial Code section 17423, accusation, and accompanying documents dated September 12, 2019.

F. Respondents timely filed their notices of defense under section 11506 of the Government Code for the purpose of requesting an administrative hearing on the allegations set forth in the accusation. The administrative hearing is currently set to begin trial before the Office of Administrative Hearings (OAH) on May 18 through 19, 2020, OAH Case number 2019090948.

G. The Commissioner personally served Respondents with a first amended accusation on February 19, 2020 (First Amended Accusation).

1 H. Under the First Amended Accusation, the Commissioner sought to vacate and set
2 aside the stay order imposed under the August 1, 2019 adopted decision issued in the
3 matter of the *Commissioner v. Hacienda Escrow Corporation, et al.*, Office of Administrative
4 Hearings (OAH) case number 2019010464 (Adopted Decision) and revoke the escrow agent's license
5 issued to Hacienda and bar Forno from any position of employment, management, or control of any
6 escrow agent.

7 I. The Commissioner found Respondents had violated the Financial Code 17415 by
8 accepting new escrow business while Hacienda was under the Commissioner's November 7, 2018
9 order to discontinue escrow activities (Order to Discontinue). The Order to Discontinue explicitly
10 prohibited Hacienda from accepting any new escrow business while the order was in effect (a 20-day
11 period from November 9 through November 29, 2018), but Respondents accepted approximately 58
12 new escrows during that time in violation of the Order to Discontinue.

13 J. The Commissioner alleges that Hacienda sought to conceal from the Commissioner its
14 acceptance of new escrow business during the 20-day suspension period by omitting or manipulating
15 certain entries in its manual escrow log and other escrow-related records in violation of Financial
16 Code section 17414, subdivision (a)(2) and CCR section 1732.1.

17 K. Finally, Hacienda, by and through Forno, placed Angie Forno in control of Hacienda's
18 trust, general, and money market accounts and designated her as Hacienda's owner, escrow officer,
19 and operations manager. But a review of the Department's and the Escrow Agent's Fidelity
20 Corporation's (EAFC)¹ records and files failed to show Hacienda had ever submitted Angie Forno's
21 application and fingerprints to the Department and EAFC. Angie Forno had not been cleared by the
22 Department or the EAFC to act as Hacienda's owner, employee, or person authorized to disburse
23 trust funds, as she had never satisfied the bonding requirements of the Financial Code nor undergone
24 the necessary criminal background check to hold such positions of trust with the licensed escrow
25 agent in violation of Financial Code sections 17203.1, subdivision (a); 17209, subdivisions (g) and
26 (h)(1); 17212.1; 17414.1, subdivision (d); 17419; and CCR section 1726, subdivision (a).

27 _____
28 ¹ The EAFC is the statutory non-profit mutual benefit corporation and statutory fidelity indemnitor for each
licensed member escrow agent.

1 L. Because Respondents violated the Financial Code and an order of the Commissioner,
2 the Commissioner asserts he has grounds to revoke Hacienda’s escrow agent’s license and to bar
3 Forno under the Financial Code and Adopted Decision.

4 M. The Commissioner and Respondents find that entering into this Settlement Agreement
5 is in the public interest and consistent with the purposes and fairly intended by the policies and
6 provisions of the Escrow Law.

7 NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set
8 forth herein, the parties agree as follows:

9 **II.**

10 **Terms and Conditions**

11 1. Purpose. The parties intend to resolve this matter for the purpose of judicial economy
12 and expediency and without the uncertainty and expense of a hearing or other litigation.

13 2. Acknowledgment. Respondents acknowledge that the Commissioner issued a First
14 Amended Accusation, in which the Commissioner found Respondents had violated certain provisions
15 of the Escrow Law as described above in the Recitals. Respondents admit service of the First
16 Amended Accusation filed in this matter.

17 3. Forno Suspension and Bar Order. Forno agrees to the Commissioner’s issuance of an
18 order suspending him from any position of employment with any licensed escrow agent for a period
19 of six months and barring him from any position of management or control of any escrow agent for
20 a period of six years from the Effective Date of this Settlement Agreement (Forno Suspension and
21 Bar Order). A copy of the Forno Suspension and Bar Order is attached and incorporated herein as
22 Exhibit A.

23 4. Waiver of Hearing Rights. Respondents agree that this Settlement Agreement shall
24 have the effect of withdrawing their requests for an administrative hearing on the matter described
25 herein and the suspension and bar order issued under this Settlement Agreement. Respondents
26 acknowledge their right to an administrative hearing under the Escrow Law in connection with the
27 First Amended Accusation and the Forno Suspension and Bar Order, and hereby waive their rights
28 to a hearing and to any reconsideration, appeal, or other rights which may be afforded them under

1 the Escrow Law, the Administrative Procedure Act (APA) (Gov. Code, § 11340 et seq.), the Code
2 of Civil Procedure (CCP) (Code Civ. Proc., § 1 et seq.), or any other provision of law in connection
3 with this matter.

4 5. Sale or Surrender of Hacienda. The Commissioner agrees that Forno shall have 190
5 days within which to sell Hacienda and submit an application for sale of ownership to the
6 Commissioner, and the 190-day period shall commence on the Effective Date of this Settlement
7 Agreement. The Commissioner shall thereafter process the application for change of ownership as
8 set forth in paragraph 8. of this Settlement Agreement. Forno agrees to immediately surrender to the
9 Commissioner the escrow agent's license of Hacienda in the event there is no sale, or good faith
10 negotiations to sell Hacienda, pending at the end of the 190-day period. Respondents further
11 understand and agree that Angie Forno will not be approved by the Commissioner as a purchaser of
12 Hacienda and any application for change of ownership (Application) filed by her during the 190-
13 day period shall be denied.

14 6. Transferability of Hacienda's License. Respondents acknowledge and understand
15 that under Financial Code section 17213, the sale of Hacienda as an ongoing independent escrow
16 agent business must be approved by the Commissioner through the filing of an Application.

17 7. Net Worth, Liquidity, and Other Requirements. Respondents acknowledge and
18 understand that if Hacienda is sold as an ongoing independent escrow agent business, prior to
19 approval of any such Application to sell Hacienda, Hacienda must be in compliance with the
20 Escrow Law, which includes, but is not limited to, net worth and liquid asset requirements, annual
21 audit reporting, and books and records maintenance.

22 8. Processing of Application. Except as provided in paragraph 7., above, the
23 Commissioner agrees to process any Application filed with the Commissioner under the
24 contemplated sale of Hacienda, described above in paragraph 5., in an expeditious manner, which
25 shall include prompt notice to such applicant of any deficiency in the completeness of the Application
26 or of any potential problems with the applicant. Forno agrees that in the event the Commissioner
27 abandons or denies any Application described in paragraph 6., above, as provided by the Escrow
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1 Law, and the 190-day period described in paragraph 5. has passed, Forno shall immediately surrender
2 Hacienda's escrow agent's license to the Commissioner. The Commissioner's processing of the
3 change of ownership application may extend beyond the 190-day period so long as the application
4 was submitted prior to the conclusion of the 190-day submission period.

5 9. Revocation of Hacienda's License. Respondents agree that if Hacienda's escrow
6 agent's license is not surrendered to the Commissioner as required by paragraphs 5. and 8., above,
7 within 15 days after written notice by the Commissioner to Respondents, the Commissioner shall
8 automatically revoke Hacienda's escrow agent's license and the Respondents waive any rights to a
9 hearing regarding the license revocation and to any reconsideration, appeal, or other rights which
10 may be afforded under the Escrow Law, APA, including Government Code section 11415.60,
11 subdivision (b), CCP, or any other provision of law to contest the summary revocation contemplated
12 by this paragraph.

13 10. Restrictions on Forno's Activities. During the 190-day period described in paragraph
14 5., above, Forno, as the owner of Hacienda, shall be allowed to take such steps as are necessary to
15 sell Hacienda as contemplated by this Settlement Agreement. But, under no circumstances, shall
16 such steps include Forno processing any escrow instructions, signing on the trust account, or in any
17 manner supervising Hacienda personnel.

18 11. Closing Audit. Respondents acknowledge and understand that Financial Code section
19 17600, subdivision (b) requires a closing audit report be filed with the Commissioner within 105
20 days of written notice to the Commissioner of the surrender of Hacienda's escrow agent's license.
21 Respondents agree that if they fail to file the closing audit as required under section 17600,
22 subdivision (b), any surrender of Hacienda's escrow agent's license as provided for in paragraphs 5.
23 or 8., above, shall not become effective and the Commissioner shall automatically revoke
24 Hacienda's escrow agent's license and any rights to a hearing regarding the license revocation and to
25 any reconsideration, appeal, or other rights which may be afforded under the Escrow Law, APA,
26 including Government Code section 11415.60, subdivision (b), CCP, or any other provision of law
27 in connection therewith are waived.

28 12. Dismissal of Notice of Intention. Except as provided in this Settlement Agreement,

1 Respondents agree that this Settlement Agreement shall have the effect of dismissing that portion of
2 the notice of intention relating to the revocation of Hacienda’s escrow agent’s license. The dismissal
3 shall become effective upon either:

- 4 (a) the approval of any Application described in paragraph 6., above; or
- 5 (b) the surrender of Hacienda’s escrow agent’s license as provided for in

6 paragraphs 5. or 8., above.

7 13. Full and Final Resolution. The parties hereby acknowledge and agree that this
8 Settlement Agreement is intended to constitute a full, final, and complete resolution of the First
9 Amended Accusation and that no further proceedings or actions will be brought by the
10 Commissioner in connection with the First Amended Accusation, either under the Escrow Law or
11 any other provision of law, excepting any proceeding to enforce compliance with the terms of this
12 Settlement Agreement.

13 14. Information Willfully Withheld. This Settlement Agreement may be revoked, and
14 the Commissioner may pursue any and all remedies available under law against Respondents if the
15 Commissioner discovers that Respondents knowingly or willfully withheld or misrepresented
16 information used for and relied upon in this Settlement Agreement.

17 15. Future Actions by Commissioner. If Respondents fail to comply with the terms of
18 this Settlement Agreement, the Commissioner may institute proceedings for any and all violations
19 otherwise resolved under this Settlement Agreement. The Commissioner reserves the right to bring
20 any future actions against Respondents, or any of their partners, owners, officers, directors,
21 employees, or successors for any and all unknown violations of the Escrow Law.

22 16. Assisting Other Agencies. Nothing in this Settlement Agreement limits the
23 Commissioner’s ability to assist any other government agency (city, county, state, or federal) with
24 any prosecution, administrative, civil, or criminal action brought by that agency against
25 Respondents or any other person based on any of the activities alleged in this matter or otherwise.

26 17. No Presumption Against Drafter. Each party acknowledges that they have had the
27 opportunity to draft, review, and edit the language of this Settlement Agreement. Accordingly, the
28 parties intend no presumption for or against the drafting party will apply in construing any part of

1 this Settlement Agreement. The parties waive the benefit of Civil Code section 1654 and any
2 successor or amended statute, providing that in cases of uncertainty, language of a contract should
3 be interpreted most strongly against the party that caused the uncertainty to exist.

4 18. Independent Legal Advice. Each of the parties represents, warrants, and agrees that
5 they have received independent advice from their attorney(s) or representative(s) with respect to the
6 advisability of executing this Settlement Agreement.

7 19. Headings and Governing Law. The headings to the paragraphs of this Settlement
8 Agreement are inserted for convenience only and will not be deemed a part hereof or affect the
9 construction or interpretation of the provisions hereof.

10 20. Binding. This Settlement Agreement is binding on all heirs, assigns, or successors in
11 interest.

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

22 22. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
23 this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the
24 parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of
25 any other provision. No waiver by either party of any breach of, or of compliance with, any condition
26 or provision of this Settlement Agreement by the other party will be considered a waiver of any other
27 condition or provision or of the same condition or provision at another time.

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1 23. Full Integration. This Settlement Agreement is the final written expression and the
2 complete and exclusive statement of all the agreements, conditions, promises, representations, and
3 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions between
5 and among the parties, their respective representatives, and any other person or entity, with respect to
6 the subject matter covered hereby.

7 24. Governing Law. This Settlement Agreement will be governed by and construed in
8 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court
9 and thereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
10 forum to the maintenance of such action or proceeding in such court.

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

14 26. Effect Upon Future Proceedings. If Respondents apply for any license, permit or
15 qualification under the Commissioner’s current jurisdiction, or are the subjects of any future action
16 by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof shall be
17 admitted for the purpose of such application(s) or enforcement proceeding(s).

18 27. Voluntary Agreement. Respondents hereby enter in this Settlement Agreement
19 voluntarily and without coercion and acknowledge that no promises, threats, or assurances have been
20 made by the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The
21 parties each represent and acknowledge that he, she, or it is executing this Settlement Agreement
22 completely voluntarily and without any duress or undue influence of anything from any source.

23 28. Effective Date. This Settlement Agreement shall become final and effective on once
24 signed by all parties and delivered by the Commissioner’s agent via e-mail to Respondents’ counsel
25 at krocha@pnbd.com.

26 29. Notice. Any notices required under this Settlement Agreement shall be provided to
27 each party at the following addresses:

28 If to Hacienda to: Ronald Bryan Forno, President

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Hacienda Escrow Corporation
1131 West 6th Street, Suite 270
Ontario, California 91762

With copy to: Karel Rocha, Esq.
Rose Pothier, Esq.
Prenovost, Normandin, Dawe & Rocha, A.P.C.
2122 N. Broadway, Suite 200
Santa Ana, California 92706

If to Forno to: Bryan Forno, President
Hacienda Escrow Corporation
1131 West 6th Street, Suite 270
Ontario, California 91762

With copy to: Karel Rocha, Esq.
Prenovost, Normandin, Dawe & Rocha, A.P.C.
2122 N. Broadway, Suite 200
Santa Ana, California 92706

If to the Commissioner to: Blaine A. Noblett, Senior Counsel
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

30. Signatures. A scanned or electronic signature shall be deemed the same as an original signature.

31. Public Record. Respondents hereby acknowledge that this Settlement Agreement is and will be a matter of public record.

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

[Signature page to follow]

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IN WITNESS WHEREOF, the parties hereto have approved and executed this Settlement Agreement on the dates set forth opposite their respective signatures.

MANUEL P. ALVAREZ
Commissioner of Business Oversight

Dated: May 14, 2020

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

HACIENDA ESCROW CORPORATION

Dated: May 14, 2020

By _____
RONALD BRYAN FORNO, Owner, President, and
Director, on behalf of Hacienda Escrow Corporation

RONALD BRYAN FORNO

Dated: May 14, 2020

By _____
RONALD BRYAN FORNO