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7 Attorneys for Complainant

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

11 In the Matter of: )  
 ) ESCROW LICENSE NO.: 963-2562  
12 THE COMMISSIONER OF BUSINESS )  
13 OVERSIGHT, )  
 ) SETTLEMENT AGREEMENT  
14 Complainant, )  
 )  
15 v. )  
 )  
16 THE SETTLEMENT SOURCE ESCROW, )  
17 WILLIAM RYAN LENOCKER, and ERIN )  
18 TRACY LENOCKER, )  
 )  
19 Respondents. )

20 This Settlement Agreement is entered into between the Commissioner of Business Oversight  
21 (Commissioner) and Respondents The Settlement Source Escrow (Settlement Source), William  
22 Ryan Lenocker (Ryan Lenocker), and Erin Tracy Lenocker (Erin Lenocker) (collectively  
23 Respondents), and is made with respect to the following facts:

24 I.

25 Recitals

26 A. The Department of Business Oversight, through the Commissioner, has jurisdiction  
27 over the licensing and regulation of persons and entities engaged in the business of an escrow agent  
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1 pursuant to the California Escrow Law (Escrow Law) (Fin. Code §17000 et seq.).

2 B. Settlement Source is a corporation in good standing, duly formed and existing  
3 pursuant to the laws of the State of California and is authorized to conduct business in the State of  
4 California. Settlement Source is an escrow agent licensed by the Commissioner pursuant to the  
5 Escrow Law. Settlement Source has its principal place of business located at 1122 E. Lincoln  
6 Avenue, Suite 116 A, Orange, California 92865.

7 C. Erin Lenocker is, and was at all times relevant herein, the president and 50%  
8 shareholder of Settlement Source.

9 D. Ryan Lenocker is, and was at all times relevant herein, the vice-president of  
10 Settlement Source.

11 E. On December 17, 2019, Respondents were personally served by the Commissioner  
12 with a Notice of Intention to Issue Order Revoking Escrow Agent License and to Issue Orders  
13 Pursuant to California Financial Code Section 17423 (Bar From Employment, Management or  
14 Control of Any Escrow Agent); Accusation and accompanying documents dated December 12, 2019  
15 (Accusation). In the Accusation, the Commissioner alleged that: (1) Respondents Settlement Source  
16 and Ryan Lenocker committed the violations of the Escrow Law described in paragraph i. below,  
17 and (2) Respondents Settlement Source, Ryan Lenocker, and Erin Lenocker committed the  
18 violations of the Escrow Law described in paragraphs ii. and iii. below (Accusation Allegations):

19 i. made or caused to be made, unauthorized disbursements of trust funds in  
20 violation of Financial Code section 17414, subdivision (a)(1) and California Code of Regulations,  
21 title 10, sections 1738 and 1738.2, which also caused a shortage to exist in the trust account in  
22 violation of California Code of Regulations, title 10, section 1738.1.

23 ii. failed to provide books and records as demanded by the Commissioner in  
24 violation of Financial Code section 17405.

25 iii. failed to maintain the required liquid assets and tangible net worth in violation  
26 of Financial Code section 17210.

27 G. On December 20, 2019, Respondents timely submitted a Notice of Defense to the  
28 Commissioner requesting an administrative hearing on the Accusation Allegations.

1 H. It is the intention of Settlement Source, Ryan Lenocker, and Erin Lenocker and the  
2 Commissioner (the Parties) to resolve the Accusation Allegations without the necessity of a hearing.

3 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions  
4 contained herein, the Parties agree as follows:

5 **II.**

6 **Terms and Conditions**

7 1. Purpose. This Settlement Agreement resolves the Accusation Allegations in a  
8 manner that avoids the expense of a hearing and other possible court proceedings, protects  
9 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions  
10 of the Escrow Law.

11 2. Revocation Order. Settlement Source hereby agrees to the issuance by the  
12 Commissioner of an order revoking Settlement Source’s escrow agent license. A copy of the  
13 revocation order is attached and incorporated as Exhibit A.

14 3. Suspension Order – Erin Lenocker. Erin Lenocker hereby agrees to the issuance by  
15 the Commissioner of an order suspending her from any position of employment, management, or  
16 control of an escrow agent for a period of one year. A copy of the suspension order is attached and  
17 incorporated herein as Exhibit B.

18 4. Suspension Order – Ryan Lenocker. Ryan Lenocker hereby agrees to the issuance by  
19 the Commissioner of an order suspending him from any position of employment, management, or  
20 control of an escrow agent for a period of one year. A copy of the suspension order is attached and  
21 incorporated herein as Exhibit C.

22 5. Future Activity – Erin Lenocker. Erin Lenocker additionally agrees that upon  
23 completion of the suspension described in Paragraph 3 above she shall not undertake any position as  
24 an escrow manager, corporate officer, director, trustee or stockholder, or act in any such capacity,  
25 and/or apply for any such position, with any escrow agent licensed by the Commissioner or seeking  
26 licensure with the Commissioner.

27 6. Failure to Comply – Erin Lenocker. Erin Lenocker further agrees that if the  
28 Commissioner finds that Erin Lenocker has violated any of the provisions of Paragraph 5 above, the

1 Commissioner may immediately issue an Order barring her from any position of employment,  
2 management or control of any escrow agent and the Accusation Allegations shall be deemed to have  
3 been admitted.

4 7. Future Activity – Ryan Lenocker. Ryan Lenocker additionally agrees that upon  
5 completion of the suspension described in Paragraph 4 above he shall not undertake any position as  
6 an escrow manager, corporate officer, director, trustee or stockholder, or act in any such capacity,  
7 and/or apply for any such position, with any escrow agent licensed by the Commissioner or seeking  
8 licensure with the Commissioner.

9 8. Failure to Comply – Ryan Lenocker. Ryan Lenocker further agrees that if the  
10 Commissioner finds that he has violated any of the provisions of Paragraph 7 above, the  
11 Commissioner may immediately issue an Order barring Ryan Lenocker from any position of  
12 employment, management or control of any escrow agent and the Accusation Allegations shall be  
13 deemed to have been admitted.

14 9. Waiver of Hearing Rights. Respondents acknowledge that the Commissioner is ready,  
15 willing, and able to proceed with the administrative enforcement action described above in  
16 Paragraph E. Respondents hereby waive their rights to a hearing, and to any reconsideration, appeal  
17 or other right to review which may be afforded by the Escrow Law, the California Administrative  
18 Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection  
19 herewith, including any bar order issued pursuant to Paragraphs 6 and 8 above. By waiving such  
20 rights, Respondents effectively consent to this Settlement Agreement becoming final.

21 10. Full and Final Settlement. The Parties hereby acknowledge and agree that this  
22 Settlement Agreement is intended to constitute a full, final, and complete resolution of the  
23 Accusation Allegations, and that no further proceedings or actions will be brought by the  
24 Commissioner in connection with the Accusation Allegations under the Escrow Law or any other  
25 provision of law, excepting therefrom any proceeding to enforce compliance with the terms of this  
26 Settlement Agreement.

27 11. Information Willfully Withheld or Misrepresented. This Settlement Agreement may  
28 be revoked, and the Commissioner may pursue any and all remedies available under the law against

1 Respondent(s), if the Commissioner discovers that Respondent(s) knowingly or willfully withheld  
2 information used for and relied upon in this Settlement Agreement.

3 12. Future Actions by Commissioner. If Respondent(s) fail to comply with any terms of  
4 this Settlement Agreement, the Commissioner may institute proceedings for any and all violations  
5 otherwise resolved under this Settlement Agreement. The Commissioner reserves the right to bring  
6 any future actions against Respondent(s) for any and all unknown violations of the Escrow Law.

7 13. Assisting Other Agencies. Nothing in this Settlement Agreement limits the  
8 Commissioner’s ability to assist any other government agency (city, county, state, or federal) with  
9 any administrative, civil or criminal prosecutions brought by that agency against Respondents or any  
10 other person based upon any of the activities alleged in this matter or otherwise.

11 14. Headings. The headings to the paragraphs of this Settlement Agreement are for  
12 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
13 the provisions hereof.

14 15. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or  
15 successors in interest.

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

25 17. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
26 this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the  
27 Parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of  
28 any other provision. No waiver by either party of any breach of, or of compliance with, any

1 condition or provision of this Settlement Agreement by the other party will be considered a waiver  
2 of any other condition or provision or of the same condition or provision at another time.

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

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

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

16 21. Effect Upon Future Proceedings. If Respondents are the subject of any future action  
17 by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof shall be  
18 admitted for the purpose of such action.

19 22. Third Parties. This Settlement Agreement does not create or give rise to any private  
20 rights or remedies against Respondents, create any liability for Respondents, or limit the defenses of  
21 Respondents for any person or entity not a party to this Settlement Agreement.

22 23. Voluntary Agreement. Respondents enter into this Settlement Agreement voluntarily  
23 and without coercion and acknowledge that no promises, threats or assurances have been made by  
24 the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The Parties  
25 each represent and acknowledge that he, she or it is executing this Settlement Agreement completely  
26 voluntarily and without any duress or undue influence of any kind from any source.

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1 Dated: April 27, 2020

2 By \_\_\_\_\_  
3 WILLIAM RYAN LENOCKER, an individual

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APPROVED AS TO FORM:

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By \_\_\_\_\_  
GRANT C. KEARY, ESQ. attorney for  
THE SETTLEMENT SOURCE ESCROW.  
ERIN TRACY LENOCKER AND WILLIAM RYAN  
LENOCKER

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Commissioner of Business Oversight

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By \_\_\_\_\_  
JUDY L. HARTLEY, ESQ.  
Senior Counsel

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