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

11 In the Matter of:)
12 THE COMMISSIONER OF BUSINESS) ESCROW LICENSE NO.: 96DBO-35661
13 OVERSIGHT,) CONSENT ORDER
14 Complainant,)
15 v.)
16 ARMOR ESCROW, INC.,)
17 Respondent.)
18 _____)

19 This Consent Order is entered into by and between the Commissioner of Business Oversight
20 and Armor Escrow, Inc. (Consent Order).

21 **RECITALS**

22 This Consent Order is made with reference to the following facts:

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

27 B. Armor Escrow, Inc. (Armor Escrow) is a corporation in good standing, duly formed
28 and existing pursuant to the laws of the State of California and is authorized to conduct business in

1 the State of California. Armor Escrow is an internet escrow agent licensed by the Commissioner
2 pursuant to the Escrow Law. Armor Escrow has its principal place of business located at 555 College
3 Avenue, Palo Alto, California 94306.

4 C. Scott Galit is the Chief Executive Officer of Armor Escrow and is authorized to enter
5 into this Consent Order on behalf of Armor Escrow.

6 D. As a result of a regulatory examination of Armor Escrow commenced in June 2018,
7 the Commissioner found that Armor Escrow: (1) failed to deposit/disburse trust funds to/from Armor
8 Escrow’s trust account in violation of Financial Code section 17409 and California Code of
9 Regulations, title 10, section 1737.1; (2) failed to maintain proper records and/or produce records for
10 the 2018 regulatory examination in violation of Financial Code sections 17404 and 17405 and
11 California Code of Regulations, title 10, section 1737.3; (3) failed to reconcile the trust account(s) on
12 a monthly basis in violation of Financial Code section 17404 and California Code of Regulations,
13 title 10, section 1732.2; and (4) failed to promptly remove earned escrow fees from the trust account
14 in violation of Financial Code section 17411.

15 E. Armor Escrow neither admits nor denies the findings set forth in Paragraph D above.

16 F. It is the intention of Armor Escrow and the Commissioner (the Parties) to resolve this
17 matter without the necessity of a hearing and/or other litigation.

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

20 **TERMS AND CONDITIONS**

21 1. **Purpose.** This Consent Order resolves the findings described in Paragraph D above
22 in a manner that avoids the expense of a hearing and other possible court proceedings, protects
23 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of
24 the Escrow Law.

25 2. **Revocation Order.** Armor Escrow hereby agrees to the issuance by the
26 Commissioner of an order revoking Armor Escrow’s escrow agent license. A copy of the revocation
27 order is attached and incorporated as Exhibit A.

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1 3. **Waiver of Hearing Rights.** Armor Escrow acknowledges that the Commissioner is
2 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
3 charges contained in this Consent Order. Armor Escrow hereby waives its right to a hearing, and to
4 any reconsideration, appeal or other right to review which may be afforded by the Escrow Law, the
5 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
6 provision of law in connection herewith. By waiving such rights, Armor Escrow effectively consents
7 to this Consent Order becoming final.

8 4. **Closing Audit.** Armor Escrow hereby agrees that it will file the closing audit report
9 required by Financial Code Section 17406(c) with the Commissioner within 105 days of the effective
10 date of this Consent Order as defined by Paragraph 22 herein.

11 5. **Full and Final Settlement.** The Parties hereby acknowledge and agree that this
12 Consent Order is intended to constitute a full, final, and complete resolution of the findings described
13 in Paragraph D above, and that no further proceedings or actions will be brought by the
14 Commissioner in connection with the findings described in Paragraph D above under the Escrow
15 Law or any other provision of law, excepting therefrom any proceeding to enforce compliance with
16 the terms of this Consent Order.

17 6. **Failure to Comply with the Consent Order.** Armor Escrow agrees that, upon any
18 failure to comply with the terms of this Consent Order, the Commissioner may immediately
19 commence proceedings to compel compliance under the Escrow Law. Armor Escrow waives any
20 notice and hearing rights to contest such proceedings which may be afforded under the Escrow Law
21 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
22 provision of law in connection therewith.

23 7. **Information Willfully Withheld or Misrepresented.** This Consent Order may be
24 revoked, and the Commissioner may pursue any and all remedies available under the law against
25 Armor Escrow if the Commissioner discovers that Armor Escrow knowingly or willfully withheld
26 information used for and relied upon in this Consent Order.

27 8. **Future Actions by Commissioner.** If Armor Escrow fails to comply with any terms
28 of the Consent Order, the Commissioner may institute proceedings for any and all violations

1 otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any
2 future actions against Armor Escrow for any and all unknown violations of the Escrow Law.

3 9. **Assisting Other Agencies**. Nothing in this Consent Order limits the Commissioner’s
4 ability to assist any other government agency (city, county, state, or federal) with any administrative,
5 civil or criminal prosecutions brought by that agency against Armor Escrow or any other person
6 based upon any of the activities alleged in this matter or otherwise.

7 10. **Headings**. The headings to the paragraphs of this Consent Order are for convenience
8 only and will not be deemed a part hereof or affect the construction or interpretation of the provisions
9 hereof.

10 11. **Binding**. This Consent Order is binding on all heirs, assigns, and/or successors in
11 interest.

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

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

27 14. **Full Integration**. This Consent Order is the final written expression and the complete
28 and exclusive statement of all the agreements, conditions, promises, representations, and covenants

1 between the Parties with respect to the subject matter hereof, and supersedes all prior or
2 contemporaneous agreements, negotiations, representations, understandings, and discussions between
3 and among the Parties, their respective representatives, and any other person or entity, with respect to
4 the subject matter covered hereby.

5 15. **Governing Law.** This Consent Order will be governed by and construed in
6 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,
7 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
8 forum to the maintenance of such action or proceeding in such court.

9 16. **Counterparts.** This Consent Order may be executed in one or more separate
10 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
11 together constitute a single document.

12 17. **Effect Upon Future Proceedings.** If Armor Escrow applies for any license, permit or
13 qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future
14 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
15 admitted for the purpose of such action.

16 18. **Voluntary Agreement.** Armor Escrow enters into this Consent Order voluntarily and
17 without coercion and acknowledge that no promises, threats or assurances have been made by the
18 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent
19 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
20 without any duress or undue influence of any kind from any source.

21 19. **Notice.** Any notice/report required under this Consent Order shall be addressed as
22 follows:

23	To Armor Escrow:	Molly E. Swartz, Esq.
24		Paul Hastings LLP
25		101 California Street, 48 th Floor
26		San Francisco, California 94111
27		mollyswartz@paulhastings.com

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To the Commissioner: Judy L. Hartley, Esq.
Senior Counsel
Department of Business Oversight
320 W. 4th Street, Suite 750
Los Angeles, California 90013-2344
judy.hartley@dbo.ca.gov

20. **Signatures.** A fax or electronic mail signature shall be deemed the same as an original signature.

21. **Public Record.** Armor Escrow hereby acknowledges that this Consent Order is and will be a matter of public record.

22. **Effective Date.** This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner’s counsel via e-mail to Armor Escrow’s counsel, Molly E. Swartz, at mollyswartz@paulhastings.com.

23. **Authority to Sign.** Each signatory hereto covenants that he or she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: August 25, 2020 MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner

Dated: August 25, 2020 ARMOR ESCROW, INC.

By _____
SCOTT GALIT
Chief Executive Officer

APPROVED AS TO FORM:

By _____
MOLLY E. SWARTZ, ESQ. attorney for
ARMOR ESCROW, INC.