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8  
9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
10 OF THE STATE OF CALIFORNIA

11 In the Matter of: ) ESCROW LICENSE NO.: 963-2469  
12 THE COMMISSIONER OF FINANCIAL ) CONSENT ORDER  
13 PROTECTION AND INNOVATION, )  
14 Complainant, )  
15 v. )  
16 PEARL ESCROW CORPORATION, )  
17 Respondent. )  
18 )  
19 )

20 This Consent Order is entered into between the Commissioner of Financial Protection and  
21 Innovation (Commissioner) and Respondent Pearl Escrow Corporation (Pearl Escrow) and is made  
22 with respect to the following facts:

23 **I.**

24 **RECITALS**

25 A. At all relevant times, Pearl Escrow was a corporation formed in California with a  
26 business address of 12501 Philadelphia Street, Suite A, Whittier, California 90601.

27 B. On August 13, 2007, Pearl Escrow was first licensed as an escrow agent by the  
28 Commissioner pursuant to the Escrow Law (Fin. Code, § 17000 et seq.) (Escrow Law).

1 C. On or about November 29, 2011, the Commissioner issued an Accusation against  
2 Pearl Escrow in support of the suspension of Pearl Escrow’s escrow agent license based on the  
3 findings that Pearl Escrow violated Financial Code sections 17406 (failure to timely submit audit  
4 reports) and 17210, subdivision (a) (failure to maintain minimal amounts of tangible net worth and  
5 liquid assets at all times) (November 29, 2011 Accusation).

6 D. On or about March 15, 2012, the Commissioner issued an Order suspending Pearl  
7 Escrow’s escrow agent license for one month, based on the November 29, 2011 Accusation. Pearl  
8 Escrow’s escrow agent license was thereafter suspended for one month.

9 E. On or about April 10, 2018, the Commissioner issued an Order to Discontinue  
10 Violations Pursuant to Financial Code Section 17602 and accusation and notice of intention to issue  
11 order to suspend Pearl Escrow’s license pursuant to Financial Code section 17608 based on the  
12 findings that between June 2015 and July 2017, and again in January 2018, Pearl Escrow failed to  
13 maintain a tangible net worth of \$50,000.00, including liquid assets of at least \$25,000.00 in excess  
14 of current liabilities, at all times, in violation of Financial Code section 17210, subdivision (a)  
15 (Action and Order to Discontinue Violations).

16 F. Pearl Escrow timely requested an administrative hearing in regard to the Action and  
17 Order to Discontinue Violations, which was set for trial on August 29, 2018.

18 G. On or about August 7, 2018, Pearl Escrow submitted a proof of deposit showing it  
19 was currently in compliance with the requirements for maintaining minimum amounts for tangible  
20 net worth (\$50,000) and net liquid assets (\$25,000).

21 H. On August 13, 2018, the Commissioner and Pearl Escrow entered into a Settlement  
22 Agreement to resolve the Action and Order to Discontinue Violations, including, but not limited to:  
23 (i) Pearl Escrow’s stipulation to the finality of the Order to Discontinue Violations Pursuant to  
24 Financial Code Section 17602, for violations of Financial Code section 17210, (ii) an order for  
25 monthly reporting and monitoring of financials, and (iii) an order for payment of costs (2018  
26 Settlement Agreement)

27 I. On or about November 11, 2020, the Department received and reviewed Pearl  
28 Escrow’s financial statements for the period of November 2019 through December 2020, which

1 disclosed that between November 2019 and August 2020, a period of 10 months, Pearl Escrow did  
2 not maintain a tangible net worth of \$50,000.00, including liquid assets of at least \$25,000.00 in  
3 excess of current liabilities at all times, in violation of Financial Code section 17210, subdivision (a).

4 J. On or about November 11, 2020, Pearl Escrow submitted a proof of deposit showing  
5 that as of September 2020, it was in compliance with the requirements for maintaining minimum  
6 amounts for tangible net worth (\$50,000) and net liquid assets (\$25,000).

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. This Consent Order resolves the issues before the Commissioner set forth in  
12 Paragraphs A through J above in a manner that avoids the expense of a hearing and other possible  
13 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes,  
14 policies, and provisions of the Escrow Law.

15 2. Order to Discontinue Violations. The final Order to Discontinue Violations Pursuant  
16 to Financial Code Section 17602, for violations of Financial Code section 17210, which was entered  
17 on August 13, 2018 pursuant to the 2018 Settlement Agreement, remains in effect.

18 3. Penalty. Pearl Escrow shall pay a penalty in the amount of \$10,000.00 for the  
19 violations set forth in Paragraph I above by no later than 30 days after the Effective Date of this  
20 Consent Order as defined in Paragraph 27 below. The penalty shall be made payable in the form of  
21 a cashier's check or Automated Clearing House deposit to the Department of Financial Protection  
22 and Innovation and transmitted to the attention of Accounting – Litigation, at the Department of  
23 Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95814-2306.

24 Notice of the payment must be concurrently sent to Sophia C. Kim via e-mail at:

25 Sophia.Kim@dfpi.ca.gov.

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

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

6       5.     Failure to Comply with Consent Order. Pearl Escrow agrees that if it fails to comply  
7 with the terms of this Consent Order, the Commissioner may, in addition to all other available  
8 remedies he may invoke under the Escrow Law, deny any application and/or summarily suspend or  
9 revoke any license granted by the Commissioner to Pearl Escrow until Pearl Escrow is in  
10 compliance. Pearl Escrow waives any notice and hearing rights to contest such denial or summary  
11 suspension or revocation which may be afforded under the Escrow Law, the California  
12 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law  
13 in connection therewith.

14       6.     Information Willfully Withheld or Misrepresented. This Consent Order may be  
15 revoked and the Commissioner may pursue any and all remedies available under law against Pearl  
16 Escrow if the Commissioner discovers that Pearl Escrow knowingly or willfully withheld or  
17 misrepresented information used for and relied upon in this Consent Order.

18       7.     Future Actions by Commissioner. If Pearl Escrow fails to comply with any terms of  
19 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise  
20 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions  
21 against Pearl Escrow, or any of their partners, owners, officers, shareholders, directors, employees or  
22 successors for any and all unknown violations of the Escrow Law and Financial Code.

23       8.     Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's  
24 ability to assist any other government agency (city, county, state, or federal) with any prosecution,  
25 administrative, civil or criminal brought by that agency against Pearl Escrow or any other person  
26 based upon any of the activities alleged in this matter or otherwise.

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1           9.     Headings. The headings to the paragraphs of this Consent Order are inserted for  
2 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
3 the provisions hereof.

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

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

15           12.    No Presumption Against Drafting Party. Each party acknowledges that it has had the  
16 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties  
17 intend that no presumption for or against the drafting party will apply in construing any part of this  
18 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or  
19 corresponding provisions of any successor statute, which provide that in cases of uncertainty,  
20 language of a contract should be interpreted most strongly against the party that caused the  
21 uncertainty to exist.

22           13.    Independent Legal Advice. Each of the parties represents, warrants, and agrees that it  
23 has received independent advice from its attorney(s) and/or representatives with respect to the  
24 advisability of executing this Consent Order.

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

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

3 15. Full Integration. This Consent Order is the final written expression and the complete  
4 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
5 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 16. Governing Law. This Consent Order shall be construed and enforced in accordance  
10 with and governed by California law.

11 17. Counterparts. This Consent Order 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 18. Effect Upon Future Proceedings. If Pearl Escrow applies for any license, permit or  
15 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future  
16 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be  
17 admitted for the purpose of such application(s) or enforcement proceeding(s).

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

23 20. Notice. Any notice required under this Consent Order shall be provided to each party  
24 at the following addresses:

25 To Pearl Escrow:

26 Hector Alvarado, 5030 East 2<sup>nd</sup> Street, Suite 206-G, Long Beach, California 90803;  
27 hector@pearlescrow.com.

28 To the Commissioner:

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Sophia C. Kim, Senior Counsel, Enforcement Division, Department of Financial Protection and Innovation, 320 West 4<sup>th</sup> Street, Suite 750, Los Angeles, California 90013; Sophia.Kim@dfpi.ca.gov.

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

26. Public Record. Pearl Escrow hereby acknowledges that this Consent Order is and will be a matter of public record.

27. 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 Pearl Escrow at hector@pearlescrow.com.

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

Dated: 2/17/21

MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

Dated: 2/17/21

PEARL ESCROW CORPORATION

By \_\_\_\_\_  
HECTOR ALVARADO  
Vice President of Pearl Escrow Corporation