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Commissioner
MARY ANN SMITH
Deputy Commissioner
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:)	ESCROW LICENSE NO.: 963-0467
THE COMMISSIONER OF FINANCIAL)	
PROTECTION AND INNOVATION,)	CONSENT ORDER
Complainant,)	
v.)	
EASTLAND ESCROWS, INC.,)	
Respondent.)	

The Commissioner of Financial Protection and Innovation (Commissioner) and Eastland Escrows, Inc. (Eastland) (collectively, the Parties) enter into this Consent Order with respect to the following facts:

I.

Recitals

This Consent Order is made with reference to the following:

A. The Department of Financial Protection and Innovation (Department) through the Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in

1 the business of escrow agents pursuant to the Escrow Law (Financial Code, section 17000, et seq.)
2 (Escrow Law).

3 B. Eastland is an escrow agent licensed by the Commissioner, pursuant to the Escrow
4 Law, since November 27, 1973. Eastland has its primary place of business at 302 E Rowland Street,
5 Covina, California 91723.

6 C. Susan Thomas is the President and owner of Eastland, and as such, is authorized to
7 enter into this Consent Order on behalf of Eastland.

8 D. Financial Code section 17210, subdivision (b)(9) requires all escrow agents licensed
9 prior to January 1, 1986, to maintain at all times a tangible net worth of \$50,000 including liquid
10 assets of at least \$25,000 in excess of current liabilities.

11 E. Eastland's 2020 and 2021 annual reports and unaudited financial statements from
12 February 2021 to November 2022 show that it repeatedly violated Financial Code section 17210.

13 The Department noted the following liquid assets and tangible net worth deficiencies:

- 14 i. Eastland's annual audit report as of August 31, 2020, shows a liquid asset deficiency
15 of \$56,698.00 and tangible net worth deficiency of \$20,270.00.
- 16 ii. Eastland's unaudited financial statements as of February 28, 2021, show a liquid
17 asset deficiency of \$2,786.00 and tangible net worth deficiency of \$5,994.00.
- 18 iii. In March of 2021, the Department notified Eastland of the deficiencies and
19 requested that Eastland comply with Financial Code section 17210. Eastland
20 maintained the required tangible net worth for a few short months in 2021.
- 21 iv. Eastland's annual audit report as of August 31, 2021, shows a liquid asset deficiency
22 of \$22,956.00.
- 23 v. Eastland's unaudited financial statements as of February 28, 2022, show a tangible
24 net worth deficiency of \$64,745.00.
- 25 vi. Eastland's unaudited financial statements as of April 30, 2022, show a tangible net
26 worth deficiency of \$19,572.00.
- 27 vii. Eastland's unaudited financial statements as of May 31, 2022, show a tangible net
28 worth deficiency of \$36,205.00.

- viii. Eastland’s unaudited financial statements as of July 31, 2022, show a tangible net worth deficiency of \$4,297.00.
- ix. Eastland’s unaudited financial statements as of August 31, 2022, show a tangible net worth deficiency of \$8,232.00.
- x. Eastland’s unaudited financial statements as of September 30, 2022, show a tangible net worth deficiency of \$40,871.00.
- xi. Eastland’s unaudited financial statements as of October 31, 2022, show a tangible net worth deficiency of \$72,381.00.
- xii. Eastland’s unaudited financial statements as of November 30, 2022, show a tangible net worth deficiency of \$102,837.00.
- xiii. Eastland’s unaudited financial statements as of February 28, 2023, show a capital infusion resulting in a tangible net worth of \$52,865 barely meeting the tangible net worth requirement of \$50,000. Eastland, however, continues to have a year-to-date operating loss.

F. Based upon the foregoing, the Commissioner finds that Eastland repeatedly violated Financial Code section 17210, subdivision (b)(9).

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

II.

Terms and Conditions

1. Purpose. This Consent Order resolves the issues before the Commissioner, finding that Eastland violated the Escrow Law, as set forth above in paragraphs A through G, in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the Escrow Law.

2. Order to Discontinue Violations. Pursuant to Financial Code sections 17602 and 17604, Eastland Escrows, Inc. is hereby ordered to immediately discontinue violations of the Escrow Law, set forth herein. Eastland Escrows, Inc. is ordered to maintain, at all times, the required liquid assets and tangible net worth mandated by Financial Code section 17210. This order is final and

1 effective from the Effective Date of this Consent Order, as defined in paragraph 24 (Effective Date).

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

- 8 a. The first Audit Report shall cover all of Eastland's books and financial records from
9 March 1, 2023 through May 31, 2023, and shall be submitted to the Commissioner no
10 later than June 30, 2023.
- 11 b. The second Audit Report shall cover all of Eastland's books and financial records
12 from June 1, 2023 through August 31, 2023, and shall be submitted to the
13 Commissioner no later than September 30, 2023.
- 14 c. The third Audit Report shall cover all of Eastland's books and financial records from
15 September 1, 2023 through November 30, 2023, and shall be submitted to the
16 Commissioner no later than December 31, 2023.
- 17 d. The fourth Audit Report shall cover all of Eastland's books and financial records
18 from December 1, 2023 through February 29, 2024, and shall be submitted to the
19 Commissioner no later than March 31, 2024.

20 The above Audit Reports shall be sent concurrently to Affi Eghbaldari, Senior Counsel,
21 Enforcement Division, by email at: affi.eghbaldari@dfpi.ca.gov.

22 4. Administrative Penalties. Eastland is hereby ordered to pay an administrative penalty
23 to the Commissioner in the amount of \$4,000.00 within ten days of the Effective Date of this
24 Consent Order. Eastland shall pay the penalties by automated Clearing House deposit or cashier's
25 check to the Department and transmitted to the attention of Accounting-Litigation at the Department
26 of Financial Protection and Innovation, 2101 Arena Blvd, Sacramento, California 95834. Notice of
27 payments shall be sent concurrently to Affi Eghbaldari, Senior Counsel, Enforcement Division, by
28 email at: affi.eghbaldari@dfpi.ca.gov.

1 5. Waiver of Hearing Rights. Eastland acknowledges the Commissioner is ready,
2 willing, and able to proceed with the filing of an administrative enforcement action on the charges
3 contained in this Consent Order. Eastland hereby waives the right to any hearings, and to any
4 reconsideration, appeal, or other right to review which may be afforded pursuant to the Escrow Law,
5 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
6 provision of law. Eastland further expressly waives any requirement for the filing of an enforcement
7 action pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,
8 Eastland effectively consents to this Consent Order becoming final.

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

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

23 8. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
24 interest.

25 9. Information Willfully Withheld or Misrepresented. This Consent Order may be
26 rescinded by the Commissioner, and the Commissioner may pursue any and all remedies available
27 under the law against Eastland, if the Commissioner discovers that Eastland has knowingly, or
28 willfully withheld or misrepresented information used for and relied upon in this Consent Order.

1 10. Future Actions by Commissioner. If Eastland fails to comply with any terms of this
2 Consent Order or Order to Discontinue Violations, the Commissioner may institute proceedings for
3 any and all violations otherwise resolved under this Consent Order. The Commissioner reserves the
4 right to bring any future actions against Eastland, or any of its partners, owners, officers, directors,
5 shareholders, employees or successors for any and all unknown violations of the Escrow Law.

6 11. Commissioner's Duties. Nothing in this Consent Order limits the Commissioner's
7 ability to assist any other government agency with any action brought by that agency (city, county,
8 state or federal) with any prosecution, administrative, civil, and/or criminal brought by any such
9 agency against Eastland, including an action based on any of the acts, omissions, or events described
10 in this Consent Order.

11 12. Independent Legal Advice. Each party represents that it has received independent
12 advice from its counsel or representatives regarding the advisability of executing this Consent Order.

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

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

28 15. Full Integration. This Consent Order is the final written expression and the complete

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

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

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

14 18. Governing Law. This Consent Order will be governed by and construed in accordance
15 with the laws of the State of California.

16 19. Voluntary Agreement. Eastland enters into this Consent Order voluntarily and
17 without coercion and acknowledges 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 20. Counterparts. This Consent Order may be executed in any number of counterparts,
22 each of which will be deemed an original when executed. All counterparts together will be deemed
23 to constitute a single document.

24 21. Public Record. Eastland acknowledges that this Consent Order is and will be a
25 matter of public record.

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

23. Signatures. A signature delivered by facsimile or email will be deemed an original signature.

24. Effective Date. This Consent Order shall become final and effective when signed by the Parties and delivered by the Commissioner’s agent via e-mail to Eastland’s attorney, Grant Keary at gck@leekeary.com.

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

To Eastland: Eastland Escrows, Inc.
Susan Thomas, President
302 E Rowland Street
Covina, California 91723
sue@eastlandescrows.com

and

Grant Keary, Esq., Counsel to Eastland Escrows, Inc.
gck@leekeary.com

To the Commissioner: Affi Eghbaldari, Counsel
Department of Financial Protection & Innovation
1455 Frazee Road, Suite 315
San Diego, California 92108
Affi.eghbaldari@dfpi.ca.gov

[Signature page to follow]

1 Dated: April 24, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

EASTLAND ESCROWS, INC.

8
9 Dated: April 21, 2023

By _____
Susan Thomas
President of Eastland Escrows, Inc.

10
11
12 Approved as to Form and Content:

13 By _____
14 Grant Keary, Esq.
Attorney on behalf of Eastland Escrows, Inc.