

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 SEAN M. ROONEY
Assistant Chief Counsel
4 MARLOU de LUNA (State Bar No. 162259)
Senior Counsel
5 Department of Financial Protection and Innovation
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6 Los Angeles, California 90013
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8 Attorneys for Complainant

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

12 In the Matter of:) File No.: 963-0618
13)
14 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,)
15) SETTLEMENT AGREEMENT
16 Complainant,)
17 v.)
18 LAURIE BUCHANAN,)
19 Respondent.)
20)
21)

22 This Settlement Agreement is entered into between the Commissioner of Financial Protection
23 and Innovation (Commissioner) and Laurie Buchanan (Buchanan) (collectively, the Parties), and is
24 made with respect to the following facts:

25 **I.**
26 **RECITALS**

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

1 the business of escrow agents pursuant to the California Escrow Law (Financial Code section 17000
2 et seq.) (Escrow Law) and the rules and regulations promulgated thereunder.

3 B. Buchanan is at all relevant times herein, an escrow officer at Menifee Valley Escrow,
4 Inc. (MVE), a 50% shareholder of MVE, and a signatory on MVE’s trust account.

5 C. MVE is an escrow agent licensed by the Commissioner pursuant to the Escrow Law.
6 MVE’s principal place of business is located at 28005 Bradley Road, Suite B, Sun City, California
7 92586.

8 D. On or about February 14, 2023, the Commissioner issued Buchanan a Notice of
9 Intention to Issue Order Barring Laurie Buchanan from Any Position of Employment, Management,
10 or Control of Any Escrow Agent Pursuant to Financial Code Section 17423, Accusation
11 (Accusation), and accompanying documents (collectively, Administrative Pleadings). Subsequently,
12 an amended accusation (Amended Accusation) was issued on March 23, 2023. The Commissioner
13 alleged that Buchanan disbursed monies to herself without proper authorization.

14 E. On January 9, 2020, the Commissioner through her staff commenced a special
15 examination to review the disbursements, to validate the facts as reported by MVE, and to identify
16 any pattern of unauthorized fees. The examiner handling the special examination (Examiner)
17 reviewed escrow files, ledgers, statements, and MVE’s check activity reports. The Examiner found
18 that from October 1, 2018 through January 31, 2020, \$15, 684 disbursed to Buchanan did not have
19 proper authorization or documentation contained in the escrow files at issue (the Findings).

20 F. Buchanan timely filed her Notice of Defense on March 3, 2023 regarding the
21 Amended Accusation and requested a hearing before the Office of Administrative Hearings.

22 G. Following several meetings with the Commissioner’s counsel and the Examiner’s
23 requests, Buchanan provided supporting documentation, originally not found in the escrow files
24 during the special examination, that appears to resolve the Findings.

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

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II

TERMS AND CONDITIONS

1. Purpose. This Settlement Agreement resolves the issues before the Commissioner in a manner that avoid the expense and uncertainty of a hearing or other possible litigation, protects consumers, is in the public interest, and is consistent with the purpose, policies, and provisions of the applicable law.

2. Suspension Order. Buchanan shall be suspended for a period of three (3) business days (the Suspension Order), beginning October 20, 2023, and continuing day-to-day until close of business on the third day business day (the Suspension Period). If the Suspension Period ends on a Saturday, Sunday, or state holiday, the Suspension Period continues to run until close of business on the next day that is not a Saturday, Sunday, or state holiday. During the Suspension Period, Buchanan shall not accept any new escrow business, but may continue to process existing and open escrows pursuant to Financial Code section 17609. It is further ordered that Buchanan shall provide the Commissioner, to the attention of Marlou de Luna, Senior Counsel, by close of business on the first day of the Suspension Period, a list of all open escrows with escrow numbers and escrow party names along with a copy of the signed escrow instructions and signed deposit receipts, if any, for the last opened escrow. Open escrow means an escrow wherein the parties to such escrow have already entered into a binding agreement and monies or escrow instructions have been submitted to MVE regarding the transaction. Buchanan agrees that this Suspension Order is a final order. A true and correct copy of the Suspension Order is attached and incorporated herein as Exhibit A.

3. Maintaining Books and Records of Escrow Files. Buchanan acknowledges and agrees to comply with MVE’s written policies and procedures for record keeping and disbursement authorization unless Buchanan receives written approval from the Commissioner to do otherwise. Moreover, Buchanan agrees to maintain her escrow files including all supporting documentation pertaining to disbursements, receipts, including but not limited to invoices, instructions, statements, demand, and any post-closing transactions organized and kept together, in order to meet the criteria of completeness of the escrow file and to properly enable the Commissioner to determine compliance with the Escrow Law.

1 4. Continuing Education. Buchanan agrees to take eight (8) hours of continuing
2 education related to maintaining and organizing escrow files, the course and course provider to be
3 approved by the Commissioner. Buchanan shall submit a certificate of completion no later than 12
4 months after the effective date of this Settlement Agreement as defined in Paragraph 25 (Effective
5 Date). If the submission of the certificate falls on a Saturday, Sunday, or a state holiday, Buchanan
6 must submit the certificate no later than the following business day.

7 5. Waiver of Hearing Rights. Buchanan acknowledges that the Commissioner is ready,
8 willing, and able to proceed with the administrative enforcement action described above in
9 Paragraphs D and E. Buchanan hereby waives the right to any hearings and to any reconsideration,
10 appeal, or other right to review which may be afforded by the Escrow Law, the California
11 Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or any other
12 provision of law. By waiving such rights, Buchanan effectively consents to this Settlement
13 Agreement becoming final.

14 6. Full and Final Settlement. The Parties hereby acknowledge and agree that this
15 Settlement Agreement is intended to constitute a full, final, and complete resolution of the Findings
16 described herein and in the Amended Accusation. No further proceedings or actions will be brought
17 by the Commissioner in connection with the Findings in this matter, subject to the exceptions set
18 forth in Paragraph 7 below.

19 7. Exceptions to Full and Final Settlement. Nothing in Paragraph 6 above or anything
20 else in this Settlement Agreement shall be construed to prohibit or restrict or preclude the
21 Commissioner from taking any of the following actions:

- 22 a) Bringing a proceeding to enforce compliance with the terms of this Settlement Agreement;
- 23 b) Bringing a proceeding based upon discovery of violations of the Escrow Law occurring
24 after the effective date of this Settlement Agreement;
- 25 c) Bringing a proceeding based upon discovery of violation of the Escrow Law which do not
26 form the basis for this Settlement Agreement; or
- 27 d) Bringing a proceeding based upon discovery of violations of the Escrow Law which
28 Buchanan knowingly concealed from the Commissioner.

1 8. Remedy for Breach. Buchanan agrees that failure to comply with any terms of this
2 Settlement Agreement is a breach of this Settlement Agreement. The Commissioner may, in addition
3 to all other remedies she may invoke under the Escrow Law, summarily suspend Buchanan from any
4 position of employment, management or control of any escrow agent until Buchanan is in
5 compliance, subject to the Opportunity to Cure provision in Paragraph 9, below. Buchanan waives
6 any notice and hearing rights to contest such suspensions under the Escrow Law, the Administrative
7 Procedure Act, including Government Code section 11415.60, subdivision (b); Code of Civil
8 Procedure; or any other provision of law to contest the summary suspension.

9 9. Opportunity to Cure. In the event Buchanan fails to maintain, departs, changes, or
10 expands MVE’s policies and procedures for handling the escrow files that she is processing or has
11 processed, the Commissioner, in her sole discretion, may give Buchanan written notice of such
12 breach (Notice) and the opportunity to cure the breach (Cure). The Cure must be completed to the
13 satisfaction of the Commissioner within ten (10) business days after the day the Notice has been sent
14 to Buchanan, with a copy of the Notice sent via email to Buchanan at laurie@mvescrow.com, unless
15 another date for receipt of Cure is agreed to in writing by the Commissioner. Proof of Cure,
16 satisfactory to the Commissioner, shall be sent to the Commissioner pursuant to the Notice provision
17 at Paragraph 26 below.

18 10. Information Willfully Withheld or Misrepresented. This Settlement Agreement may
19 be rescinded, and the Commissioner may pursue any and all remedies available under law against
20 Buchanan if the Commissioner discovers that Buchanan knowingly or willfully withheld or
21 misrepresented information used for and relied upon in this Settlement Agreement.

22 11. Future Actions by the Commissioner. If Buchanan fails to comply with any terms of
23 this Settlement Agreement, the Commissioner may institute proceedings for any and all violations
24 otherwise resolved under this Settlement Agreement.

25 12. Assisting Other Agencies. Nothing in this Settlement Agreement limits the
26 Commissioner’s ability to assist any other governmental agency (city, county, state, or federal) with
27 any administrative, civil, or criminal prosecution brought by that agency against Buchanan or any
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1 other person based upon any of the acts, omissions, or events described in this Settlement
2 Agreement.

3 13. Independent Legal Advice. Each of the parties represents, warrants, and agrees that
4 in executing this Settlement Agreement it has relied solely on the statements set forth herein and on
5 the advice of its attorney(s) and/or representative(s).

6 14. Reliance Each of the parties represents, warrants, and agrees that in executing this
7 Settlement Agreement it has placed no reliance on any statement, representation, or disclosure of
8 anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any party
9 was in any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the
10 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
11 Settlement Agreement.

12 15. Full Integration. This Settlement Agreement is the final written expression and the
13 complete and exclusive statement of all the agreements, conditions, promises, representations, and
14 covenants between the Parties with respect to the subject matter hereof, and supersedes all prior or
15 contemporaneous agreements, negotiations, representations, understandings, and discussions
16 between and among the parties, their respective representatives, and any other person or entity, with
17 respect to the subject matter covered hereby.

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

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

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

10 20. Authority to Sign. Each signatory hereto represents that the person signing this
11 Settlement Agreement possesses all necessary capacity and authority to sign and enter into this
12 Settlement Agreement and undertakes the obligations set forth herein.

13 21. Voluntary Agreement. Buchanan enters into this Settlement Agreement voluntarily
14 and without coercion and acknowledges that no promises, threats, or assurances have been made by
15 the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The Parties each
16 represent and acknowledge that they are executing this Agreement completely voluntarily and
17 without any duress or undue influence of any kind from any source.

18 22. Public Record. Buchanan acknowledges that this Settlement Agreement is a matter of
19 public record.

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

23 24. Signatures. This Settlement Agreement may be executed by facsimile or electronic
24 signature, and any such signature by any party hereto shall be deemed to be an original signature and
25 shall be binding on such party to the same extent as if such facsimile or electronic signature were an
26 original signature.

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25. Effective Date. This Settlement Agreement shall become final and effective when signed by all parties and delivered by the Commissioner’s agent via e-mail to Buchanan at laurie@mvescrow.com.

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

If to Laurie Buchanan:

Laurie Buchanan
Menifee Valley Escrow Inc.
28005 Bradley Road, Suite B
Menifee, California 92586
laurie@mvescrow.com

If to the Commissioner to:

Marlou de Luna, Senior Counsel
Department of Financial Protection and Innovation
320 W. 4th Street, Suite 750
Los Angeles, California 90013-2344
Marlou.deluna@dfpi.ca.gov

Dated: October 19, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: October 19, 2023

LAURIE BUCHANAN

By _____
LAURIE BUCHANAN