

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 AMY J. WINN
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9

10 Attorneys for Complainant

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

13 In the Matter of:) ESCROW LICENSE NO.: 96DBO-60192
14)
15 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) CONSENT ORDER
16)
17 Complainant,)
18)
19 v.)
20 VALLEY ESCROW, INC., ADRIAN J.)
OROZCO, AND SANDRA HERNANDEZ,)
21)
22 Respondents.)
_____)

23
24 This Consent Order is entered into between the Complainant, the Commissioner of Financial
25 Protection and Innovation (Commissioner) as head of the Department of Financial Protection and
26 Innovation (Department), and Valley Escrow, Inc., Adrian J. Orozco, and Sandra Hernandez
27 (collectively, Respondents), and is made with respect to the following:

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I.

Recitals

A. The Department through the Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of escrow agents pursuant to the Escrow Law (Financial Code, section 17000, et seq.) (Escrow Law).

B. Valley Escrow, Inc. (Valley Escrow) is a California corporation with its principal place of business located at 17826 Chatsworth Street, Granada Hills, California, 91344.

C. Adrian J. Orozco and Sandra Hernandez are the owners and officers of Valley Escrow and are authorized to enter into this Consent Order on behalf of Valley Escrow.

D. The Commissioner brings this action pursuant to the provisions of the Escrow Law, and the rules and regulations promulgated thereunder.

E. Financial Code section 17406, subdivision (a) requires all licensees under the Escrow Law to file an annual audit report containing audited financial statements (Audit Report) within 105 days after the close of the calendar year or the licensee’s fiscal year. Valley Escrow’s fiscal year-end is December 31. Failure to file the annual audit report by the deadline subjects licensees to penalties pursuant to Financial Code section 17408.

F. In 2018, the Department discovered that Valley Escrow failed to timely file its 2017 Audit Report, which was due on April 16, 2018, in violation of Financial Code section 17406. As a result, the Commissioner and Valley Escrow entered into a Consent Order in July of 2018, wherein Valley Escrow agreed to pay a penalty for filing its 2017 Audit Report late.

G. However, Valley Escrow continued to file its Audit Reports late as described below:

- (1) Valley Escrow filed its 2018 Audit Report on April 24, 2019, nine days after the due date.
- (2) Valley Escrow filed its 2020 Audit Report on May 10, 2021, twenty-five days after the due date.
- (3) Valley Escrow filed its 2021 Audit Report on June 14, 2022, sixty days after the due date and twenty-nine days later than the allowed filing extension due date.

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1 (4) Valley Escrow’s 2022 Audit Report was due on April 17, 2023. On May 31,
2 2023, Valley Escrow requested an extension for 10 days; the Department denied
3 the extension request.

4 (5) On May 22, 2023, the Department sent a letter to the Respondents and
5 demanded Valley Escrow file its 2022 Audit Report within 10 days of the date
6 of the demand. The demand letter further warned Respondents of the
7 disciplinary actions, including, but not limited to suspending or revoking its
8 license and assessing a penalty for its failure to timely file its Audit Reports in
9 accordance with Financial Code sections 17408 and 17602.5.

10 (6) Valley Escrow filed its 2022 Audit Report on June 18, 2024, four hundred and
11 twenty-eight days after the due date.

12 H. Valley Escrow’s 2023 Audit Report was due on April 15, 2024. However, Valley
13 Escrow has yet to file its 2023 Audit Report, which is now six months late.

14 I. Pursuant to Financial Code section 17210, subdivision (a), all escrow agent’s licensed
15 on or after January 1, 1986, must maintain at all times a tangible net worth of \$50,000, including liquid
16 assets of at least \$25,000 in excess of current liabilities.

17 J. A review of Valley Escrow’s financials from 2020 to 2022 reveals repeated tangible
18 net worth deficiency, as described below:

19 (1) Valley Escrow’s December 31, 2020, audited financial statement revealed a
20 tangible net worth deficiency in the amount of \$63,845.00.

21 (2) Valley Escrow’s June 30, 2021, unaudited financial statement disclosed a
22 tangible net worth deficiency of \$198,951.00.

23 (3) Between September 10, 2021, and September 22, 2021, the Department
24 followed up with the Respondents, via emails and telephone calls, to request a
25 plan of action to cure Valley Escrow’s tangible net worth deficiency and to
26 provide proof of correction of the tangible net worth deficiency noted in its June
27 30, 2021, financial statement.

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- (4) On September 10, 2021, the Respondents indicated that they would cure Valley Escrow’s deficiency, but they never provided proof of correction.
- (5) On October 1, 2021, the Department sent a follow-up demand letter to the Respondents, demanding proof of correction within 10 days from the date of the demand of the tangible net worth deficiency noted in Valley Escrow’s June 30, 2021, financial statement.
- (6) Respondents were warned of potential disciplinary actions, including, but not limited to suspension or revocation of its escrow agent’s license and the assessment of a penalty in accordance with Financial Code sections 17408 and 17602.5 if it failed to provide the required proof of correction and failed to produce the August 31, 2021, financial statement within 10 days from the date of the demand.
- (7) On October 21, 2021, Valley Escrow submitted its August 31, 2021, financial statement showing a tangible net worth deficiency of \$102,939.00.
- (8) Valley Escrow’s October 31, 2021, unaudited Financial Statement showed that it had cured the tangible net worth deficiency. As of October 31, 2021, Valley Escrow had a tangible net worth of \$81,585.41.
- (9) Valley Escrow’s compliance with the financial requirements of Financial Code section 17210 was short-lived. Valley Escrow’s December 2021 Audit Report showed a tangible net worth deficiency of \$26,630.00.
- (10) Valley Escrow’s May 2022 and September 2022 financial statements revealed tangible net worth deficiencies of \$42,830.64 and \$126,517.85, respectively.
- (11) On November 4, 2022, the Department sent another demand letter to the Respondents and demanded that proof of correction of the September 2022 tangible net worth deficiency be provided within 30 days from the date of the letter. Respondents were again warned of potential disciplinary action, including, but not limited to suspension or revocation of its escrow agent’s license and assessing a penalty if they failed to provide proof of correction.

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Proof of correction was never provided.

(12) On January 4, 2023, Valley Escrow submitted its November 2022 financial statement, which showed a tangible net worth deficiency of \$409,974.33 as of November 30, 2022.

(13) Valley Escrow’s 2022 Audit Report showed a tangible net worth deficiency of \$385,538.00.

(14) From January to May of 2023, the Department sent multiple emails and demand letters to the Respondents demanding that they provide a viable plan to correct Valley Escrow’s tangible net worth deficiency and provide proof of correction. The Department warned the Respondents about potential disciplinary actions, pursuant to Financial Code sections 17408 and 17602.5.

K. Valley Escrow never provided proof of correction.

L. Based on the facts above, the Commissioner finds that Valley Escrow violated Financial Code sections 17210 and 17406. Respondents acknowledge and agree with the Commissioner’s findings.

M. Respondents admit to the jurisdiction of the Commissioner in this matter and for the purposes of using and enforcing this Consent Order.

N. Respondents enter into this Consent Order which the Commissioner finds is appropriate, in the public interest, and consistent with the policies and purposes fairly intended by the Escrow Law.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree as follows:

II.

Terms

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

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1 2. Order to Discontinue Violations. Pursuant to Financial Code sections 17602 and 17604,
2 Valley Escrow, Inc. is hereby ordered to immediately discontinue violations of the Escrow Law, set
3 forth herein. Valley Escrow, Inc. is ordered to maintain, at all times, the required liquid assets and
4 tangible net worth mandated by Financial Code section 17210 and timely file its annual audit reports
5 containing audited financial statements as required by Financial Code section 17406. This order is
6 final and effective from the Effective Date of this Consent Order, as defined in paragraph 28 (Effective
7 Date).

8 3. Administrative Penalty. Pursuant to Financial Code section 17408, Valley Escrow, Inc.,
9 Adrian J. Orozco, and Sandra Hernandez, jointly and severally, are hereby ordered to pay an
10 administrative penalty in the amount of \$50,000.00, no later than 30 days after the Effective Date of
11 this Consent Order. The penalty shall be made payable in the form of a cashier’s check or Automated
12 Clearing House deposit to the Department of Financial Protection and Innovation and transmitted to
13 the attention of Accounting – Litigation, at the Department of Financial Protection and Innovation,
14 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment shall be concurrently
15 sent to Affi Eghbaldari, by e-mail at: affi.eghbaldari@dfpi.ca.gov.

16 4. 2023 Audit Report. Respondents hereby agree to file Valley Escrow’s 2023 Audit
17 Report and proof of compliance with Financial Code section 17210 no later than October 31, 2024.
18 The 2023 Audit Report and proof of compliance with Financial Code section 17210 shall be sent to
19 Affi Eghbaldari, Counsel, Enforcement Division, by email at: affi.eghbaldari@dbo.ca.gov.

20 5. Suspension Order. Pursuant to Financial Code section 17608, it is hereby ordered that
21 the escrow agent’s license issued to Valley Escrow, Inc. is suspended until Respondents have filed
22 Valley Escrow’s 2023 Audit Report required under California Financial Code section 17406 and
23 provided the Department with satisfactory proof that Valley Escrow is meeting the tangible net worth
24 and liquid assets requirements of Financial Code section 17210. This suspension commences on the
25 Effective Date of this Consent Order and will end after the Department receives Valley Escrow’s 2023
26 Audit Report and receives satisfactory proof that Valley Escrow is meeting the tangible net worth and
27 liquid assets requirements of Financial Code section 17210 (the Suspension Period). During the
28 Suspension Period, Valley Escrow shall not accept any new escrow business, but may continue to

1 process existing and open escrows, in accordance with Financial Code section 17609. It is further
2 ordered that Valley Escrow shall file with the Commissioner, no later than 2 days after the Effective
3 Date of this Consent Order, a list of all open escrows with escrow numbers and escrow party names
4 along with a copy of the signed escrow instructions and signed deposit receipts, if any, for the last
5 opened escrow. “Open escrow” shall mean an escrow wherein the parties to such escrow have already
6 entered into a binding agreement and monies and/or escrow instructions have been submitted to Valley
7 Escrow regarding the transaction. The list of all open escrows shall be sent to Affi Eghbaldari,
8 Counsel, Enforcement Division, by email at: affi.eghbaldari@dbo.ca.gov.

9 6. Quarterly Audited Financial Statements. Valley Escrow, Inc. hereby agrees to engage
10 (at its own expense) a certified public accountant or certified accounting firm, or compliance auditing
11 firm (Auditor), subject to the approval of the Department. The Auditor shall conduct an audit of
12 Valley Escrow’s books and financial records to ensure compliance with Financial Code section 17210,
13 and to provide satisfactory quarterly audit reports containing audited financial statements (Audit
14 Report), set forth as follows:

- 15 a. The first Audit Report shall cover all of Valley Escrow’s books and financial records
16 from September 1, 2024, through November 30, 2024, and shall be submitted to the
17 Commissioner no later than December 31, 2024.
- 18 b. The second Audit Report shall cover all of Valley Escrow’s books and financial
19 records from December 1, 2024, through February 28, 2025, and shall be submitted to
20 the Commissioner no later than March 31, 2025.
- 21 c. The third Audit Report shall cover all of Valley Escrow’s books and financial records
22 from March 1, 2025, through May 31, 2025, and shall be submitted to the
23 Commissioner no later than June 30, 2025.
- 24 d. The fourth Audit Report shall cover all of Valley Escrow’s books and financial records
25 from June 1, 2025, through August 31, 2025, and shall be submitted to the
26 Commissioner no later than September 30, 2025.

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

1 7. Escrow Education. Within 60 days of the Effective Date of this Consent Order, Adrian
2 J. Orozco, Sandra Hernandez and all persons in charge of Valley Escrow’s management or operation
3 are hereby ordered to attend eight hours of in-person compliance training in the area of Escrow Law
4 compliance (Training), offered by Escrow Law specialist instructor(s). The instructor(s) and general
5 format of this Training must be approved by the Commissioner. Within 65 days of the Effective Date
6 of this Consent Order, Respondents shall submit proof and certificate of compliance to Affi
7 Eghbaldari, Senior Counsel, at: affi.eghbaldari@dfpi.ca.gov.

8 8. Surety Bond. Valley Escrow, Inc. shall maintain a bond satisfactory to the
9 Commissioner as required by Financial Code section 17202.

10 9. Non-Dischargeable. Respondents further agree that the penalties described in this
11 Consent Order are non-dischargeable under United States Code, title 11, section 523(a)(7), which
12 provides an exception from discharge for any debt to the extent such debt is for a fine, penalty, or
13 forfeiture payable to and for the benefit of a governmental unit.

14 10. Waiver of Hearing Rights. Respondents acknowledge the Commissioner is ready,
15 willing, and able to proceed with the filing of an administrative enforcement action on the charges
16 contained in this Consent Order. Respondents hereby waive the right to any hearings and to any
17 reconsideration, appeal, or other right to review which may be afforded pursuant to the Escrow Law,
18 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
19 provision of law. Respondents further expressly waive any requirement for the filing of an Accusation
20 pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights, Respondents
21 effectively consent to the Consent Order becoming final.

22 11. Full and Final Settlement. The parties hereby acknowledge and agree that this Consent
23 Order is intended to constitute a full, final, and complete resolution of the violations described herein,
24 and that no further proceedings or actions will be brought by the Commissioner in connection with
25 these matters except under Escrow Law or any other provision of law, excepting therefrom any
26 proceeding to enforce compliance with the terms of this Consent Order.

27 12. Failure to Comply with Consent Order. Respondents agree that if they fail to comply
28 with the terms of this Consent Order, including, but not limited to complying with the orders and

1 terms described in paragraphs 2-9 of this Consent Order, the Commissioner may, in addition to all
2 other available remedies it may invoke under the Escrow Law, summarily revoke or suspend Valley
3 Escrow's escrow agent's license, summarily deny any pending license applications of Valley Escrow
4 and/or its respective affiliates, successors, and assigns, summarily order Respondents to pay the
5 unpaid penalties, and summarily bar Adrian J. Orozco from any position of employment, management
6 or control of any escrow agent. In addition, the Commissioner may file a civil action in the Superior
7 Court of California to recover the portion of the unpaid penalties amount. Respondents waive any
8 notice and hearing rights to contest such summary orders which may be afforded under the Escrow
9 Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any
10 other provision of law in connection therewith.

11 13. Information Willfully Withheld or Misrepresented. Notwithstanding paragraph 18
12 below, this Consent Order may be revoked, and the Commissioner may pursue any and all remedies
13 available under law against Respondents if the Commissioner discovers that Respondents knowingly
14 or willfully withheld or misrepresented material information.

15 14. Future Actions by Commissioner. If Respondents fail to comply with any terms of the
16 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
17 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
18 against the Respondents, or any of its partners, owners, officers, shareholders, directors, employees or
19 successors for any and all unknown violations of the Escrow Law.

20 15. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
21 ability to assist a government agency (whether city, county, state, federal, or otherwise) or self-
22 regulatory organization with any administrative, civil, or criminal action brought by that agency or
23 organization based upon any of the activities alleged in this matter or otherwise.

24 16. Headings. The headings to the paragraphs of this Consent Order are inserted for
25 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
26 the provisions hereof.

27 17. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
28 interest.

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

10 19. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
11 the Consent Order will be valid or binding unless it is in writing and signed by each of the parties. The
12 waiver of any provision of this Consent Order will not be deemed a waiver of any other provision. No
13 waiver by either party of any breach of, or compliance with, any condition or provision of this
14 Agreement by the other party will be considered a waiver of any other condition or provision or of the
15 same condition or provision at another time.

16 20. Full Integration. This Consent Order is the final written expression and the complete
17 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
18 between the parties with respect to the subject matter hereof, and supersedes all prior or
19 contemporaneous agreements, negotiations, representations, understandings, and discussions between
20 and among the parties, their respective representatives, and any other person or entity, with respect to
21 the subject matter covered hereby.

22 21. Governing Law. This Consent Order will be governed by and construed in accordance
23 with California law. Each of the parties hereto consents to the jurisdiction of the Superior Court of
24 California for the County of San Diego, and hereby irrevocably waives, to the fullest extent permitted
25 by law, the defense of an inconvenient forum to the maintenance of an action or proceeding in such
26 court relating to this Consent Order.

27 22. Effect Upon Future Proceedings. If Respondents apply for any license, permit,
28 qualification, or registration under the Commissioner's current or future jurisdiction, or are the subject

1 of any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof
2 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

3 23. Voluntary Agreement. Respondents enter into this Consent Order voluntarily and
4 without coercion and acknowledge that no promises, threats, or assurances have been made by the
5 Commissioner or any offer, or agent thereof, about this Consent Order. The Parties each represent and
6 acknowledge that he, she, or it is executing this Consent Order completely voluntarily and without any
7 duress or undue influence of any kind from any source.

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

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

13 If to Respondents to: Valley Escrow, Inc.
14 Adrian J. Orozco,
15 Sandra Hernandez
16 17826 Chatsworth Street
17 Granada Hills, California 91344
18 adrian@franklinexpressmortgage.com
19 sandee.hernandez@yahoo.com

17 If to the Commissioner, to: Affi Eghbaldari, Senior Counsel
18 Enforcement Division
19 Department of Financial Protection and Innovation
20 1455 Frazee Road, Suite 315
21 San Diego, California 92108

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

22 27. Public Record. Respondents hereby acknowledge that this Consent Order is and will be
23 a matter of public record.

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1 28. Effective Date. This Consent Order shall become final and effective when signed by all
2 parties and delivered by the Commissioner's agent via e-mail to Respondents at
3 adrian@franklinexpressmortgage.com or sandee.hernandez@yahoo.com.

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

7 IN WITNESS WHEREOF, the parties hereto have approved and executed the Consent Order
8 on the dates set forth opposite their respective signatures.

9 Dated: October 18, 2024

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



11 By: _____
12 MARY ANN SMITH
13 Deputy Commissioner
14 Enforcement Division

15 VALLEY ESCROW, INC., ADRIAN J. OROZCO, AND
16 SANDRA HERNANDEZ

17
18 Dated: October 17, 2024

19 By: _____
20 ADRIAN J. OROZCO, as an individual and as the owner
21 and on behalf of Valley Escrow, Inc.

22 Dated: October 17, 2024

23 By: _____
24 SANDRA HERNANDEZ, as an individual and as the owner
25 and on behalf of Valley Escrow, Inc.