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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. PROVIDENCE ESCROW, INC., Respondent.	File No.: 963-1699 SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the California Corporations Commissioner ("Commissioner") and Providence Escrow, Inc., and is made with respect to the following facts:

RECITALS

A. Providence Escrow, Inc. (“Respondent”) is a corporation in good standing, duly formed and existing pursuant to the laws of the State of California, and authorized to conduct business in the State of California.

B. Respondent currently holds escrow agent’s license number 963-1699 with its principal place of business located at 3435 Wilshire Boulevard, Suite 2870, Los Angeles, California, 90010.

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C. Elizabeth Venegas is the president of Respondent and is authorized to enter into this Settlement Agreement on behalf of Respondent.

D. Respondent failed to timely file with the Commissioner its annual report containing audited financial statements for year ending September 30, 2010 ("2010 Audit Report"), in violation of Financial Code section 17406. This report was due on January 17, 2011 but was not filed until July 8, 2011. Accordingly, the Commissioner assessed penalties in the amount of $37,500.00 pursuant to Financial Code section 17408.

E. The 2010 Audit Report filed on July 8, 2011 disclosed that Respondent is deficient in meeting the net worth requirements of Financial Code section 17210. On July 11, 2011, the Commissioner sent a letter to Respondent via certified mail demanding proof of correction of the going-concern and net worth deficiency issues no later than August 11, 2011. To date, Respondent has not provided the Commissioner satisfactory evidence that the going-concern and net worth deficiency issues have been remedied in compliance with Financial Code section 17210.

F. On August 16, 2011, the Commissioner issued an Accusation to Respondent in Support of: (1) Order Suspending Escrow Agent's License Pursuant to Financial Code Section 17608; and, (2) Order Imposing Penalties Pursuant to Financial Code Section 17408 ("Accusation"). An Amended Accusation was filed on February 22, 2012.

G. Respondent's annual report containing audited financial statements for year ending September 30, 2011 ("2011 Audit Report") became due on January 17, 2012. The 2011 Audit Report was has not been filed with the Commissioner and remains outstanding. Pursuant to Financial Code section 17408, penalties shall accrue daily until the 2011 Audit Report is filed with the Commissioner.

H. Respondent has timely requested an administrative hearing.

I. It is the intention and desire of the parties to resolve these matters without the necessity of a hearing and/or other litigation.

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

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TERMS AND CONDITIONS

1. This Settlement Agreement is entered into for the purpose of judicial economy and expediency, and to avoid the expense of a hearing, and possible further court proceedings.

2. Respondent hereby admits the allegations contained in the Accusation. Respondent's admissions herein are solely for the limited purposes of this proceeding and any future proceeding that may be initiated by or brought before the Commissioner against Respondent. It is the intent and understanding between the parties that this Settlement Agreement, and particularly Respondent's admissions herein, shall not be binding or admissible against Respondent in any action(s) brought against Respondent by third parties.

3. Respondent agrees that the penalties accrued for the untimely filing of its 2010 Audit Report total thirty-seven thousand five hundred dollars ($37,500.00). Penalties amounting to eleven thousand dollars ($11,000.00) have accrued as of March 20, 2012 for the late filing of the 2011 Audit Report, and additional penalties continue to accrue daily pursuant to Financial Code section 17408 until that report is filed. As full and final resolution of the penalties accrued for the 2010 and 2011 Audit Reports, Respondent agrees to pay to the Commissioner the sum of ten thousand dollars ($10,000.00). The penalty shall be paid in two equal installments. The first payment of five thousand dollars ($5,000.00) shall be due on or before April 1, 2012. The second payment of five thousand dollars ($5,000.00) shall be due on or before April 15, 2012. The penalty payment shall be postmarked by the due date and mailed by U.S. certified mail to: Senior Corporations Counsel Miranda LeKander, 1515 K Street, Suite 200, Sacramento, California, 95814. Respondent further agrees to an automatic revocation of its escrow agent's license ("Revocation Order"), effective immediately, if penalties are not paid in strict compliance with the terms of this paragraph.

4. Respondent agrees that no later than April 15, 2012 it shall: (1) file with the Commissioner its 2011 Audit Report referenced in Paragraph G; and, (2) provide satisfactory written evidence to the Commissioner that the going concern and net worth deficiency issues referenced in Paragraph E have been rectified in compliance with Financial Code section 17210. Respondent further agrees to an automatic revocation of its escrow agent's license ("Revocation Order"), effective immediately, if Respondent fails to strictly comply with the terms of this paragraph.

5. Respondent hereby agrees to the immediate issuance by the Commissioner of an order suspending Respondent's escrow agent's license for a period of 14 calendar days ("Suspension Order"). The 14-day suspension shall be in effect from March 26, 2012 to April 8, 2012, during which period Respondent shall not accept any new escrow business, but may continue to service prior and open escrows, in accordance with California Financial Code section 17609. For purposes of this Settlement Agreement, "open escrow" shall mean an escrow wherein the parties to such escrow have already entered into a binding agreement and monies and/or escrow instructions have been submitted to Respondent regarding the transaction. This suspension does not preclude Respondent from: (1) continuing to service prior and open escrows; (2) responding to regulatory inquiries from the Department of Corporations or other agencies; (3) making the penalty payment described in this Settlement Agreement; and, (4) otherwise responding to customer inquiries concerning open escrows. Additionally, Respondent will be required to engage its certified public accounting firm to review the records of Respondent after the suspension has been completed and report its findings of compliance with the suspension to the Commissioner within 30 days of completion of the suspension. The Commissioner reserves the right to audit Respondent for compliance with the suspension notwithstanding the findings of the certified public accountant's review. A copy of the Suspension Order is attached and incorporated as Exhibit A.

6. The parties hereby acknowledge and agree that this Settlement Agreement is intended to constitute a full, final and complete resolution of the Accusation and Amended Accusation. The parties further acknowledge and agree that nothing contained in this Settlement Agreement shall operate to limit the Commissioner's ability to assist any other agency (county, state or federal) with any prosecution, administrative, civil or criminal, brought by any such agency against Respondent based upon any of the activities alleged in these matters or otherwise.

7. Respondent acknowledges and agrees that the suspension and revocation orders provided for above shall not be the exclusive remedy available to the Commissioner in pursuing future violations but may be sought and employed in addition to any other remedy available pursuant to the Escrow Law.

8. Respondent acknowledges it has waived its right to an administrative hearing under

California Financial Code sections 17608 and 17408 in connection with the Accusation, and hereby waives its right to a hearing, and to any reconsideration, appeal, or other rights which may be afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection with these matters.

9. Each of the parties represents, warrants, and agrees that it has received, or acknowledges the right to seek, independent legal advice from its attorney(s) with respect to the advisability of executing this Settlement Agreement.

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

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

12. In that the parties have had the opportunity to draft, review and edit the language of this Settlement Agreement, no presumption for or against any party arising out of drafting all or any part of this Settlement Agreement will be applied in any action relating to, connected to, or involving this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil Code section 1654 and any successor or amended statute providing that, in cases of uncertainty, language

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of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

13. This Settlement Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document.

14. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: ___3/20/12_____

JAN LYNN OWEN
California Corporations Commissioner

By_____
ALAN S. WEINGER
Deputy Commissioner

Dated: ____3/19/12_____

PROVIDENCE ESCROW, INC.

By_____
ELIZABETH VENEGAS
President

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