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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. CORNER ESCROW, INC., Respondent.	File No.: 963-2489 SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and between the California Corporations Commissioner ("Commissioner"), on the one hand, and Respondent, Corner Escrow, Inc. ("Respondent"), on the other hand, and is made with respect to the following facts:

RECITALS

A. Respondent, a California corporation, currently holds an escrow agent's license number 963-2489 with a main office at 161 Fashion Lane, Suite 101, Tustin, California 92780, and a licensed branch office location at 169 Saxony Road, Suite 204, Encinitas, California 92024. Respondent has been licensed by the Commissioner pursuant to the California Escrow Law (California Financial Code section 17000 et seq.) since March 11, 2008.

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B. Kimberly M. Diaz ("Diaz") is the president and sole shareholder of Respondent and is authorized to enter into this Settlement Agreement on behalf of Respondent.

C. On or around April 12, 2012, Respondent filed with the Department of Corporations ("Department") several applications for escrow agent's branch licenses ("Applications").

D. In connection with its Applications, Respondent submitted its December 31, 2011 unaudited financial statement ("12/2011 financial statement") and its May 31, 2012 unaudited financial statement ("5/2012 financial statement") which contained inaccuracies in the profit and loss and balance sheets.

E. In or around June 2012 Respondent submitted to the Department its audited financial statements, which disclosed that (i) on December 16, 2011, a transfer of $8,000 was made from Respondent's trust account to Diaz's personal checking account, and (ii) on January 11, 2012, a transfer of $25,000 was made from Respondent's trust account to Diaz's personal checking account, causing trust account shortages in violation of California Code of Regulations, title 10, section 1738.1.

F. Respondent failed to discover the transfers of $8,000 and $25,000 until on or around March 30, 2012, because for the months of December 2011 and January 2012, Respondent failed to properly reconcile at least once each month the bank accounts contained in the general ledger with the bank statements of the general accounts, in violation of California Code of Regulations, title 10, section 1732.3.

G. On or around July 3, 2012, the Department commenced a regulatory examination of Respondent, which revealed that during the time period of July 2011 through January 2012 and May 2012, Respondent failed to meet the requirement of California Financial Code section 17210, subdivision (a) to maintain at all times liquid assets of at least $25,000 in excess of current liabilities.

H. On or around July 13, 2012, Respondent's representative explained to the Department in writing, supported by a letter from the bank, that the transfers of $8,000 and $25,000 "occurred at the bank level," and that the funds were appropriately returned to Respondent's trust account on March 30, 2012, when discovered, thereby correcting the aforementioned trust account shortage made in violation of California Code of Regulations, title 10, section 1738.1.

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I. On or around July 31, 2012, Respondent submitted an unaudited financial statement that accurately stated the general account balance, thereby correcting the aforementioned misstatements of material facts made on Respondent's 12/2011 and 5/2012 financial statements. Respondent also submitted bank reconciliations for its general account indicating that as of July 31, 2012, it had liquid assets of at least $25,000 in excess of current liabilities, thereby correcting the aforementioned deficiencies in liquid assets for the periods of July 2011 through January 2012 and May 2012.

J. 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:

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 facts contained in the Recitals and Order To Discontinue Violations Pursuant to California Financial Code Section 17602 ("Order"), a copy of which is attached hereto as Exhibit A and incorporated by reference. The admissions of Respondent are solely for the limited purposes of these proceedings and any future proceeding(s) that may be initiated by or brought before the Commissioner against Respondent with respect to the issues raised therein. It is the intent and understanding between the parties that this Settlement Agreement, and particularly the admissions of Respondent herein, shall not be binding or admissible against Respondent in any action(s) brought against Respondent by third parties.

3. Respondent hereby agrees to the issuance of the Order.

4. Respondent hereby agrees that upon execution of this Settlement Agreement it will withdraw all outstanding branch office applications except for its application for 27450 Ynez Road, Suite 125, Temecula, California 92591 ("Temecula branch"). Respondent agrees not to apply for any further escrow agent's branch licenses except for the Temecula branch until after July 1, 2013. The Commissioner agrees to expeditiously grant the Temecula branch license application provided

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that no further actions are commenced under the Escrow Law against Respondent during the continued pendency of the Temecula branch license application.

5. Respondent hereby acknowledges its right to an administrative hearing in connection with the Order and hereby waives its right to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the Escrow Law, the California Administrative Procedure Act ("APA"), the California Code of Civil Procedure, or any other provision of law, and by waiving such rights, consents to the Order becoming final.

6. Respondent hereby agrees that the Order, which orders Respondent to discontinue its violations of California Financial Code section17210 and California Code of Regulations, title 10, sections 1732.3 and 1738.1, is final. Respondent agrees that failure to comply with these provisions of the Escrow Law will constitute a violation of the Order and a breach of this Settlement Agreement, resulting in the automatic denial of the Temecula branch license application if it is still pending. Respondent further acknowledges that failure to comply with these provisions of the Escrow Law may result in additional action by the Commissioner under the Escrow Law.

7. The parties hereby acknowledge and agree that this Settlement Agreement is intended to constitute a full, final, and complete resolution of this matter, including the Applications. 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 agencies (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 this matter or otherwise.

8. Each of the parties represents, warrants, and agrees that it has received independent advice from its attorney(s) and/or representatives with respect to the advisability of executing this Settlement Agreement.

9. 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 the advice of its own counsel and/or representative. 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

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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.

10. This Settlement Agreement, including the attached Order, 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 supersedes 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 matters covered hereby.

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

12. 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.

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13. Each signator hereto covenants that she possesses all necessary capacity and the authority to sign and execute this Settlement Agreement.

JAN LYNN OWEN
California Corporations Commissioner

Dated: 11/13/12

By_____
Mary Ann Smith
Deputy Commissioner

CORNER ESCROW, INC.

Dated: 11/12/12

By_____
Kimberly M. Diaz, sole Shareholder and President,
on behalf of Corner Escrow, Inc.

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