

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
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Deputy Commissioner  
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7 Attorneys for Complainant  
8

9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of THE CALIFORNIA ) File No.: 963-2148  
CORPORATIONS COMMISSIONER, )  
13 ) SETTLEMENT AGREEMENT  
14 Complainant, )  
15 v. )  
16 R & R ESCROW, INC., )  
17 Respondent. )  
18 )

19 This Settlement Agreement (“Agreement”) is entered into between R & R Escrow, Inc. (“R  
20 & R”) and the California Corporations Commissioner (“Commissioner”) with respect to the  
21 following facts:  
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23 **RECITALS**

24 A. R & R is a corporation in good standing, duly formed and existing pursuant to the laws of  
25 the State of California, and authorized to conduct business in the State of California.

26 B. R & R is an escrow agent licensed by the Commissioner pursuant to the Escrow Law of  
27 the State of California (California Financial Code § 17000 *et seq.*). R & R’s principal place of  
28 business is located at 40 W. Cochran Street, Suite 208, Simi Valley, California 93065.

1 C. On or about August 28, 2007, the Commissioner issued an Order to Discontinue Escrow  
2 Activities Pursuant to California Financial Code Section 17415 (“Order to Discontinue”). The Order  
3 to Discontinue directed R & R to immediately discontinue acceptance of any new escrow or joint  
4 control activities, and remains in effect.

5 D. On or about August 28, 2007, the Commissioner issued an Order Imposing Penalties  
6 Pursuant to California Financial Code Section 17408 (“Order Imposing Penalties”). This Order  
7 imposed penalties in the amount of \$27,500 for R & R’s failure to file its annual audit report for  
8 fiscal year ended May 31, 2006 within the time period set forth in California Financial Code section  
9 17406.

10 E. Both the Order to Discontinue and Order Imposing Penalties were served on R & R via  
11 certified mail, return receipt requested, at their address of record on file with the Department on or  
12 about August 28, 2007. R & R filed a request for hearing with the Department on or about  
13 September 10, 2007, and further consented to a date later than thirty (30) days for the hearing to  
14 commence.

15 F. R & R notified the Commissioner in writing on or about November 13, 2007 that it  
16 wishes to surrender its escrow license.

17 G. It is the intention and desire of the parties to resolve this matter without the necessity of a  
18 hearing and/or other litigation.

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

21 **TERMS AND CONDITIONS**

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

24 2. R & R hereby admits the allegations contained in the Order to Discontinue and Order  
25 Imposing Penalties. The admissions of R & R are solely for the limited purposes of these  
26 proceedings and any future proceeding(s) that may be initiated by or brought before the  
27 Commissioner against R & R. It is the intent and understanding of the parties that this Agreement,  
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1 and the admissions of R & R contained herein, shall not be binding or admissible against R & R in  
2 any action(s) brought against R & R by third parties.

3 3. R & R hereby withdraws its request for hearing on the allegations set forth in the Order to  
4 Discontinue and Order Imposing Penalties. R & R acknowledges its right to an administrative  
5 hearing under Financial Code sections 17415 and 17408 in connection with the Order to Discontinue  
6 and Order Imposing Penalties, and hereby waives that right to a hearing, and to any reconsideration,  
7 appeal, or other right which may be afforded pursuant to the Escrow Law, the California  
8 Administrative Procedure Act, the California Code of Civil Procedure or any other provision of law  
9 in connection with this matter.

10 4. The Commissioner hereby consents to the surrender of R & R's escrow agent license  
11 effective November 13, 2007, provided that each and every condition set forth in paragraph 5 below  
12 is met. R & R understands and agrees that if it fails to meet each and every condition set forth in  
13 paragraph 5 below: (a) the escrow agent license of R & R shall be automatically revoked, and any  
14 right to a hearing regarding such revocation and to any reconsideration, appeal, or other right which  
15 may be afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the  
16 California Code of Civil Procedure or any other provision of law is hereby waived; and (b) all  
17 penalties imposed by the Order Imposing Penalties shall become immediately due and payable.

18 5. R & R agrees to the following conditions:

- 19 (i) R & R will provide a closing audit prepared by a Certified Public  
20 Accountant or Independent Public Accountant in accordance with the  
21 provisions of California Financial Code Section 17406 to the  
22 Commissioner within 105 days of the signing of this Agreement.
- 23 (ii) The closing audit report is accepted by the Commissioner as provided for  
24 in California Financial Code section 17406(i).
- 25 (iii) The Commissioner has not initiated any disciplinary action against R & R  
26 or any of its officers, directors, stockholders or employees.
- 27 (iv) R & R will maintain its books and records for five (5) years in accordance  
28 with Title 10, California Code of Regulations section 1730, after which

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time R & R will dispose of the books and records in accordance with applicable law.

6. Provided that each and every condition set forth in paragraph 5 above is met, the Commissioner will waive the penalties set forth in the Order Imposing Penalties, and R & R shall have no further obligation with respect to such penalties.

7. The parties hereby acknowledge and agree that this Agreement is intended to constitute a final and complete resolution of the matters set forth herein, including the allegations set forth in the Order to Discontinue and Order Imposing Penalties, and constitutes the entire Agreement between the parties with respect thereto. This Agreement supercedes any and all prior or contemporaneous agreements between the parties hereto.

8. Notwithstanding any other provision contained herein, nothing in this Agreement shall operate to limit the Commissioner’s ability to investigate and prosecute violations of the Escrow Law not addressed herein, or to assist any other agency (county, state or federal) with any prosecution, administrative, civil or criminal, brought by such agency against R & R.

9. Each party hereto represents and warrants that it has received independent advice from its attorney(s) and/or other representatives prior to entering into this Agreement, and in executing this Agreement relied solely on this statements set forth herein and the advice of its own counsel and/or representative.

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

11. The waiver of any provision of this Agreement shall not operate to waive any other provision set forth herein, and any waiver, amendment and/or change to the terms of this Agreement must be in writing signed by the parties hereto.

12. Each signatory hereto represents and warrants that he/she possesses the necessary capacity and authority to execute this Agreement and bind the parties hereto.

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13. This 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. A fax signature shall be deemed the same as an original signature.

Dated: \_\_\_\_\_ PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Alan S. Weinger  
Lead Corporations Counsel

Dated: \_\_\_\_\_ R & R ESCROW, INC.

By \_\_\_\_\_  
Ricardo A. Corbera  
President