

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Acting Deputy Commissioner  
3 BRENT LINDGREN (CA Bar No. 170306)  
Senior Corporations Counsel  
4 1515 K Street, Suite 200  
5 Sacramento, CA 95814  
Tel: 916/322-8778  
6 Fax: 916/445-6985  
7 Attorneys for Complainant  
CALIFORNIA DEPARTMENT  
8 OF CORPORATIONS

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10  
11 In the Matter of the ORDER of THE  
CALIFORNIA CORPORATIONS  
12 COMMISSIONER,

13 Complainant,

14 v.

15  
16 SAGE CREDIT ESCROW, INC.,

17 Respondent.  
18  
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) OAH Case No.: 2008050598

) File No.: 963-2086

) **SETTLEMENT AGREEMENT**

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22 This Settlement Agreement ("Agreement") is entered into between Sage Credit Escrow, Inc.  
23 ("Sage Credit Escrow") and the California Corporations Commissioner ("Commissioner") with  
24 respect to the following facts:

25 **RECITALS**

26 A. Sage Credit Escrow is a corporation in good standing, duly formed and existing pursuant  
27 to the laws of the State of California, and authorized to conduct business in the State of California.  
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1 B. Sage Credit Escrow is an escrow agent licensed by the Commissioner pursuant to the  
2 Escrow Law of the State of California (California Financial Code, Section 17000, *et seq.*) Sage  
3 Credit Escrow currently holds escrow agent's license number 963-2086 with its principal place of  
4 business located at 8001 Irvine Center Drive, Suite 220, Irvine, CA 92618.

5 C. Quentin Caruana ("Caruana") is Sage Credit Escrow's president, and Paul Rodriguez  
6 ("Rodriguez") serves as the executive vice-president of Sage Credit Escrow. Either Caruana or  
7 Rodriguez are authorized to enter into this agreement on the part of Sage Credit Escrow.

8 D. On or about March 26, 2008, the Commissioner issued an Order Imposing Penalties  
9 pursuant to the California Financial Code section 17408 ("Order"). This Order imposed penalties in  
10 the amount "of \$19,300, plus an additional \$100 a day for each day after March 26, 2008 that the  
11 annual audit report is not filed." The penalties were assessed due to Sage Credit Escrow's failure to  
12 timely file its annual audit report for the fiscal year ended May 31, 2007 as required by California  
13 Financial Code section 17406.

14 E. On or about March 26, 2008, the Commissioner issued a Notice of Intention to Issue  
15 Order Suspending Escrow Agent's License pursuant to the California Financial Code section 17608,  
16 Accusation and accompanying documents. Finding that Sage Credit Escrow had violated Financial  
17 Code section 17406 by failing to timely file its annual audit report, the Commissioner notified Sage  
18 Credit Escrow of his intention to suspend Sage Credit Escrow's agent license "until such time as  
19 Respondent files its audit report for the fiscal year ending May 31, 2007 or for a period of one  
20 month, whichever is greater."

21 E. The Order Imposing Penalties, Notice of Intention to Issue Order Suspending Escrow  
22 Agent's License, Accusation and accompanying documents were served on Sage Credit Escrow at  
23 its address of record on file with the Department no later than May 16, 2008. Sage Credit Escrow  
24 filed the annual audit report and its request for a hearing on the Commissioner's Order with the  
25 Department on or about May 20, 2008.

26 F. The Office of Administrative Hearings set this matter for a hearing on August 20, 2008 at  
27 9:00 AM. It is the intention and the desire of the parties to resolve this matter without proceeding  
28 with the hearing and/or other litigation.

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

3  
4 **TERMS AND CONDITIONS**

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

7 2. Sage Credit Escrow hereby admits the allegations contained in the Order. The admissions  
8 of Sage Credit Escrow are solely for the limited purposes of these proceedings and any future  
9 proceeding(s) that may be initiated by or brought before the Commissioner against Sage Credit  
10 Escrow. It is the intent and understanding of the parties that this Agreement, and the admissions of  
11 Sage Credit Escrow contained herein, shall not be binding or admissible against Sage Credit Escrow  
12 in any action(s) brought against Sage Credit Escrow by third parties.

13 3. Sage Credit Escrow agrees that the Order is hereby deemed a final order. Sage Credit  
14 Escrow acknowledges penalties accruing pursuant to the Order for the untimely filing of its 2007  
15 annual audit report totaled \$24,600. As full settlement of the Order, Sage Credit Escrow agrees to  
16 pay the Commissioner the sum of \$24,600 in penalties, which shall be paid as follows:

- 17 - \$2000 by the close of business on September 15, 2008;
- 18 - \$2000 by the close of business on October 15, 2008;
- 19 - \$2000 by the close of business on November 15, 2008;
- 20 - \$2000 by the close of business on December 15, 2008;
- 21 - \$2000 by the close of business on January 15, 2009;
- 22 - \$2000 by the close of business on February 15, 2009;
- 23 - \$2000 by the close of business on March 15, 2009;
- 24 - \$2000 by the close of business on April 15, 2009;
- 25 - \$2000 by the close of business on May 15, 2009;
- 26 - \$2000 by the close of business on June 15, 2009;
- 27 - \$2000 by the close of business on July 15, 2009;

1 - \$2000 by the close of business on August 15, 2009;

2 - \$600 by the close of business on September 15, 2009.

3 Sage Credit Escrow's payments shall be forwarded to the attention of Brent Lindgren, Senior  
4 Corporations Counsel for the Department of Corporations.

5 4. Sage Credit Escrow hereby agrees to the issuance of an order suspending Sage Credit  
6 Escrow's license for a period of one week beginning September 8, 2008. The suspension shall be  
7 effective provided that Sage Credit has already (1) signed and returned this settlement agreement; (2)  
8 paid their assessment of \$2800 to the Department of Corporations which was due on June 30, 2008;  
9 and (3) paid the assessment of \$373.80 to Escrow Agent's Fidelity Corporation. In connection with  
10 the suspension, Sage Credit shall file with the Commissioner at close of business on September 5,  
11 2008, a list of all open escrows with escrow numbers and escrow party names along with a copy of  
12 the signed escrow instructions and signed deposit receipt(s) for the last opened escrow, signed by the  
13 president of Sage Credit Escrow under penalty of perjury. For purposes of this Agreement, open  
14 escrow shall mean an escrow wherein the parties to such escrow have already entered into a binding  
15 agreement and monies and/or escrow instructions have been submitted to Sage Credit Escrow  
16 regarding the transaction. Additionally, Sage Credit Escrow will be required to immediately engage  
17 its certified public accounting ("CPA") firm to review the records of Sage Credit Escrow after the  
18 suspension has been completed and report its findings regarding compliance with the suspension  
19 ("CPA Report") to the Department by October 10, 2008. Sage Credit Escrow's CPA shall file its  
20 CPA Report with the Department directly. The Commissioner reserves the right to audit Sage Credit  
21 Escrow for compliance with the suspension notwithstanding the findings of the CPA review.

22 A copy of the suspension order is attached and incorporated as Exhibit A.

23 5. In the event that Sage Credit Escrow fails to make any of the payments outlined in  
24 paragraph 3 by the time specified or violates the Suspension Order attached as Exhibit A, then the  
25 Commissioner will summarily revoke the escrow agent's license of Sage Credit Escrow, and Sage  
26 Credit Escrow waives any right to a hearing on the matter of the summary revocation.

1           6.     The parties hereby acknowledge and agree that this Agreement is intended to  
2 constitute a final and complete resolution of the matters set forth herein, including the allegations set  
3 forth in Order, and constitutes the entire Agreement between the parties with respect thereto. This  
4 Agreement supersedes any and all prior or contemporaneous agreements between the parties hereto.

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

9           8.     Sage Credit Escrow acknowledges its right to an administrative hearing under  
10 California Financial Code sections 17408 and 17608 in connection with the penalty, and hereby  
11 waives its right to a hearing, and to any reconsideration, appeal, or other rights which may be  
12 afforded pursuant to the Escrow Law, the California Administrative Procedure Act, the California  
13 code of Civil Procedure, or any other provision of law in connection with this matter.

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

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

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

26           12.    Each signatory hereto represents and warrants that he/she possesses the necessary  
27 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 faxed signature shall be deemed the same as an original signature.

Dated: 9/2/08 aaw  
~~August 26, 2008~~

PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
Alan S. Weinger  
Acting Deputy Commissioner  
California Department of Corporations

Dated: August 25, 2008

SAGE CREDIT ESCROW, INC.

By: \_\_\_\_\_  
Quentin Caruana or Paul Rodriguez  
President or Executive Vice-president