ALAN S. WEINGER (CA BAR NO. 86717)
Deputy Commissioner
SOPHIA C. KIM (CA BAR NO. 265649)
Corporations Counsel
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013
Telephone: (213) 576-7594
Facsimile: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. ALTERNATIVE ESCROW, Respondent.	File No.: 963-2053 SETTLEMENT AGREEMENT

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

RECITALS

A. Alternative Escrow 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. Alternative Escrow currently holds escrow agent's license number 963-2053 with its principal place of business located at 2572 Tapo Street, Simi Valley, California 93063. Alternative

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Escrow has been licensed by the Commissioner pursuant to the California Escrow Law since January 26, 2004.

C. Kristen Adrienne Whitmer ("Whitmer") is the president of Alternative Escrow and is authorized to enter into this Settlement Agreement on behalf of Alternative Escrow.

D. Alternative Escrow failed to file an annual audit report containing audited financial statements ("Annual Report") by October 15, 2011, which is one hundred and five (105) days after the close of its fiscal year, pursuant to California Financial Code Section 17406. The Department of Corporations ("Department") sent a demand letter for the Annual Report on October 21, 2011, notifying Alternative Escrow that failure to file the Annual Report could result in the assessment of penalties, a special examination and/or administrative action.

E. Having failed to file the Annual Report, on February 9, 2012, Whitmer, on behalf of Alternative Escrow, was personally served with the Accusation for Suspension of Escrow License and Order Imposing Penalties issued by the Commissioner on February 7, 2012 ("Penalty Order"). Under the authority of Financial Code Section 17408, the Commissioner assessed penalties to Alternative Escrow in the amount of twenty-four thousand dollars ($24,000), accruing at a rate of two hundred and fifty dollars ($250) per day from the date of the Penalty Order until paid. As Alternative Escrow did not timely request a hearing, the Penalty Order was deemed final 30 days after service of the Penalty Order.

F. Having failed to request a hearing to contest the Accusation for Suspension of Escrow License, on March 15, 2012, Whitmer, on behalf of Alternative Escrow, was personally served with the Suspension Order issued by the Commissioner on March 13, 2012 ("Suspension Order"). Under the authority of Financial Code Section 17608, the Commissioner ordered the suspension of Alternative Escrow's escrow agent's license until it filed its Annual Report. Commencing on March 15, 2012, the Suspension Order further ordered Alternative Escrow to provide the Commissioner with a list of all open escrows with escrow numbers and escrow party names, along with a copy of the signed escrow instructions and signed deposit receipt(s), for the last opened escrow as of the close of business on the day the Suspension Order was served.

G. Having failed to comply with the Suspension Order by providing the Commissioner

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with a list of all open escrows with escrow numbers and escrow party names, along with a copy of the signed escrow instructions and signed deposit receipt(s), for the last opened escrow as of the close of business on the day the Suspension Order was served, on April 20, 2012, Whitmer, on behalf of Alternative Escrow, submitted said documents to the Department's examiner who visited Alternative Escrow's business location for the purpose of obtaining them.

H. On April 30, 2012, Alternative Escrow filed its Annual Report with the Commissioner. As of that date, the Commissioner, under the authority of Financial Code Section 17408, assessed penalties to Alternative Escrow in the sum of $44,750.00. The Annual Report disclosed a deficiency of $11,489.00 in Alternative Escrow's tangible net worth.

H. 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. Alternative Escrow hereby admits the allegations contained in the Penalty Order and Suspension Order. Alternative Escrow'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 Alternative Escrow. It is the intent and understanding between the parties that this Settlement Agreement, and particularly Alternative Escrow's admissions herein, shall not be binding or admissible against Alternative Escrow in any action(s) brought against Alternative Escrow by third parties.

3. Alternative Escrow agrees that the penalties accrued pursuant to the Penalty Order for the untimely filing of its Annual Report totaled $44,750.00 as of April 30, 2012, the date the Annual Report was filed. As full settlement of the Penalty Order, Alternative Escrow agrees to pay to the Commissioner the sum of $44,750.00 due upon execution of this Settlement Agreement.

4. Alternative Escrow agrees that its escrow agent's license will remain suspended until

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Alternative Escrow submits to the Department a plan to correct the deficiency of $11,489.00 in its tangible net worth. This plan shall be due within 30 days of the execution of this Settlement Agreement, or by June 8, 2012, whichever is sooner. The Department's receipt and acceptance of this plan is a precondition to completion of the suspension.

5. Alternative Escrow will be required to immediately engage its certified public accounting firm ("CPA") to review the records of Alternative Escrow after the suspension has been completed to report whether Alternative Escrow complied with the suspension. The CPA shall report to the Department its findings within 30 days of completion of the suspension. A copy of the Suspension Order is attached and incorporated as **Exhibit A**.

6. The Commissioner reserves the right to (1) audit Alternative Escrow for compliance with the suspension notwithstanding the findings of the CPA review, and (2) take any action afforded pursuant to the Escrow Law, the California Administrative Procedure Act, or any other provision of law in connection with these matters if it is found that Alternative Escrow failed to comply with the suspension.

7. Alternative Escrow further agrees to the immediate issuance by the Commissioner of an Order to Discontinue Escrow Activities Pursuant to Financial Code Section 17415, for failure to comply with the bonding requirements of Financial Code Section 17202 ("Order to Discontinue Escrow Activities"). Effective May 3, 2012, Surety Bond No. 0373447 issued by International Fidelity Insurance Company in favor of Alternative Escrow expired and no replacement bond has been obtained. A copy of the Order to Discontinue Escrow Activities is attached and incorporated as **Exhibit B**.

8. Alternative Escrow acknowledges that it has waived its right to an administrative hearing under California Financial Code Sections 17608, 17408, and 17415 in connection with the Penalty Order, Suspension Order, and Order to Discontinue Escrow Activities, 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. The parties hereby acknowledge and agree that this Settlement Agreement is intended

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to constitute a full, final and complete resolution of the Penalty Order and Suspension Order. The parties further acknowledge that notwithstanding the complete resolution of the Penalty Order and Suspension Order, the Order to Discontinue Escrow Activities Pursuant to Financial Code Section 17415 shall remain in effect until Alternative Escrow has complied with the bonding requirements of Financial Code Section 17202.

10. 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 Alternative Escrow based upon any of the activities alleged in these matters or otherwise.

11. 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.

12. 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.

13. 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.

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14. 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.

15. 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.

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

Dated: June 8, 2012

JAN LYNN OWEN
California Corporations Commissioner

By_____
ALAN S. WEINGER
Deputy Commissioner

Dated: May 31, 2012

ALTERNATIVE ESCROW

By_____
Kristen Adrienne Whitmer, President