

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
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Senior Corporations Counsel
4 Department of Corporations
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of) File No.: 963-0573
THE CALIFORNIA CORPORATIONS)
11 COMMISSIONER,) SETTLEMENT AGREEMENT
12)
Complainant,)
13)
v.)
14)
15 ROYAL CREST ESCROW, INC.,)
16 Respondent.)
17)

18 This Settlement Agreement is entered into between a Royal Crest Escrow, Inc. ("Royal
19 Crest") and the California Corporations Commissioner ("Commissioner"), and is made with respect
20 to the following facts:

21 **RECITALS**

22 A. Royal Crest is a corporation in good standing, duly formed and existing pursuant to
23 the laws of the State of California, and authorized to conduct business in the State of California.

24 B. Royal Crest currently holds escrow agent's license number 963-0573 with its
25 principal place of business located at 36 Malaga Cove Plaza, Suite 101, Palos Verde Estates,
26 California 90274. Royal Crest has been licensed by the Commissioner pursuant to the California
27 Escrow Law since August 17, 1976.
28

1 C. Kathleen M. South is the president and owner of Royal Crest and is authorized to
2 enter into this Settlement Agreement on behalf of Royal Crest.

3 D. On April 4, 2008, Royal Crest was personally served with an Order Imposing
4 Penalties Pursuant to Financial Code Section 17408 issued by the Commissioner on March 28, 2008
5 (“Penalty Order”). As Royal Crest did not timely request a hearing, the Penalty Order was deemed
6 final 30 days after service.

7 E. Royal Crest filed its 2007 Audit Report with the Commissioner on February 25, 2008,
8 which was 132 days after it was due. Under the authority of Financial Code section 17408, the
9 Commissioner assessed penalties to Royal Crest in the sum of \$13,200.00, reflecting a penalty of
10 \$100.00 for each day the report was late.

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

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

15 **TERMS AND CONDITIONS**

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

18 2. Royal Crest hereby admits the allegations contained in the Penalty Order. Royal
19 Crest’s admissions herein are solely for the limited purposes of this proceeding and any future
20 proceeding that may be initiated by or brought before the Commissioner against Royal Crest. It is
21 the intent and understanding between the parties that this Settlement Agreement, and particularly
22 Royal Crest’s admissions herein, shall not be binding or admissible against Royal Crest in any
23 action(s) brought against Royal Crest by third parties.

24 3. Royal Crest agrees that the penalties accrued for the untimely filing of its 2007 Audit
25 Report totaled \$13,200.00 as of February 25, 2008, the date it was filed. As full and final resolution
26 of this matter, Royal Crest agrees to pay to the Commissioner the sum of \$13,200.00 in penalties.
27 The penalties shall be paid in three equal installments of \$4,400.00 due on or before the first day of
28 each successive month commencing on September 1, 2008 and ending on November 1, 2008.

1 4. Royal Crest further agrees to an automatic revocation of its escrow agent’s license if
2 any installment payment agreed to in Paragraph 3 is not timely paid in strict compliance with the
3 terms thereof.

4 5. Royal Crest acknowledges it has waived its right to an administrative hearing under
5 Financial Code sections 17608 and 17408 in connection with the Penalty Order, and hereby waives
6 its right to a hearing, and to any reconsideration, appeal, or other rights which may be afforded
7 pursuant to the Escrow Law, the California Administrative Procedure Act, the California Code of
8 Civil Procedure, or any other provision of law in connection with these matters.

9 6. Royal Crest acknowledges and agrees that the revocation provided for above in
10 paragraph 4 shall not be the exclusive remedy available to the Commissioner in pursuing future
11 violations but may be sought and employed in addition to any other remedy available pursuant to the
12 Escrow Law.

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

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

22 9. Each of the parties represents, warrants, and agrees that in executing this Settlement
23 Agreement it has relied solely on the statements set forth herein and, if applicable, the advice of its
24 own counsel. Each of the parties further represents, warrants, and agrees that in executing this
25 Settlement Agreement it has placed no reliance on any statement, representation, or promise of any
26 other party, or any other person or entity not expressly set forth herein, or upon the failure of any
27 party or any other person or entity to make any statement, representation or disclosure of anything
28 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in

1 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the
2 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this
3 Settlement Agreement.

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

10 11. In that the parties have had the opportunity to draft, review and edit the language of
11 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any
12 part of this Settlement Agreement will be applied in any action relating to, connected to, or involving
13 this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil Code
14 section 1654 and any successor or amended statute providing that, in cases of uncertainty, language
15 of a contract should be interpreted most strongly against the party who caused the uncertainty to
16 exist.

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

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

Dated: _____

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____

ALAN S. WEINGER
Acting Deputy Commissioner

Dated: _____

ROYAL CREST ESCROW, INC.

By _____

KATHLEEN M. SOUTH, President