

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
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

11	In the Matter of the Accusation THE)	File No.: 963-2064
12	CALIFORNIA CORPORATIONS)	
13	COMMISSIONER,)	ORDER BARRING KATHERINE F. PEREZ
14	Complainant,)	FROM ANY POSITION OF EMPLOYMENT,
15	vs.)	MANAGEMENT OR CONTROL OF ANY
16	CALIFORNIA CLASSIC ESCROW, INC.,)	ESCROW AGENT
17	LAINIE A. MENDOZA, and KATHERINE F.)	
18	PEREZ,)	
19	Respondents.)	

20 The California Corporations Commissioner (“Commissioner”) finds that:

21 1. Respondent California Classic Escrow, Inc. ("Classic Escrow") is an escrow agent
22 licensed by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant
23 to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.).
24 Classic Escrow had its principal place of business at 13710 Whittier Boulevard, Suite 205, Whittier,
25 California 90605.

26 2. Respondent Lainie A. Mendoza ("Mendoza") was at all times relevant herein the
27 president, manager and co-owner of Classic Escrow.
28

1 3. Respondent Katherine F. Perez (“Perez”) was at all times relevant herein an escrow
2 officer and also the vice-president and co-owner of Classic Escrow.

3 4. On December 2, 2009, the Commissioner, by and through his staff, commenced a
4 regulatory examination of the books and records of Classic Escrow. The regulatory examination
5 revealed among other violations, that Classic Escrow had a trust account shortage of at least
6 \$21,730.55 in violation of California Code of Regulations, title 10, section 1738.1. The regulatory
7 examination further revealed that the shortage was the result of at least eight (8) unauthorized
8 disbursements made by Classic Escrow, by and through Mendoza and/or Perez. These
9 disbursements, which commenced in or about April 2007 and continued through at least August 31,
10 2009, were in violation of Financial Code section 17414 and California Code of Regulations, title
11 10, sections 1738 and 1738.2. The Commissioner made demand on Classic Escrow to cure the trust
12 account shortage described herein, and Classic Escrow did cure the trust account shortage on or
13 about January 20, 2010.

14 5. The unauthorized disbursements are described as follows:

15 a. On April 3, 2007, Mendoza made an unauthorized disbursement of trust funds
16 via wire in the amount of \$2,500.00 to Raquel Ponce in violation of Financial Code sections 17409
17 and 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The
18 unauthorized disbursement was to pay back funds Mendoza personally owed to Ponce. The
19 unauthorized disbursement described herein caused a shortage to exist in the trust account in the
20 amount of \$2,500.00 until January 4, 2010 when Mendoza replaced such trust funds after demand
21 was made by the Commissioner.

22 b. On April 30, 2008, in escrow number 2291, Mendoza made an unauthorized
23 disbursement of trust funds via wire in the amount of \$12,110.55 to MRC, for the benefit of Javier
24 Ponce in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title
25 10, sections 1738 and 1738.2. The unauthorized disbursement described herein caused a debit
26 balance to exist in this escrow in the amount of \$12,110.55 in violation of California Code of
27 Regulations, title 10, section 1738.1 in that there were no funds on deposit in Escrow 2291 to cover
28 the disbursement. The disbursement also caused a trust account shortage in the same amount until

1 May 14, 2008, March 12, 2008 and January 12, 2010 when Mendoza replaced such trust funds in the
2 respective amounts of \$5,000.00, \$7,000.00 and \$110.55.

3 c. On September 18, 2008, in escrow number 2246, Mendoza and Perez made an
4 unauthorized disbursement of trust funds via trust check number 12075 to Mendoza in the amount of
5 \$2,550.00 in violation of Financial Code section 17414(a)(1) and California Code of Regulations,
6 title 10, sections 1738 and 1738.2. The unauthorized disbursement described herein caused a debit
7 balance to exist in this escrow in the amount of \$2,550.00 in violation of California Code of
8 Regulations, title 10, section 1738.1 in that there were no funds on deposit in escrow number 2246 to
9 cover the disbursement. The disbursement also caused a trust account shortage in the same amount
10 until January 6, 2010 when Mendoza replaced such trust funds after demand was made by the
11 Commissioner.

12 d. On September 19, 2008, in escrow number 2328, Mendoza and Perez made an
13 unauthorized disbursement of trust funds via trust check number 12076 to Perez, who was the
14 alleged buyer in this escrow, in the amount of \$3,500.00 in violation of Financial Code section
15 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The
16 unauthorized disbursement described herein caused a debit balance to exist in this escrow in the
17 amount of \$3,500.00 in violation of California Code of Regulations, title 10, section 1738.1 (and
18 also a trust account shortage in the same amount) in that there were no funds on deposit in Escrow
19 2328 to cover the disbursement as the personal check given by Perez as a deposit for the escrow was
20 not deposited until September 25, 2008 and was then returned by the bank as non-sufficient funds on
21 October 2, 2008. Neither Perez nor Mendoza replaced those trust funds to the trust account until
22 January 6, 2010 after demand was made by the Commissioner.

23 e. On April 8, 2009, Mendoza made an unauthorized disbursement of trust funds
24 via wire in the amount of \$1,000.00 to Steve Dumlao in violation of Financial Code sections 17409
25 and 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The
26 unauthorized disbursement was to pay back funds Mendoza personally owed to Dumlao. The
27 unauthorized disbursement described herein caused a shortage to exist in the trust account in the
28 amount of \$1,000.00 until January 4, 2010 when Mendoza replaced such trust funds after demand

1 was made by the Commissioner.

2 f. On July 30, 2009, Mendoza made an unauthorized disbursement of trust funds
3 via wire in the amount of \$1,020.00 to Paula Morris in violation of Financial Code sections 17409
4 and 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The
5 unauthorized disbursement was to pay for bookkeeping services Morris had provided to Classic
6 Escrow. The unauthorized disbursement described herein caused a shortage to exist in the trust
7 account in the amount of \$1,020.00 until December 17, 2009 when Mendoza replaced such trust
8 funds after demand was made by the Commissioner.

9 g. On August 21, 2009, in escrow number 2319, Mendoza and Perez disbursed
10 trust funds in the amount of \$400.00 via trust check number 12465 to Perez, which disbursement
11 represented payment of earned escrow fees. On August 31, 2009, trust check number 12465 to
12 Perez was posted as “voided” on the escrow ledger. Thereafter, on September 1, 2009, Mendoza and
13 Perez disbursed trust funds in the amount of \$400.00 via trust check number 12489 to Mendoza from
14 escrow number 2319, which disbursement represented the earned escrow fees previously being paid
15 to Perez, but were now being paid to Mendoza. However, “voided” trust check number 12465 was
16 later deposited by Perez and paid by the bank on December 8, 2009 causing a debit balance of
17 \$400.00 to exist in escrow number 2319 in violation of California Code of Regulations, title 10,
18 section 1738.1 and a trust account shortage to exist in the same amount until January 20, 2010 when
19 Mendoza replaced such trust funds after demand was made by the Commissioner.

20 h. On August 31, 2009, Mendoza made an unauthorized disbursement of trust
21 funds via wire in the amount of \$2,650.00 to EMC Mortgage/Loss Mitigation for the benefit of
22 Armando Mendoza, Mendoza’s uncle, in violation of Financial Code sections 17409 and
23 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The
24 unauthorized disbursement described herein caused a shortage to exist in the trust account in the
25 amount of \$2,650.00 until about December 17, 2009 when Mendoza replaced such trust funds after
26 demand was made by the Commissioner.

27 i. On August 25, 2008, Mendoza issued trust receipt number 1777 in escrow
28 number 2314 for monies received from the buyer in the amount of \$3,000.00, but deposited the trust

1 monies into the operating account in violation of Financial Code sections 17409 and 17414.1 and
2 California Code of Regulations, title 10, sections 1738 and 1738.2. The unauthorized deposit of
3 trust funds into the general account also caused a trust account shortage to exist in the same amount
4 until January 6, 2010 when Mendoza replaced such trust funds after demand was made by the
5 Commissioner.

6 j. On August 25, 2008, Mendoza issued trust receipt number 1778 in escrow
7 number 2318 for monies received from the buyer in the amount of \$2,000.00, but deposited the trust
8 monies into the operating account in violation of Financial Code sections 17409 and 17414.1 and
9 California Code of Regulations, title 10, sections 1738 and 1738.2. The unauthorized deposit of
10 trust funds into the general account also caused a trust account shortage to exist in the same amount
11 until January 6, 2010 when Mendoza replaced such trust funds after demand was made by the
12 Commissioner.

13 k. On January 23, 2009, Mendoza issued trust receipt number 1820 in escrow
14 number 2341 for monies received from the buyer in the amount of \$5,000.00, but deposited the trust
15 monies into the operating account in violation of Financial Code sections 17409 and 17414.1 and
16 California Code of Regulations, title 10, sections 1738 and 1738.2. The unauthorized deposit of
17 trust funds into the general account also caused a trust account shortage to exist in the same amount
18 until January 4, 2010 when Mendoza replaced such trust funds after demand was made by the
19 Commissioner.

20 6. The above-described violations constitute grounds under Financial Code section
21 17423 to bar a person from any position of employment, management or control of any escrow
22 agent.

23 7. On July 8, 2010, the Commissioner issued a Notice of Intention to Issue Order
24 Revoking Escrow Agent’s License and to Issue an Order Pursuant to California Financial Code
25 Section 17423 (Bar From Employment, Management or Control of Any Escrow Agent), Accusation
26 and accompanying documents against California Classic Escrow, Inc., Lainie A. Mendoza, and
27 Katherine F. Perez based upon the above. Katherine F. Perez was served on July 21, 2010 via
28 certified, return-receipt mail. The Department has received no request for a hearing or any other

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response from Katherine F. Perez and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that Respondent Katherine F. Perez is barred from any position of employment, management or control of any escrow agent.

Dated: August 16, 2010
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Deputy Commissioner