

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Business Oversight
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Accusation of THE) File No.: 963-0967
COMMISSIONER OF BUSINESS)
12 OVERSIGHT,) ACCUSATION
13)
Complainant,)
14)
vs.)
15)
16 SUSAN ANDREA CASTELLANOS,)
Respondent.)
17)
18)
19)

20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I

23 Respondent Susan Andrea Castellanos ("Castellanos") was at all times relevant herein
24 employed as an escrow officer at Tiempo Escrow, Inc. ("Tiempo"), an escrow agent licensed by the
25 Commissioner of Business Oversight ("Commissioner" or "Complainant") pursuant to the Escrow
26 Law of the State of California (California Financial Code Section 17000 et seq.). Tiempo has its
27 principal place of business located at 2100 Main Street, Suite 300, Huntington Beach, California
28 92648.

II

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2 On or about November 21, 2011, the Department of Business Oversight (“Department”)
3 received information that Castellanos had misappropriated trust funds at Tiempo. Based upon such
4 information, on or about January 26, 2012, the Commissioner, by and through staff, commenced a
5 special examination of Tiempo to review various escrow files processed by Castellanos.

6 The special examination revealed that Castellanos had made unauthorized disbursements¹ in
7 at least fifteen (15) escrows totaling \$53,768.74 between October 2010 and October 2011 in
8 violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,
9 sections 1738 and 1738.2. The special examination additionally revealed that Castellanos made
10 numerous misrepresentations to the closing statements in an attempt to cover up the unauthorized
11 disbursements in violation of Financial Code section 17414(a)(2). The unauthorized disbursements
12 of trust funds also caused a shortage to exist in the trust account in violation of California Code of
13 Regulations, title 10, section 1738.1. The unauthorized disbursements and other violations noted
14 during the special examination are described as follows:

15 1. Escrow #56083S – closed 9-24-10:

16 a. On or about September 24, 2010, Castellanos violated Financial Code section
17 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that
18 misrepresented that property taxes in the amount of \$7,424.43 were due from seller when no such
19 taxes were due.

20 b. On or about October 8, 2010, Castellanos made, or caused to be made, an
21 unauthorized disbursement of trust funds in the amount of \$3,000.00 by transferring escrow fees in
22 the amount of \$4,470.00 to Tiempo when only \$1,470.00 in escrow fees were due in violation of
23 Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

24 c. On or about November 29, 2010, Castellanos made, or caused to be made, an
25 unauthorized disbursement of trust funds by wiring the sum of \$3,055.53 to Starcrest Escrow in
26 violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections 1738 and
27 1738.2.

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¹ The unauthorized disbursements discussed herein were unauthorized because they either conflicted with the short sale
lenders written approval or no instructions existed authorizing the disbursement.

1 d. On or about January 6, 2011, Castellanos made, or caused to be made, an
2 unauthorized disbursement of trust funds by wiring the sum of \$2,563.00 to Aurora Loan Services
3 for loan number 40254773 in violation of Financial Code section 17414(a)(1) and Code of
4 Regulations, title 10, sections 1738 and 1738.2. This loan appears to be connected with Tiempo
5 escrow number 56622S.

6 e. On or about April 5, 2011, Castellanos made, or caused to be made, an unauthorized
7 disbursement of trust funds by issuing trust check number 157445 in the amount of \$19.72 to herself
8 in violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections 1738
9 and 1738.2 in that there was no signed escrow instruction or invoice authorizing this disbursement..

10 2. Escrow #56293S – closed 12-02-10:

11 On or about March 23, 2011, Castellanos made, or caused to be made, two unauthorized
12 disbursements of trust funds to herself by issuing trust check number 157309 and 157310 in the
13 respective amounts of \$597.91 and \$1,903.00 payable respectively to her Capital One credit card
14 account and her GE Money Bank account in violation of Financial Code section 17414(a)(1) and
15 Code of Regulations, title 10, sections 1738 and 1738.2. The trust funds Castellanos disbursed to
16 herself consisted of a March 21, 2011 refund from Western Resources Title in the amount of
17 \$2,500.91 due the seller for overpayment of taxes.

18 3. Escrow #56670S – closed 12-29-10:

19 a. On or about December 10, 2010, Castellanos violated Financial Code section
20 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that
21 misrepresented that property taxes plus penalties in the amount of \$1,213.82 were due from seller
22 when no such taxes or penalties were due.

23 b. On or about January 6, 2011, Castellanos made, or caused to be made, an
24 unauthorized disbursement of trust funds by issuing trust check number 156346 in the amount of
25 \$1,213.82 to Tiempo escrow number 56083S (See paragraph 1 above) in violation of Financial Code
26 section 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

1 4. Escrow #56733S – closed 2-16-11:

2 a. On or about February 24, 2011, Castellanos made, or caused to be made, an
3 unauthorized disbursement of trust funds to herself by reversing escrow fees paid to Tiempo in the
4 amount of \$3,110.00, and thereafter issuing trust check number 158507 in the amount of \$3,110.00
5 to her Chase credit card account in violation of Financial Code section 17414(a)(1) and Code of
6 Regulations, title 10, sections 1738 and 1738.2.

7 5. Escrow #56812S – closed 3-21-11:

8 a. On or about March 21, 2011, Castellanos violated Financial Code section 17414(a)(2)
9 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented
10 that additional property taxes in the respective amounts of \$745.44 and \$861.03 were due from seller
11 and buyer when no such taxes were due, and also charged the buyer with prorated homeowner
12 association dues in the amount of \$120.67.

13 b. On or about March 28, 2011, Castellanos made, or caused to be made, an
14 unauthorized disbursement of trust funds to herself by issuing trust check number 157343 in the
15 amount of \$1,727.14 to her Capital One credit card account in violation of Financial Code section
16 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

17 6. Escrow #56815S – closed 4-27-11:

18 a. On or about April 27, 2011, Castellanos violated Financial Code section 17414(a)(2)
19 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented
20 that additional property taxes in the amount of \$2,987.59 were due from seller when no such taxes
21 were due.

22 b. On or about July 29, 2011, Castellanos made, or caused to be made, an unauthorized
23 disbursement of trust funds to herself by issuing trust check number 159262 in the amount of
24 \$2,987.59 to her American Express credit card account in violation of Financial Code section
25 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

26 7. Escrow #56849S – closed 4-07-11:

27 a. On or about April 7, 2011, Castellanos violated Financial Code section 17414(a)(2)
28 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented

1 that additional property taxes in the amount of \$1,398.53 were due from seller when no such taxes
2 were due.

3 b. On or about July 27, 2011, Castellanos made, or caused to be made, an unauthorized
4 disbursement of trust funds to herself by issuing trust check number 159197 in the amount of
5 \$1,223.53 to her BMW Financial Services credit card account in violation of Financial Code section
6 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

7 c. On or about July 27, 2011, Castellanos made, or caused to be made, an unauthorized
8 disbursement of trust funds by issuing trust check number 159198 in the amount of \$175.00 to
9 herself in violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections
10 1738 and 1738.2.

11 8. Escrow #56895S – closed 4-29-11:

12 a. On or about April 29, 2011, Castellanos violated Financial Code section 17414(a)(2)
13 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented
14 that property taxes in the amount of \$539.55 were due from seller when no taxes were due.

15 b. On or about June 9, 2011, Castellanos made, or caused to be made, an unauthorized
16 disbursement of trust funds to herself by issuing trust check number 158509 in the amount of
17 \$539.55 to her Capital One credit card account in violation of Financial Code section 17414(a)(1)
18 and Code of Regulations, title 10, sections 1738 and 1738.2.

19 9. Escrow #56907S – closed 5-20-11:

20 a. On or about July 27, 2011, Castellanos made, or caused to be made, an unauthorized
21 disbursement of trust funds to herself by issuing trust check number 159199 in the amount of
22 \$1,921.31 to her Capital One credit card account in violation of Financial Code section 17414(a)(1)
23 and Code of Regulations, title 10, sections 1738 and 1738.2.

24 b. On or about July 27, 2011, Castellanos made, or caused to be made, an unauthorized
25 disbursement of trust funds by issuing trust check number 159200 in the amount of \$175.00 to
26 herself in violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections
27 1738 and 1738.2.

1 10. Escrow #56953S – closed 5-10-11:

2 a. On or about May 10, 2011, Castellanos violated Financial Code section 17414(a)(2)
3 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented
4 that second half property taxes in the amount of \$2,562.63 were due from seller when no such taxes
5 were due.

6 b. On or about July 27, 2011, Castellanos made, or caused to be made, an unauthorized
7 disbursement of trust funds to herself by issuing trust check number 159201 in the amount of
8 \$2,562.63 to her Chase credit card account in violation of Financial Code section 17414(a)(1) and
9 Code of Regulations, title 10, sections 1738 and 1738.2.

10 11. Escrow #56954S – closed 5-12-11:

11 a. On or about May 12, 2011, Castellanos violated Financial Code section 17414(a)(2)
12 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented
13 that property taxes in the amount of \$3,640.74 were due from seller when no taxes were due.

14 b. On or about June 9, 2011, Castellanos made, or caused to be made, an unauthorized
15 disbursement of trust funds to herself by issuing trust check number 158510 in the amount of
16 \$3,640.74 to her BMW Financial Services credit card account in violation of Financial Code section
17 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

18 12. Escrow #57036S – closed 10-07-11:

19 a. On or about September 29, 2011, Castellanos violated Financial Code section
20 17414(a)(2) by preparing, or causing to be prepared, an estimated settlement statement that was sent
21 to the short sale lender that misrepresented the sales price as \$135,000.00 when the sales price was
22 actually \$155,000.00.

23 b. On or about October 7, 2011, Castellanos further violated Financial Code section
24 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that
25 misrepresented the unauthorized disbursement described in paragraph c. below as monies paid to the
26 short sale lender.

27 c. On or about October 12, 2011, Castellanos made, or caused to be made, an
28 unauthorized disbursement of trust funds in the amount of \$18,108.50 to an Oliver C. Salazar via

1 wire transfer in violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10,
2 sections 1738 and 1738.2.

3 d. On or about October 12, 2011, Castellanos made, or caused to be made, an
4 unauthorized disbursement of trust funds in the amount of \$2,736.01 to the buyer in violation of
5 Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2 in
6 that the short sale approval from the first lien holder provided that there were to be no funds paid to
7 the buyer.

8 13. Escrow #57093S – closed 9-30-11:

9 a. On or about September 30, 2011, Castellanos violated Financial Code section
10 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that
11 misrepresented that homeowners associations dues and transfer fees totaling \$1,273.64 were due,
12 when only \$887.37 was due and owing; a difference of \$386.27.

13 b. On or about September 30, 2011, Castellanos further violated Financial Code section
14 17414(a)(2) by misrepresenting on the Final Master Settlement Statement that the owner’s title
15 policy charges were \$1,000 when such charges were only \$889.00; a difference of \$111.00.

16 c. On or about October 3, 2011, Castellanos made, or caused to be made, an
17 unauthorized disbursement of trust funds by issuing trust check number 160132 in the amount of
18 \$175.00 to herself in violation of Financial Code section 17414(a)(1) and Code of Regulations, title
19 10, sections 1738 and 1738.2.

20 d. On or about October 14, 2011, Castellanos made, or caused to be made, an
21 unauthorized disbursement of trust funds by issuing trust check number 160155 in the amount of
22 \$284.77 to herself in violation of Financial Code section 17414(a)(1) and Code of Regulations, title
23 10, sections 1738 and 1738.2.

24 14. Escrow #57109S – closed 7-26-11:

25 a. On or about July 26, 2011, Castellanos violated Financial Code section 17414(a)(2)
26 by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented
27 that homeowners associations dues in the amount of \$7,227.50 were due, when only \$5,150.00 was
28 due and owing; a difference of \$2,077.50.

1 b. On or about July 28, 2011, Castellanos made, or caused to be made, an unauthorized
2 disbursement of trust funds by issuing trust check number 159211 in the amount of \$1,702.50 to
3 Linda Vista Financial Corporation in violation of Financial Code section 17414(a)(1) and Code of
4 Regulations, title 10, sections 1738 and 1738.2.

5 c. On or about July 28, 2011, Castellanos made, or caused to be made, an unauthorized
6 disbursement of trust funds by issuing trust check number 159212 in the amount of \$375.00 to the
7 appraiser from seller funds when the invoice should have been paid from buyer funds in violation of
8 Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2.

9 d. On or about July 28, 2011, Castellanos made, or caused to be made, an unauthorized
10 disbursement of trust funds by issuing trust check number 159217 in the amount of \$207.50 to
11 herself in violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections
12 1738 and 1738.2.

13 15. Escrow #57240S – closed 8-31-11:

14 a. On or about September 13, 2011, Castellanos made, or caused to be made, an
15 unauthorized disbursement of trust funds by issuing trust check number 159815 in the amount of
16 \$2,055.00 to Henleb Court Homeowners Association in violation of Financial Code section
17 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2. This homeowners
18 association appears to be connected with Tiempo escrow number 51878S.

19 b. On or about October 4, 2011, Castellanos made, or caused to be made, an
20 unauthorized disbursement of trust funds by issuing trust check number 160152 in the amount of
21 \$445.00 to Tiempo escrow number 57313S in violation of Financial Code section 17414(a)(1) and
22 Code of Regulations, title 10, sections 1738 and 1738.2 in that there was no signed escrow
23 instruction authorizing this disbursement.

24 III

25 California Financial Code section 17423 provides in pertinent part:

26 (a) The commissioner may, after appropriate notice and opportunity
27 for hearing, by order, . . . suspend for a period not exceeding 12 months, or
28 bar from any position of employment, management, or control any escrow
agent, or any other person, if the commissioner finds either of the following:

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(1) That the . . . suspension or bar is in the public interest and that the person has committed or caused a violation of this division or rule or order of the commissioner, which violation was either known or should have been known by the person committing or causing it or has caused material damage to the escrow agent or to the public.

IV

Complainant finds that, by reason of the foregoing, Respondent Susan Andrea Castellanos has violated Financial Code sections 17414(a)(1) and 17414(a)(2) and California Code of Regulations, title 10, sections 1738, 1738.1 and 1738.2, and it is in the best interests of the public to bar Respondent Susan Andrea Castellanos from any position of employment, management or control of any escrow agent.

WHEREFORE, IT IS PRAYED that Respondent Susan Andrea Castellanos be barred from any position of employment, management or control of any escrow agent.

Dated: March 18, 2014
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Corporations Counsel