

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 DANIELLE A. STOUMBOS (State Bar No. 264784)
Counsel
4 Department of Business Oversight
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344
Telephone: (213) 576-7591
6 Facsimile: (213) 576-7181

7 Attorneys for Complainant

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

11 In the Matter of:) ESCROW LICENSE NO. 963-1155
12)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) ACCUSATION
14)
15 Complainant,)
16 v.)
17 KRISTI DILWORTH,)
18 Respondent.)
19)
20)

21 The Commissioner of Business Oversight (“Commissioner” or “Complainant”) is informed
22 and believes, and based upon such information and belief, alleges and charges Respondent as
23 follows:

24 **I**

25 **Introduction**

26 1. Mara Escrow Company, Inc. (“Mara Escrow”) is an escrow agent licensed by the
27 Commissioner under the Escrow Law of the State of California (Fin. Code, § 17000 et seq.)
28 (“Escrow Law”). Mara Escrow has its principal place of business at 301 North Canon Drive, Suite

1 R-05, Beverly Hills, CA 90210. Mara Escrow's parent company is Old Republic Title Holding
2 Company, Inc. ("Old Republic").

3 2. From on or about October 1, 2008 through on or about August 30, 2012, Respondent
4 Kristi Dilworth ("Dilworth") was employed at Mara Escrow's Redondo Beach branch office, as an
5 Escrow Officer and Branch Manager, located at 2512 Artesia Blvd. Suite 120, Redondo Beach,
6 California.

7 3. The Commissioner now seeks to bar Dilworth from any employment, management,
8 or control of any escrow agent for disbursing trust funds without authorization, and making
9 misstatements on escrow documents as set forth more fully below.

10 II

11 Violations of the Escrow Law

12 4. On or about September 6, 2012, Rick Dosa, Executive Vice President and Corporate
13 Counsel of Old Republic, representing Mara Escrow, informed the Commissioner that Dilworth had
14 been investigated due to perceived irregularities regarding the payment of courier fees in the
15 Redondo Beach branch office. The investigation revealed that the courier in question, FWD
16 Ventures, was owned and operated by Dilworth's husband, Frank Dilworth. Sarah Cox, FWD
17 Ventures' principal employee, was Dilworth's son's girlfriend. Dilworth failed to disclose her
18 conflict of interest to Mara Escrow in violation of company policy.

19 5. The investigation further revealed that Dilworth originated FWD Ventures invoices
20 from her work computer, ranging from \$20.00 to \$350.00, and paid the invoices from client escrow
21 funds, even when documents had been delivered using OnTrac delivery and paid from Mara
22 Escrow's general corporate account. After uncovering the double billing scheme, Mara Escrow
23 terminated Dilworth for cause on August 30, 2012. Mara Escrow agreed to audit each of the
24 approximately 600 escrow files Dilworth handled while employed at Mara Escrow to determine the
25 extent of the misappropriation of escrow funds and report the results to the Commissioner.

26 6. Mara Escrow submitted an initial report to the Commissioner on October 29, 2014
27 and a final report on January 12, 2015 (the "Reports"). In some instances, FWD Ventures delivered
28 documents and clients were properly charged, however in 251 of the 600 escrow files, documents

1 were delivered using OnTrac Delivery but Dilworth double billed clients' courier fees, for a total
2 overcharge of approximately \$24,534.81. Mara Escrow agreed to refund the overcharges to the
3 clients, and completed this task by January 12, 2015.

4 7. The Department's examiner reviewed Mara Escrow's Reports and conducted a full
5 review of 10 of the impacted escrow files. The examiner confirmed that in some cases, Dilworth
6 charged borrowers for courier services that were never rendered. The findings are as follows:

7 **A. Escrow File Number 8217001281**

8 Escrow number 8217001281 contained FWD Ventures invoices totaling \$200.00 for two
9 courier delivery services from Mara Escrow's Redondo Beach office to Old Republic Title's
10 Glendale office on March 18 and April 26, 2011. Dilworth added the delivery charges to the escrow
11 ledger and buyer's closing statement and paid Sarah Cox \$200.00 from the trust account on May 9,
12 2011. Mara Escrow's OnTrac account statements for March and April 2011 confirm that OnTrac
13 delivered the documents for a total charge of \$9.98, which Mara Escrow paid for. The examiner
14 concluded that the client was overcharged \$200.00, which Mara Escrow refunded to the customer on
15 December 12, 2013.

16 **B. Escrow File Number 8217001361**

17 Escrow number 8217001361 contained FWD Ventures invoices totaling \$200.00 for two
18 courier delivery services from Mara Escrow's Redondo Beach office to Old Republic Title's
19 Glendale office on March 2 and March 11, 2011. Dilworth added the delivery charges to the escrow
20 ledger and buyer's closing statement and using trust funds, paid Sarah Cox \$200.00 on March 25,
21 2011. Mara Escrow's OnTrac account statement for March 2011 confirmed that OnTrac delivered
22 the documents. The examiner concluded that the client was overcharged \$200.00, which Mara
23 Escrow refunded to the customer on December 12, 2013.

24 **C. Escrow File Number 8217001768**

25 Escrow number 8217001768 contained an FWD Ventures invoice for \$100.00 for one
26 courier delivery service from Mara Escrow's Redondo Beach office to Old Republic Title's
27 Glendale office on July 5, 2011. Dilworth added the delivery charge to the escrow ledger and
28 buyer's closing statement and using trust funds, paid Sarah Cox \$100.00 on July 22, 2011. Mara

1 Escrow's OnTrac account statement for July 2011 confirmed that OnTrac delivered the documents.
2 The examiner concluded that the client was overcharged \$100.00, which Mara Escrow refunded to
3 the customer on December 12, 2013.

4 **D. Escrow File Number 8217002448**

5 File number 8217002448 contained FWD Ventures invoices totaling \$181.25 for two courier
6 delivery services from Mara Escrow's Redondo Beach office to Lending Bee, Inc.'s North
7 Hollywood office and Old Republic Title's Glendale office on May 11, 2012. Dilworth added the
8 delivery charges to the escrow ledger and buyer's closing statement and using trust funds, paid Sarah
9 Cox \$181.25 on May 16, 2012. OnTrac's account statement for May 2012 confirmed that the
10 documents were delivered to Lending Bee and Old Republic Title on May 11, 2012. The examiner
11 concluded that the client was overcharged by \$181.25, which Mara Escrow refunded to the customer
12 on December 12, 2013.

13 **E. Escrow File Number 8217002452**

14 Escrow number 8217002452 contained FWD Ventures invoices totaling \$161.00 for two
15 courier delivery services from Mara Escrow's Redondo Beach office to Old Republic Title's
16 Glendale office and Sun West Mortgage's Cerritos office, on August 7, 2012. Dilworth added the
17 delivery charges to the escrow ledger and buyer's closing statement and using escrow account funds,
18 paid FWD Ventures \$161.00 on August 13, 2012. Based on the examiner's review, no documents
19 were delivered, and no charges should have been rendered. Mara Escrow refunded \$161.00 to the
20 client on December 16, 2013.

21 **F. Escrow File Number 8217002538**

22 Escrow number 8217002538 contained FWD Ventures invoices totaling \$196.50 for two
23 courier delivery services from Mara Escrow's Redondo Beach office to Old Republic Title's
24 Glendale, CA office on November 4, 2011 and July 9, 2012, respectively. Dilworth added the
25 delivery charges to the escrow ledger and buyer's closing statement and using trust funds, paid Sarah
26 Cox \$196.50 on July 9, 2012. Mara Escrow's OnTrac account statements for November 2011 and
27 July 2012, confirm that OnTrac delivered the July 9, 2012 documents, however no documents were
28

1 delivered on November 4, 2011. The examiner determined that the client was overcharged \$196.50,
2 which Mara Escrow refunded to the customer on December 10, 2013.

3 **G. Escrow File Number 8217001356**

4 Escrow number 8217001356 contained FWD Ventures invoices totaling \$200.00 for two
5 courier delivery services from Mara Escrow's Redondo Beach office to Old Republic Title's
6 Glendale office on April 5, and April 22, 2011. Dilworth added the delivery charges to the escrow
7 ledger and buyer's closing statement and using trust funds, paid Sarah Cox \$200.00 on April 28,
8 2011. The examiner concluded that the documents were delivered to Old Republic Title on April 5,
9 2012 using FWD Ventures, and that no documents were delivered on April 22, 2011. The examiner
10 concluded that the client was overcharged by \$100.00, which Mara Escrow refunded to the customer
11 on December 12, 2013.

12 **H. Escrow File Number 8217001411**

13 Escrow number 8217001411 contained FWD Ventures invoices totaling \$200.00 for two
14 courier delivery services from Mara Escrow's Redondo Beach office to Prospect Mortgage's
15 Sherman Oaks office and Old Republic Title's Glendale office on April 25, and April 27, 2011,
16 respectively. Dilworth added the delivery charges to the escrow ledger and buyer's closing
17 statement, and using trust funds, paid Sarah Cox \$200.00 on April 29, 2011. The examiner
18 concluded that the documents were delivered to Prospect Mortgage on April 25, 2011 using OnTrac,
19 and that documents were delivered to Old Republic Title on April 27, 2011 using FWD Ventures.
20 The examiner concluded that the client was overcharged by \$100.00, which Mara Escrow refunded
21 to the customer on December 12, 2013.

22 **I. Escrow File Number 8217001744**

23 Escrow number 8217001744 contained FWD Ventures invoices totaling \$190.75 for two
24 courier delivery services from Mara Escrow's Redondo Beach office to Pacific Union Financial's
25 Santa Ana office and Old Republic Title's Glendale office on July 26, 2012. Dilworth added the
26 delivery charges to the escrow ledger and buyer's closing statement, and using trust funds, paid
27 FWD Ventures \$190.75 on August 1, 2012. The examiner concluded that the documents were
28 delivered to Pacific Union Financial using FWD Ventures and that the documents were delivered to

1 Old Republic Title using OnTrac. The examiner concluded that the client was overcharged by
2 \$98.75, which Mara Escrow refunded to the customer on December 12, 2013.

3 **J. Escrow File Number 8217002355**

4 Escrow number 8217002355 contained FWD Ventures invoices totaling \$178.50 for two
5 courier delivery services from Mara Escrow's Redondo Beach office to SunTrust Mortgage's
6 Laguna Hills office and First American Title's Glendale office on May 2 and May 14, 2012,
7 respectively. Dilworth added the delivery charges to the escrow ledger and buyer's closing
8 statement, and using trust funds, paid FWD Ventures \$178.50 on May 15, 2012. The examiner
9 concluded that OnTrac delivered the documents to SunTrust on May 2, 2012, and that FWD
10 Ventures delivered the documents on May 14, 2012. The examiner concluded that the client was
11 overcharged by \$78.50, which Mara Escrow refunded to the customer on December 12, 2013.

12 8. Dilworth's unauthorized disbursement of trust funds and misstatements in the escrow files
13 were made in violation of Financial Code section 17414, subdivisions (a)(1) and (a)(2) and
14 California Code of Regulations, title 10, sections 1738 and 1738.2.

15 **III**

16 **Law**

17 9. Financial Code section 17414, subdivision (a)(1) and 17414, subdivision (a)(2)
18 provide in pertinent part:

19 (a) It is a violation for any person subject to this division or any
20 director, stockholder, trustee, officer, agent, or employee of any such
21 person to do any of the following:

22 (1) Knowingly or recklessly disburse or cause the disbursement of escrow
23 funds otherwise than in accordance with escrow instructions, or
24 knowingly or recklessly to direct, participate in, or aid or abet in a
25 material way, any activity which constitutes theft or fraud in
26 connection with any escrow transaction.

27 (2) Knowingly or recklessly make or cause to be made any
28 misstatement or omission to state a material fact, orally or in writing,
in escrow books, accounts, files, reports, exhibits, statements, or any
other document pertaining to an escrow or escrow affairs.

10. California Code of Regulations, title 10, section 1738 ("CCR")
provides in relevant part:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(a) All money deposited in such "trust" or "escrow" account shall be withdrawn, paid out, or transferred to other accounts only in accordance with the written escrow instructions of the principals to the escrow transaction or the escrow instructions transmitted electronically over the Internet executed by the principals to the escrow transaction or pursuant to order of a court of competent jurisdiction.

11. CCR, title 10, section 1738.2 provides:

An escrow agent shall use documents or other property deposited in escrow only in accordance with the written escrow instructions of the principals to the escrow transaction or the escrow instructions transmitted electronically over the Internet executed by the principals to the escrow transaction, or if not otherwise directed by written or electronically executed instructions, in accordance with sound escrow practice, or pursuant to order of a court of competent jurisdiction.

12. Financial Code section 17423 provides in pertinent part:

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

(1) That the censure, 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.

...

(b) Within 15 days from the date of a notice of intention to issue an order pursuant to subdivision (a), the person may request a hearing under the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the Government Code). Upon receipt of a request, the matter shall be set for hearing to commence within 30 days after such receipt unless the person subject to this division consents to a later date. If no hearing is requested within 15 days after the mailing or service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing.

(c) Upon receipt of a notice of intention to issue an order pursuant to this section, the person who is the subject of the proposed order is immediately prohibited from engaging in any escrow processing

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

activities, including disbursing any trust funds in the escrow agent's possession, custody or control, and the financial institution holding trust funds shall be so notified by service of the notice, accusation and other administrative pleadings. The prohibition against disbursement of trust funds may be set aside, in whole or in part, by the commissioner for good cause.

IV

Conclusion

The Commissioner finds that, by reason of the foregoing, Respondent Kristi Dilworth has violated Financial Code section 17414, subdivisions (a)(1) and (a)(2) and California Code of Regulations, title 10 sections 1738 and 1738.2, has caused material damage to the escrow agent, and it is in the best interest of the public to bar Respondent Kristi Dilworth from any position of employment, management or control of any escrow agent under Financial Code section 17423.

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

Dated: April 16, 2015
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Danielle Stoumbos
Counsel, Enforcement Division