

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 JOYCE TSAI
Senior Corporations Counsel (SBN 241908)
4 DEPARTMENT OF BUSINESS OVERSIGHT
1350 Front Street, Suite 2034
San Diego, CA 92101
5 Telephone: (619) 525-4043

6 Attorneys for Complainant

7
8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10 In the Matter of) File No. 963-2015
11 THE COMMISSIONER OF BUSINESS)
OVERSIGHT OF THE STATE OF) **ACCUSATION**
12 CALIFORNIA,)
13 Complainant,)
14 v.)
15 MARY JARAMILLO,)
16 Respondent.)

17 Complainant is informed and believes, and based upon such information and belief, alleges
18 and charges Respondent as follows:

19 I
20 Complainant is the Commissioner of Business Oversight (“Commissioner;” formerly the
21 California Corporations Commissioner). The Commissioner is head of the Department of
22 Business Oversight (“Department”).

23 Golden West Escrow, Inc. (“Golden West”) is an escrow agent licensed by the
24 Commissioner pursuant to the Escrow Law (Financial Code section 17000 *et seq.*) Its license was
25 issued on June 9, 2003. Golden West’s principal place of business is 807 N. Central Avenue,
26 Glendale, CA 91203. At all relevant times, Matuos Matti (“Matti”) was the president of Golden
27 West.

1 Respondent Mary Jaramillo (“Jaramillo”) was the escrow manager of Golden West from
2 approximately January 12, 2012 through April 4, 2014.

3
4 II

5 On or about May 20, 2014, Matti notified the Department that Golden West had
6 discovered suspicious activity involving checks drawn on its trust account. Golden West engaged
7 its CPA to perform an audit. The CPA found approximately 18 checks written since 2012 that had
8 been endorsed by someone other than the payee. In each of these cases, Jaramillo had handled the
9 escrow file.

10 On or about May 21, 2014, the Department commenced a special examination of Golden
11 West. During the examination, the Department discovered eight additional checks that had been
12 cashed by someone other than the payees on the checks.

13 The Department found that there was a total trust fund shortage of approximately
14 \$38,717.49 from the 26 unauthorized checks. These funds were disbursed by cancelling old
15 outstanding checks and then reissuing the checks or by disbursing funds from dormant escrow
16 files. In each case, there was no documentation in the escrow file to explain why the check was
17 issued or reissued. Jaramillo signed all of these checks on behalf of Golden West. From the
18 Department’s review of the checks, it appears all of them were cashed without a California picture
19 identification number.

20 The checks that were reissued without authorization by canceling old outstanding checks
21 are:

22 1) Check number 30348176, escrow number 9644, dated July 1, 2013, for \$1,305.63.
23 The check appears to be endorsed by someone other than the payee and was deposited into a Wells
24 Fargo bank account ending in 1761.

25 2) Check number 30348177, escrow number 8707, dated June 26, 2013, for
26 \$1,100.00. The check appears to be endorsed by someone other than the payee and was deposited
27 into the same Wells Fargo account (ending in 1761) mentioned above.

1 3) Check number 30348181, escrow number 8442, dated August 26, 2013, for
2 \$197.20. The check was cashed by someone other than the payee.

3 4) Check number 30348182, escrow number 9362, dated June 26, 2013, for \$928.44.
4 The check appears to be endorsed by someone other than the payee and was deposited into the
5 same Wells Fargo account (ending in 1761) mentioned above.

6 5) Check number 30348190, escrow number 8753, dated June 26, 2013, for \$898.06.
7 The check appears to be endorsed by someone other than the payee and was deposited into the
8 Wells Fargo account ending in 1761.

9 6) Check number 30348195, escrow number 9132, dated June 26, 2013, for \$525.35.
10 The check was deposited into the Wells Fargo account ending in 1761.

11 7) Check number 30348200, escrow number 8609, dated June 26, 2013, for \$171.16.
12 The check appears to be endorsed by someone other than the payee and was deposited into the
13 Wells Fargo account ending in 1761.

14 8) Check number 75259, escrow number 9333, dated September 20, 2013, for
15 \$378.00. The check appears to be endorsed by someone other than the payee and was deposited
16 into the Wells Fargo account ending in 1761.

17 9) Check number 75267, escrow number 10209, dated September 20, 2013, for
18 \$1,485.28. The check appears to be endorsed by someone other than the payee and was deposited
19 into the Wells Fargo account ending in 1761.

20 10) Check number 75703, escrow number 10313, dated October 21, 2013, for \$801.60.
21 The check appears to be endorsed by someone other than the payee and was deposited into the
22 Wells Fargo account ending in 1761.

23 11) Check number 75704, escrow number 11207, dated October 21, 2013, for
24 \$6,606.25. The check appears to be endorsed by someone other than the payee and was deposited
25 into the Wells Fargo account ending in 1761.

26 12) Check number 75705, escrow number 11138, dated October 21, 2013, for
27 \$1,316.49. The check appears to be endorsed by someone other than the payee and was deposited
28 into the Wells Fargo account ending in 1761.

1 13) Check number 75706, escrow number 10822, dated October 21, 2013, for
2 \$1,399.50. The check appears to be endorsed by someone other than the payee and was deposited
3 into the Wells Fargo account ending in 1761.

4 14) Check number 75827, escrow number 11178, dated November 4, 2013, for
5 \$1,352.51. The check appears to be endorsed by someone other than the payee and was deposited
6 into a Mission Valley bank account ending in 204.

7 15) Check number 75828, escrow number 10781, dated November 4, 2013, for
8 \$643.35. The check appears to be endorsed by someone other than the payee and was deposited
9 into the same Mission Valley bank account (ending in 204) mentioned above.

10 16) Check number 75829, escrow number 10835, dated November 4, 2013, for
11 \$500.00. The check appears to be endorsed by someone other than the payee and was deposited
12 into the Mission Valley account ending in 204.

13 17) Check number 75831, escrow number 10880, dated November 4, 2013, for
14 \$481.35. The check appears to be endorsed by someone other than the payee and was deposited
15 into the Mission Valley account ending in 204.

16 18) Check number 30348178, escrow number 10110, dated June 26, 2013, for
17 \$1,799.42. The check appears to be endorsed by someone other than the payee and was deposited
18 into the Wells Fargo account ending in 1761.

19 19) Check number 30348179, escrow number 10153, dated June 26, 2013, for
20 \$4,176.25. The check appears to be endorsed by someone other than the payee and was deposited
21 into the Wells Fargo account ending in 1761.

22 20) Check number 30348199, escrow number 10069, dated June 26, 2013, for \$601.50.
23 The check appears to be endorsed by someone other than the payee and was deposited into the
24 Wells Fargo account ending in 1761.

25 21) Check number 75830, escrow number 10792, dated November 4, 2013, for
26 \$1,339.00. The check appears to be endorsed by someone other than the payee and was deposited
27 into the Wells Fargo account ending in 1761.

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1 The checks that were issued without authorization from dormant escrow files that had
2 balances were:

3 1) Check number 75265, escrow number 10118, dated September 20, 2013, for
4 \$1,131.47. The check appears to be endorsed by someone other than the payee and was deposited
5 in the Wells Fargo account ending in 1761.

6 2) Check number 30314504, escrow number 9158, dated March, 11, 2013, for
7 \$5,200.00. The check appears to be endorsed by someone other than the payee and was deposited
8 into the Wells Fargo account ending in 1761.

9 3) Check number 30314689, escrow number 8651, dated May 22, 2013, for
10 \$2,500.00. The check appears to be endorsed by someone other than the payee and was deposited
11 into the Wells Fargo account ending in 1761.

12 4) Check number 75260, escrow number 9279, dated September 20, 2013, for
13 \$285.00. The check appears to be endorsed by someone other than the payee and was deposited
14 into the Wells Fargo account ending in 1761.

15 5) Check number 75266, escrow number 10121, dated September 20, 2013, for
16 \$1594.68. The check appears to be endorsed by someone other than the payee and was deposited
17 into the Wells Fargo account ending in 1761.

18 The total misappropriation of trust funds was approximately \$38,717.49. Golden West has
19 replaced this amount from its general account into the trust account.

20 Financial Code section 17414, subdivision (a), provides, in pertinent part:

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

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

27 California Code of Regulations, Title 10, section 1738, subdivision (a), provides:

28 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.

1 California Code of Civil Procedure section 1500 *et seq.* provides for the escheatment of
2 unclaimed monies.

3 As shown above, Jaramillo violated Financial Code section 17414 and Code of
4 Regulations, Title 10, section 1728, by disbursing escrow funds other than in accordance with the
5 escrow instructions. Jaramillo also failed to escheat dormant trust funds and old outstanding
6 checks in accordance with Code of Civil Procedure section 1500 *et seq.*

7 III

8 Financial Code section 17423, subsection (a), provides, in pertinent part:

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

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

18 Complainant finds that, by reason of the foregoing, Jaramillo has violated Financial Code
19 section 17414 and Code of Regulations, Title 10, section 1728, and that it is in the public interest
20 to bar Respondent Mary Jaramillo from any position of employment, management, or control of
21 any escrow agent.

22 WHEREFORE, IT IS PRAYED that Respondent Mary Jaramillo be barred from any
23 position of employment, management, or control of any escrow agent.

24 Dated: November 3, 2014

JAN LYNN OWEN
Commissioner of Business Oversight

25 By: _____
26 Joyce Tsai
27 Senior Corporations Counsel
28 Enforcement Division