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

10  
11 In the Matter of: )  
 )  
12 THE COMMISSIONER OF BUSINESS ) ESCROW LICENSE NO.: 963-2200  
13 OVERSIGHT, )  
 ) ACCUSATION  
14 Complainant, )  
 )  
15 v. )  
 )  
16 NORMA SORTO, )  
17 )  
18 Respondent. )  
 )  
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 **Introduction**

24 1. Respondent Norma Sorto (Sorto) was at all times relevant herein, an escrow officer at  
25 the main office of CE Escrow (CE Escrow), an escrow agent licensed by the Commissioner of  
26 Business Oversight (Commissioner) pursuant to the Escrow Law of the State of California (Financial  
27 Code §17000 et seq.). CE Escrow has its principal place of business located at 420 East Huntington  
28 Drive, Suite 300, Arcadia, California 91006.

ACCUSATION

**II****Escrow Law Violations**

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3       2.       On or about October 4, 2016, the Commissioner, by and through staff, commenced a  
4 regulatory examination of the books and records of CE Escrow under the Escrow Law (2016  
5 regulatory examination). The 2016 regulatory examination of CE Escrow has yet to be completed  
6 due to the extent of the lapping scheme (transfers of funds between escrows) employed by Sorto to  
7 cover her unauthorized disbursements. However, the special examination has initially disclosed that  
8 commencing on dates unknown, but at least since March 2013 and continuing through at least  
9 August 2016, Sorto made unauthorized disbursements of escrow trust funds to various persons  
10 and/or entities totaling at least \$2,385,044.51 in violation of Financial Code section 17414,  
11 subdivision (a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. Sorto also  
12 falsified escrow records in an attempt to cover up the unauthorized disbursements in violation of  
13 Financial Code section 17414, subdivision (a)(2). The disbursements were unauthorized as there  
14 were no instructions and/or were transfers of funds between escrows to cover shortages caused by  
15 Sorto in other escrows (commonly known as lapping).

16       3.       The unauthorized disbursements have resulted in a trust account shortage of at least  
17 \$2,128,180.99 and numerous ongoing debit balances in violation of California Code of Regulations,  
18 title 10, section 1738.1 after taking into account losses attributed to escrow fees and trust funds  
19 replaced by CE Escrow. Examples of unauthorized disbursements of trust funds in violation of  
20 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and  
21 1738.2 and other violations are described below.

**Escrow Number 13587-NS**

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23       4.       On or about March 25, 2013, Sorto made an unauthorized disbursement of trust funds  
24 to an A. Ramirez in the amount of \$3,000.00 via trust check number 45942. The disbursement was  
25 unauthorized as the signed instruction authorizing the disbursement was forged, and Sorto knew, or  
26 should have known, the escrow amendment authorizing the disbursement was forged. This  
27 unauthorized disbursement of trust funds caused a debit balance (shortage) to exist in this escrow in  
28 the amount of \$3,000.00 in violation of California Code of Regulations, title 10, section 1738.1 until

1 on or about August 6, 2013 as further described in paragraph 5 below.

2 **Escrow Number 13803-NS**

3 5. On or about August 6, 2013, Sorto made an unauthorized disbursement of trust funds  
4 to the buyer in escrow number 13587-NS in the amount of \$3,000.00 via trust check number 46788.  
5 The unauthorized disbursement in this escrow was used to cover the shortage in escrow number  
6 13587-NS caused by Sorto’s unauthorized disbursement to A. Ramirez. While the disbursement  
7 described herein cured the shortage in escrow number 13587-NS, it caused a shortage to exist in this  
8 escrow in the amount of \$3,000.00 in violation of California Code of Regulations, title 10, section  
9 1738.1. The shortage in escrow number 13803-NS was cured by the issuance of an unauthorized  
10 disbursement of trust funds from escrow number 140003-NS.

11 **Escrow Number 13708-NS**

12 6. On or about July 15, 2013, Sorto made an unauthorized disbursement of trust funds to  
13 a L. Hernandez in the amount of \$600.00 via trust check number 46627. The disbursement was  
14 unauthorized as there was no signed instruction authorizing the disbursement. This unauthorized  
15 disbursement of trust funds caused a debit balance (shortage) to exist in this escrow in the amount of  
16 \$600.00 in violation of California Code of Regulations, title 10, section 1738.1.

17 7. On or about July 15, 2013, Sorto violated Financial Code section 17414, subdivision  
18 (a)(2) by preparing, or causing to be prepared, a Final Settlement Statement that failed to include the  
19 payment described in paragraph 6 above.

20 **Escrow Number 14489-NS**

21 8. On or about May 19, 2015, Sorto made an unauthorized disbursement of trust funds  
22 to a J. Duran in the amount of \$3,750.00 via trust check number 49508. The disbursement was  
23 unauthorized as there was no signed instruction authorizing the disbursement.

24 9. On or about June 12, 2015, Sorto made an unauthorized disbursement of trust funds  
25 to a P. Alvarez in the amount of \$1,750.00 via trust check number 49630. The disbursement was  
26 unauthorized as there was no signed instruction authorizing the disbursement.

1           10.     On or about June 16, 2015, Sorto made an unauthorized disbursement of trust funds  
2 to a Y. Chavez in the amount of \$5,000.00 via trust check number 49635. The disbursement was  
3 unauthorized as there was no signed instruction authorizing the disbursement.

4           11.     On or about June 17, 2015, Sorto made an unauthorized disbursement of trust funds  
5 to the buyer in escrow number 14088-NS in the amount of \$24,400.00 via trust check number  
6 49636. The disbursement was unauthorized as there was no signed instruction authorizing the  
7 disbursement. This unauthorized disbursement was to help cover a shortage in escrow number  
8 14088-NS.

9           12.     On or about July 31, 2015, Sorto made an unauthorized disbursement of trust funds to  
10 ESC Services, which the Commissioner believes to be J. Duran, in the amount of \$8,500.00 via trust  
11 check number 49821. The disbursement was unauthorized as there was no signed instruction  
12 authorizing the disbursement.

13           13.     On or about August 4, 2015, Sorto made an unauthorized disbursement of trust funds  
14 to DSL Services, which the Commissioner believes to be Y. Chavez, in the amount of \$10,000.00  
15 via trust check number 49829. The disbursement was unauthorized as there was no signed  
16 instruction authorizing the disbursement.

17           14.     On or about August 10, 2015, Sorto made an unauthorized disbursement of trust  
18 funds to the seller in escrow number 14326-NS in the amount of \$10,000.00 via wire. The  
19 disbursement was unauthorized as there was no signed instruction authorizing the disbursement.  
20 This unauthorized disbursement was to help cover a shortage in escrow number 14326-NS.

21           15.     On or about August 26, 2015, Sorto made an unauthorized disbursement of trust  
22 funds to a H. Zevada in the amount of \$2,500.00 via trust check number 49889. The disbursement  
23 was unauthorized as there was no signed instruction authorizing the disbursement.

24           16.     On or about August 28, 2015, Sorto made an unauthorized disbursement of trust  
25 funds to Y. Chavez in the amount of \$3,000.00 via trust check number 49896. The disbursement  
26 was unauthorized as there was no signed instruction authorizing the disbursement.

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1           17.     On or about September 23, 2015, Sorto made an unauthorized disbursement of trust  
2 funds to P. Alvarez in the amount of \$4,209.55 via trust check number 50026. The disbursement  
3 was unauthorized as there was no signed instruction authorizing the disbursement.

4           18.     The unauthorized disbursements described in paragraphs 8 – 17 caused a debit  
5 balance (shortage) to exist in this escrow in the amount of \$73,109.55 in violation of California Code  
6 of Regulations, title 10, section 1738.1 until October/November 2015 as further described in  
7 paragraphs 20 and 21 below. The remains a shortage of \$15,000.01 in escrow number 14489-NS.

8                   **Escrow Number 14626-NS**

9           19.     On or about October 12, 2015, Sorto made an unauthorized disbursement of trust  
10 funds to one of the sellers in escrow number 14489-NS in the amount of \$29,054.77 via trust check  
11 number 60041. The unauthorized disbursement in this escrow was used to cover a portion of the  
12 shortage in escrow number 14489-NS caused by Sorto’s numerous unauthorized disbursements in  
13 that escrow. While the disbursement described herein partially cured the shortage in escrow number  
14 14489-NS, it caused a shortage to exist in this escrow in the amount of at least \$29,054.77 in  
15 violation of California Code of Regulations, title 10, section 1738.1.

16                   **Escrow Number 14602-NS**

17           20.     On or about November 17, 2015, Sorto made an unauthorized disbursement of trust  
18 funds to one of the sellers in escrow number 14489-NS in the amount of \$29,054.77 via trust check  
19 number 60169. The unauthorized disbursement in this escrow was used to cover a portion of the  
20 shortage in escrow number 14489-NS caused by Sorto’s numerous unauthorized disbursements in  
21 that escrow. While the disbursement described herein partially cured the shortage in escrow number  
22 14489-NS, it caused a shortage to exist in this escrow in the amount of at least \$29,054.77 in  
23 violation of California Code of Regulations, title 10, section 1738.1.

24                   **Escrow Number 14715-NS**

25           21.     On or about February 18, 2016, Sorto made an unauthorized disbursement of trust  
26 funds to BD Solutions for the benefit of escrow number 14311-NS in the amount of \$5,100.00 via  
27 trust check number 60460. The disbursement was unauthorized as there was no signed instruction  
28 authorizing the disbursement. This unauthorized disbursement was to help cover a shortage in

1 escrow number 14311-NS.

2 22. On or about February 18, 2016, Sorto made an unauthorized disbursement of trust  
3 funds to the seller in escrow number 14651-NS in the amount of \$125,732.93 via wire. The  
4 disbursement was unauthorized as there was no signed instruction authorizing the disbursement.  
5 This unauthorized disbursement was to help cover a shortage in escrow number 14651-NS.

6 23. On or about February 19, 2016, Sorto made an unauthorized disbursement of trust  
7 funds to an O. Martinez in the amount of \$7,327.00 via trust check number 60461. The  
8 disbursement was unauthorized as there was no signed instruction authorizing the disbursement.

9 24. On or about February 19, 2016, Sorto made an unauthorized disbursement of trust  
10 funds to an A. Bernal in the amount of \$80,000.00 via trust check number 60463. The disbursement  
11 was unauthorized as there was no signed instruction authorizing the disbursement.

12 25. On or about February 19, 2016, Sorto made an unauthorized disbursement of trust  
13 funds to a K. Gonzalez in the amount of \$12,000.00 via trust check number 60467. The  
14 disbursement was unauthorized as there was no signed instruction authorizing the disbursement.

15 26. On or about March 11, 2016, Sorto made an unauthorized disbursement of trust funds  
16 to O. Martinez in the amount of \$1,198.92 via trust check number 60564. The disbursement was  
17 unauthorized as there was no signed instruction authorizing the disbursement.

18 27. The unauthorized disbursements described in paragraphs 21 – 26 caused a debit  
19 balance (shortage) to exist in this escrow in the amount of \$231,358.85 in violation of California  
20 Code of Regulations, title 10, section 1738.1.

21 **Escrow Number 14823-NS**

22 28. On or about April 14, 2016, Sorto made an unauthorized disbursement of trust funds  
23 to an ESC Services, which the Commissioner believes to be J. Duran, in the amount of \$10,000.00  
24 via trust check number 60667. The disbursement was unauthorized as the signed instruction  
25 authorizing the disbursement was forged, and Sorto knew, or should have known, the escrow  
26 amendment authorizing the disbursement was forged.

27 29. On or about April 18, 2016, Sorto made an unauthorized disbursement of trust funds  
28 to J. Duran in the amount of \$5,000.00 via trust check number 60686. The disbursement was

1 unauthorized as the signed instruction authorizing the disbursement was forged, and Sorto knew, or  
2 should have known, the escrow amendment authorizing the disbursement was forged.

3 30. On or about April 19, 2016, Sorto made an unauthorized disbursement of trust funds  
4 to the seller in escrow number 14568-NS in the amount of \$2,655.20 via trust check number 60687.  
5 The disbursement was unauthorized as the signed instruction authorizing the disbursement was  
6 forged, and Sorto knew, or should have known, the escrow amendment authorizing the disbursement  
7 was forged.

8 31. On or about April 20, 2016, Sorto made an unauthorized disbursement of trust funds  
9 to G & G Professional Services in the amount of \$10,000.00 via trust check number 60692. The  
10 disbursement was unauthorized as the signed instruction authorizing the disbursement was forged,  
11 and Sorto knew, or should have known, the escrow amendment authorizing the disbursement was  
12 forged.

13 32. On or about May 4, 2016, Sorto made an unauthorized disbursement of trust funds to  
14 Y. Chavez in the amount of \$2,344.80 via trust check number 60782. The disbursement was  
15 unauthorized as the signed instruction authorizing the disbursement was forged, and Sorto knew, or  
16 should have known, the escrow amendment authorizing the disbursement was forged.

17 33. The unauthorized disbursements described in paragraphs 28 – 32 caused a debit  
18 balance (shortage) to exist in this escrow in the amount of \$30,000.00 in violation of California Code  
19 of Regulations, title 10, section 1738.1.

20 **Escrow Number 14847-NS**

21 34. On or about May 16, 2016, Sorto made an unauthorized disbursement of trust funds to  
22 GRX Diversified in the amount of \$12,000.00 via trust check number 60826. The disbursement was  
23 unauthorized as there was no signed instruction authorizing the disbursement.

24 35. On or about May 20, 2016, Sorto made an unauthorized disbursement of trust funds  
25 to KG Pro Services in the amount of \$10,000.00 via trust check number 60857. The disbursement  
26 was unauthorized as there was no signed instruction authorizing the disbursement.

27 36. On or about May 26, 2016, Sorto made an unauthorized disbursement of trust funds  
28 to the seller in escrow number 14811-NS in the amount of \$30,000.00 via trust check number 60908.

1 The disbursement was unauthorized as there was no signed instruction authorizing the disbursement.  
2 This unauthorized disbursement was to help cover a shortage in escrow number 14811-NS.

3 37. On or about May 26, 2016, Sorto made an unauthorized disbursement of trust funds  
4 to the buyer in escrow number 14833-NS in the amount of \$5,000.00 via trust check number 60909.  
5 The disbursement was unauthorized as there was no signed instruction authorizing the disbursement.  
6 This unauthorized disbursement was to cover a shortage in escrow number 14833-NS.

7 38. On or about May 26, 2016, Sorto made an unauthorized disbursement of trust funds  
8 to G & G Professional Services in the amount of \$7,500.00 via trust check number 60911. The  
9 disbursement was unauthorized as there was no signed instruction authorizing the disbursement.

10 39. On or about May 27, 2016, Sorto made an unauthorized disbursement of trust funds  
11 to ESC Services, which the Commissioner believes to be J. Duran, in the amount of \$3,000.00 via  
12 trust check number 60919. The disbursement was unauthorized as there was no signed instruction  
13 authorizing the disbursement.

14 40. The unauthorized disbursements described in paragraphs 34 – 39 caused a debit  
15 balance (shortage) to exist in this escrow in the amount of \$67,500.00 in violation of California Code  
16 of Regulations, title 10, section 1738.1. The shortage in escrow number 14847-NS was cured by CE  
17 Escrow.

18 **III**

19 **Escrow Law Bar Statute**

20 41. Financial Code section 17423 provides in pertinent part:

21 (a) The commissioner may, after appropriate notice and opportunity  
22 for hearing, by order, . . . bar from any position of employment,  
23 management, or control any escrow agent, or any other person, if the  
commissioner finds either of the following:

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



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**IV**

**Conclusion**

42. The Commissioner finds that, by reason of the foregoing, Respondent Norma Sorto has violated Financial Code section 17414, subdivisions (a)(1) and (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 Norma Sorto from any position of employment, management or control of any escrow agent.

**V**

**Prayer**

WHEREFORE, IT IS PRAYED that pursuant to Financial Code section 17423, subdivision (a)(1), Respondent Norma Sorto be barred from any position of employment, management or control of any escrow agent.

Dated: June 9, 2017  
Los Angeles, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
Judy L. Hartley  
Senior Counsel  
Enforcement Division