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

11
12 In the Matter of:

13 THE COMMISSIONER OF BUSINESS
14 OVERSIGHT,

15 Complainant,

16 v.

17 JACQUELYN N. SELDITCH,

18 Respondent.
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20

)
) ACCUSATION IN SUPPORT OF ORDER
) BARRING JACQUELYN N. SELDITCH
) FROM ANY POSITION OF EMPLOYMENT,
) MANAGEMENT OR CONTROL OF ANY
) ESCROW AGENT

21 JAN LYNN OWEN, the Commissioner of Business Oversight (Commissioner) alleges and
22 charges as follows:

23 **I.**
24 **Introduction**

25 1. Jacquelyn N. Selditch (Selditch) was, at all relevant times, an escrow officer
26 employed at Trust One Escrow, Inc. (Trust One Escrow), an escrow agent licensed by the
27 Commissioner pursuant to the Escrow Law (Financial Code section 17000 et seq.).

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II.
Violations of the Escrow Law

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3 2. Selditch was employed by Trust One Escrow from September 2016 through February
4 2017 as an escrow officer. On or about February 10, 2017, Trust One Escrow notified the Department
5 of Business Oversight (Department) that it had terminated Selditch’s employment because she had
6 been changing and rescheduling dates on escrow closings to earlier or different months, in order to
7 affect the timing and level of her compensation.

8 3. On or about August 3, 2017, Trust One Escrow notified the Department that Selditch
9 had “padded delivery charges and expenses” and issued checks to Low Cost Courier (Courier) in the
10 total amount of \$5,131.50 for messenger services, without any supporting invoices or overpaid the
11 invoice amounts.

12 4. Trust One Escrow had performed an audit of Selditch’s escrow files and determined
13 that from October 2016 to February 2017 at least 32 of Selditch’s escrow files had payments to
14 Courier without any supporting invoice. Approximately 46 of Selditch’s escrow files included
15 invoices for Courier, but some of the invoices were altered and used in more than one escrow file. In
16 addition, some of the payments to Courier were more than the charges on the invoices. Courier, upon
17 demand from Trust One Escrow, reimbursed Trust One Escrow the overpayments and expenses that
18 were incurred as a result of conducting the self-audit.

19 5. On or about December 4, 2017, the Department commenced an examination of
20 Selditch’s escrow files and found that the total overpayment to Courier was \$5,082.50.

21 6. Some of the overcharges to Courier were paid out from the principals’ funds. On or
22 about March 15, 2018, Trust One Escrow refunded all overcharges to the customers.

23 7. Below are a few examples of the unauthorized disbursements by Selditch to Courier,
24 in violation of Financial Code sections 17414, subdivision (a)(1) and 17414, subdivision (a)(2), and
25 California Code of Regulations, title 10, sections 1738 and 1738.2:

26 (a) Escrow #00116-JS

27 Selditch issued two checks in the amounts of \$175.00 and \$50.00 to Courier without any
28 invoice to support the payments. The checks for \$175.00 and \$50.00 were paid on November 21,

1 2016 and November 29, 2016, respectively. There was no authorization in the escrow file to
2 distribute the funds to Courier.

3 (b) Escrow #001186-JS

4 Selditch issued a check in the amount of \$350.00 to Courier without any invoice to support
5 the payment. The check for \$350.00 was paid on January 3, 2017. There was no authorization in the
6 escrow file to distribute the funds to Courier.

7 (c) Escrow #001225-JS

8 Selditch issued a check in the amount of \$200.00 to Courier without any invoice to support
9 the payment. The check for \$200.00 was paid on December 23, 2016. There was no authorization in
10 the escrow file to distribute the funds to Courier.

11 (d) Escrow #001157-JS

12 Selditch issued a check in the amount of \$125.00 to Courier. The escrow file included
13 invoice #990284 for Courier in the amount of \$59.00. The check for \$125.00 was paid on December
14 19, 2016. There was no authorization in the escrow file to distribute \$125.00 to Courier.

15 (e) Escrow #001022-JS

16 On or about December 1, 2016, Selditch issued a check in the amount of \$100.00 to Courier.
17 This escrow file included two invoices for Courier (invoice #990284 and #990286). Invoice
18 #990284 was for \$50.00 and #990286 was for \$65.00. Invoice #990284 was also a duplicate of the
19 invoice found in Escrow file #001157-JS, but the invoice had been altered to show an amount of
20 \$50.00 and escrow number 001022-JS. Invoice #990286 in the amount of \$65.00 was a duplicate
21 invoice found in Escrow file #001023-JS. There was no authorization in Escrow file #001022-JS to
22 distribute \$100.00 to Courier.

23 (f) Escrow #001183-JS

24 On or about December 12, 2016, Selditch issued a check in the amount of \$150.00 to
25 Courier. This escrow file included two altered invoices for Courier (invoice #990287 and #990295).
26 Invoice #990287, in the amount of \$75.00, was a duplicate invoice that was used in a different
27 escrow file - Escrow #001213-JS. Invoice #990295 in the amount of \$65.00 was also altered and
28 appeared to have been used in another escrow file. There was no authorization in Escrow file

1 #001183-JS to distribute \$150.00 to Courier.

2 (g) Escrow #001213-JS

3 On or about December 8, 2016, Selditch issued a check in the amount of \$175.00 to Courier.
4 This escrow file included two altered invoices for Courier (invoice #990286 and #990287). Invoice
5 #990286 in the amount of \$65.00 was a duplicate invoice found in Escrow file #001022-JS. The
6 escrow file number on invoice #990286 was changed from 001022-JS to 001213-JS. In addition,
7 invoice #990287 in the amount of \$65.00 was a duplicate of the invoice found in Escrow file
8 #001183-JS. The escrow file number on invoice #990287 was changed from 001183-JS to 001213-
9 JS. There was no authorization or invoice in the escrow file to distribute \$175.00 to Courier.

10 8. On or about August 1, 2017, the Department received an employment application
11 from Legacy First Escrow, Inc. (Legacy First Escrow) reporting Selditch's employment. As stated
12 above, Selditch was employed at Trust One Escrow from September 2016 through February 2017.
13 The employment application showed that Selditch was employed by Seller's Choice Escrow, Inc.
14 (Seller's Choice Escrow) from September 2006 to July 21, 2017. Selditch failed to include her
15 employment at Trust One Escrow. The employment application was signed by Selditch under penalty
16 of perjury stating that the information in the application was true and correct.

17 9. On January 26, 2018, the Department received an escrow manager application for
18 Selditch from Legacy First Escrow. Selditch's escrow manager application also failed to disclose her
19 employment at Trust One Escrow. Selditch again reported that she was employed by Seller's Choice
20 Escrow from September 2006 to July 21, 2017. The manager application was signed by Selditch
21 under penalty of perjury stating that the information in the application was true and correct.

22 10. On or about March 1, 2018, the Department contacted Legacy First Escrow inquiring
23 about Selditch's employment history. On or about March 2, 2018, a revised manager application was
24 submitted to the Department showing that Selditch was employed at Seller's Choice Escrow from
25 September 2006 to September 2016. Her employment at Trust One Escrow was included in the
26 revised manager application.

27 11. Selditch's employment and initial manager applications included an extra 13 months
28 of employment at Seller's Choice Escrow and omitted her employment and termination at Trust One

1 Escrow, in violation of Financial Code section 17702.

2 **III.**
3 **Applicable Law**

4 12. Financial Code section 17414 provides in pertinent part:

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

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

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

17 13. Financial Code section 17702 provides:

18 It is unlawful for any person to willfully make any untrue statement of
19 a material fact in any application, notice, or report filed with the
20 commissioner under this division or the regulations issued thereunder,
21 or to willfully omit any material fact which is required to be stated in
22 any application, notice, or report.

23 14. Financial Code section 17423 provides in pertinent part:

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

1 order pursuant to subdivision (a), the person may request a hearing
2 under the Administrative Procedure Act (Chapter 5 (commencing with
3 Section 11500) of Division 3 of Title 2 of the Government Code).
4 Upon receipt of a request, the matter shall be set for hearing to
5 commence within 30 days after such receipt unless the person subject
6 to this division consents to a later date. If no hearing is requested within
7 15 days after the mailing or service of such notice and none is ordered
8 by the commissioner, the failure to request a hearing shall constitute a
9 waiver of the right to a hearing.

10 (c) Upon receipt of a notice of intention to issue an order pursuant to
11 this section, the person who is the subject of the proposed order is
12 immediately prohibited from engaging in any escrow processing
13 activities, including disbursing any trust funds in the escrow agent's
14 possession, custody or control, and the financial institution holding
15 trust funds shall be so notified by service of the notice, accusation and
16 other administrative pleadings. The prohibition against disbursement of
17 trust funds may be set aside, in whole or in part, by the commissioner
18 for good cause.

19 **IV.**
20 **Conclusion**

21 Based on the foregoing, the Commissioner finds that Jacquelyn N. Selditch violated Financial
22 Code sections 17414 and 17702 and California Code of Regulations, title 10, sections 1738 and
23 1738.2 and it is in the best interest of the public to permanently bar Jacquelyn N. Selditch from any
24 position of employment, management or control of any escrow agent, pursuant to Financial Code
25 section 17423.

26 WHEREFORE, IT IS PRAYED that Jacquelyn N. Selditch be barred from any position of
27 employment, management or control of any escrow agent.

28 Dated: January 10, 2019
San Diego, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Afsaneh Eghbaldari
Counsel
Enforcement Division