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

11 In the Matter of:) ESCROW LICENSE NO. 963-1459
12)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
14)
15 Complainant,) ACCUSATION
16)
17 v.)
18 KARI JANE HARDWICK,)
19 Respondent.)
20)

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

23 **I.**

24 **Introduction**

25 1. Respondent Kari Jane Hardwick (Hardwick) was at all relevant times employed by
26 Glen Oaks Escrow, Inc. (Glen Oaks), an escrow agent licensed by the Commissioner under the
27 Escrow Law of the State of California (Fin. Code, § 17000 et seq.) (Escrow Law). Glen Oaks has its
28 principal place of business at 6100 San Fernando Road, Glendale California, 91201.

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2. From on or about January 3, 2017 through February 23, 2017, Hardwick was employed at Glen Oak’s Sherman Oaks, California branch office as an escrow assistant.

3. On or around February 28, 2017, Hardwick transferred to Glen Oak’s Glendale, California location and was employed as an escrow officer handling refinance transactions.

4. The Commissioner now seeks to bar Hardwick from any employment, management, or control of any escrow agent for making reckless and unauthorized trust fund disbursements, failing to prepare proper closing statements, and failing to follow written escrow instructions.

II.

Violations of the Escrow Law

5. On or around July 27, 2018, the Commissioner commenced a special examination of Glen Oak’s books and records to review escrow transactions handled by Hardwick while employed at Glen Oaks. The special examination was commenced after the Commissioner received information from Glen Oaks that Hardwick was mishandling client funds.

6. The special examination revealed that between June 21, 2017 and February 15, 2018, Hardwick knowingly and/or recklessly made at least 29 unauthorized disbursements of trust funds or disbursements of an unauthorized amount of trust funds using borrowers’ loan proceeds to either pay for services never performed, services performed but not authorized, or pay third parties not related to the escrow transactions in violation of Financial Code section 17414, subdivision (a)(1) and California Code of Regulations (CCR),¹ title 10, sections 1738 and 1738.2. The disbursements were unauthorized because there were no instructions in escrow authorizing the disbursements in the form of trust fund checks that were subsequently deposited. The special examination revealed that Hardwick unlawfully paid herself, Chris Nhat, Sandra Woodson, Kevin Ho, and two notaries \$4,197.00. Hardwick also failed to disclose and/or inflated charges on final account statements and thus failed to prepare accurate final account statements in violation of Financial Code section 17414, subdivision (a)(2) and title 10 CCR section 1741.3.

7. The following violations were discovered during the special examination:

¹ All references to the CCR herein refer to title 10, unless otherwise indicated.

1 **A. Escrow File Number 139369-KJ**

2 Hardwick was the escrow officer for escrow file number 139369-KJ. The examiner reviewed
3 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
4 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
5 statement, as well as other documents in the file, which revealed that Hardwick inflated the
6 following charges on the borrower's closing statement without the principal's authorization (in the
7 written escrow instructions or otherwise):

Type of Charge	Borrower's final closing statement	Title disbursement summary	Inflated amount
Title-recording process service fee	75.00	25.00	50.00
Title-tax service fee	75.00	Not a true charge	75.00
Title-sub escrow fee	95.00	45.00	50.00
Title-wire fee	75.00	25.00	50.00
Title-endorsement fee	150.00	25.00	125.00
Total			\$350.00

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17 On January 31, 2018, Hardwick issued a \$200.00 check from the trust account to Chris Nhat
18 (who was not a party to the transaction) via check number 876935, and a \$150.00 check to herself
19 via check number 877000. Hardwick made these two unauthorized disbursements of trust funds
20 totaling \$350.00 after unlawfully inflating the borrower's costs by \$350.00, and failing to provide
21 the borrower with an accurate final account statement in violation of Financial Code section 17414,
22 subdivisions (a)(1) and (a)(2) and CCR sections 1738, 1738.2, and 1741.3. Glen Oaks subsequently
23 transferred \$350.00 from its general account to the trust account to refund the borrower and correct
24 the trust fund shortage.

25 **B. Escrow File Number 139217-KJ**

26 Hardwick was the escrow officer for escrow file number 139217-KJ. The examiner reviewed
27 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
28 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account

1 statement, as well as other documents in the file, which revealed that Hardwick inflated the
 2 following charges without the principal's authorization (in the written escrow instructions or
 3 otherwise):

Type of Charge	Borrower's final closing statement	Title disbursement summary	Inflated amount
Title-tax service fee	62.78	0.00 not a true charge	62.78
Title-endorsement fee	75.00	25.00	50.00
Wells Fargo Bank – interest to pay off loan	378.29	408.07	-29.78
Wells Fargo Bank – recording fee	160.00	93.00	67.00
Glen Oaks Escrow – reimbursement for courier/overnight	175.00	75.00	100.00
Total			\$250.00

14 On February 2, 2018, Hardwick issued a \$250.00 check from the trust fund to Kevin Ho
 15 (who was not a party to the transaction) via trust check number 877105. Hardwick made this
 16 unauthorized disbursement of trust funds after unlawfully inflating the borrower's costs and failing
 17 to provide the borrower with an accurate final account statement in violation of Financial Code
 18 section 17414, subdivisions (a)(1) and (a)(2) and CCR sections 1738, 1738.2, and 1741.3. Glen
 19 Oaks subsequently transferred \$250.00 from its general account to the trust account to refund the
 20 borrower and correct the trust fund shortage.

21 **C. Escrow File Number 138896-KJ**

22 Hardwick was the escrow officer for escrow file number 138896-KJ. The examiner reviewed
 23 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
 24 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
 25 statement, as well as other documents in the file, which revealed that on December 20, 2017,
 26 Hardwick issued a \$200.00 check to Sandra Woodson (who was not a party to the escrow
 27 transaction) via trust fund check number 872928. This payment to Woodson was not authorized by
 28 the principals (in the written escrow instructions or otherwise). The exam also revealed that

1 Hardwick issued a \$300.00 check to C.S. for notary services via trust fund check number 872929.
2 The closing instructions authorized a \$200.00 notary fee. Hardwick made these unauthorized
3 disbursements of trust funds in violation of Financial Code section 17414, subdivision (a)(1) and
4 CCR sections 1738, and 1738.2. Glen Oaks subsequently transferred \$300.00 from its general
5 account to the trust account to refund the borrower and correct the trust fund shortage.

6 **D. Escrow File Number 136948-KJ**

7 Hardwick was the escrow officer for escrow file number 136948-KJ. The examiner reviewed
8 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
9 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
10 statement, as well as other documents in the file, which revealed that Hardwick inflated the title
11 charge, and issued a check from the trust fund without the principal's authorization (in the written
12 escrow instructions or otherwise).

13 On December 27, 2017, Hardwick issued a \$150.00 check from the trust fund to Chris Nhat
14 (who was not a party to the transaction) via trust check number 873535. Hardwick made this
15 unauthorized disbursement of trust funds in violation of Financial Code section 17414, subdivision
16 (a)(1) and CCR sections 1738 and 1738.2. Hardwick failed to disclose this disbursement on the final
17 account statement in violation of Financial Code section 17414, subdivision (a)(2) and title 10 CCR
18 section 1741.3. Glen Oaks subsequently transferred \$150.00 from its general account to the trust
19 account to refund the borrower and correct the trust fund shortage.

20 **E. Escrow File Number 137288-KJ**

21 Hardwick was the escrow officer for escrow file number 137288-KJ. The examiner reviewed
22 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
23 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
24 statement, as well as other documents in the file, which revealed that the borrower authorized
25 \$200.00 in notary fees.

26 On December 7, 2017, Hardwick issued a \$250.00 check from the trust fund to L.F., the
27 notary, via check number 871308, and also issued a \$50.00 check from the trust fund to herself for
28 notary services via trust check number 872094. The borrowers had only authorized \$200.00 in

1 notary services. The notary charges are disclosed on the closing statement, but the statement does
2 not contain the borrower's signature. Therefore, an extra \$100.00 in notary fees was unauthorized.
3 Hardwick made these unauthorized disbursement of trust funds in violation of Financial Code
4 section 17414, subdivision (a)(1) and CCR sections 1738 and 1738.2. Glen Oaks subsequently
5 transferred \$100.00 from its general account to the trust account to refund the borrower and correct
6 the trust fund shortages.

7 **F. Escrow File Number 137407-KJ**

8 Hardwick was the escrow officer for escrow file number 137407-KJ. The examiner reviewed
9 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
10 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
11 statement, as well as other documents in the file, which revealed that on January 3, 2018, Hardwick
12 issued a \$147.00 check from the trust fund to Chris Nhat (who was not a party to the transaction) via
13 trust check number 874390. The principal to the transaction authorized the payment of \$147.00 to
14 pay off a credit card balance but did not authorize the payment to Chris Nhat.

15 Hardwick made this unauthorized disbursement of trust funds in violation of Financial Code
16 section 17414, subdivision (a)(1) and CCR sections 1738 and 1738.2. Hardwick failed to correctly
17 list the charge on the final account statement in violation of Financial Code section 17414,
18 subdivision (a)(2) and 10 CCR section 1741.3. Glen Oaks subsequently transferred \$147.00 from its
19 general account to the trust account to refund the borrower and correct the trust fund shortage.

20 **G. Escrow File Number 137416-KJ**

21 Hardwick was the escrow officer for escrow file number 137416-KJ. The examiner reviewed
22 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
23 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
24 statement, as well as other documents in the file, which revealed that on January 31, 2018, Hardwick
25 issued: a \$250.00 check from the trust account to Chris Nhat (who was not a party to the transaction)
26 via trust check number 876942; a \$450.00 check from the trust account to Kevin Ho (who was not a
27 party to the transaction) via trust check number 876357; and issued a \$250.00 check to herself from
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1 the trust account via trust check number 877132. These payments were not authorized by, or
2 disclosed to, the principals to the transaction (in the written escrow instructions or otherwise).

3 Hardwick made these disbursements in violation of Financial Code section 17414,
4 subdivisions (a)(1) and (a)(2) and CCR sections 1738, 1738.2, and 1741.3. Glen Oaks subsequently
5 transferred \$950.00 from its general account to the trust account to refund the borrower and correct
6 the trust fund shortage.

7 **H. Escrow File Number 137995-KJ**

8 Hardwick was the escrow officer for escrow file number 137995-KJ. The examiner reviewed
9 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
10 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
11 statement, as well as other documents in the file, which revealed that on December 26, 2017,
12 Hardwick issued a \$225.00 check from the trust fund to Chris Nhat (who was not a party to the
13 transaction) via trust check number 873350. The payment to Chris Nhat was not authorized by or
14 disclosed to the principals to the transaction (in the written escrow instructions or otherwise) in
15 violation of Financial Code section 17414, subdivisions (a)(1) and (a)(2) and CCR sections 1738,
16 1738.2, and 1741.3. Glen Oaks subsequently transferred \$225.00 from its general account to the
17 trust account to refund the borrower and correct the trust fund shortage.

18 **I. Escrow File Number 138599-KJ**

19 Hardwick was the escrow officer for escrow file number 138599-KJ. The examiner reviewed
20 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
21 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
22 statement, as well as other documents in the file, which revealed that on December 27, 2017,
23 Hardwick issued a \$300.00 check from the trust fund to Chris Nhat (who was not a party to the
24 transaction) via trust check number 873544. The payment to Chris Nhat was not authorized by or
25 disclosed to the principals to the transaction (in the written escrow instructions or otherwise) in
26 violation of Financial Code section 17414, subdivisions (a)(1) and (a)(2) and CCR sections 1738,
27 1738.2, and 1741.3. Glen Oaks subsequently transferred \$300.00 from its general account to the
28 trust account to refund the borrower and correct the trust fund shortage.

1 **J. Escrow File Number 138856-KJ**

2 Hardwick was the escrow officer for escrow file number 138856-KJ. The examiner reviewed
3 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
4 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
5 statement, as well as other documents in the file, which revealed that the borrowers authorized
6 \$200.00 in notary fees. On December 29, 2017, Hardwick issued a \$250.00 check from the trust
7 account to herself, for notary services, via trust check number 873979, and also issued a \$150.00
8 check from the trust fund to Chris Nhat (who was not a party to the transaction) via trust check
9 number 873978. The additional \$50.00 for notary services paid to Hardwick and payment to Chris
10 Nhat were not authorized by the principals to the transaction (in the written escrow instructions or
11 otherwise) in violation of Financial Code section 17414, subdivision (a)(1) and CCR sections 1738
12 and 1738.2. Glen Oaks subsequently transferred \$200.00 from its general account to the trust
13 account to refund the borrower and correct the trust fund shortage.

14 **K. Escrow File Number 139070-KJ**

15 Hardwick was the escrow officer for escrow file number 139070-KJ. The examiner reviewed
16 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
17 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
18 statement, as well as other documents in the file, which revealed that on January 3, 2018, Hardwick
19 issued a \$200.00 check from the trust fund to Chris Nhat (who was not a party to the transaction) via
20 trust check number 874391. The payment to Chris Nhat was not authorized by or disclosed to the
21 principals to the transaction (in the written escrow instructions or otherwise). The examiner's
22 review of the file also revealed that Hardwick overinflated the notary expense on the Borrower's
23 Final Settlement Statement, where Hardwick listed the expense as \$300.00, whereas the check issued
24 to the notary in the escrow file revealed that the expense was only \$200.00.

25 Hardwick made this unauthorized disbursement of trust funds and failed to prepare an
26 accurate final account statement in violation of Financial Code section 17414, subdivisions (a)(1)
27 and (a)(2) and CCR sections 1738, 1738.2, and 1741.3. Glen Oaks subsequently transferred \$200.00

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1 from its general account to the trust account to refund the borrower and correct the trust fund
2 shortage.

3 **L. Escrow File Number 137278-KJ**

4 Hardwick was the escrow officer for escrow file number 137278-KJ. The examiner reviewed
5 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
6 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
7 statement, as well as other documents in the file, which revealed that on January 18, 2018, Hardwick
8 issued a \$150.00 check to Sandra Woodson (who was not a party to the escrow transaction) via trust
9 fund check number 875674. This payment to Woodson was not authorized by the principals in the
10 transaction (in the written escrow instructions or otherwise) in violation of Financial Code section
11 17414, subdivision (a)(1) and CCR sections 1738 and 1738.2. Glen Oaks subsequently transferred
12 \$150.00 from its general account to the trust account to refund the borrower and correct the trust
13 fund shortage.

14 **M. Escrow File Number 138580-KJ**

15 Hardwick was the escrow officer for escrow file number 138580-KJ. The examiner reviewed
16 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
17 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
18 statement, as well as other documents in the file, which revealed that on January 4, 2018, Hardwick
19 issued a \$250.00 check to Sandra Woodson (who was not a party to the escrow transaction) via trust
20 fund check number 874513. This payment to Woodson was not authorized by the principals in the
21 transaction (in the written escrow instructions or otherwise) in violation of Financial Code section
22 17414, subdivision (a)(1) and CCR sections 1738 and 1738.2. Glen Oaks subsequently transferred
23 \$250.00 from its general account to the trust account to refund the borrower and correct the trust
24 fund shortage.

25 **N. Escrow File Number 139108-KJ**

26 Hardwick was the escrow officer for escrow file number 139108-KJ. The examiner reviewed
27 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
28 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account

1 statement, as well as other documents in the file, which revealed that on January 22, 2018, Hardwick
2 issued a \$75.00 check to Kevin Ho (who was not a party to the escrow transaction) via trust fund
3 check number 876080. This payment to Ho was not authorized by the principals in the transaction
4 (in the written escrow instructions or otherwise) in violation of Financial Code section 17414,
5 subdivision (a)(1) and CCR sections 1738 and 1738.2. Glen Oaks subsequently transferred \$75.00
6 from its general account to the trust account to refund the borrower and correct the trust fund
7 shortage.

8 **O. Escrow File Number 135491-KJ**

9 Hardwick was the escrow officer for escrow file number 135491-KJ. The examiner reviewed
10 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
11 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
12 statement, as well as other documents in the file, which revealed that the borrower authorized
13 \$200.00 in notary expenses. On July 31, 2017, Hardwick issued a \$200.00 check to K.F., the notary,
14 via trust fund check number 854842, and a \$100.00 check to K.F. via trust fund check number
15 854843. On July 31, 2018, Harwick issued a \$50.00 check to herself via trust fund check number
16 858844. \$150.00 of these payments were not authorized by, or properly disclosed to the principals
17 in the transaction (in the written escrow instructions or otherwise) in violation of Financial Code
18 section 17414, subdivisions (a)(1) and (a)(2) and CCR sections 1738, 1738.2, and 1741.3. Glen Oaks
19 subsequently transferred \$150.00 from its general account to the trust account to refund the borrower
20 and correct the trust fund shortage.

21 **P. Escrow File Number 138683-KJ**

22 Hardwick was the escrow officer for escrow file number 138683-KJ. The examiner reviewed
23 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
24 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
25 statement, as well as other documents in the file, which revealed that on February 15, 2018,
26 Hardwick issued a \$50.00 check to Chris Nhat (who was not a party to the escrow transaction) via
27 trust fund check number 878070. This payment to Nhat was not authorized by the principals to the
28 transaction (in the written escrow instructions or otherwise) in violation of Financial Code section

1 17414, subdivision (a)(1) and CCR sections 1738 and 1738.2. Glen Oaks subsequently transferred
2 \$50.00 from its general account to the trust account to refund the borrower and correct the trust fund
3 shortage.

4 **Q. Escrow File Number 135264-KJ**

5 Hardwick was the escrow officer for escrow file number 135264-KJ. The examiner reviewed
6 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
7 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
8 statement, as well as other documents in the file, which revealed that on June 21, 2017, Hardwick
9 issued a trust fund check to herself via check number 849624 for \$50.00. The principals did not
10 authorize this payment (in the written escrow instructions or otherwise), and it was not disclosed on
11 the final account statement in violation of Financial Code section 17414, subdivisions (a)(1) and
12 (a)(2) and CCR sections 1738, 1738.2 and 1741.3. Glen Oaks subsequently transferred \$50.00 from
13 its general account to the trust account to refund the borrower and correct the trust fund shortage.

14 **R. Escrow File Number 135823-KJ**

15 Hardwick was the escrow officer for escrow file number 135823-KJ. The examiner reviewed
16 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
17 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
18 statement, as well as other documents in the file, which revealed that the borrower authorized
19 \$200.00 in notary fees. On July 13, 2017, Hardwick issued a trust fund check to herself via check
20 number 852775 for \$250.00 for notary services, which is \$50.00 more than the authorized amount.
21 Hardwick issued the check in violation of Financial Code section 17414, subdivision (a)(1) and CCR
22 section 1738 and 1738.2. Glen Oaks subsequently transferred \$50.00 from its general account to the
23 trust account to refund the borrower and correct the trust fund shortage.

24 **S. Escrow File Number 138080-KJ**

25 Hardwick was the escrow officer for escrow file number 138080-KJ. The examiner reviewed
26 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
27 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
28 statement, as well as other documents in the file, which revealed that the borrower authorized

1 \$200.00 in notary fees. On November 28, 2017, Hardwick issued a trust fund check to herself via
2 check number 869627 for \$300.00 for notary services, which is \$100.00 more than the authorized
3 amount. Hardwick issued this check in violation of Financial Code section 17414 subdivision (a)(1)
4 and CCR section 1738 and 1738.2. Glen Oaks subsequently transferred \$100.00 from its general
5 account to the trust account to refund the borrower and correct the trust fund shortage.

6 **T. Escrow File Number 138496-KJ**

7 Hardwick was the escrow officer for escrow file number 138496-KJ. The examiner reviewed
8 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
9 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
10 statement, as well as other documents in the file, which revealed that the borrower authorized
11 \$200.00 in notary fees. On November 28, 2017, Hardwick issued a trust fund check to herself via
12 check number 869898 for \$250.00 for notary services, which is \$50.00 more than the authorized
13 amount. Hardwick issued this check in violation of Financial Code section 17414 subdivision (a)(1)
14 and CCR section 1738 and 1738.2. Glen Oaks subsequently transferred \$50.00 from its general
15 account to the trust account to refund the borrower and correct the trust fund shortage.

16 **U. Escrow File Number 138965-KJ**

17 Hardwick was the escrow officer for escrow file number 138965-KJ. The examiner reviewed
18 the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of
19 trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account
20 statement, as well as other documents in the file, which revealed that the borrower authorized
21 \$200.00 in notary fees. On December 21, 2017, Hardwick issued a trust fund check to herself via
22 check number 873014 for \$250.00 for notary services, which is \$50.00 more than the authorized
23 amount in violation of Financial Code section 17414 subdivision (a)(1) and CCR section 1738 and
24 1738.2. Hardwick also listed the notary fee as \$200.00 on the closing document, and thus failed to
25 provide the borrower with an accurate final account statement in violation of Financial Code section
26 17414, subdivision (a)(2) and CCR section 1741.3. Glen Oaks subsequently transferred \$50.00 from
27 its general account to the trust account to refund the borrower and correct the trust fund shortage.

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V. Escrow File Number 135821-KJ

Hardwick was the escrow officer for escrow file number 135821-KJ. The examiner reviewed the escrow instructions, escrow ledger, checks written from the trust account, grant deed, deed of trust, notary invoice(s), estimated closing statement, title disbursement summary, and final account statement, as well as other documents in the file, which revealed that the borrower authorized \$200.00 in notary fees. On August 2, 2017, Hardwick issued a trust fund check for \$200.00 to R.N. for notary services. Hardwick also issued a trust fund check for \$50 to herself on August 2, 2017, via check number 855417, which is \$50.00 more than the authorized amount in violation of Financial Code section 17414 subdivision (a)(1) and CCR sections 1738 and 1738.2. Glen Oaks subsequently transferred \$50.00 from its general account to the trust account to refund the borrower and correct the trust fund shortage.

III.

Law

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

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

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

(2) Knowingly or recklessly make or cause to be made any 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.

9. CCR, title 10, section 1738 provides in pertinent part:

(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.

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10. 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.

11. CCR, title 10, section 1741.3 provides in pertinent part:

Upon completion of an escrow transaction an escrow agent shall render to each principal to the escrow transaction a statement of his account in writing. Such statement shall specify all receipts and disbursements of escrow funds for his account. . . .

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 activities, including disbursing any trust funds in the escrow agent's possession, custody or control, and the financial institution holding trust fluids shall be so notified by service of the notice, accusation and other administrative pleadings. The prohibition against disbursement

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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 Kari Jane Hardwick has violated Financial Code section 17414, subdivisions (a)(1) and (a)(2) and California Code of Regulations, title 10 sections 1738, 1738.2, and 1741.3, has caused material damage to the escrow agent, and it is in the best interest of the public to bar Respondent Kari Jane Hardwick from any position of employment, management, or control of any escrow agent under Financial Code section 17423.

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

Dated: June 18, 2019
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Danielle A. Stoumbos
Senior Counsel
Enforcement Division