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

12 In the Matter of:) File No.: 96DBO-45896
13)
14 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) ACCUSATION
15)
16 Complainant,)
17 v.)
18 EQUITY TRUST ESCROW, INC., IRIS)
ALTAMIRANO, YAMI VASQUEZ a.k.a.)
19 YAMILETH VASQUEZ,)
20 Respondents.)
21)

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23 The Complainant is informed and believes, and based upon such information and belief,
24 alleges and charges Respondents as follows:

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I.

Introduction

1. Respondent Equity Trust Escrow, Inc. (Equity Trust) is an escrow agent licensed by the Commissioner of Business Oversight (Commissioner or Complainant) pursuant to the Escrow Law of the State of California (Fin. Code, § 17000 et seq.) (Escrow Law). Equity Trust received its escrow agent’s license from the Commissioner on December 3, 2015. Equity Trust is a California corporation with its principal place of business located at 1761 Third Street, Suite 104, Norco, California.

2. Iris Altamirano (Altamirano) is Equity Trust’s president, secretary, sole shareholder, and registered agent.

3. Yami Vasquez also known as Yamileth Vasquez (Vasquez) was Equity Trust’s manager and escrow officer, and Altamirano’s sister. Vasquez is no longer employed with Equity Trust as of March 2019.

4. The Commissioner now seeks to revoke the escrow agent’s license issued to Equity Trust and to bar Altamirano and Vasquez from any employment, management or control of any escrow agent for violations of the Escrow Law, as set forth more fully below.

II.

Factual Background

5. On or about April 3, 2018, the Commissioner, by and through his staff, commenced a regulatory examination of Equity Trust that covered the period from April 2017 to April 2018. The examination included the review of escrow files, ledgers and the trust account bank reconciliations. Corporations examiner Tonson Lam (Lam) conducted the examination. As described in the following paragraphs, the examination uncovered unauthorized disbursements of trust funds totaling \$101,484.63. During the examination, Vasquez claimed full responsibilities for the unauthorized disbursements of trust funds. Altamirano claimed to have no knowledge of the unauthorized disbursements notwithstanding the fact that she, along with Vasquez signed the checks.

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1 **Escrow 10076-YV**

2 6. Escrow 10076-YV was a loan escrow. On February 3, 2017, Vasquez issued receipt
3 number 1491 for an incoming wire of \$20,000.00, but no funds were credited at Equity Escrow's
4 trust bank account. Consequently, \$20,000.00 was shown on the February 28, 2017 month end trust
5 account bank reconciliations as a trust bank reconciling item – an adjustment “for receipt 1491 issued
6 on February 3, 2017 with no funds on the bank statement.” Vasquez claimed that the receipt was
7 issued in error and was corrected on September 25, 2017.

8 7. Also, on the same day, February 3, 2017, both Vasquez and Altamirano issued trust
9 check number 11933 for \$5,000.00 to ZN when there were no funds in the escrow file to cover the
10 payment. Over one year later, on April 6, 2018, Equity Escrow replaced the funds, it issued receipt
11 number 2028 for \$5,000.00 from the general account to the trust account.

12 **Disbursement to The Wolf Firm, a Law Corporation**

13 8. Between February 2017 and July 2018, Vasquez made two unauthorized
14 disbursements totaling \$67,825.93 from Equity Trust's trust account, account number ending in 0273
15 to the Wolf Firm, A Law Corporation (Wolf Firm), as discussed in detail below.

16 9. On February 28, 2017, Vasquez made an unauthorized disbursement from the trust
17 account to wire \$20,058.77 to the Wolf Firm. As a result of the unauthorized disbursement, the
18 \$20,058.77 was shown on the February 28, 2017 month end trust account bank reconciliation as a
19 trust account bank reconciling item – an adjustment for “2/28/17 wire out not on control” (not
20 posted).

21 10. Vasquez informed Lam that the \$20,058.77 wired out of the trust account to the Wolf
22 Firm was a mistake, the funds should have been wired from Equity Trust's general account. In
23 addition, Vasquez stated that the funds were used to prevent foreclosure of Vasquez's home and
24 reinstate Vasquez's home loan mortgage with M&T Bank. In fact, Vasquez provided Lam with a
25 promissory note dated and signed by both Vasquez and Altamirano on February 28, 2017 wherein
26 Equity Trust agreed to lend Vasquez the sum of \$20,058.77 and that the funds were to be wired from
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1 the company's general account. However, the \$20,058.77 was not replaced until April 12, 2018,
2 almost 14 months after the money was wired out of the trust account.

3 11. On July 30, 2018, Vasquez made another unauthorized disbursement of trust fund to
4 the Wolf Firm for \$47,767.16. The transfer of funds was purportedly to prevent Vasquez's home
5 from foreclosure and reinstate her mortgage. The month end trust account bank reconciliation showed
6 the \$47,767.16 as a trust account bank reconciling item – an adjustment on “7/30/18 wire out not on
7 control.” The funds were not immediately replaced. Instead, the funds were reimbursed in three
8 separate payments: \$4,000.00 was paid on October 5, 2018; \$10,000.00 was paid on October 9, 2018
9 and the remaining amount of \$33,767.16 was paid on January 29, 2019.

10 12. During the examination, Vasquez informed Lam that she had refinanced her home in
11 February 2019 and the loan proceeds were used to pay back Equity Trust. Vasquez provided Lam
12 with her refinance closing statement dated February 1, 2019 which showed Vasquez's net loan
13 proceeds of \$67,284.24. The funds were wired into Altamirano's personal bank account with Chase
14 Bank on the same date, February 1, 2019. Lam reported that on January 25, 2019, Altamirano
15 purchased a cashier's check for \$67,825.93 from her personal bank account and thereafter deposited
16 that cashier's check into Equity Trust's general account on the same date, January 25, 2019.

17 **Unauthorized Disbursements between February 2017 and November 2018**

18 13. Between February 2017 and November 2018, both Altamirano and Vasquez issued
19 approximately 23 unauthorized checks to different payees totaling \$28,658.70. These unauthorized
20 disbursements consist of trust funds from the cancellation of old outstanding checks, title refunds,
21 and old ledger balances in the files. The unauthorized disbursements were replaced between March
22 21, 2019 and April 29, 2019. Below are samples of 10 checks issued or reissued to different payees:

23 **Escrow 10288-YV**

24 14. Escrow 10288-YV was a loan escrow that was closed on February 28, 2017. This file
25 had a ledger balance of \$1,160.48 since its last transaction date of March 8, 2017. On June 23, 2017,
26 both Altamirano and Vasquez issued check number 12544 from the trust account to Bank of America
27 for \$1,160.48. Almost two years later, on March 22, 2019, Equity Trust issued receipt number 2369
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1 for \$1,160.48 from the general account to the escrow file and issued check number 16024 to return
2 funds to the borrower.

3 Escrow 10780-IA

4 15. Escrow 10780-IA was a sale escrow that was closed on March 29, 2018. On May 8,
5 2018, Equity Trust received a title refund from Ticor Title in the amount of \$2,077.37 for Escrow
6 10780-IA. Trust receipt number 2074 was issued but instead of returning the funds to the principal,
7 both Vasquez and Altamirano issued check number 14254 for the sum of \$2,077.30 to Marco Lopez,
8 a friend of Vasquez. Altamirano claimed no knowledge of the disbursement even though she, along
9 with Vasquez, signed check number 14254. Equity Trust corrected the unauthorized disbursement on
10 March 28, 2019 when it issued receipt number 2389 in the amount of \$2,077.37 from the general
11 account to the escrow file and thereafter issued check number 16059 to return funds to the buyer.

12 Escrow 10700-YV

13 16. Escrow 10700-YV was a sale escrow that was opened on November 10, 2017. On
14 December 26, 2017, trust check number 13370, in the amount of \$500.00, was issued to the seller
15 (the early release of funds was authorized by the buyer and seller) leaving the escrow ledger with a
16 balance of \$2,500.00. On May 19, 2018, the escrow was cancelled but the buyer and seller could not
17 reach an agreement on the disbursement of the remaining funds in the escrow file. On September 28,
18 2018, both Vasquez and Altamirano issued check number 14539 to Vasquez for \$250.00 and check
19 number 14540 to Marco Lopez, a friend of Vasquez, in the amount of \$2,250.00. Altamirano claimed
20 no knowledge of the transaction even though she, along with Vasquez, signed check numbers 14539
21 and 14540. Equity Trust issued receipt number 2388 in the amount of \$2,250.00 and receipt number
22 2414 in the amount of \$250.00 on April 9, 2019, from the general account to the appropriate escrow
23 file, thereby correcting the unauthorized disbursement.

24 Escrow 10369-YV

25 17. Escrow 10369-YV was a loan escrow that was closed on December 22, 2017. On
26 March 15, 2017, Equity Trust received \$1,114.01 from Fidelity National Title for a title refund for
27 Escrow 10369-YV. Trust receipt number 1535 was issued, but instead of returning the funds to the
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1 principal, both Altamirano and Vasquez issued check number 12225 to Chase Bank for \$1,114.01.
2 Two years later, on March 25, 2019, Equity Trust corrected the unauthorized disbursement, it issued
3 receipt number 2370 in the amount of \$1,114.01 from the general account (incorrectly stated as funds
4 from the borrower) to the escrow file and thereafter issued check number 16025 to return funds to the
5 buyer. Altamirano claimed no knowledge of the transaction notwithstanding the fact that Altamirano,
6 along with Vasquez, issued check number 12225.

7 Escrow 10345-IA

8 18. Escrow 10345-IA was a loan escrow that was closed on December 5, 2016. On
9 January 27, 2017, Equity Trust received \$763.07 from Ticor Title for a title refund to Escrow 10345-
10 IA. Trust receipt number 1486 was issued for the title refund, but both Altamirano and Vasquez made
11 an unauthorized disbursement by issuing check number 12752, from Equity Escrow's trust account to
12 Wells Fargo Bank in the amount of \$763.07. Almost two years later, on March 25, 2019, the
13 unauthorized disbursement was corrected. Equity Trust issued receipt number 2373 for the amount of
14 \$763.07 from the general account to the escrow file, and thereafter issued check number 16028 to
15 return the funds to the buyer. Altamirano claimed no knowledge of the transaction even though she,
16 along with Vasquez, signed check number 12752.

17 Escrow 10521-YV

18 19. Escrow 10521-YV was a sale escrow that was closed on June 27, 2017. On August 22,
19 2018, Vasquez cancelled the buyer's refund check in the amount of \$5,083.25, check number 12579,
20 and dated June 27, 2017. On August 23, 2018, both Altamirano and Vasquez issued check number
21 14391 to M & T Bank and check number 14404 for \$2,575.40 to G.A. Vasquez, Vasquez's husband.
22 About seven months later, on April 17, 2019, Equity Trust issued receipt number 2427 for \$2,575.40
23 from the general account and then issued a trust check for the same amount to the buyer. Similarly,
24 on March 29, 2019, Equity Trust issued receipt number 2395 for \$2,507.85 from the general account,
25 and on the same day, issued trust check number 16070 in the amount of \$2,507.85, thereby replacing
26 the unauthorized disbursements. Altamirano claimed no knowledge of the disbursements even though
27 Altamirano signed check numbers 14391 and 14404.

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1 including liquid assets of at least twenty-five thousand dollars
2 (\$25,000) in excess of current liabilities.

3 24. Financial Code section 17414 provides in pertinent part:

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

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

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

16 25. Financial Code section 17423 provides in pertinent part:

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

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

27 (b) Within 15 days from the date of a notice of intention to issue an
28 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

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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.

(e) Persons suspended or barred under this section are prohibited from participating in any business activity of a licensed escrow agent and from engaging in any business activity on the premises where a licensed escrow agent is conducting escrow business. This subdivision shall not be construed to prohibit suspended or barred persons from having their personal escrow transactions processed by a licensed escrow agent.

26. Financial Code section 17608 provides in pertinent part:

The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if he finds that:

(b) The licensee has violated any provision of this division or any rule made by the commissioner under and within the authority of this division.

27. California Code of Regulations, 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.

28. California Code of Regulations, title 10, section 1738.1, provides:

An escrow agent shall not withdraw, pay out, or transfer monies from any particular escrow account in excess of the amount to the credit of such account at the time of such withdrawal, payment, or transfer.

29. California Code of Regulations, title 10, section 1741.2, provides:

A check shall not be drawn, executed or dated prior to the existence, in the particular escrow account against which it is drawn, executed or dated, of a sufficient credit balance to cover said check.

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IV.

Conclusion

30. The Commissioner finds that, by reason of the foregoing, Respondent Iris Altamirano has violated Financial Code section 17414, subdivisions (a)(1) and (a)(2) and California Code of Regulations, title 10, sections 1738. 1738.1, 1738.2, 1741.2 and it is in the best interest of the public to bar Iris Altamirano from any position of employment, management or control of any escrow agent pursuant to section 17423, subdivision, subdivision (a)(1) of the Financial Code.

31. The Commissioner also finds that, by reason of the foregoing, Respondent Yami Vasquez, also known as Yamileth Vasquez has violated Financial Code section 17414, subdivisions (a)(1) and (a)(2) and California Code of Regulations, title 10, section 1738, 1738.1, 1738.2, 1741.2 and it is in the best interest of the public to bar Yami Vasquez from any position of employment, management or control of any escrow agent pursuant to section 17423, subdivision, subdivision (a)(1) of the Financial Code.

32. The Commissioner further finds that, by reason of the foregoing, Respondent Equity Trust Escrow, Inc. has violated Financial Code sections 17210, 17414, subdivisions (a)(1) and (a)(2) and California Code of Regulations, title 10, sections 1738, 1738.1, 1738.2 and 1741.2, and therefore, its escrow agent’s license be revoked under Financial Code section 17608.

WHEREFORE, IT IS PRAYED that Respondents Iris Altamirano be barred from any position of employment, management or control of any escrow agent; that Yami Vasquez, also known as Yamileth Vasquez be barred from any position of employment, management or control of any escrow agent; and that the Commissioner revoke the escrow agent’s license issued to Equity Trust Escrow, Inc.

Dated: January 8, 2020
Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
MARLOU de LUNA
Senior Counsel
Enforcement Division