MARY ANN SMITH
Deputy Commissioner
JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
Department of Corporations
320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA, Complainant, vs. BRIDGET MONTILLA aka JET MONTILLA, Respondent.	File No.: 963-2200 ACCUSATION

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

I

Respondent Bridget Montilla also known as Jet Montilla ("Montilla") was at all times relevant herein employed as escrow officer at CE Escrow formerly known as City Escrow ("CE Escrow"), an escrow agent licensed by the Commissioner of Corporations of the State of California ("Commissioner" or "Complainant") pursuant to the Escrow Law of the State of California (California Financial Code Section 17000 et seq.). The main office of CE Escrow is located at 9720 Las Tunas Drive, Temple City, California 91780. Montilla was employed at the West Covina

State of California – Department of Corporations

branch office of CE Escrow, which was located at 100 N. Citrus Street, Suite 410, West Covina, California 91791 when Montilla was employed by CE Escrow.

II

On or about May 24, 2011, the Department of Corporations ("Department") received information that Montilla had made numerous unauthorized disbursements from the trust account while employed at CE Escrow. Based upon such information, on or about June 10, 2011, the Commissioner, by and through staff, commenced a special examination of the books and records of CE Escrow relative to the alleged unauthorized disbursements by Montilla. The special examination revealed that Montilla had made at least forty-nine (49) unauthorized disbursements of trust funds from the CE Escrow trust account totaling $107,201.77 between December 9, 2009 and March 17, 2011 in violation of Financial Code sections 17414(a)(1) and/or 17420 and California Code of Regulations, title 10, sections 1738 and 1738.2. The majority of the unauthorized disbursements were to Damian Rudolph ("Rudolph"), a real estate agent, and several unauthorized disbursements were transfers of funds between escrows to cover shortages caused by the unauthorized disbursements to Rudolph (commonly known as lapping). The disbursements were unauthorized because there were no signed escrow instructions authorizing the disbursements and/or the disbursements were in conflict with signed escrow instructions.

The unauthorized disbursements resulted in a trust account shortage and numerous ongoing debit balances in violation of California Code of Regulations, title 10, section 1738.1. Montilla, through a relative, returned $10,600.00 of the trust account shortage and CE Escrow cured the remaining trust account shortage except for $2,000.00 in escrow number 3408-JM.

The special examination further revealed that, in several instances, Montilla was preparing false Settlement Statements in violation of Financial Code section 17414(a)(1) in order to hide the unauthorized disbursements. Montilla was the escrow officer in all but two of the escrow transactions. The unauthorized disbursements in violation of Financial Code section 17414(a)(1) and Code of Regulations, title 10, sections 1738 and 1738.2 and other violations are described as follows:

State of California – Department of Corporations

1. CE Escrow #3082-KM – Closed on 1/6/2010:

a. On or about January 8, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Rudolph in the amount of $1,085.18. This unauthorized disbursement caused a debit balance (shortage) to exist in this escrow in the amount of $1,085.18 in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about January 6, 2010, Montilla violated Financial Code section 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented the $1,085.18 disbursement to be made to Rudolph described in paragraph 1.a. above as "Delinquent Taxes to Stewart Title".

2. CE Escrow #3110-KM – Closed on 2/24/2010:

a. On or about February 26, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to a Mary Isidoro ("Isidoro") in the amount of $129.50. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $129.50 in violation of California Code of Regulations, title 10, section 1738.1.

3. CE Escrow #3170-JM – Closed on 1/21/2010:

a. On or about January 22, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Rudolph in the amount of $2,100.49. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $2,100.49 in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about January 21, 2010, Montilla violated Financial Code section 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented the $2,100.49 paid to Rudolph as current taxes (overstated taxes by $1,908.49), a $150.00 a termite report, and a $42.00 property report.

4. CE Escrow #3183-JM –Closed on 12/9/2009:

a. On or about December 31, 2009 and February 5, 2010, Montilla made, or caused to be made, two unauthorized disbursements of trust funds to Rudolph in the respective amounts of $485.00 and $349.95. These unauthorized disbursements caused a further debit balance of $834.95 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

State of California – Department of Corporations

b. On or about December 9, 2010, Montilla violated Financial Code section 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that misrepresented the disbursements in the transaction to hide the unauthorized disbursements made to, or to be made to, Rudolph described in paragraph 4.a. above as follows: (i) represented the $485.00 to be paid to Rudolph as $200.00 on line 1302 for termite work and $285.00 on line 1304 for a home warranty policy; and (ii) represented the $349.95 to be paid to Rudolph as a $260.00 transfer fee on line 1307 and $89.95 property disclosure report fee on line 1301.

5. CE Escrow #3208-JM – Closed on 9/30/2010:

a. On or about September 22, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Rudolph in the amount of $2,800.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $2,800.00 in violation of California Code of Regulations, title 10, section 1738.1.

6. CE Escrow #3212-JM – Canceled:

a. On or about March 31, April 13, and May 7, 2010, Montilla made, or caused to be made, three (3) unauthorized disbursements of trust funds to Rudolph in the respective amounts of $4,500.00, $2,200.00, and $4,800.00. These unauthorized disbursements caused a debit balance to exist in this escrow in the amount of $11,500.00 in violation of California Code of Regulations, title 10, section 1738.1.

7. CE Escrow #3280-JM – Canceled:

a. On or about May 28, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Isidoro in the amount of $1,750.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $1,750.00 in violation of California Code of Regulations, title 10, section 1738.1.

8. CE Escrow #3309-JM –Closed on 9/30/2010:

a. On or about May 5, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds in the amount of $11,500.00 to escrow number 3212-JM. This unauthorized disbursement was used to cover the debit balance in escrow number 3212-JM caused by Montilla's unauthorized disbursements to Rudolph. (See paragraph 6 above) While the

State of California – Department of Corporations

disbursement described herein cured the debit balance in escrow number 3212-JM, it caused a debit balance to exist in this escrow in the amount of $11,500.00 in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about June 4, 2010, Montilla made, or caused to be made, two (2) unauthorized disbursements of trust funds to Rudolph in the respective amounts of $3,000.00 and $9,500.00. These unauthorized disbursements caused a further debit balance of $12,500.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

c. On or about July 13, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds in the amount of $2,500.00 to escrow number 3337-JM. The unauthorized disbursement in this escrow was used to cover the debit balance in escrow number 3337-JM caused by Montilla's unauthorized disbursement to Rudolph. (See paragraph 9 below) While the disbursement described herein cured the debit balance in escrow number 3337-JM, it caused a further debit balance of $2,500.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

d. On or about August 31, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds in the amount of $1,500.00 to escrow number 3344-JM. The unauthorized disbursement in this escrow was used to cover the debit balance of $1,444.65 in escrow number 3344-JM caused by Montilla's unauthorized disbursements to Rudolph and Montilla and not otherwise disguised by the false entries on the Final Master Settlement Statement as described in paragraph 10.c. below. While the disbursement described herein cured the debit balance in escrow number 3344-JM, it caused a further debit balance of $1,500.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

e. On or about February 10, 2011, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to herself in the amount of $300.00. This unauthorized disbursement caused a further debit balance of $300.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

9. <u>CE Escrow #3337-JM – Closed on 6/11/2010:</u>

a. On or about April 29, 2010, Montilla made, or caused to be made, an unauthorized

State of California – Department of Corporations

disbursement of trust funds to Rudolph in the amount of $2,500.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $2,500.00 in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about April 27, 2010, Montilla violated Financial Code section 17414(a)(2) when she prepared, or caused to be prepared, an amendment to the escrow instructions to allow the immediate release of $2,500.00 to Rudolph, falsely indicating that Rudolph was a seller in the transaction. The amendment was unsigned.

10. CE Escrow #3344-JM- Closed on 8/18/2010:

a. Commencing on or about July 9 and continuing through August 17, 2010, Montilla made, or caused to be made, four (4) unauthorized disbursements of trust funds to Rudolph totaling $10,500.00. These unauthorized disbursements caused a debit balance to exist in this escrow in the amount of $1,044.65 in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about December 16, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to herself in the amount of $400.00. This unauthorized disbursement caused a further debit balance of $400.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

c. On or about June 11, 2010, Montilla violated Financial Code section 17414(a)(2) by preparing, or causing to be prepared, a Final Master Settlement Statement that contained false representations to cover the unauthorized disbursements to be made to Rudolph described in paragraphs 10.a. and 10.b. above, as follows: (i) Golden California Mortgage was not the real estate agent in the transaction and did not receive $4,500.00 as indicated on line 702 nor did the real estate agent actually due the $4,500.00 ($4,500); (ii) the appraisal invoice in the amount of $425.00 was not paid and was also not listed on the settlement statement ($425); (iii) there was no termite report invoice and no payment of $150.00 as indicated on line 1302 ($150); (iv) the property report invoice in the file, which was paid, was for $42.00, not the $89.95 indicated on line 1304 ($47.95); (v) the notary invoice in the file was for $40.00, which invoice was paid, not the $20.00 listed on page 3 (-$20); (vi) the payoff to Wachovia indicated on line 504 was inflated by $105.00 to $196,115.15 from $196,010.15 ($105); (vii) the seller was paid proceeds in the amount of $2,000.00

State of California – Department of Corporations

not the $5,000.00 indicated on line 603 ($3,000); (viii) the buyer's escrow fees should have been $895.00, but were inflated to $1,495.00 as indicated on line 1101 ($590); and (ix) the buyer's refund on line 303 was inflated from $0.00 to $657.40 ($657.40).

11. CE Escrow #3373-JM – Closed on 2/24/2011:

a. Commencing on or about July 30, 2010 and continuing through February 28, 2011, Montilla made, or caused to be made, four (4) unauthorized disbursements of trust funds to Rudolph totaling $6,766.65. These unauthorized disbursements caused a debit balance of $6,766.65 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about October 28, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds in the amount of $1,750.00 to escrow number 3280-JM. This unauthorized disbursement was used to cover the debit balance in escrow number 3280-JM caused by Montilla's unauthorized disbursement to Isidoro. (See paragraph 7 above) While the disbursement described herein cured the debit balance in escrow number 3280-JM, it caused a further debit balance shortage of $1,750.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

12. CE Escrow #3408-JM – Closed on 9/10/2010:

a. On or about August 30 and September 10, 2010, Montilla made, or caused to be made, two (2) unauthorized disbursements of trust funds to Rudolph in the respective amounts of $2,000.00 and $2,300.00. These unauthorized disbursements caused a debit balance to exist in this escrow in the amount of $4,300.00 in violation of California Code of Regulations, title 10, section 1738.1.

13. CE Escrow #3409-JM – Closed on 12/21/2010:

a. On or about December 17, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Rudolph in the amount of $2,200.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $2,200.00 in violation of California Code of Regulations, title 10, section 1738.1.

14. CE Escrow #3437-JM – Closed on 11/12/2010:

a. On or about November 15, 2010, Montilla made, or caused to be made, an

State of California – Department of Corporations

unauthorized disbursement of trust funds to Rudolph in the amount of $1,075.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $1,075.00 in violation of California Code of Regulations, title 10, section 1738.1.

15. CE Escrow #3466-JM – Open as of Regulatory Examination:

a. Commencing on or about September 7, 2010 and continuing through at least March 11, 2011, Montilla made, or caused to be made, six (6) unauthorized disbursements of trust funds to Rudolph totaling $13,700.00. These unauthorized disbursements caused a debit balance of $13,700.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

16. CE Escrow #3467-JM –Open as of Regulatory Examination:

a. On or about August 24 and October 15, 2010, Montilla made, or caused to be made, two (2) unauthorized disbursements of trust funds to Rudolph in the respective amounts of $1,500.00 and $500.00. These unauthorized disbursements caused a debit balance to exist in this escrow in the amount of $2,000.00 in violation of California Code of Regulations, title 10, section 1738.1.

17. CE Escrow #3531-JM – Closed on 2/28/2011:

a. On or about March 2, 2011, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Rudolph in the amount of $1,400.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $1,400.00 in violation of California Code of Regulations, title 10, section 1738.1.

18. CE Escrow #3593-JM -Canceled:

a. On or about November 4, 2010, Montilla made, or caused to be made, an unauthorized disbursement of trust funds to Rudolph in the amount of $2,300.00. This unauthorized disbursement caused a debit balance to exist in this escrow in the amount of $2,300.00 in violation of California Code of Regulations, title 10, section 1738.1.

19. CE Escrow #3619-JM – Closed on 1/26/2011:

a. Commencing on or about November 23, 2010 and continuing through January 28, 2011, Montilla made, or caused to be made, six (6) unauthorized disbursements of trust funds to Rudolph totaling $11,560.00. These unauthorized disbursements caused a debit balance of

State of California – Department of Corporations

$11,560.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

b. On or about December 30, 2010, Montilla made, or caused to be made, two (2) unauthorized disbursements of trust funds to Ice Castle Group, Inc. in the respective amounts of $2,000.00 and $1,000.00. These unauthorized disbursements caused a further debit balance of $3,000.00 to exist in this escrow in violation of California Code of Regulations, title 10, section 1738.1.

III

California Financial Code section 17423 provides in pertinent part:

> (a) The commissioner may, after appropriate notice and opportunity for hearing, by order, . . . 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 . . . 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.

IV

Complainant finds that, by reason of the foregoing, Respondent Bridget Montilla has violated Financial Code sections 17414(a)(1) and 17414(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 Bridget Montilla from any position of employment, management or control of any escrow agent.

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

Dated: April 23, 2013
Los Angeles, CA

JAN LYNN OWEN
California Corporations Commissioner

By_____
Judy L. Hartley
Senior Corporations Counsel

State of California – Department of Corporations