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BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. MARTHA A. HERNANDEZ RABADAN aka MARTHA A. HERNANDEZ, Respondent.	File No.: 963-2638 ACCUSATION

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

I

On or about February 7, 2011, Greater L.A. Escrow Inc. filed its escrow agent application with the California Corporations Commissioner ("Commissioner"). Greater L.A. Escrow Inc. identified Respondent Martha A. Hernandez Rabadan aka Martha A. Hernandez ("Hernandez") as its proposed escrow manager through the submission of a Statement of Identity and Employment Application ("SIEA") and Escrow Agent Manager Questionnaire ("EAMQ") for Hernandez.

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II

The Commissioner, while investigating Hernandez as the proposed manager for Greater L.A. Escrow Inc. obtained information that Hernandez may have committed numerous violations of the Escrow Law (Financial Code §§ 1700 et seq.) while employed as an escrow officer at New Millennium Escrow, Inc. ("New Millennium"). New Millennium is an escrow agent licensed by the Commissioner pursuant to the provisions of the Escrow Law. A special examination of certain escrow transactions handled by Hernandez while employed at New Millennium was commenced on or about June 6, 2011 and revealed that Hernandez had engaged in the following activities in violation of the Escrow Law:

1. New Millennium Escrow no. 1326-RG (formerly Morris Escrow no.5272-MH[1])

(a) On or about January 6, 2011, Hernandez violated Financial Code section 17414(a)(2) by issuing receipt number 2541, which falsely represented that third party Rodney Jackson had deposited the sum of $2,000.00 via wire into escrow on behalf the buyer.

(b) On or about January 7, 2011, Hernandez caused an unauthorized disbursement of trust funds in the amount of $250.00 to be made to Daniel Beech of Helping Your House Inc. via trust check number 14554 in violation of Financial Code section 17414(a)(1). The disbursement was unauthorized as the signatures on the January 7, 2011 cancelation instructions directing escrow to disburse $250.00 of the escrow deposit to Daniel Beech had been forged by Hernandez in violation of Financial Code section 17414(a)(2).

(c) On or about January 14, 2011, Hernandez caused an unauthorized disbursement of trust funds in the amount of $1,750.00 to be made to Edward Jung via wire transfer number 727 in violation of Financial Code section 17414(a)(1)[2]. The disbursement was unauthorized as the signatures on the January 7, 2011 cancelation instructions directing escrow to disburse $1,750.00 of

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[1] According to the escrow file, this escrow transaction was originally opened by Hernandez on or about September 25, 2009 while she was employed at Morris Escrow. This escrow transaction had no activity from November 2009 until receipt of the $2,000.00 wire on or about January 6, 2011.

[2] Hernandez had previously tried to disburse $1,750.00 to Edward Jung via a wire transfer on or about January 7, 2011, but the wire transfer did not go through. Additionally, the January 14, 2011 wire transfer was returned by New Millennium's bank due to incorrect bank information. Hernandez then caused a trust check, number 14633, to be issued to Edward Jung on or about January 18, 2011 for $1,750.00, but New Millennium was able to successfully stop payment on the check.

the escrow deposit to Edward Jung had been forged by Hernandez in violation of Financial Code section 17414(a)(2).

2. New Millennium Escrow no. 1334-VP (formerly Morris Escrow no.5271-MH[3])

(a) On or about January 3, 2011, Hernandez violated Financial Code section 17414(a)(2) by issuing receipt number 2525, which falsely represented that third party Kathy Pomeroy had deposited the sum of $1,500.00 via personal check into escrow on behalf the buyer.

(b) On or about January 4, 2011, Hernandez further violated Financial Code section 17414(a)(2) by issuing receipt number 2527, which falsely represented that third party Robert Eusebio had deposited the sum of $3,500.00 via personal check into escrow on behalf the buyer.

(c) On or about January 5, 2011, Hernandez caused an unauthorized disbursement of trust funds in the amount of $500.00 to be made to Daniel Beech of Helping Your House Inc. via trust check number 14531 in violation of Financial Code section 17414(a)(1). The disbursement was unauthorized as the signatures on the January 5, 2011 cancelation instructions directing escrow to disburse $500.00 of the escrow deposit to Daniel Beech had been forged by Hernandez in violation of Financial Code section 17414(a)(2).

(d) On or about January 5, 2011, Hernandez caused an unauthorized disbursement of trust funds in the amount of $4,500.00 to be made to Ju Hee Hong via trust check number 14532 in violation of Financial Code section 17414(a)(1). The disbursement was unauthorized as the signatures on the January 5, 2011 cancelation instructions directing escrow to disburse $4,500.00 of the escrow deposit to Ju Hee Hong had been forged by Hernandez in violation of Financial Code section 17414(a)(2).

(e) On or about January 7, 2011, the $3,500.00 check described in paragraph (b) above was returned by the bank "not sufficient funds". Accordingly, the issuance of the unauthorized disbursement to Ju Hee Hong described in paragraph(c) also violated California Code of Regulations, title 10, section 1738.1 as there were insufficient funds on deposit in the escrow to

[3] According to the escrow file, this escrow transaction was originally opened by Hernandez on or about September 25, 2009 while she was employed at Morris Escrow. This escrow transaction had no activity from October 2009 until on or about January 3 and 4, 2011, respectively, when New Millennium received the two checks totaling $5,000.00.

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cover the disbursement thereby causing a debit balance (shortage) of $3,500.00 to exist in the escrow until January 11, 2001 when New Millennium received replacement funds.

3. New Millennium Escrow no. 1390-MH (formerly Morris Escrow no.5264-MH[4])

(a) On or about January 11, 2011, Hernandez violated Financial Code section 17414(a)(2) by issuing receipt number 2552, which falsely represented that third party Freddie Parker had deposited the sum of $2,000.00 via personal check into escrow on behalf the buyer.

(b) On or about January 11, 2011, Hernandez further violated Financial Code section 17414(a)(2) by issuing receipt number 2553, which falsely represented that third party Felix Meza had deposited the sum of $3,500.00 via personal check into escrow on behalf the buyer.

(c) On or about January 14, 2011, Hernandez caused an unauthorized disbursement of trust funds in the amount of $500.00 to be made to Daniel Beech of Helping Your House Inc. via trust check number 14627 in violation of Financial Code section 17414(a)(1). The disbursement was unauthorized as the signatures on the January 14, 2011 cancelation instructions directing escrow to disburse $500.00 of the escrow deposit to Daniel Beech had been forged by Hernandez in violation of Financial Code section 17414(a)(2).

(d) On or about January 14, 2011, Hernandez caused an unauthorized disbursement of trust funds in the amount of $5,000.00[5] to be made to Ju Hee Hong via wire number 729 in violation of Financial Code section 17414(a)(1). The disbursement was unauthorized as the signatures on the January 14, 2011 cancelation instructions directing escrow to disburse $5,000.00 of the escrow deposit to Ju Hee Hong had been forged by Hernandez in violation of Financial Code section 17414(a)(2).

4. New Millennium Escrow no. 2538-MH

(a) On or about January 13, 2011, Hernandez violated Financial Code section 17414(a)(2) by issuing receipt number 2563, which falsely represented that third party Robert

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[4] According to the escrow file, this escrow transaction was originally opened by Hernandez on or about August 3, 2009 while she was employed at Morris Escrow. This escrow transaction had no activity from September until on or about January 11, 2011 when New Millennium received the two checks totaling $5,500.00.

[5] New Millennium was able to successfully cancel the wire on January 18, 2011.

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Eusebio had deposited the sum of $2,000.00 via personal check into escrow on behalf the buyer.

(b) On or about January 13, 2011, Hernandez further violated Financial Code section 17414(a)(2) by issuing receipt number 2564, which falsely represented that third party Jackson and Modesta Gallant had deposited the sum of $2,000.00 via personal check into escrow on behalf the buyer.

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 has violated California Financial Code sections 17414(a)(1) and 17414(a)(2) and California Code of Regulations, title 10, sections 1738.1 and it is in the best interests of the public to bar Respondent Hernandez from any position of employment, management or control of any escrow agent.

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

Dated: July 6, 2011
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Judy L. Hartley
Senior Corporations Counsel

State of California – Department of Corporations