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8

9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11
12 In the Matter of the Accusation of THE) File Nos.: 963-2096
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,)
14) ACCUSATION
Complainant,)
15)
16 vs.)
17 GLORIA LUNA A/K/A GLORIA NORIEGA)
and VALERIE DOMINGUEZ,)
18)
19 Respondents.)
20

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

23 I

24 Respondent Gloria Luna a/k/a Gloria Noriega (“Luna”) was at all times relevant herein, the
25 manager and an escrow officer at Western Escrow Services (“Western”), an escrow agent licensed
26 by the California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the
27 Escrow Law of the State of California (California Financial Code Section 17000 et seq.). Western
28 has its principal place of business located at 2425 Camino Del Rio South, Suite 150, San Diego,

1 California 92108.

2 Respondent Valerie Dominguez ("Dominguez") was at all times relevant herein, the
3 receptionist at Western. Dominguez is also the daughter of Luna.

4 II

5 On or about March 1, 2007, the Commissioner, by and through his staff, commenced a
6 special examination of the books and records of Western. The special examination was commenced
7 after the Department of Corporations ("Department") received information from Escrow Agent's
8 Fidelity Corporation ("EAFC") that it had received a telephone call from the sole shareholder of
9 Western regarding a trust account shortage. The special examination revealed that Luna had made at
10 least one-hundred and seventy (170) unauthorized disbursements of trust funds from the Western
11 trust account to Luna and/or Dominguez totaling \$313,048.94 between March 21, 2005 and
12 January 22, 2007 in violation of Financial Code section 17414(a)(1) and California Code of
13 Regulations, title 10, sections 1738 and 1738.2. The special examination further revealed that Luna
14 was altering Settlement Statements in violation of Financial Code section 17414(a)(1) to hide the
15 unauthorized disbursements. The unauthorized disbursements resulted in a trust account shortage
16 and numerous ongoing debit balances in violation of California Code of Regulations, title 10, section
17 1738.1. Western has been unable to cure the trust account shortage to date.

18 Several of the violations discovered during the special examination of Western and the
19 methods used by Luna to cover up the unauthorized disbursements are described as follows:

20 **A. Bank of America Charges on the Settlement Statement:**

21 Commencing on or about April 12, 2005 and continuing through at least December 22, 2006,
22 Luna made at least thirty-seven (37) unauthorized disbursements of trust funds to herself and/or
23 Dominguez from thirty-seven escrows totaling \$70,747.21 in violation of Financial Code section
24 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. Luna hid the
25 unauthorized disbursements to herself and/or Dominguez by describing them as Bank of America

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1 charges on the System Settlement Statements¹ in all the affected escrows in violation of Financial
2 Code section 17414(a)(2). Luna and Dominguez both maintained personal bank accounts as Bank of
3 America.

4 Luna further violated Financial Code section 17414(a)(2) with respect to the thirty-seven
5 unauthorized disbursements by altering the File Settlement Statements². Specifically, the File
6 Settlement Statements were altered to delete the Bank of America charges although the stated total
7 expenses on both versions of the Settlement Statements are the same. A chart describing each of the
8 thirty-seven unauthorized disbursements along with a description of the Settlement Statement
9 alterations is attached and incorporated herein as Exhibit A.

10 The following is an example:

11 (i) On or about October 25, 2006, in escrow number 50434, Luna disbursed \$3,700.00 to
12 herself by way of trust check number 19834 (ledger states the check number as 19833) made payable
13 to Luna's personal account at Bank of America. Luna described the disbursement as a Bank of
14 America charge on the System Settlement Statement. The difference between the stated total
15 expense and the actual total expense on the File Settlement Statement is \$500.00 on the borrower's
16 side and \$3,200.00 on the seller's side.

17 **B. Inflating Title Pay-off and/ or Charges:**

18 Commencing on or about June 9, 2005 and continuing through at least January 10, 2007,
19 Luna made at least eight (8) unauthorized disbursements of trust funds to herself and/or Dominguez
20 from eight escrows totaling \$10,555.00 in violation of Financial Code section 17414(a)(1) and
21 California Code of Regulations, title 10, sections 1738 and 1738.2. Luna hid the disbursements to
22 herself and/or Dominguez by describing them as Bank of America charges on the System Settlement
23 Statements in six of the eight escrows in violation of Financial Code section 17414(a)(2).

24 Luna further violated Financial Code section 17414(a)(2) with respect to the eight
25 unauthorized disbursements by altering the File Settlement Statements. Specifically, the File
26 Settlement Statements were altered to delete the Bank of America charges, if included on the System
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28 ¹ System Settlement Statement is the Settlement Statement printed from the computer system during the examination.

² File Settlement Statement is the Settlement Statement actually contained in the escrow file.

1 Settlement Statement, and to inflate the title payoff and/or charges. A chart describing each of the
2 eight unauthorized disbursements along with a description of the Settlement Statement alterations is
3 attached and incorporated herein as Exhibit B.

4 The following is an example:

5 (i) On or about July 19, 2005, in escrow number 50194, Luna disbursed \$1,000.00 to
6 Dominguez by way of trust check number 17638 written to Dominguez’s personal account at Bank
7 of America and inflated the title payoff by \$1,000.00 on the System and File Settlement Statements.

8 **C. Misappropriating Title Holds and/ or Refunds:**

9 Commencing on or about April 1, 2005 and continuing through at least September 18, 2006,
10 Luna made at least twenty-three (23) unauthorized disbursements of trust funds to herself and/or
11 Dominguez from twenty-three escrows totaling \$28,931.86 in violation of Financial Code section
12 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2 by
13 misappropriating title holds and/or refunds. A chart describing each of the twenty-three
14 unauthorized disbursements is attached and incorporated herein as Exhibit C.

15 The following is an example:

16 (i) On or about May 4, 2005, a refund from Chicago Title Company was received in for
17 escrow number 41220 in the amount of \$1,948.68. That same day, Luna disbursed \$1,948.68 to
18 herself from escrow number 41220 by way of trust check number 17388 written to Luna’s personal
19 account at Bank of America. Luna described the unauthorized disbursement to herself as a Bank of
20 America charge on the System Settlement Statement in violation of Financial Code section
21 17414(a)(2). Luna further violated Financial Code section 17414(a)(2) with respect to the
22 unauthorized disbursement by altering the File Settlement Statement to delete the Bank of America
23 charge.

24 **D. Cancellation of Paid and/ or Outstanding Trust Checks:**

25 Commencing on or about March 21, 2005 and continuing through at least January 22, 2007,
26 Luna made at least nine (9) unauthorized disbursements of trust funds to herself and/or Dominguez
27 from six escrows totaling \$33,468.94 in violation of Financial Code section 17414(a)(1) and
28 California Code of Regulations, title 10, sections 1738 and 1738.2 by canceling paid and/or

1 outstanding trust checks and reissuing the checks to the personal account of Luna and/or Dominguez
2 at Bank of America. A chart describing each of the nine unauthorized disbursements is attached and
3 incorporated herein as Exhibit D.

4 The following is an example:

5 (i) On or about August 17, 2005, in escrow number 50171, Luna cancelled trust check
6 number 17759 issued on August 11, 2005 and made payable to Department of Child Support
7 Services in the amount of \$1,600.00, and then issued trust check number 17771 to Dominguez's
8 personal account at Bank of America for the same amount. Luna hid the unauthorized disbursement
9 to Dominguez by describing the disbursement as a Bank of America charge on the System
10 Settlement Statement in violation of Financial Code section 17414(a)(2). Luna further violated
11 Financial Code section 17414(a)(2) with respect to the unauthorized disbursement by altering the
12 File Settlement Statement to delete the Bank of America charge.

13 **E. Inflating and/or Failing to Remit Various Charges:**

14 Commencing on or about June 16, 2005 and continuing through at least December 29, 2006,
15 Luna made at least twelve (12) unauthorized disbursements of trust funds to herself and/or
16 Dominguez from eleven escrows totaling \$15,697.97 in violation of Financial Code section
17 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2 by inflating
18 and/or failing to remit various escrow charges. Luna hid the unauthorized disbursements to herself
19 or Dominguez by describing them as Bank of America charges on the System Settlement Statements
20 in violation of Financial Code section 17414(a)(2).

21 Luna further violated Financial Code section 17414(a)(2) with respect to the twelve
22 unauthorized disbursements by altering the File Settlement Statements. Specifically, the File
23 Settlement Statements were altered to delete the Bank of America charges and to inflate charges
24 and/or contain charges that were not remitted. A chart describing each of the twelve unauthorized
25 disbursements along with a description of the Settlement Statement alterations is attached and
26 incorporated herein as Exhibit E.

27 The following is an example:

28 (i) On or about December 29, 2006, in escrow number 50513, Luna disbursed \$3,000.00 to

1 herself by way of trust check number 19992 written to Luna's personal account at Bank of America.
2 Luna hid the unauthorized disbursement to herself by describing the disbursement as a Bank of
3 America charge on the System Settlement Statement in violation of Financial Code section
4 17414(a)(2). Luna further violated Financial Code section 17414(a)(2) by deleting the Bank of
5 America charges and inflating the charges noted for a home warranty policy to First American Home
6 Buyers Protection and Franchise Tax disbursement on the File Settlement Statement to hide the
7 unauthorized disbursement to herself. The charges stated on the File Settlement Statement were
8 \$400.00 and \$23,785.66, respectively. However, the actual charges were \$395.00 and \$20,790.66,
9 respectively, for a total difference of \$3,000.00.

10 **F. Manually Typed Trust Checks Not Posted in the System:**

11 Commencing on or about August 30, 2005 and continuing through at least January 4, 2007,
12 Luna made at least three (3) unauthorized disbursements of trust funds to herself from two escrows
13 totaling \$30,790.66 in violation of Financial Code section 17414(a)(1) and California Code of
14 Regulations, title 10, sections 1738 and 1738.2. Luna hid the unauthorized disbursements to herself
15 by manually typing the checks so that the checks would not be posted in the accounting system in
16 violation of Financial Code section 17414(a)(2).

17 The checks can be described as follows: Check numbers 17845 and 19817 issued from
18 escrow 03885 on August 3, 2005 and October 4, 2006 respectively, to Luna's personal account at
19 Bank of America for \$5,000.00 each, and check number 20034 issued from escrow 50513 on
20 January 4, 2007 to Luna's personal account at Bank of America for \$20,790.66.

21 **G. Multiple Methods:**

22 Commencing on or about June 16, 2005 and continuing through at least August 14, 2006,
23 Luna made at least thirty-five (35) unauthorized disbursements of trust funds to herself and/or
24 Dominguez from sixteen escrows totaling \$73,574.93 in violation of Financial Code section
25 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2 by using two or
26 more of the methods described in subsections A-F above. A chart describing each of the thirty-five
27 unauthorized disbursements is attached and incorporated herein as Exhibit F.
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1 **H. Additional Unauthorized Disbursements:**

2 In addition to the above, Luna made a further forty-three (43) unauthorized disbursements to
3 herself and/or Dominguez from fourteen escrows and the fee account totaling \$49,282.37. The
4 additional unauthorized disbursements are described as follows:

5 1. Escrow #50367

6 In escrow number 50367, Luna made three unauthorized disbursements totaling \$4,220.94.
7 The unauthorized disbursements and manner in which Luna attempted to cover up the unauthorized
8 disbursements are:

9 (a) On or about April 27, 2006, Luna made an unauthorized disbursement of trust funds
10 to herself in the amount of \$1,500.00 by way of trust check number 19453 (posted to the ledger as
11 check number 18453) written to Luna’s personal account at Bank of America in violation of
12 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
13 1738.2.

14 (b) Luna hid the unauthorized disbursement to herself by overstating expense totals on
15 the System and File Settlement Statements by \$500.00 on the borrower’s side and \$1,000.00 on the
16 seller’s side in violation of Financial Code section 17414(a)(2).

17 (c) On or about May 10, 2006, Luna caused cleared check number 19453 for \$1,500.00
18 to be cancelled (see paragraph a above) on the escrow ledger in violation of Financial Code section
19 17414(a)(2). On or about May 15, 2006, a title refund of \$597.97 was received into the escrow and
20 a check for \$500.00 was issued to the borrower. The cancellation of check number 19543 along
21 with receipt of the title refund and Luna’s overstating the home warranty charge on the Settlement
22 Statements by \$85.00 minus the \$500.00 check to the borrower gave the appearance of a balance in
23 the escrow of \$1,682.97.

24 (d) On or about May 26, 2006, Luna made an unauthorized disbursement of trust funds to
25 herself in the amount of \$1,682.97 by way of trust check number 19504 (posted to the ledger as
26 check number 18504) written to Luna’s personal account at Bank of America in violation of
27 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
28 1738.2.

1 (e) On or about June 13, 2006, Luna caused cleared check number 19504 for \$1,682.97
2 to be cancelled (see paragraph d above) on the escrow ledger in violation of Financial Code section
3 17414(a)(2). On or about June 21, 2006, Luna issued a check to the seller for \$645.00 leaving an
4 apparent escrow balance of \$1,037.97.

5 (f) On or about July 25, 2006, Luna made an unauthorized disbursement of trust funds to
6 herself in the amount of \$1,037.97 by way of trust check number 19684 written to Luna’s personal
7 account at Bank of America in violation of Financial Code section 17414(a)(1) and California Code
8 of Regulations, title 10, sections 1738 and 1738.2.

9 2. Escrow #50121

10 In escrow number 50121, Luna made three unauthorized disbursements totaling \$5,509.00.
11 The unauthorized disbursements and manner in which Luna attempted to cover up the unauthorized
12 disbursements are:

13 (a) On or about April 1, 2005, Luna made an unauthorized disbursement of trust funds to
14 herself in the amount of \$1,500.00 by way of trust check number 17218 written to Luna’s personal
15 account at Bank of America in violation of Financial Code section 17414(a)(1) and California Code
16 of Regulations, title 10, sections 1738 and 1738.2.

17 (b) On or about April 29, 2005, Luna made an unauthorized disbursement of trust funds
18 to herself in the amount of \$1,410.00 by way of trust check number 17365 written to Luna’s
19 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
20 California Code of Regulations, title 10, sections 1738 and 1738.2.

21 (c) Luna hid the unauthorized disbursements described in paragraphs (a) and (b) above
22 by overstating expense totals on the System and File Settlement Statements by \$2,300.00 on the
23 borrower’s side and \$3,209.00 on the seller’s side in violation of Financial Code section
24 17414(a)(2).

25 (d) On or about May 11, 2005, Luna made an unauthorized disbursement of trust funds to
26 herself in the amount of \$2,599.00 by way of trust check number 17409 written to Luna’s personal
27 account at Bank of America in violation of Financial Code section 17414(a)(1) and California Code
28 of Regulations, title 10, sections 1738 and 1738.2. The trust funds taken were described as a title

1 hold and deposit on the seller’s side of the Settlement Statements.

2 3. Escrow #50200

3 In escrow number 50200, Luna made one unauthorized disbursement for \$9,882.00. The
4 unauthorized disbursement and manner in which Luna attempted to cover up the unauthorized
5 disbursement is:

6 (a) On or about August 5, 2005, Luna made an unauthorized disbursement of trust funds
7 to herself in the amount of \$9,882.00 by way of trust check number 17742 written to Luna’s
8 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
9 California Code of Regulations, title 10, sections 1738 and 1738.2.

10 (b) Luna hid the unauthorized disbursement described in paragraph (a) above by
11 overstating expense totals on the System and File Settlement Statements by \$9,980.00 on the
12 borrower’s side in violation of Financial Code section 17414(a)(2).

13 4. Escrow #50205

14 In escrow number 50205, Luna made one unauthorized disbursement in the amount of
15 \$712.13. The unauthorized disbursement and manner in which Luna attempted to cover up the
16 unauthorized disbursement is:

17 (a) On or about August 12, 2005, Luna made an unauthorized disbursement of trust funds
18 to herself in the amount of \$712.13 by way of trust check number 17769 written to Luna’s personal
19 account at Bank of America in violation of Financial Code section 17414(a)(1) and California Code
20 of Regulations, title 10, sections 1738 and 1738.2.

21 (b) Luna hid the unauthorized disbursement described in paragraph (a) above by
22 describing it as a Bank of America charge on the System Settlement Statement and by overstating
23 the title payoff and understating the borrower’s proceeds on the File Settlement Statements by
24 \$1,000.00 in violation of Financial Code section 17414(a)(2).

25 5. Escrow #50457

26 In escrow number 50457, Luna made two unauthorized disbursements totaling \$1,619.13.
27 The unauthorized disbursements and manner in which Luna attempted to cover up the unauthorized
28 disbursements are:

1 (a) On or about October 25, 2006, Luna made an unauthorized disbursement of trust
2 funds to herself in the amount of \$1,285.00 by way of trust check number 19825 (posted as check
3 number 19824 on the ledger) written to Luna’s personal account at Bank of America in violation of
4 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
5 1738.2.

6 (b) On or about November 17, 2006, Luna made an unauthorized disbursement of trust
7 funds to herself in the amount of \$334.13 by way of trust check number 19892 written to Luna’s
8 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
9 California Code of Regulations, title 10, sections 1738 and 1738.2.

10 (c) Luna hid the unauthorized disbursements described in paragraphs (a) and (b) above
11 by describing them as Bank of America charges on the System Settlement Statement and by
12 overstating the title payoff on the File Settlement Statements in violation of Financial Code section
13 17414(a)(2).

14 6. Escrow #50274

15 In escrow number 50274, Luna made one unauthorized disbursement in the amount of
16 \$299.96. The unauthorized disbursement and manner in which Luna attempted to cover up the
17 unauthorized disbursement is:

18 (a) On or about November 9, 2005, Luna made an unauthorized disbursement of trust
19 funds to herself in the amount of \$299.96 by way of trust check number 18009 written to Luna’s
20 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
21 California Code of Regulations, title 10, sections 1738 and 1738.2.

22 (b) Luna hid the unauthorized disbursement described in paragraph (a) by describing it as
23 a Bank of America charge on the System Settlement Statement and by including a non-existent
24 appraisal fee payment on the File Settlement Statement in violation of Financial Code section
25 17414(a)(2).

26 7. Escrow #50139

27 In escrow number 50139, Luna made one unauthorized disbursement in the amount of
28 \$914.09. The unauthorized disbursement and manner in which Luna attempted to cover up the

1 unauthorized disbursement is:

2 (a) On or about June 22, 2005, Luna made an unauthorized disbursement of trust funds to
3 herself in the amount of \$914.09 by way of trust check number 17560 (posted as check number
4 17559 on the ledger) written to Luna’s personal account at Bank of America in violation of Financial
5 Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2.

6 (b) Luna hid the unauthorized disbursement described in paragraph (a) by including a
7 non-existent 2nd Half Tax plus penalty payment on the Settlement Statements in violation of
8 Financial Code section 17414(a)(2).

9 8. Escrow #50253

10 In escrow number 50253, Luna made one unauthorized disbursement in the amount of
11 \$350.00. The unauthorized disbursement is:

12 (a) On or about November 9, 2005, Luna made an unauthorized disbursement of trust
13 funds to herself in the amount of \$350.00 by way of trust check number 18010 written to Luna’s
14 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
15 California Code of Regulations, title 10, sections 1738 and 1738.2. The funds taken were a title
16 refund to the borrower.

17 9. Escrow #50159

18 In escrow number 50159, Luna made one unauthorized disbursement in the amount of
19 \$2,845.00. The unauthorized disbursement is:

20 (a) On or about June 22, 2005, Luna made an unauthorized disbursement of trust funds to
21 herself in the amount of \$2,845.00 by way of trust check number 17561 (posted to the ledger as
22 check number 17560) written to Luna’s personal account at Bank of America in violation of
23 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
24 1738.2. The funds taken represented an overpayment of broker fees by the lender in the amount of
25 \$11,000.00, which escrow returned only \$9,000.00 to the lender, and non-existent processing fees
26 and broker fees to the lender charged to the borrower in the amount of \$845.00.

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1 10. Escrow #50506

2 In escrow number 50506, Luna made one unauthorized disbursement in the amount of
3 \$1,000.00. The unauthorized disbursement and manner in which Luna attempted to cover up the
4 unauthorized disbursement is:

5 (a) On or about December 4, 2006, Luna made an unauthorized disbursement of trust
6 funds to herself in the amount of \$1,000.00 by way of trust check number 19948 written to Luna’s
7 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
8 California Code of Regulations, title 10, sections 1738 and 1738.2.

9 (b) Luna hid the unauthorized disbursement described in paragraph (a) by indicating
10 funds due borrowers as \$84,830.00 on the Settlement Statements when actual funds due borrower
11 was \$85,830.00 in violation of Financial Code section 17414(a)(2).

12 11. Escrow #50160

13 In escrow number 50160, Luna made one unauthorized disbursement in the amount of
14 \$1,000.00. The unauthorized disbursement and manner in which Luna attempted to cover up the
15 unauthorized disbursement is:

16 (a) On or about June 1, 2005, Luna made an unauthorized disbursement of trust funds to
17 herself in the amount of \$1,000.00 by way of trust check number 17512 written to Luna’s personal
18 account at Bank of America in violation of Financial Code section 17414(a)(1) and California Code
19 of Regulations, title 10, sections 1738 and 1738.2.

20 (b) Luna hid the unauthorized disbursement described in paragraph (a) by indicating
21 funds due borrowers as \$6,500.28 on the Settlement Statements when actual funds due borrower was
22 \$7,500.28 in violation of Financial Code section 17414(a)(2).

23 12. Escrow #50216

24 In escrow number 50216, Luna made one unauthorized disbursement in the amount of
25 \$1,000.00. The unauthorized disbursement and manner in which Luna attempted to cover up the
26 unauthorized disbursement is:

27 (a) On or about number July 29, 2005, Luna made an unauthorized disbursement of trust
28 funds to herself in the amount of \$1,000.00 by way of trust check number 17703 written to Luna’s

1 personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
2 California Code of Regulations, title 10, sections 1738 and 1738.2.

3 (b) Luna hid the unauthorized disbursement described in paragraph (a) by inflating
4 charges to the borrowers on the File Settlement Statement in violation of Financial Code section
5 17414(a)(2).

6 13. Escrow #50303

7 In escrow number 50303, Luna made one unauthorized disbursement in the amount of
8 \$1,625.06. The unauthorized disbursement is:

9 (a) On or about number January 10, 2006, Luna made an unauthorized disbursement of
10 trust funds to herself in the amount of \$1,625.06 by way of trust check number 18133 written to
11 Luna’s personal account at Bank of America in violation of Financial Code section 17414(a)(1) and
12 California Code of Regulations, title 10, sections 1738 and 1738.2. The funds taken included a
13 \$547.50 credit to the borrower from the lender, \$96.56 of the funds sent by the lender to title, and
14 \$981.00 owed to a termite company.

15 14. Escrow #50356

16 In escrow number 50303, Luna made two unauthorized disbursements totaling 2,455.06. The
17 unauthorized disbursements and manner in which Luna attempted to cover up the unauthorized
18 disbursements are:

19 (a) On or about number May 17, 2006, Luna made an unauthorized disbursement of trust
20 funds to herself in the amount of \$1,455.06 by way of trust check number 19488 (posted to the
21 escrow ledger as check number 18488) written to Luna’s personal account at Bank of America in
22 violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,
23 sections 1738 and 1738.2. The funds represented a title refund.

24 (b) On or about number May 17, 2006, Luna made an unauthorized disbursement of trust
25 funds to herself in the amount of \$1,000.00 by way of trust check number 19466 (posted to the
26 escrow ledger as check number 18466) written to Luna’s personal account at Bank of America in
27 violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,
28 sections 1738 and 1738.2.

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15. Fee Account:

Commencing on or about June 9, 2005 and continuing through at least January 22, 2006, Luna made at least twenty-three (23) unauthorized disbursements of trust funds to herself and/or Dominguez from the fee account totaling \$15,850.00 in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. A chart describing each of the twenty-three unauthorized disbursements is attached and incorporated herein as Exhibit G.

III

California Financial Code section 17414, subsections (a)(1) and (a)(2) provide:

(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, exhibits, statements, or any other document pertaining to an escrow or escrow affairs.

California Code of Regulations, title 10, section 1738 provides:

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 pursuant to order of a court of competent jurisdiction.

California Code of Regulations, title 10, section 1738.2 provides:

An escrow agent shall use documents or other property deposited in escrow only in accordance with the written instructions of the principals to the escrow transaction, or if not otherwise directed by the written instructions, in accordance with sound escrow practice, or pursuant to order of a court of competent jurisdiction.

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IV

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.

V

Complainant finds that, by reason of the foregoing, Respondents Luna and Dominguez have violated Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2 and Respondent Luna has also violated Financial Code section 17414(a)(2) and it is in the best interests of the public to bar Respondents Luna and Dominguez from any position of employment, management or control of any escrow agent.

WHEREFORE, IT IS PRAYED that Respondents Luna and Dominguez be barred from any position of employment, management or control of any escrow agent.

Dated: September 11, 2007
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel