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

10
11 In the Matter of the Accusation of THE) File No.: 963-1835
COMMISSIONER OF BUSINESS)
12 OVERSIGHT,) ACCUSATION
13)
Complainant,)
14)
vs.)
15)
16 COOPER’S ESCROW and VILMA E.)
COOPER,)
17)
18 Respondents.)
19)

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

22 I

23 Respondent Cooper’s Escrow ("Coopers") is an escrow agent licensed by the California
24 Commissioner of Business Oversight ("Commissioner" or "Complainant") pursuant to the Escrow
25 Law of the State of California (California Financial Code Section 17000 et seq.). Coopers has its
26 principal place of business located at 8111 Eastern Avenue, Bell Gardens, California 90201.

27 Respondent Vilma E. Cooper ("V. Cooper") is, and was at all times relevant herein, the
28 president and sole shareholder of Coopers.

II

1
2 On or about September 6, 2011, the Commissioner, by and through staff, commenced a
3 regulatory examination of the books and records of Coopers. The regulatory examination disclosed
4 that Coopers, by and through V. Cooper, had knowingly or recklessly disbursed or caused the
5 disbursement of at least \$70,216.91 in dormant trust funds during the period February 2008 to May 2011
6 in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title 10,
7 sections 1738 and 1738.2. In at least sixty-four of the eighty-seven instances (74%), the
8 unauthorized trust checks, while made payable to parties to the escrow transactions or third persons,
9 were cashed at Tweedy's Liquor Store, a liquor store/check cashing facility located at 5860 Imperial
10 Highway, South Gate, California, approximately two miles from Coopers' licensed location. When
11 copies of the trust checks were shown to several named payees, the named payees stated that they
12 had never received nor cashed the checks. V. Cooper's signature appears on the face of all but one
13 of the checks cashed at Tweedy's Liquor Store and she was the escrow officer assigned to handle the
14 escrows from which each of the trust checks were disbursed. Each of these unauthorized
15 disbursements of trust funds also caused a shortage to exist in the trust account in violation of
16 California Code of Regulations, title 10, section 1738.1.

17 A sampling of four escrows wherein unauthorized disbursements were made and the trust
18 checks were cashed at Tweedy's Liquor Store, but the payees never received the checks, are
19 described below:

20 1. Escrow Number 2899-VC – closed on October 4, 2002:

21 (a) On or about November 13, 2008, Respondents issued trust account check number
22 32798 in the amount of \$535.21 to one of the buyers notwithstanding that the remaining balance of
23 \$535.21 was due and owing to the seller for overcharges on back rent, home protection insurance
24 and homeowner's association fees. The buyer never received the check. Moreover, the California
25 driver's license number given as identification in cashing the check was not the buyer's.

26 (b) Sometime after September 6, 2011, Respondents violated Financial Code section
27 17414(a)(2) by altering the escrow file in that (i) an instruction dated October 8, 2002, authorizing a
28 credit to the buyer of \$232.54 had been changed to state \$2,392.54, and (ii) an instruction dated

1 October 8, 2002 authorizing \$1,857.33 to be deducted from the seller’s had been added.

2 2. Escrow Number 4919-VC – closed on September 30, 2005:

3 (a) On or about May 30, 2008, Respondents issued trust account check number 32558 in
4 the amount of \$2,180.00 to one of the buyers notwithstanding that the remaining balance of
5 \$2,180.00 was due and owing to the seller for overcharges on taxes.

6 (b) Sometime after September 6, 2011, Respondents violated Financial Code section
7 17414(a)(2) by altering the escrow file in that (i) another final closing statement had been inserted in
8 the file, which changed the documentary transfer tax from \$2,912.00 to \$572.00 and added a
9 disbursement of \$2,180.00 to the buyer for “repairs/home protection”, and (ii) an instruction dated
10 December 5, 2005 authorizing \$2,180.00 to be paid to the buyer for repairs/home protection had
11 been added.

12 3. Escrow Number 6457-VC – closed on May 12, 2011:

13 On or about May 13, 2011, Respondents issued trust account check number 34316 in the
14 amount of \$500.00 to one of the borrowers for a refund of overcharges on the payoff, title courier,
15 and wire charges. The borrower never received the check.

16 4. Escrow Number 6460-VC – closed on April 20, 2011:

17 On or about May 3, 2011, Respondents issued trust account check number 34304 in the
18 amount of \$495.00 to one of the buyers for a refund of overcharged taxes. The buyer never received
19 the check.

20 Further violations of Financial Code section 17414(a)(1) and California Code of Regulations,
21 title 10, sections 1738 and 1738.2 along with other violations discovered during the regulatory
22 examination are described as follows:

23 5. Escrow Number 2766-VC – closed December 2, 2002:

24 (a) On or about December 2, 2002, Respondents prepared, or caused to be prepared, a
25 final closing statement that represented that \$410.00 had been disbursed to Credit Protections when
26 no such disbursement was made in violation of Financial Code section 17414(a)(2).

27 (b) On or about September 3, 2008, Respondents made, or caused to be made, an
28 unauthorized disbursement of trust funds in the amount of \$410.00 to the seller via trust account

1 check number 32703 as there was no instruction authorizing the disbursement. Check number
2 32703 is one of the trust checks cashed at Tweedy’s Liquor Store. The California driver’s license
3 number given as identification in cashing the check was not that of the seller’s.

4 6. Escrow Number 3519-VC – closed December 5, 2003:

5 On or about August 7, 2008, Respondents made, or caused to be made, an unauthorized
6 disbursement of trust funds in the amount of \$1,268.81 to a Jesus Gomez via trust account check
7 number 32623 as there was no instruction authorizing the disbursement. Check number 32623 is
8 one of the trust checks cashed at Tweedy’s Liquor Store. The California driver’s license number
9 given as identification in cashing the check was not that of Jesus Gomez.

10 7. Escrow Number 3752-VC – canceled:

11 On or about November 25, 2009, Respondents made, or caused to be made, an unauthorized
12 disbursement of trust funds in the amount of \$1,000.00 to Waymond (sic) Robertson via trust
13 account check number 33301 in that the signed instruction authorizing the disbursement was
14 fabricated by Respondents in violation of Financial Code section 17414(a)(2). Check number 33301
15 is one of the trust checks cashed at Tweedy’s Liquor Store.

16 8. Escrow Number 3767-VC – closed November 25, 2003:

17 (a) On or about November 25, 2003, Respondents prepared, or caused to be prepared, a
18 final closing statement that overstated taxes by \$590.95 and included payments to LGS Reports and
19 the Department of Building and Safety that were never made in the respective amounts of \$59.95
20 and \$70.20 (\$721.10) in violation of Financial Code section 17414(a)(2).

21 (b) On or about April 10, 2009, Respondents made, or caused to be made, an
22 unauthorized disbursement of trust funds in the amount of \$721.10 to a Juan Campoy via trust
23 account check number 32962 as there was no instruction authorizing the disbursement. The
24 unauthorized disbursement to Campoy caused an additional shortage of \$721.10 in the trust account
25 in violation of California Code of Regulations, title 10, section 1738.1.

26 9. Escrow Number 3968-VC – Closed April 5, 2004:

27 On or about April 16 and April 22, 2004, refunds from Ticor Title were receipted in for
28 escrow number 3968-VC in the respective amounts of \$175.00 and \$720.54. The \$175.00 receipt

1 represented a refund to the buyer regarding title policy charges. The \$720.54 receipt represented a
2 refund to the seller for property tax payments made at close of escrow. Respondents made no
3 attempt to refund the monies until December 22, 2008 when Respondents made, or caused to be
4 made, an unauthorized disbursement in the amount of \$895.54 to a Luz Serrano via trust check
5 number 32815. The disbursement to Serrano was unauthorized in that the buyer had not authorized
6 his \$175.00 refund to go to anyone else, and the signed instruction assigning the seller’s \$720.54
7 refund to Serrano was fabricated by Respondents in violation of Financial Code section 17414(a)(2).

8 10. Escrow Number 4178-VC – Closed September 21, 2004:

9 On or about November 19, 2004, a refund from Lawyer’s Title was received in for escrow
10 number 4178-VC in the amount of \$2,270.00. The refund represented funds withheld from seller’s
11 proceeds at close of escrow. Respondents issued a refund check to the seller on or about November
12 19, 2004, but canceled the refund check on or about August 8, 2008. On or about January 12, 2009,
13 Respondents issued a further refund check to the seller, but canceled that refund check on or about
14 May 16, 2011. That same day, Respondents disbursed the \$2,270.00 title refund to Stanley Givens,
15 a messenger for Respondents, by way of trust check number 34317. The disbursement to Stanley
16 Givens was unauthorized in that the signed instruction assigning the seller’s refund to Stanley
17 Givens was fabricated by Respondents in violation of Financial Code section 17414(a)(2). The
18 unauthorized disbursement to Givens caused an additional shortage of \$2,270.00 in the trust account
19 in violation of California Code of regulations, title 10, section 1738.1.

20 11. Escrow Number 5012-VC – closed October 25, 2005:

21 On or about June 12, 2009, Respondents made, or caused to be made, an unauthorized
22 disbursement of trust funds in the amount of \$1,200.00 to a Roberto Gallardo via trust account check
23 number 33037 in that the October 24, 2005 signed instruction authorizing the disbursement was
24 fabricated by Respondents in violation of Financial Code section 17414(a)(2). Check number 33037
25 is one of the trust checks cashed at Tweedy’s Liquor Store. The California driver’s license number
26 given as identification in cashing the check was not Robert Gallardo’s.
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1 12. Escrow Number 6014-VLM – Closed December 3, 2007:

2 (a) On or about December 27, 2007, a refund from Stewart Title was received in for
3 escrow number 6014-VLM in the amount of \$1,799.64. The refund represented funds withheld from
4 the borrowers at close of escrow. Respondents made no attempt to refund the monies until
5 December 1, 2008 when Respondents made, or caused to be made, an unauthorized disbursement in
6 the amount of \$1,500.00 to a Thomas A. Hildago via trust check number 32811. The disbursement
7 to Hildago was unauthorized in that the signed instruction assigning part of the borrowers' refund to
8 Hildago was fabricated by Respondents in violation of Financial Code section 17414(a)(2). The
9 unauthorized disbursement to Hildago caused an additional shortage of \$1,500.00 in the trust
10 account in violation of California Code of Regulations, title 10, section 1738.1.

11 (b) On or about December 5, 2008, Respondents issued trust check number 32814 in the
12 amount of \$299.64 to the borrowers, but canceled the refund check on or about November 16, 2009.
13 On or about September 15, 2010, Respondents disbursed the \$299.64 title refund to a David Linden
14 via trust check number 33818. The disbursement to Linden was unauthorized in that the signed
15 instruction assigning the remainder of the borrowers title refund to Linden was fabricated by
16 Respondents in violation of Financial Code section 17414(a)(2). Check number 33818 to Linden is
17 one of the trust checks cashed at Tweedy's Liquor Store.

18 13. Escrow Number 6205-VC – canceled:

19 (a) On or about May 5, 2011, Respondents made, or caused to be made, an unauthorized
20 disbursement of trust funds in the amount of \$900.00 to one of the buyers via trust account check
21 number 34306 in that the May 3, 2011 signed cancelation instruction authorizing the disbursement
22 was fabricated by Respondents in violation of Financial Code section 17414(a)(2). Check number
23 34306 is one of the trust checks cashed at Tweedy's Liquor Store. The California driver's license
24 number given as identification in cashing the check was not the buyer's.

25 (b) Sometime after January 13, 2012, Respondents violated Financial Code section
26 17414(a)(2) by altering the escrow file to add a second instruction authorizing the \$900.00
27 disbursement to one of the buyer's, but now the instruction allegedly contained all three parties
28 signatures, when the May 3, 2011 instruction included only two of the parties signatures.

1 put a stop payment on the check. Thereafter, on or about September 1, 2011, Respondents made, or
2 caused to be made, an unauthorized disbursement of \$1,000.00 of these trust funds to a Suleyma
3 Castillo via trust account check number 34508. The disbursement was unauthorized as the
4 August 30, 2011 signed amendment authorizing the disbursement was fabricated by Respondents in
5 violation of Financial Code section 17414(a)(2).

6 (b) On or about September 7, 2011, Respondents issued trust account check number
7 34511 in the amount of \$363.72 to the buyer, which funds represented the remainder of the original
8 refund to the buyer described in paragraph (a) immediately above. Check number 34511 remained
9 outstanding until on or about December 31, 2013 when Respondents canceled the check. The
10 \$363.72 remained as a balance in the escrow as of March 6, 2014.

11 3. Escrow Number 6439-VC – closed on 3-22-11:

12 (a) On or about September 9, 2011, Respondents made, or caused to be made, an
13 unauthorized disbursement of trust funds in the amount of \$493.92 to a Jorge Soto via trust account
14 check number 34521 as there was no instruction authorizing the disbursement. This check was
15 cashed at Tweedy’s Liquor Store. The California driver’s license number given as identification in
16 cashing the check was not Jorge Soto’s.

17 (b) On or about March 22, 2011, Respondents prepared, or caused to be prepared, three
18 final closing statements that violated Financial Code section 17414(a)(2). One of the closing
19 statements showed the buyer’s side, one showed the seller’s side, and one showed both sides of the
20 transaction. None of the closing statements matched each other or the actual receipts and
21 disbursements that occurred in the transaction.

22 4. Escrow Number 6447-VC – canceled:

23 On or about January 13, 2012, Respondents made, or caused to be made, an unauthorized
24 disbursement of trust funds in the amount of \$1,250.00 to an Erik Gonzales via trust account check
25 number 34682 as there was no instruction authorizing the disbursement. On or about January 20,
26 2012, Respondents canceled check number 34682. On or about March 5, 2012 made, or caused to
27 be made, an unauthorized disbursement of these trust funds to a John Jaimes via trust account check
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1 number 34778 in that the January 13, 2012 signed cancelation instruction authorizing the
2 disbursement was fabricated by Respondents in violation of Financial Code section 17414(a)(2).

3 V

4 On January 27 and 28, 2014, Respondents violated Financial Code section 17405 by refusing
5 access to the books and records so that the special examination could be commenced.

6 VI

7 California Financial Code section 17608 provides in pertinent part:

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

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

12 California Financial Code section 17423 provides in pertinent part:

13 (a) The commissioner may, after appropriate notice and opportunity
14 for hearing, by order, . . . bar from any position of employment,
15 management, or control any escrow agent, or any other person, if the
16 commissioner finds either of the following:

17 (1) That the . . . bar is in the public interest and that the person has
18 committed or caused a violation of this division or rule or order of
19 the commissioner, which violation was either known or should have
20 been known by the person committing or causing it or has caused material
21 damage to the escrow agent or to the public.

22 VII

23 Complainant finds that, by reason of the foregoing, Respondents Cooper’s Escrow Inc. and
24 Vilma E. Cooper have violated Financial Code sections 17210, 17404, 17405, 17414(a)(1) and
25 17414(a)(2) and California Code of Regulations, title 10, sections 1732.3, 1738, 1738.1, and 1738.2
26 and it is in the best interests of the public to revoke the escrow agent’s license of Respondent
27 Cooper’s Escrow, Inc. and to bar Respondent Vilma E. Cooper from any position of employment,
28 management or control of any escrow agent.

WHEREFORE, IT IS PRAYED that Respondent Vilma E. Cooper be barred from any
position of employment, management or control of any escrow agent and the escrow agent’s license

1 of Respondent Cooper’s Escrow, Inc. be revoked.

2 Dated: April 21, 2014
3 Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

4 By _____
5 Judy L. Hartley
6 Senior Corporations Counsel

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