

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

7 Attorneys for Complainant
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.: 963-2146
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,)
14) ACCUSATION
Complainant,)
15)
16 vs.)
17 REGINALD H. LOPEZ,)
18 Respondent.)
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 Reginald H. Lopez (“Lopez”) was at all times relevant herein, the manager and
24 an escrow officer at A 2 Z Escrow, Inc. (“A2Z”), an escrow agent licensed by the California
25 Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow Law of the
26 State of California (California Financial Code Section 17000 et seq.). A2Z has its principal place of
27 business located at 110 S. Montclair Street, Suite 103, Bakersfield, California 93309.
28

II

1
2 On or about August 25, 2006, the Commissioner, by and through his staff, commenced a
3 special examination of the books and records of A2Z. The special examination was commenced
4 after the Department of Corporations (“Department”) received information from A2Z on August 23,
5 2006 that Lopez had embezzled approximately \$15,467.40 in trust funds from at least ten escrows.
6 The special examination revealed that Lopez had made at least twenty (20) unauthorized
7 disbursements of trust funds from the A2Z trust account for his personal use totaling \$15,467.40
8 between February 28, 2006 and August 10, 2006 in violation of Financial Code section 17414(a)(1)
9 and California Code of Regulations, title 10, sections 1738 and 1738.2. The unauthorized
10 disbursements resulted in a trust account shortage and numerous ongoing debit balances in violation
11 of California Code of Regulations, title 10, section 1738.1. A2Z has cured the trust account
12 shortage.

13 The unauthorized disbursements discovered during the special examination of A2Z are
14 described as follows:

15 1. On or about July 19, 2006, in escrow number 4477165, Lopez disbursed \$371.08 in
16 trust funds to himself by way of trust check number 6548 in violation of Financial Code section
17 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The trust funds
18 taken by Lopez represented the balance remaining in escrow after Lopez had previously canceled
19 trust check number 2033 in the amount of \$600.00 made payable for hazard insurance and issued a
20 replacement check for the hazard insurance in the proper amount of \$228.92.

21 2. On or about July 19, 2006, in escrow number 4477302, Lopez disbursed \$267.00 in
22 trust funds to pay his Master Card bill by way of trust check number 6549 in violation of Financial
23 Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2.
24 The trust funds taken by Lopez represented the balance remaining in escrow and alleged by Lopez
25 on the closing statement to be for a property tax lien, which according to the closing statement from
26 the title company did not exist.

27 3. On or about March 1, 2006, in escrow number 4477354, Lopez disbursed \$1,890.07
28 in trust funds to his friend, Alexander Escobedo, by way of trust check number 5431 in violation of

1 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
2 1738.2. The trust funds taken by Lopez represented three title refunds belonging to escrow numbers
3 4477644, 4477735, and 4477747, but received into escrow number 4477354 by Lopez.

4 4. On or about October 25, 2005, the proceeds (\$7,057.00) from an escrow at Alliance
5 Title were sent to A2Z for deposit into escrow number 4477359. The funds were held by Lopez and
6 not deposited into escrow number 447359 until April 18, 2006. Thereafter, on or about April 19,
7 2006, April 25, 2006, May 3, 2006, May 4, 2006, and May 5, 2006, Lopez disbursed trust funds
8 totaling \$6,901.40 as follows: (i) \$1,129.40 for Lopez' car payment via trust check number 5833,
9 (ii) \$3,370.00 to his friend, Alexander Escobedo, by way of trust check number 5834, (iii) \$400.00
10 to pay Lopez' Master Card bill via trust check number 5886, (iv) \$327.00 to pay Lopez' utility bill
11 via trust check number 5974; (v) \$900.00 to pay Lopez' rent via trust check number 5873, (vi)
12 \$500.00 to pay catering costs for a wedding via trust check number 5978, and (vii) \$275.00 to
13 himself via trust check number 5990, all in violation of Financial Code section 17414(a)(1) and
14 California Code of Regulations, title 10, sections 1738 and 1738.2.

15 5. On or about August 10, 2006, in escrow number 4477626, Lopez disbursed \$230.25
16 in trust funds to himself by way of trust check number 6770 in violation of Financial Code section
17 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The trust funds
18 taken by Lopez represented a title refund due the borrower. On or about August 10, 2006, in escrow
19 number 4477626, Lopez disbursed an additional \$564.70 in trust funds to himself for his car
20 payment via trust check number 6769, however, A2Z was able to stop payment on the check, and
21 thus the shortage in this escrow was reduced to \$230.25.

22 6. On or about February 24, 2006, in escrow number 4477700, Lopez disbursed \$300.00
23 in trust funds to pay his Master Card bill by way of trust check number 5427 in violation of
24 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
25 1738.2. On or about February 24, 2006, in escrow number 4477700, Lopez disbursed an additional
26 \$175.00 in trust funds to Maria's Notary, a notary service that performed no services in this escrow,
27 by way of trust check number 5426 in violation of Financial Code section 17414(a)(1) and
28 California Code of Regulations, title 10, sections 1738 and 1738.2. The trust funds taken by Lopez

1 represented escrow funds remaining after Lopez voided trust check number 4323 in the amount of
2 \$680.00 payable to Garcia Insurance Agency.

3 7. On or about March 6, 2006, in escrow number 4477779, Lopez disbursed \$3,584.49
4 in trust funds to his friend, Alexander Escobedo, by way of trust check number 5534 in violation of
5 Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and
6 1738.2. The trust funds taken by Lopez represented a title refund due the borrower.

7 8. On or about May 30, 2006, in escrow number 4477912, Lopez disbursed trust funds
8 totaling \$1,073.11 as follows: (i) \$592.93 for Lopez' car payment via trust check number 6136, (ii)
9 \$80.45 for Lopez' utility bill via trust check number 6137, (iii) \$167.74 for Lopez' water bill via
10 trust check number 6138, and (iv) \$231.99 to pay Lopez' Master Card bill via trust check number
11 6139, all in violation of Financial Code section 17414(a)(1) and California Code of Regulations, title
12 10, sections 1738 and 1738.2. The trust funds taken by Lopez represented a title refund due the
13 borrower in escrow number 4477912.

14 9. On or about May 3, 2006, in escrow number 4477951, Lopez disbursed \$275.00 to
15 himself via trust check number 6240 in violation of Financial Code section 17414(a)(1) and
16 California Code of Regulations, title 10, sections 1738 and 1738.2. The trust funds taken by Lopez
17 represented monies due the borrower from a title refund.

18 10. On or about May 6, 2006, in escrow number 4477891, Lopez disbursed \$400.00 to
19 pay the DJ costs at a wedding via trust check number 5991 in violation of Financial Code section
20 17414(a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. The trust funds
21 taken by Lopez represented monies due the borrower from a title refund.

22 III

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

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

26 (1) Knowingly or recklessly disburse or cause the disbursal of
27 escrow funds otherwise than in accordance with escrow instructions,
28 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.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(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 1738.1 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.

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.

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.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

V

Complainant finds that, by reason of the foregoing, Respondent Reginald H. Lopez has violated Financial Code section 17414(a)(1) 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 Reginald H. Lopez from any position of employment, management or control of any escrow agent.

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

Dated: April 4, 2008
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel