

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
3 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
4 Department of Corporations
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6 Attorneys for Complainant

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

11	In the Matter of the Accusation of THE)	File No.: 963-0288
12	CALIFORNIA CORPORATIONS)	
13	COMMISSIONER,)	ACCUSATION
14	Complainant,)	
15	vs.)	
16	STAR ESCROW CO., INC., CAROLE A.)	
17	WORRELL aka CAROLYN A. WORRELL,)	
18	ELISA WORRELL, and MARIA GOMEZ aka)	
19	MARIA ALEJANDRE,)	
	Respondents.)	

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 Star Escrow Co., Inc. ("Star Escrow") is an escrow agent licensed by the
24 California Corporations Commissioner ("Commissioner" or "Complainant") pursuant to the Escrow
25 Law of the State of California (California Financial Code Section 17000 et seq.). Star Escrow had
26 its principal place of business located at 3929 Tweedy Boulevard, South Gate, California 90280.

27 Respondent Carole A. Worrell also known as Carolyn A. Worrell ("C. Worrell") is, and was
28 at all times relevant herein, the president and sole shareholder of Star Escrow.

1 Respondent Elisa Worrell (“E. Worrell”) is, and was at all times relevant herein, the secretary
2 and treasurer of Star Escrow.

3 Respondent Maria Gomez also known as Maria Alejandre (“Gomez”) was at all times
4 relevant herein, an escrow officer of Star Escrow.

5 II

6 On or about December 10, 2007, the Commissioner commenced a regulatory examination of
7 the books and records of Star Escrow. The regulatory examination revealed a trust account shortage
8 of \$60,790.02 in violation of California Code of Regulations, title 10, section 1738.1 based upon the
9 adjusting items noted in Star Escrow’s most recent trust account reconciliation for the period ending
10 November 30, 2007. Certain of the adjusting items dated back to June 2000 and had yet to be
11 corrected in violation of Financial Code section 17404 and California Code of Regulations, title 10,
12 section 1732.2. Commencing on or about December 11, 2007 and continuing through January 24,
13 2008, written demands were made to Star Escrow by and through C. Worrell, to correct the adjusting
14 items and cure the trust account shortage, however, Star Escrow has failed to correct the adjusting
15 items or cure the trust account shortage to date.

16 The adjusting items creating the trust account shortage are described as follows:

17 1. Escrow No. 37606-CW: On or about June 5, 2000, trust check number 111350 was
18 issued for \$70.20 to the Los Angeles Department of Building and Safety, which check was paid by
19 the bank on or about July 11, 2000. On or about May 28, 2004, trust check number 111350 was
20 posted on the books as canceled in violation of Financial Code section 17414(a)(2) creating the
21 appearance of an additional \$70.20 to the credit of this escrow. Thereafter, on or about June 16,
22 2004, the sum of \$70.20 was disbursed to the buyer resulting in a \$70.20 shortage in this escrow.

23 2. Escrow No. 37606-CW: On or about June 5, 2000, trust check number 111351 was
24 issued for \$15.00 the Los Angeles Department of Water and Power, which check was paid by the
25 bank on or about July 17, 2000. On or about May 28, 2004, trust check number 111351 was posted
26 on the books as canceled in violation of Financial Code section 17414(a)(2) creating the appearance
27 of an additional \$15.00 to the credit of this escrow. Thereafter, on or about June 16, 2004, the sum of
28 \$15.00 was disbursed to the buyer resulting in a further shortage of \$15.00 in this escrow.

1 3. Escrow No. 40256-CW: On or about August 19, 2004, trust check number 127828
2 was issued for \$59.95 to LGS Reports, which check was paid by the bank. On or about May 11,
3 2005, trust check number 127828 was posted on the books as canceled in violation of Financial
4 Code section 17414(a)(2) creating the appearance of an additional \$59.95 to the credit of this
5 escrow. That same day, a further \$59.95 was disbursed to LGS Reports resulting in a shortage of
6 \$59.95 in this escrow.

7 4. Escrow No. 40327-CW: On or about November 16, 2004, trust check number
8 128772 was issued for \$59.95 to LGS Reports, which check was paid by the bank. On or about May
9 11, 2005, trust check number 128772 was posted on the books as canceled in violation of Financial
10 Code section 17414(a)(2) creating the appearance of an additional \$59.95 to the credit of this
11 escrow. That same day, a further \$59.95 was disbursed to LGS Reports resulting in a shortage of
12 \$59.95 in this escrow.

13 5. Escrow No. 41069-MG: On or about November 5, 2005, trust check number 132431
14 was issued for \$79.95 to LGS Reports, which check was paid by the bank. On or about October 11,
15 2007, trust check number 132431 was posted on the books as canceled in violation of Financial
16 Code section 17414(a)(2) creating the appearance of an additional \$79.95 to the credit of this
17 escrow. That same day, the sum of \$79.95 was disbursed to the sellers resulting in a shortage of
18 \$79.95 in this escrow.

19 6. Unknown Escrow: Sometime in late January, early February 2007, trust check
20 number 134907 was issued to an unknown person or entity with no escrow file designation for
21 \$79.95, which check was paid by the bank on or about February 7, 2007. Trust check number
22 134907 was never posted on the books in violation of Financial Code section 17414(a)(2) resulting
23 in a shortage of \$79.95 in the escrow trust account.

24 7. Escrow No. 40639-CM: On or about May 9, 2005, wire in number 40438 was issued
25 for \$2,000.00 from Investors Title with no corresponding deposit at the bank in violation of
26 Financial Code section 17414(a)(2). Thereafter, on or about June 2, 2005, the sum of \$2,000.00 was
27 disbursed to the seller resulting in a shortage of \$2,000.00 in this escrow.
28

1 Financial Code section 17202. Star Escrow was personally served with the Order to Discontinue
2 Escrow Activities on or about February 22, 2008. Star Escrow has never obtained a replacement
3 surety bond.

4 IV

5 On or about March 20, 2008, the Commissioner’s staff attempted a further on site visit to
6 Star Escrow at its licensed location of 3929 Tweedy Boulevard, South Gate, California. The
7 licensed location of Star Escrow had been vacated without notice to the Commissioner as to a
8 possible new location or the location of the books and records in violation of Financial Code section
9 17213.1 and California Code of Regulations, title 10, section 1730. Further, attempts to contact Star
10 Escrow in April 2008 revealed that Star Escrow had disconnected its telephone number. The
11 location of the books and records of Star Escrow remained unknown.

12 V

13 In or about August 2008, the Department of Corporations (“Department”) received two
14 letters from E. Worrell. The letters were addressed to Irene Smith (“Smith”) and regarded
15 disbursements from the trust account, which Smith was believed to be involved with, along with
16 accusations that Smith had taken over control of the Star Escrow trust and general accounts at
17 Comerica Bank. Smith has been barred from any position of employment, management or control of
18 any escrow agent since 1997 pursuant to an order issued by the Commissioner. Smith was the prior
19 owner of Star Escrow and had sold Star Escrow to C. Worrell after she was barred in 1997.

20 Based upon this information, the Commissioner determined that it was necessary to
21 commence a special examination of Star Escrow notwithstanding previous failed attempts to
22 examine Star Escrow due to the unknown location of its books and records.

23 On or about August 25, 2008, a special examination of Star Escrow was commenced. The
24 special examination was based upon documents obtained from Comerica Bank, and included the
25 trust account documents for the period of July 31, 2007 through July 31, 2008, the cut-off date for
26 the special examination. Further attempts by the Commissioner’s staff to locate Star Escrow’s books
27 and records led to the discovery, on or about September 16, 2008, of approximately 200 boxes of
28 escrow files and banking records of Star Escrow in a backroom of the building where Star Escrow

1 had been located. A cursory review of these documents disclosed escrow files and daily banking
2 records ranging from 2001 to 2005, but no current escrow or banking documentation.

3 A review of the banking records provided by Comerica Bank on the Star Escrow trust
4 account disclosed at least forty-three (43) questionable disbursements from Star Escrow's trust
5 account. The majority of these disbursements occurred after the business had closed its doors and
6 totaled \$194,944.38. At least \$109,915.83 of these disbursements are linked to Smith, despite that
7 Smith is barred from the independent escrow industry and was not an authorized signer on any Star
8 Escrow account, trust or otherwise. The disbursements described below in paragraphs A. 1-8, 10,
9 12, 14, 15, 16, and 17 are unauthorized disbursements from Star Escrow's trust account in violation
10 of Financial Code section 17414(a)(1) and California Code of Regulations, title 10, sections 1738
11 and 1738.2. The Commissioner is unable to determine whether or not the disbursements described
12 below in paragraphs A. 9, 11, 13, 18, and 19 were authorized due to a lack of books and records.
13 The disbursements described in paragraphs B. 1-23 below appear to be unauthorized as escrow
14 disbursements must occur via trust check or wire transfer and would not include payment of
15 continuing monthly obligations for escrow customers. The disbursements described below have also
16 caused a shortage to exist in the trust account in the same amount.

17 A. The unauthorized and/or questionable disbursements by check are described as
18 follows:

19 1. On or about May 17, 2005, trust check number 131896 was issued in escrow number
20 39797-MG in the amount of \$379.60 made payable to Maria Delores Torres. On or about March 7,
21 2008, trust check number 131896 was marked "not used for purpose intended" and deposited into
22 the general account of Star Escrow.

23 2. On or about September 12, 2006, trust check number 135967 was issued in escrow
24 number 38180-MG in the amount of \$317.20 made payable to Raymundo Perez. On or about March
25 26, 2008, trust check number 135967 was marked "not used for purpose intended" and endorsed
26 over to the Star Escrow general account and then 4-Star Services, Inc., a company owned by Smith
27 ("4-Star"), and deposited into the account of 4-Star.
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1 3. On or about October 30, 2006, trust check number 136395 was issued in escrow
2 number 41523-CH in the amount of \$372.00 made payable to Asset. On or about March 26, 2008,
3 trust check number 136395 was marked “not used for purpose intended” and endorsed over to the
4 Star Escrow general account and then 4-Star and deposited into the account of 4-Star.

5 4. On or about October 15, 2007, trust check number 137783 was issued in escrow
6 number 41422-CH in the amount of \$495.00 made payable to David Loyarte. On or about March
7 26, 2008, trust check number 137783 was marked “not used for purpose intended” and endorsed
8 over to the Star Escrow general account and then 4-Star and deposited into the account of 4-Star.

9 5. On or about January 4, 2008, trust check number 137968 was issued in escrow
10 number 41811-MG in the amount of \$104.55 made payable to a Maria Vargas. On or about March
11 26, 2008, trust check number 136395 was marked “not used for purpose intended” and endorsed
12 over to the Star Escrow general account and then 4-Star and deposited into the account of 4-Star.

13 6. On or about January 18, 2008, trust check number 138013 was issued in escrow
14 number 40800-CH in the amount of \$1,021.08 made payable to a Rosa Garcia. On or about March
15 26, 2008, trust check number 138013 was marked “not used for purpose intended” and endorsed
16 over to the Star Escrow general account and then 4-Star and deposited into the account of 4-Star.

17 7. On or about March 14, 2008, Gomez issued trust check number 129248 with no
18 designated escrow number in the amount of \$242.00 made payable to Star Escrow. On or about
19 March 24, 2008, trust check number 129248 was endorsed over to, and deposited into the account of,
20 4-Star.

21 8. On or about March 18, 2008, Gomez issued trust check number 129247 in escrow
22 number 31204-IS in the amount of \$290.00 made payable to Star Escrow. On or about March 20,
23 2008, trust check number 129247 was endorsed over to, and deposited into the account of, 4-Star.

24 9. On or about March 26, 2008, Gomez issued trust check number 129237 in escrow
25 number 41829-MG in the amount of \$30,165.00 to purchase a cashier’s check made payable to
26 Salvador Gutierrez. On or about March 26, 2008, trust check number 129237 was presented to
27 Comerica Bank for the purchase of cashier’s check number 067633098 in the amount of \$30,165.00
28 made payable to Salvador Gutierrez. The cashier’s check appears to have been cashed by Gutierrez.

1 10. On or about April 7, 2008, Gomez issued trust check number 129227 in escrow
2 number 40359-CW in the amount of \$344.00 made payable to Star Escrow or 4-Star. On or about
3 April 14, 2008, trust check number 129227 was deposited into the account of 4-Star.

4 11. On or about April 18, 2008, Gomez issued trust check number 129224 in escrow
5 number 41705-MG in the amount of \$25,319.00 to purchase a cashier's check made payable to
6 Rocio Merino. On or about April 29, 2008, trust check number 129224 was presented to Comerica
7 Bank for the purchase of cashier's check number 349141965 in the amount of \$25,319.00 made
8 payable to Rocio Merino. The cashier's check appears to have been cashed by Merino. According to
9 a Daily Escrow Trial Balance dated December 7, 2007, given to the Department by Star Escrow
10 during the December 10, 2007 regulatory examination, sufficient funds remained for escrow number
11 41705-MG to cover this disbursement. However, insufficient records exist to determine whether
12 these funds belonged to Rocio Merino or had been otherwise disbursed between December 7, 2007
13 and April 18, 2008.

14 12. On or about April 18, 2008, Gomez issued trust check number 129231 in escrow
15 number 41809-MG in the amount of \$200.00 made payable to 4-Star. On or about April 29, 2008,
16 trust check number 129231 was deposited into the account of 4-Star.

17 13. On or about April 22, 2008, Gomez issued trust check number 129221 in escrow
18 number 39831-EW in the amount of \$3,633.00 to purchase a cashier's check made payable to James
19 C-nny & Assoc (sic). On or about April 29, 2008, trust check number 129221 was presented to
20 Comerica Bank for the purchase of cashier's check number 349141963 in the amount of \$3,633.00
21 made payable to James C-nny & Assoc (sic). The cashier's check appears to have been cashed by
22 James C-nny & Assoc (sic). According to a Daily Escrow Trial Balance dated December 7, 2007,
23 given to the Department by Star Escrow during the December 10, 2007 regulatory examination, no
24 funds remained for escrow number 39831-EW.

25 14. On or about April 22, 2008, Gomez issued trust check number 129222 in escrow
26 number 38592-LM in the amount of \$2,475.00 to purchase a cashier's check made payable to R.
27 Mares & Associates, the trust account reconciler for Star Escrow. On or about April 29, 2008, trust
28 check number 129222 was presented to Comerica Bank for the purchase of cashier's check number

1 349141964 in the amount of \$2,475.00 made payable to R. Mares & Associates. According to a
2 Daily Escrow Trial Balance dated December 7, 2007, given to the Department by Star Escrow
3 during the December 10, 2007 regulatory examination, no funds remained for escrow number
4 38592-LM. Moreover, R. Mares confirmed that the payment was for reconciliation work done on
5 behalf of Star Escrow, not for any particular escrow file.

6 15. On or about April 28, 2008, Gomez issued trust check number 129236 in escrow
7 number 41829-MG in the amount of \$845.00 made payable to Star Escrow or 4-Star. On or about
8 April 29, 2008, trust check number 129236 was deposited into the account of 4-Star.

9 16. On or about May 14, 2008, Gomez issued trust check number 129230 in escrow
10 number 41832-MG in the amount of \$100,000.00 to purchase a cashier's check made payable to
11 Unity America Fund, a company owned by John Visconti, an alleged friend of Smith. On or about
12 May 15, 2008, Smith presented trust check number 129230 to Comerica Bank for the purchase of
13 cashier's check number 349141992 in the amount of \$100,000.00 made payable to Unity America
14 Fund. It is impossible to determine who cashed this cashier's check. According to Gomez, she had
15 no pending escrows involving Unity America Fund at the time the check was presented to Comerica
16 Bank. Gomez further stated that she had signed at least one blank trust check at the behest of Smith.

17 17. On or about May 29, 2008, Gomez issued trust check number 129239 in escrow
18 number 41831-MG in the amount of \$784.00 made payable to Star Escrow or 4-Star. On or about
19 May 30, 2008, trust check number 129239 was deposited into the account of 4-Star.

20 18. On or about June 9, 2008, Gomez issued trust check number 129207 in escrow
21 number 40414-MG in the amount of \$3,901.00 to purchase a cashier's check made payable to Daniel
22 Amavizca. On or about July 15, 2008, Smith presented trust check number 129207 to Comerica
23 Bank for the purchase of cashier's check number 349144898 in the amount of \$3,901 made payable
24 to Daniel Amavizca. The cashier's check appears to have been cashed by Amavizca. According to
25 a Daily Escrow Trial Balance dated December 7, 2007, given to the Department by Star Escrow
26 during the December 10, 2007 regulatory examination, no funds remained for escrow number
27 40414-MG. However, according to Star Escrow's outstanding check list dated December 31, 2007,
28 there were two outstanding checks for escrow number 40414-MG totaling the amount of the

1 cashier's check. However, these outstanding checks were issued to persons or entities other than
2 Daniel Amavizca. Additionally, insufficient records exist to determine whether Daniel Amavizca
3 was even a party to escrow number 40414-MG.

4 19. On or about June 9, 2008, Gomez issued trust check number 129208 in escrow
5 number 41808-MG in the amount of \$1,000.00 to purchase a cashier's check made payable to Rosa
6 Venturs (sic). On or about July 15, 2008, Smith presented trust check number 129208 to Comerica
7 Bank for the purchase of cashier's check number 349144899 in the amount of \$1,000.00 made
8 payable to Rosa Venturs (sic). The cashier's check appears to have been cashed by Rosa Venturs
9 (sic). According to a Daily Escrow Trial Balance dated December 7, 2007, given to the Department
10 by Star Escrow during the December 10, 2007 regulatory examination, sufficient funds remained for
11 escrow number 41808-MG to cover this disbursement. However, insufficient records exist to
12 determine whether these funds belonged to Rosa Venturs (sic) or had been otherwise disbursed
13 between December 7, 2007 and April 18, 2008.

14 B. The unauthorized disbursements by telephone transfer are described as follows:

15 1. A February 05, 2008 disbursement to Lowes in the amount of \$1,985.16 via
16 Lowtelpay with no beneficiary and/or escrow number designated.

17 2. A February 05, 2008 disbursement to Sprint in the amount of \$1,336.45 via Sprint
18 Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.

19 3. A February 05, 2008 disbursement to Sprint in the amount of \$438.06 to Sprint via
20 Sprint Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.

21 4. A February 12, 2008 disbursement to Lowes in the amount of \$1,300.00 via
22 Lowtelpay with no beneficiary and/or escrow number designated.

23 5. A February 13, 2008 disbursement to Lowes in the amount of \$1,500.00 via
24 Lowtelpay with no beneficiary and/or escrow number designated.

25 6. A February 13, 2008 disbursement to Mervyns in the amount of \$227.54 via
26 Mrvtelpay with no beneficiary and/or escrow number designated.

27 7. A February 15, 2008 disbursement to Sprint in the amount of \$20.00 via Sprint
28 Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.

- 1 8. A February 20, 2008 disbursement to Lowes in the amount of \$1,500.00 via
2 Lowtelpay with no beneficiary and/or escrow number designated.
- 3 9. A February 25, 2008 disbursement to Mervyns in the amount of \$1,200.00 via
4 Mrvtelpay with no beneficiary and/or escrow number designated.
- 5 10. A February 25, 2008 disbursement to Sprint in the amount of \$533.13 via Sprint
6 Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.
- 7 11. A February 29, 2008 disbursement to Lowes in the amount of \$3,200.00 via
8 Lowtelpay with no beneficiary and/or escrow number designated.
- 9 12. A March 03, 2008 disbursement to Lowes in the amount of \$1,677.97 via Lowtelpay
10 with no beneficiary and/or escrow number designated.
- 11 13. A March 04, 2008 disbursement to Lowes in the amount of \$3,697.00 via Lowtelpay
12 with no beneficiary and/or escrow number designated.
- 13 14. A March 04, 2008 disbursement to Lowes in the amount of \$600.00 via Lowtelpay
14 with no beneficiary and/or escrow number designated.
- 15 15. A March 11, 2008 disbursement to Linens n Things in the amount of \$1,001.17 to
16 Linens n Things via Lnt.Epayu with no beneficiary and/or escrow number designated.
- 17 16. A March 11, 2008 disbursement to Credit Report in the amount of \$11.95 with Devki
18 N. Madan named as beneficiary, but no designated escrow number.
- 19 17. A March 18, 2008 disbursement to Sprint in the amount of \$441.29 via Sprint
20 Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.
- 21 18. An April 02, 2008 disbursement to Lowes in the amount of \$192.38 via Lowtelpay
22 with no beneficiary and/or escrow number designated.
- 23 19. An April 09, 2008 disbursement to Credit Report in the amount of \$11.95 with Devki
24 N. Madan named as beneficiary, but no designated escrow number.
- 25 20. An April 11, 2008 disbursement to Sprint in the amount of \$825.35 via Sprint
26 Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.
- 27 21. An April 15, 2008 disbursement to Sprint in the amount of \$532.60 via Sprint
28 Achbillpay with Jorge Murga named as beneficiary, but no designated escrow number.

1 Account(s) and Escrow Records of Premiere Pursuant to Financial Code Section 17621 and an Order
2 Appointing Kathleen Partin as Conservator pursuant to Financial Code section 17630. The orders
3 were necessary in order to offer any possible protection to the escrow customers of Star Escrow.

4 IX

5 California Financial Code section 17608 provides in pertinent part:

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

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

11 (c) Any fact or condition now exists which, if it had existed at the
12 time of the original application for such license, reasonably would have
13 warranted the commissioner in refusing originally to issue such license.

14 California Financial Code section 17423 provides in pertinent part:

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

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

24 X

25 Complainant finds that, by reason of the foregoing, Respondents Star Escrow Co., Inc.,
26 Carole A. Worrell and Elisa Worrell have violated Financial Code sections 17202, 17213.1, 17404,
27 17414(a)(1) and 17414(a)(2) and California Code of Regulations, title 10, sections 1730, 1732.2,
28 1737.3, 1738, 1738.1, and 1738.2, and Respondent Maria Gomez has violated 17404, 17414(a)(1)
and 17414(a)(2) and California Code of Regulations, title 10, sections 1737.3, 1738, 1738.1, and
1738.2, and it is in the best interests of the public to revoke the escrow agent's license of Respondent
Star Escrow Co., Inc. and to bar Respondents Carole A. Worrell, Elisa Worrell and Maria Gomez
from any position of employment, management or control of any escrow agent.

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WHEREFORE, IT IS PRAYED that the escrow agent’s license of Respondent Star Escrow Co., Inc. be revoked and Respondents Carole A. Worrell, Elisa Worrell and Maria Gomez be barred from any position of employment, management or control of any escrow agent.

Dated: May 15, 2009
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel