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

11 In the Matter of:)
12)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
14)
Complainant,)
15)
16 vs.)
17 TERESA SCHIARETTI, ALSO KNOWN AS)
TERESA SHAVER, AND TAMMEY)
18 BAZINET.)
19 Respondents.)
20)
21)

ACCUSATION IN SUPPORT OF ORDER
BARRING TERESA SCHIARETTI, ALSO
KNOWN AS TERESA SHAVER, AND
TAMMEY BAZINET FROM ANY POSITION
OF EMPLOYMENT, MANAGEMENT, AND
CONTROL OF ANY ESCROW AGENT

22 The Commissioner of Business Oversight (Commissioner) is informed and believes and
23 based upon such information and belief, alleges and charges as follows:
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I.

Introduction

1. Shamrock Escrow Services, Inc. (SES) is an escrow agent licensed by the Commissioner pursuant to the Escrow Law (Financial Code section 17000 et seq.) (Escrow Law), with its principal place of business at 280 North Benson Avenue, Suite 3, Upland, California 91786.

2. Teresa Schiaretti, also known as Teresa Shaver (Schiaretti), and Tammey Bazinet (Bazinet) were at all relevant times escrow officers at SES in their branch located at 2700 East Foothill Boulevard, Pasadena, CA 91105.

II.

December 6, 2018 Special Examination

3. Based on information received from the public regarding Schiaretti and Bazinet’s violations of the Escrow Law, the Commissioner conducted an examination into the books and records of SES and the escrow transactions handled by Schiaretti and Bazinet. The examination revealed that escrow numbers ending with “TT” were escrow transactions handled jointly by Schiaretti and Bazinet and that Schiaretti and Bazinet violated multiple violations of the Escrow Law as described below:

Escrow No. 1545-TT

4. On or about March 20, 2015, the principals of Escrow No. 1545-TT entered into a refinance transaction in an amount of \$350,000.00, handled by Schiaretti and Bazinet as the escrow officers. The escrow instructions authorized Schiaretti and Bazinet to disburse funds received from the lender to the borrower “provided the securing Deed of Trust is recorded within 7 business days after receipt of funds,”

5. On or about April 1, 2015, SES’s trust account received a wire in the amount of \$250,000.00 from the lender for Escrow No. 1545-TT. Schiaretti and Bazinet issued Check #12879 disbursing \$250,000.00 in trust funds to the borrower on April 2, 2015, despite the escrow instructions only authorizing the disbursement upon the recordation of the Deed of Trust within 7 business days after receipt of funds, in violation of Financial Code section 17414 (a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2.

1 6. On or about April 3, 2015, Bazinet emailed the lender that “[u]pon receipt [of the
2 attached escrow instructions] we will go ahead and get the Deed of Trust recorded.” However,
3 Bazinet omitted to inform the lender in the April 3, 2015 email that Bazinet and Schiaretti had
4 already disbursed the lender’s \$250,000.00 to the borrower without recording the Deed of Trust, in
5 violation of Financial Code, section 17414, subdivision (a)(2).

6 7. On or about May 14, 2015, thirty-one business days after receiving the escrow funds,
7 the Deed of Trust of Escrow No. 1545-TT was recorded with the Los Angeles County Recorder and
8 Bazinet and Schiaretti closed Escrow No. 1545-TT despite failing to receive the remaining
9 \$100,000.00 in loan proceeds from the lender, in violation of California Code of Regulations, title
10 10, section 1738.1.

11 **Escrow No. 1569-TT**

12 8. On or about April 20, 2015, the principals of Escrow No. 1569-TT entered into a
13 refinance transaction in the amount of \$580,000.00, handled by Schiaretti, also known as Teresa
14 Shaver at the time of the transaction and Bazinet as the escrow officers.

15 9. On or about April 28, 2015, Schiaretti and Bazinet closed Escrow No. 1569-TT with
16 a remaining balance of \$400.00 in the escrow transaction, in violation of California Code of
17 Regulations, title 10, section 1732.

18 10. On or about May 14, 2015, Schiaretti and Bazinet made an unauthorized
19 disbursement of trust funds from Escrow No. 1569-TT by issuing Check #13089 and Check #13090
20 in the amount of \$55.00 and \$25.00 to the Los Angeles County Recorder and SPL, Inc., respectively,
21 to pay for the recording fees of a different escrow transaction, Escrow No. 1545-TT, in violation of
22 Financial Code section 17414, subdivision (a)(1) and California Code of Regulations, title 10,
23 sections 1738 and 1738.2, in that there are no instructions from the principals of Escrow No. 1569-
24 TT authorizing the disbursement of funds to pay the invoices of another escrow transaction.

25 **Escrow No. 1613-TT**

26 11. On or about June 3, 2015, the principals of Escrow No. 1613-TT entered into a
27 refinance transaction in the amount of \$470,000.00 handled by Schiaretti and Bazinet as the escrow
28 officers. The escrow instructions authorized Schiaretti and Bazinet to disburse the funds, “provided

1 the securing Deed of Trust (and additional collateral deed of trust) [was] recorded within 7 business
2 days after receipt of funds.”

3 12. On or about June 3, 2015, SES received a wire transfer of \$470,000.00 from the
4 lender. Later that same day, Schiaretti and Bazinet made an unauthorized disbursement of trust funds
5 by issuing Checks #13237, #13238, and #13239 disbursing \$469,475.00 in trust funds to the
6 borrower despite failing to record the deed of trust, in violation of Financial Code section 17414,
7 subdivision (a)(1) and California Code of Regulations, title 10, sections 1738 and 1738.2. Schiaretti
8 and Bazinet’s failure to record the deed of trust in Escrow No. 1613-TT, resulted in a loss of more
9 than \$470,000.00 to the lender when the property in Escrow No. 1613-TT was sold without any loan
10 proceeds being paid to the lenders because the lender’s deed of trust was not recorded.

11 **III.**

12 **Applicable Laws**

13 13. Financial Code section 17414 provides in pertinent part:

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

16 (1) Knowingly or recklessly disburse or cause the disbursement of escrow
17 funds otherwise than in accordance with escrow instructions, or
18 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.

19 (2) Knowingly or recklessly make or cause to be made any misstatement
20 or omission to state a material fact, orally or in writing, in escrow
21 books, accounts, files, reports, exhibits, statements, or any other
document pertaining to an escrow or escrow affairs.

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22 14. Financial Code section 17423 provides in pertinent part:

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

26 (1) That the . . . bar is in the public interest and that the person has
27 committed or caused a violation of this division or rule or order of the
28 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.

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(b) Within 15 days from the date of a notice of intention to issue an order pursuant to subdivision (a), the person may request a hearing under the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Division 3 of Title 2 of the Government Code). Upon receipt of a request, the matter shall be set for hearing to commence within 30 days after such receipt unless the person subject to this division consents to a later date. If no hearing is requested within 15 days after the mailing or service of such notice and none is ordered by the commissioner, the failure to request a hearing shall constitute a waiver of the right to a hearing.

(c) Upon receipt of a notice of intention to issue an order pursuant to this section, the person who is the subject of the proposed order is immediately prohibited from engaging in any escrow processing activities, including disbursing any trust funds in the escrow agent's possession, custody or control, and the financial institution holding trust funds shall be so notified by service of the notice, accusation and other administrative pleadings. The prohibition against disbursement of trust funds may be set aside, in whole or in part, by the commissioner for good cause.

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15. California Code of Regulations, title 10, section 1732 provides:

An escrow agent shall maintain its books, records and accounts in accordance with generally accepted accounting principles and good business practice.

16. California Code of Regulations, title 10, section 1738, subdivision (a) 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 the escrow instructions transmitted electronically over the Internet executed by the principals to the escrow transaction or pursuant to order of a court of competent jurisdiction.

17. 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.

18. 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 escrow instructions of the principals to the escrow transaction or the escrow instructions transmitted electronically over the Internet executed by the principals to the escrow transaction, or if not otherwise directed by written or electronically

1 executed instructions. in accordance with sound escrow practice, or
2 pursuant to order of a court of competent jurisdiction.

3 **IV.**

4 **Conclusion**

5 By virtue of the foregoing, the Commissioner finds that:

6 (1) Teresa Schiaretti, also known as Teresa Shaver, and Tammy Bazinet violated
7 Financial Code section 17414, subdivision (a)(1) and California Code of Regulations, title 10,
8 sections 1738 and 1738.2 by making unauthorized disbursements of trust funds.

9 (2) Teresa Schiaretti, also known as Teresa Shaver, and Tammy Bazinet violated
10 Financial Code section 17414, subdivision (a)(2) by omitting to state a material fact, orally or in
11 writing, in escrow books, accounts, files, reports, exhibits, statements, or any other document
12 pertaining to an escrow or escrow affairs.

13 (3) Teresa Schiaretti and Tammy Bazinet violated California Code of Regulations title
14 10, section 1732 by not maintaining their books, records and accounts in accordance with generally
15 accepted accounting principles and good business practice.

16 (4) It is in the best interest of the public to bar Respondents Teresa Schiaretti, also known
17 as Teresa Shaver, and Tammy Bazinet from any position of employment, management or control of
18 any escrow agent.

19 WHEREFORE, IT IS PRAYED that Respondents Teresa Schiaretti, also known as Teresa
20 Shaver, and Tammy Bazinet be barred from any position of employment, management or control of
21 any escrow agent.

22 Dated: June 26, 2019
23 Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

24
25 By _____
26 Johnny Vuong
27 Senior Counsel
28 Enforcement Division