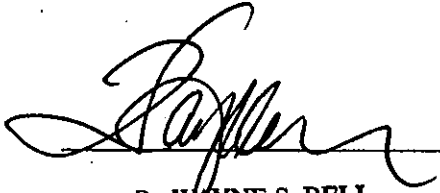


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I have given due consideration to the petition for reconsideration and I find no good cause to reconsider the Decision of September 22, 2011. Reconsideration is hereby denied.

IT IS HEREBY ORDERED OCT 25 2011

BARBARA J. BIGBY
Acting Real Estate Commissioner

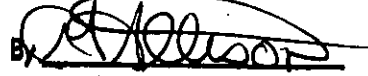


By WAYNE S. BELL
Chief Counsel

FILED

OCT 13 2011

DEPARTMENT OF REAL ESTATE

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of)	
)	NO. H-5090 SAC
BEHROOZ MEHDI BADIE,)	
)	OAH NO. 2010080234
Respondents.)	
)	

ORDER STAYING EFFECTIVE DATE

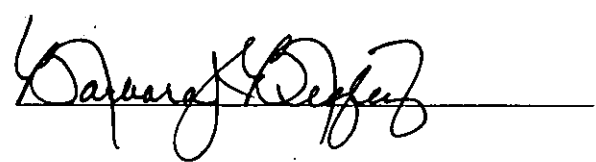
On September 22, 2011, a Decision was rendered in the above-entitled matter to become effective on October 13, 2011.

On October 12, 2011, Respondent petitioned for reconsideration of the Decision of September 22, 2011.

IT IS HEREBY ORDERED that the effective date of the Decision is stayed for a period of ten (10) days. The Decision of September 22, 2011, shall become effective at 12 o'clock noon on October 23, 2011.

DATED: 10/13/11

BARBARA J. BIGBY
Acting Real Estate Commissioner



FILED

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

SEP 22 2011

DEPARTMENT OF REAL ESTATE

By Jean Armand

In the Matter of the Accusation of)
)
 BEHROOZ MEHDI BADIE,)
)
 Respondent.)
 _____)

NO. H-5090 SAC
OAH NO. 2010080234

DECISION

The Proposed Decision dated September 19, 2011, of the Administrative Law Judge of the Office of Administrative Hearings is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

Pursuant to Section 11517(c)(2)(C) of the Government Code, the following corrections are made to Proposed Decision:

On Page 1, Respondent's name in the caption is corrected to read "BEHROOZ MEHDI BADIE".

On Page 13, Respondent's name in the ORDER is corrected to read "Behrooz Mehdi Badie".

This Decision shall become effective at 12 o'clock noon on OCT 13 2011.

IT IS SO ORDERED September 22, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner

William E. Moran
By: WILLIAM E. MORAN
Assistant Commissioner, Enforcement

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

MEHDI
BEHROOZ MEDHI BADIE,

Respondent.

Case No. H-5090 SAC

OAH No. 2010080234

PROPOSED DECISION

Karl S. Engeman, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter in Sacramento, California, on June 6 and 7, 2011.

Truly Sughrue, Counsel, represented the complainant.

Behrooz Mehdi Badie (respondent) appeared and represented himself.

Evidence was received and the record was left open for submission of closing arguments. On July 5, 2011, Ms. Sughrue submitted complainant's initial hearing brief which was marked exhibit 52, and made a part of the record. On August 2, 2011, respondent submitted his response hearing brief which was marked exhibit E, and made a part of the record. On August 18, 2011, Ms. Sughrue submitted complainant's rebuttal brief, which was marked exhibit 53, and made a part of the record. The matter was submitted on August 18, 2011.

FACTUAL FINDINGS

1. Complainant Charles W. Koenig, a Deputy Real Estate Commissioner, Department of Real Estate, State of California, filed the Accusation against respondent in complainant's official capacity.

2. Respondent is presently licensed or has license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) as a real estate broker. Respondent was initially licensed as a real estate salesperson on March 2, 1987, and received his real estate broker's license on June 25, 1997. Respondent's real estate broker's license is in full force and effect and expires on June 24, 2013, unless renewed.

2684 Northrup Avenue, Sacramento, Property

3. On or about October 20, 2005, respondent, doing business as Above & Beyond Realtors, presented an offer to purchase this property listing Harriette Davis as the purchaser. Barbara Frago, the listing agent, had originally listed the property for \$985,000 and had reduced the asking price to \$795,000. The offer presented by respondent specified a purchase price of \$895,000, with an addendum calling for payment of \$150,000, less three percent to be credited to sellers for closing costs (net was \$123,150), to be paid to Calorneva Land Company. According to the addendum, the money to be paid to Calorneva Land Company was "for improvements or repairs needed for the property." Respondent told Ms. Frago that his client was very qualified and wanted to live in the property. Respondent said that Ms. Davis would use the credit payable to Calorneva Land Company to improve the property. The offer was accepted on October 22, 2005, and two days later, respondent called and asked Ms. Frago to change the Multiple Listing Service (MLS) entry for the property to reflect a listing price of \$895,000. Respondent explained that the appraiser needed to have the price changed to reflect the actual sales price. Ms. Davis was the former wife of Derek Davis and while she had met respondent socially, she did not discuss this transaction with him and did not regard him as her agent. Ms. Davis was, like all of the "buyers" listed below, solicited by Derek Davis to act as a "straw" purchaser of property to enable Derek Davis to defraud lenders. The mortgage fraud scheme involved inflated purchase prices and loans based upon them without disclosing to lenders the addenda requiring a "buyer's rebate." The rebate was paid from loan proceeds during close of escrow to Calorneva Land Company, owned by Derek Davis. Ultimately, Derek Davis was indicted in by federal authorities and convicted of mortgage fraud.

4. Harriette Davis was persuaded to assist Derek Davis in what he described as a plan to "flip" properties by purchasing them, doing some renovations, and reselling them. In fact, little or no renovation work was ever intended or done and neither Derek Davis nor the straw purchasers made regular mortgage payments beyond several months, so the properties ended up in foreclosure with losses exceeding \$2.5 million to lenders. Approximately \$1.5 million was diverted to Derek Davis by the buyer's rebate scam.

5. Respondent's role involved helping Derek Davis find properties with reduced prices listed between approximately \$350,000 and \$850,000. These transactions occurred at a time at which rapidly rising real estate prices had ended, which meant that "comparable" properties had been sold at higher prices. This situation caused appraisers to assign values to properties exceeding their market value. After suitable properties were located, Derek Davis directed respondent in the manner in which to construct the offers, including the buyers' rebates payable to Calorneva Land Company. The addenda method of listing the buyers' rebates provided a way in which to consummate the contract for a price less than the listed inflated purchase prices while defrauding lenders by failing to include the addenda in documents submitted to the lenders, thereby misleading them about the true purchase prices of properties. When completing the purchase agreements to be sent to Derek Davis, respondent did not check the box on the standard California Association of Realtors Residential Purchase Agreement and Escrow Instructions identifying any purchase

agreement addenda (box 25). Dino Rosetti, a mortgage broker with whom Derek Davis worked exclusively in these transactions, obtained first and second mortgage loans ("80/20" financing) of \$716,000 and \$179,000, respectively, from Long Beach Mortgage to finance the purchase of 2684 Northrup Avenue, Sacramento. Respondent's commission was \$18,625.

8380 Manana Way, Sacramento, Property

6. On or about October 25, 2005, respondent presented an offer to purchase this property listing Harriette Davis as the purchaser. The offer presented by respondent specified a purchase price of \$825,000, with an addendum calling for payment of \$100,000, less three percent to be credited to sellers for closing costs (net was \$123,150), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Davis did not intend to occupy the residence. The seller accepted the offer after receiving a letter confirming the good standing of Calorneva Land Company signed by William Emmons as an officer (see below). Dino Rosetti obtained first and second mortgages for \$660,000 and \$165,000, respectively, from lender First Franklin. Respondent's commission was \$20,625.

11600 Overhill Drive, Auburn Property

7. On or about October 10, 2005, respondent presented an offer to purchase this property listing Harriette Davis as the purchaser. The offer presented by respondent specified a purchase price of \$795,600, with an addendum calling for payment of \$75,000, less three percent to be credited to sellers for closing costs (net was \$61,565.31), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Davis did not intend to occupy the residence. Respondent falsely represented to the listing agents that Harriette Davis wanted the credit to do some upgrades on the second floor of the residence. The offer was accepted. Dino Rosetti obtained first and second mortgages for \$636,000 and \$159,000, respectively, from lender BNC Mortgage. Respondent's commission was \$21,600.

4807 Lola Way, Sacramento, Property

8. On or about December 5, 2005, respondent presented identical offers to purchase this property, one listing Harriette Davis as the purchaser and the other listing her daughter Angela as the purchaser. The offers presented by respondent specified a purchase price of \$610,000, with an addendum calling for payment of \$60,000, less three percent to be credited to sellers for closing costs (net was \$42,094.60), to be paid to Calorneva Land Company. Respondent told the listing agents that one of the two offerors would purchase the property and then Angela Davis' offer was withdrawn after both were accepted. The addendum was not identified in body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that

Ms. Davis did not intend to occupy the residence. The listing agent asked respondent about what sort of improvements would be done with the credit, and received no clear answer. Dino Rosetti obtained first and second mortgages for \$488,000 and \$122,000, respectively, from lender Lehman Brothers Bank. Respondent's commission was \$20,375.

5137 Romero Way, Fair Oaks, Property

9. On or about December 8, 2005, respondent presented an offer to purchase this property listing Angela Davis as the purchaser. The offer presented by respondent specified a purchase price of \$635,000, with an addendum calling for payment of \$65,000, less three percent to be credited to sellers for closing costs (net was \$51,365.84), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Davis did not intend to occupy the residence. The offer was accepted, and late in the escrow period, respondent substituted Harriette Davis as the purchaser. Dino Rosetti obtained a first mortgage for \$635,000 from lender Ohio Savings Bank. Respondent's commission was \$14,250.

6134 Sweeney Road, Somerset, Property

10. On or about December 21, 2005, respondent presented an offer to purchase this property listing William Emmons as the purchaser. The offer presented by respondent specified a purchase price of \$599,000, with an addendum calling for a buyer's rebate of \$150,000, less three percent to be credited to sellers for closing costs (net was \$137,980) to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Mr. Emmons did not intend to occupy the residence. When the offer was accepted, respondent insisted that the escrow be moved from a title company where the process had begun to Alliance Title. Dino Rosetti obtained first and second mortgages for \$479,200 and \$119,800, respectively, from lender Ownit Mortgage Solutions. Respondent's commission was \$14,975. William Emmons retired from his job as an engineer at McClellan Air Force Base at the end of 1997. He knew Derek Davis and his family intimately. Davis asked Emmons to help him purchase and flip properties. Davis promised Emmons that if he made money on the properties or the sale of Morningstar Ranch, a property Davis owned and was purportedly improving, Davis would pay off Emmons' residential mortgage and perhaps pay him a share of the profits as well. Emmons had heard respondent's name and may have met him. Emmons was not aware that respondent was supposed to be his (buyer's) agent in the transaction. Emmons did not intend to reside in any of the properties for which he was listed as the "purchaser" in documents prepared by respondent. Harriette Davis told Emmons that her former husband had purchased approximately 20 properties and that four of them were "assigned" to Emmons. Emmons knew that he was listed in some capacity with Calorneva Land Company, but he did not know what the position was. Mr. Emmons did not sign and initial the purchase agreements bearing his initials or signature. These were forged by Derek Davis or some unknown person at Derek Davis' direction.

2170 Sunny Oak Drive, Auburn, Property

11. On or about February 6, 2006, respondent presented an offer to purchase this property listing William Emmons as the purchaser. The offer presented by respondent specified a purchase price of \$620,000, with an addendum calling for payment of \$90,000, less three percent to be credited to sellers for closing costs (net was \$77,878.16), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Mr. Emmons did not intend to occupy the residence. The offer was accepted. Dino Rosetti obtained first and second mortgages for \$496,000 and \$124,000, respectively, from lender Argent Mortgage Company. Respondent's commission was \$15,900.

3200 Gopher Hole Road, Somerset, Property

12. On or about January 26, 2006, respondent presented an offer to purchase this property listing William Emmons as the purchaser. The offer presented by respondent specified a purchase price of \$635,000, with an addendum calling for payment of \$100,000, less three percent to be credited to sellers for closing costs (net was \$83,322.70), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Mr. Emmons did not intend to occupy the residence. The offer was accepted. Dino Rosetti obtained first and second mortgages for \$508,000 and \$127,000, respectively, from lender WMC Mortgage Company. Respondent's commission was \$13,375.

7191 Grizzley Flat Road, Somerset, Property

13. On or about January 15, 2006, respondent presented an offer to purchase this property listing William Emmons as the purchaser. The offer presented by respondent specified a purchase price of \$575,000, with an addendum calling for payment of \$120,000, less three percent to be credited to sellers for closing costs (net was \$83,322.70), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Mr. Emmons did not intend to occupy the residence. The offer was accepted. Dino Rosetti obtained first and second mortgages for \$460,000 and \$115,000, respectively, from lender New Century Mortgage. Respondent's commission was \$11,375.

5340 Engle Road, Carmichael, Property

14. On or about February 3, 2006, respondent presented an offer to purchase this property listing William Emmons as the purchaser. The offer presented by respondent specified a purchase price of \$490,000, with an addendum calling for payment of \$80,000, less three percent to be credited to sellers for closing costs (net was \$71,517.31), to be paid to

Calorneva Land Company. The offer was accepted and then respondent told the listing agent that Mr. Emmons could not qualify, but that he would have a qualified buyer step in. On February 8, 2006, respondent presented the same offer on behalf of Kristina Harvey. The offer was accepted and respondent told the listing agent that the MLS listing price at the time of sale of \$425,000 would have to go back to the original listing price of \$489,000. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Harvey did not intend to occupy the residence. Dino Rosetti obtained first and second mortgages for \$392,000 and \$98,000, respectively, from lender Novastar Mortgage. Respondent's commission was \$12,250.

15. Kristina Harvey was a former girlfriend of Derek Davis with whom she lived for an unspecified period of time prior to and during the events described in finding 14. Davis persuaded her to act as a purchaser of properties he said he intended to flip for a profit. She did visit the Carmichael property to look at it at Davis' request. She never met respondent and did not deal with him at all in any of the described purchases. She had no idea that she had purchased five properties until the investigation into these matters. She did sign multiple sets of documents at one or more title companies at Davis's request, but he told her that the deals had fallen through. Kristina Harvey's ailing parents occupied the Carmichael property for a time and Davis arranged to add a bedroom downstairs to accommodate Harvey's father's infirmities. Harvey did not invest any money and she did not make mortgage payments for any property. She participated in the sales because she was interested in buying her parents' house and she intended to use the anticipated profits shared by Davis to pay her parents for the home. Kristina Harvey never intended to live in any of the properties. The Carmichael home eventually fell into foreclosure. Kristina Harvey conceded that she initialed and signed the loan application and escrow documents for the properties without reviewing them. She went to the title company with Davis on each occasion and the documents were already prepared based in part on personal information supplied to him by her. The portions of the loan application for this property showing her paying rent of \$1,900 per month and earning \$11,000 per month were false and were included by Derek Davis. She paid no rent and her income as a waitress at the time was considerably less than the wages falsely represented by Davis in the application.

13770 Bell Brook Drive, Auburn, Property

16. On or about February 24, 2006, respondent presented an offer to purchase this property listing Kristina Harvey as the purchaser. The offer presented by respondent specified a purchase price of \$850,000, with an addendum calling for payment of \$100,000, less three percent to be credited to sellers for closing costs (net was \$80,810.69), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Harvey did not intend to occupy the residence. The offer was accepted and respondent asked the listing agent to change the MLS listing price of \$799,000 for the property to the sales price so the appraiser would note the sales price in her search. Dino Rosetti obtained first and second mortgages for \$680,000 and

\$170,000, respectively, from lender WMC Mortgage Corporation. Respondent's commission was \$18,750.

10195 Indian Hill Road, Newcastle, Property

17. On or about February 21, 2006, respondent presented an offer to purchase this property listing Kristina Harvey as the purchaser. After negotiations, the contract agreed to by respondent on behalf of Ms. Harvey specified a purchase price of \$850,000, with an addendum calling for payment of \$125,000, less three percent to be credited to sellers for closing costs (net was \$103,954.29), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Harvey did not intend to occupy the residence. Dino Rosetti obtained first and second mortgages for \$680,000 and \$170,000, respectively, from lender Option One Mortgage Corporation. Respondent's commission was \$21,250.

6500 Sly Park Road, Placerville, Property

18. On or about March 19, 2006, respondent presented an offer to purchase this property listing Kristina Harvey as the purchaser. The offer presented by respondent specified a purchase price of \$675,000, with an addendum calling for payment of \$100,000, less three percent to be credited to sellers for closing costs (net was \$85,567.47), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Harvey did not intend to occupy the residence. The offer was accepted. Dino Rosetti obtained first and second mortgages for \$540,000 and \$135,000, respectively, from lender Accredited Home Lenders. Respondent's commission was \$14,375.

5376 Marybelle Lane, Shingle Springs, Property

19. On or about March 14, 2006, respondent presented an offer to purchase this property listing Kristina Harvey as the purchaser. The offer presented by respondent specified a purchase price of \$900,000, with an addendum calling for payment of \$85,000, less three percent to be credited to sellers for closing costs (net was \$65,281.59), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Ms. Harvey did not intend to occupy the residence. The offer was accepted. Dino Rosetti obtained first and second mortgages for \$720,000 and \$180,000, respectively, from lender First Franklin. Respondent's commission was \$20,375.

4041 Stinson Road, Somerset, Property

20. On or about July 19, 2006, respondent presented an offer to purchase this property listing Alan Bolton as the purchaser. The offer presented by respondent specified a purchase price of \$580,000, with an addendum calling for payment of \$100,000, less three percent to be credited to sellers for closing costs (net was \$87,377.87), to be paid to Calorneva Land Company. The addendum was not identified in the body of the purchase agreement nor noted in section 25 and respondent did not check box 3A of the document which would have accurately recited that Mr. Bolton did not intend to occupy the residence. The offer was accepted. Dino Rosetti obtained a mortgage for \$580,000 from lender Accredited Home Lenders, Inc. Respondent's commission was \$12,000.

21. Alan Bolton had done boat restoration work for Derek Davis in 2004 and 2005, and Davis still owed Mr. Bolton approximately \$15,000 for the work when Davis suggested to Mr. Bolton that he participate in the flipping of houses. Mr. Bolton was to act as a purchaser and he anticipated sharing profits to pay for the boat repairs and perhaps some additional money. Mr. Bolton looked at the Stinson Road property through a gate. He signed the escrow documents the same day. Mr. Bolton never met respondent and never dealt with him. Bolton assumed Davis, whom he knew by the alias Terry McCullough, was his real estate agent in the transaction. Bolton never reviewed the purchase agreement. Mr. Bolton was unaware of the buyer rebate and had never heard of Calorneva Land Company. Derek Davis made mortgage payments on the property for approximately six months. Later, Mr. Bolton received what he described as "hundreds of calls" from the lender after the loan was in default. Mr. Bolton called Davis who said he would take care of it. Mr. Bolton did not initial or sign the purchase agreement and the forged initials and signatures were affixed by either Derek Davis or some unknown person at Davis' direction.

Other Findings

22. Derek Davis used Melanie Anderson to appraise 4041 Stinson Road, 6134 Sweeney Road, 3200 Gopher Hole Road, 2170 Sunny Oak Drive, 8380 Manana Way, 2684 Northrup Avenue, 5137 Romero Way, 5340 Engle Road, 6500 Sly Park Road, 13770 Bell Brook Drive.¹ Mr. Davis gave Ms. Anderson copies of the purchase agreements, but did not include the addenda reflecting the large credits to Calorneva Land Company. Ms. Anderson was also not aware that many of the properties had listing prices considerable lower than the sales prices at the time of sale. When asked about the credits at hearing, Ms. Anderson said she regarded the large credits as "huge red flags" in the transactions which would have been matters of great importance to lenders. About a third of the time that Ms. Anderson was performing the appraisals for Derek Davis (whom she knew by his alias "Terry"), Davis showed up on the property and stayed during her appraisal inspection. He was always accompanied by respondent on these visits.

¹ Ms. Anderson may have appraised other listed properties. These are the properties she specifically addressed in her testimony.

23. Derek Davis prepared the loan applications for the loans obtained to purchase the properties listed above and, for the most part, the purchasers he solicited initialed or signed them without reviewing them. The loan applications he prepared included false information regarding employment, income and other material information. The applications included false certifications that the prospective buyers intended to reside in the properties. Derek Davis directed his purchasers to go to Alliance Title to close the transactions. He was present and had filled out the documents required to transfer title. The purchasers signed the documents without reviewing them at Derek Davis' direction. The escrow documents included the disbursement of the specified amounts to Calorneva Land Company from the sellers' proceeds. Although the escrow documents reflected the disbursements, none of the lenders' files regarding these transactions included the addenda requiring the payments, confirming that the addenda were not disclosed to the lenders.

24. Respondent did not testify at the administrative hearing. He was, however, interviewed on August 19, 2008, by members of a mortgage fraud investigation joint task force comprising the Federal Bureau of Investigation, the Department of Real Estate, the Internal Revenue Service, and the El Dorado County District Attorney's Office. The interview established that respondent met Derek Davis, whom respondent knew as Terry McCullough, in or about 2005. Respondent told the investigators that he regarded Davis as a "financial advisor" to approximately 10 to 15 investors interested in purchasing land, duplexes and homes. Respondent told the investigators that all of the lenders were shown the contracts and that all of the work was legitimate. Respondent wrote up the purchase agreements and addenda based on information supplied to him by Derek Davis and faxed them to Derek Davis for signatures. When asked whose responsibility it was to forward the sales agreements to the mortgage broker representing lenders, respondent told the agents that this was traditionally the buyer's agent's responsibility. Respondent told the agents that he did not recall always sending the contracts to mortgage broker Dino Rosetti.

25. Respondent acknowledged to the investigators that the prices paid for the homes may have been inflated, but this is something he never discussed with Derek Davis. His commission was based on the sales price, less any credits. Derek Davis directed respondent to contact listing agents to change the MLS entries to reflect the sales prices. Respondent did so because he knew appraisers might not appraise the houses high enough if they knew that there was a significant disparity between the listing and sales prices. Respondent could not recall if he sent appraiser Anderson the purchase agreements and addenda. This was ordinarily done by the mortgage broker arranging the loan. Respondent told the agents that he never questioned or argued with Derek Davis as respondent wanted to make sure that a commission was always received.

26. Respondent did not testify, as noted above, but two of the witnesses described their favorable impressions of respondent based on real estate transactions other than those recited above. Timothy Yee was the listing agent for the 11600 Overhill Drive, Auburn, property. He had also worked with respondent from approximately 1993 until 1997 when both were salespersons employed by the same broker. Mr. Yee had no knowledge of any improper conduct by respondent or any complaints by peers or clients. Ms. Dee Petee has

been a real estate loan officer since 1971. She has known respondent since the 1990s. She arranged between 50 and 100 loans for him and never observed respondent engage in any improper conduct. Respondent's license history reflects that he has been a real estate professional for approximately 24 years and a broker for approximately 14 of those years.

LEGAL CONCLUSIONS

1. Business and Professions Code section 10176 reads, in pertinent part:

The commissioner may, upon his or her own motion, and shall, upon the verified complaint in writing of any person, investigate the actions of any person engaged in the business or acting in the capacity of a real estate licensee within this state, and he or she may temporarily suspend or permanently revoke a real estate license at any time where the licensee, while a real estate licensee, in performing or attempting to perform any of the acts within the scope of this chapter has been guilty of any of the following:

- (a) Making any substantial misrepresentation.
- (b) Making any false promises of a character likely to influence, persuade or induce.
- (c) A continued and flagrant course of misrepresentation or making of false promises through real estate agents or salespersons.
- (i) Any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

2. Business and Professions Code section 10177 reads, in pertinent part:

The commissioner may suspend or revoke the license of a real estate licensee, or may deny the issuance of a license to an applicant, who has done any of the following, or may suspend or revoke the license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:

- (g) Demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license.

(j) Engaged in any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing.

3. Respondent made substantial misrepresentations in connection with each of the real estate sales described in the Factual Findings. More specifically, respondent misrepresented that buyers intended to occupy the properties as their principal residences in each of the purchase agreements. Even if respondent's version of the events is credited, he himself described the buyers as investors. Moreover, virtually all of the buyers purchased multiple properties in very short time periods and could not possibly have intended to occupy all of the properties as their "principal residence[s]." Respondent's conduct was clearly designed to aid Derek Davis when Davis falsely represented in loan application documents that he prepared that his buyers were going to occupy the residences. Respondent also made substantial misrepresentations by his failure to include the credits to Calorneva Land Company in the body of the "Residential Purchase Agreements," and his failure to note the addenda in section 25 of these agreements. The credits were not an afterthought and respondent's inclusion of them in an addendum, rather than the body of the purchase agreement, was deliberately done to permit Derek Davis to ensure payment at the close of escrow from sellers without disclosing the credits to lenders. These acts were clearly intended by Derek Davis and respondent to mislead the appraiser and potential lenders about the actual sales prices of the properties (and the value of the lenders' collateral for the loans). In some of the transactions, respondent asked the listing agents to change the MLS entries for the properties to assist in misleading the appraiser. It is true, as respondent argued, that there was little "direct" evidence to establish his state of mind and intent, but the totality of the evidence established to a clear and convincing standard that respondent understood and knowingly played his part in Derek Davis' scheme to defraud lenders. Thus, respondent is subject to discipline pursuant to Business and Professions Code section 10176, subdivision (a).

4. It was not established that respondent made false "promises" of a character likely to influence, persuade or induce in the transactions. Therefore, respondent is not subject to discipline pursuant to Business and Professions Code section 10176, subdivision (b).

5. Respondent's conduct described in the Factual Findings constituted a continued and flagrant course of misrepresentation, fraud, and dishonest dealing and respondent is thereby subject to discipline pursuant to Business and Professions Code section 10176, subdivisions (c) and (i), and 10177, subdivision (j).

6. As noted above, the totality of the evidence established to a clear and convincing degree that respondent understood Derek Davis' scheme and intended by his conduct to assist in the execution of the plan in the manner described. Respondent's obvious motive was the considerable commissions that he earned for his role. In other words, respondent's actions were not the product of negligence or

incompetence on the part of a real estate professional. But if one were to accept respondent's explanation to investigators that he was ignorant of Derek Davis' overall plan to divert in excess of a million dollars by misleading lenders with straw purchasers and false representations in loan documents, respondent's conduct would still constitute a clear and complete breach of his fiduciary obligations as a real estate broker. Respondent had no contact with those whose interests he was supposed to protect. He simply filled out the purchase agreements in strict accordance with Davis' explicit instructions and waited for the return of them from Davis to consummate the sales. He represented that his "clients" intended to occupy the residences as their principal residences when he knew this was untrue. If his version is to be believed, he played no role in the preparation and execution of closing documents which included multiple misrepresentations about the buyers' employment, income, assets, and intent to occupy the homes. Respondent acknowledged in statements made to investigators that he had never dealt with clients in this manner before these transactions. He also conceded that he never questioned the manner in which Derek Davis instructed him to behave for fear of losing his commissions. In final argument, respondent asserted that he regarded Derek Davis as the "financial advisor" for the buyers, most of whom were intimately acquainted with him. Respondent does not, however, explain how an advisor's recommendation to purchase investment property somehow absolves the buyer's real estate agent from the fiduciary obligation he owes a client-buyer. Fiduciary responsibilities are non-delegable, and cannot be assigned to another to avoid their structures or the responsibility for the manner in which they are undertaken. (*Barry v. Raskov* (1991) 232 Cal. App.3d 447) At the very least, respondent should have ensured that the buyers' interests were protected when they agreed to repay loans secured by the homes, even though large sums of money from the loan proceeds were being paid to Calorneva Land Company, an entity that respondent professed to know little or nothing about.

7. In summary, even if respondent's version of events is regarded as credible, he was guilty of demonstrated negligence and incompetence in performing acts for which he was required to hold a license and thereby subject to discipline pursuant to Business and Professions Code section 10177, subsection (g). Real estate licensees are subject to a fiduciary duty to exercise skill, care, and diligence to protect the best interests of their clients. (*Montoya v. McLeod* (1985) 176 Cal. App.3d 57, 65.) Where a fiduciary duty is found to exist, a real estate agent must fulfill it by exhibiting the degree of care and skill ordinarily exhibited by professionals in the industry.² (*Careton v. Tortosa* (1993) 14 Cal. App.4th 745, 754.) "An agent is a

² The agency disclosure form respondent asked buyers to execute (through Davis) lists respondent's "affirmative obligations" to include the diligent exercise of reasonable skill and care in the performance of his duties and a duty to disclose all facts known to him that affected the value or desirability of the properties. No expert testimony was required to establish a breach of respondent's duty in this particular case, as by his own admission, he did virtually nothing to advise and protect the buyers he purported to represent.

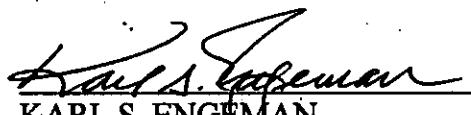
fiduciary. His obligation of diligent and faithful service is the same as that imposed on a trustee.” (*Twomey v. Mitchum, Jones & Templeton, Inc.* (1968) 262 Cal.App.2d 690, 709.) “Disciplinary procedures provided for in the Business and Professions Code... are to protect the public not only from conniving real estate salespersons but also from the unformed, negligent, or unknowledgeable salesman.” (*Handeland v. Department of Real Estate* (1976) 58 Cal.App.3d 513, 518.)

8. Respondent has been a real estate professional for more than two decades and complainant alleged no prior discipline. Two of the witnesses who worked with respondent in other transactions never observed any improper conduct on his part. However, respondent’s conduct in the mortgage fraud described above warrants the revocation of his license, irrespective of his many years of apparently ethical behavior. The scam in which respondent played an active and crucial role involved at least 15 real estate transactions over an approximately six-month period. Lenders unknowingly paid approximately \$2.5 million to Derek Davis and acquired impaired collateral for the loans they made. Respondent’s reward for his part in the scheme was approximately \$250,000 in commissions. The commissions were essentially unearned, because respondent did nothing to protect the interests of the buyers he purported to represent.

ORDER

^{Mehdi}
Respondent Behrooz Mehdi Badie’s real estate broker license and all of his license rights under the Real Estate Law are revoked.

Dated: September 19, 2011


KARL S. ENGEMAN
Administrative Law Judge
Office of Administrative Hearings

FILED

JAN - 7 2008

DEPARTMENT OF REAL ESTATE

By *L. Zin*

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

BEHROOZ MEHDI BADIE and,
LISA ANDREA STRAUME,

Respondents.

No. H-5090 SAC

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSE

On November 4, 2008, an Accusation was filed in this matter against Respondent LISA ANDREA STRAUME.

On December 12, 2008, Respondent petitioned the Commissioner to voluntarily surrender her real estate salesperson license pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondent LISA ANDREA STRAUME'S petition for voluntary surrender of her real estate salesperson license is accepted as of the effective date of this Order as set forth below, based upon the understanding and agreement expressed in Respondent's Declaration dated December 12, 2008 (attached as Exhibit "A" hereto). Respondent's license certificate and pocket card shall be sent to the below listed address so that they reach the Department on or before the effective date of this Order:

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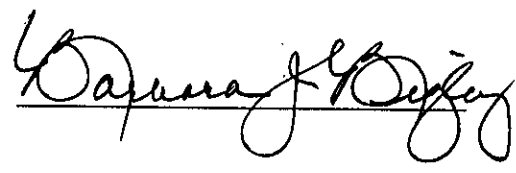
DEPARTMENT OF REAL ESTATE
Attn: Licensing Flag Section
P. O. Box 187000
Sacramento, CA 95818-7000

This Order shall become effective at 12 o'clock noon
JAN 28 2009

on

DATED: 12-29-08

JEFF DAVI
Real Estate Commissioner



BY: Barbara J. Bigby
Chief Deputy Commissioner

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of

No. H- 5090 SAC

BEHROZZ MEHDI BADIE, and LISA STRAUME

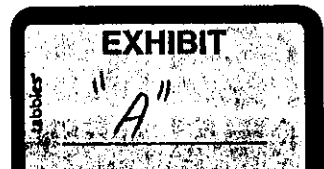
Respondents.

DECLARATION

My name is LISA STRAUME, and I am currently licensed as a real estate salesperson and/or have license rights with respect to said license. I am representing myself in this matter.

In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedure Act (Sections 11400 et seq., of the Business and Professions Code), I wish to voluntarily surrender my real estate license(s) issued by the Department of Real Estate ("Department"), pursuant to Business and Professions Code Section 10100.2.

I understand that by so voluntarily surrendering my license(s), I may be relicensed as a broker or as a salesperson only by petitioning for reinstatement pursuant to Section 11522



1 of the Government Code. I also understand that by so voluntarily surrendering my license(s), I
2 agree to the following:

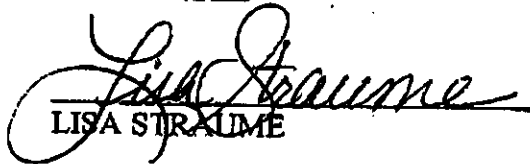
3 1. The filing of this Declaration shall be deemed as my petition for voluntary
4 surrender.

5 2. It shall also be deemed to be an understanding and agreement by me that I
6 waive all rights I have to require the Commissioner to prove the allegations contained in the
7 Accusation filed in this matter at a hearing held in accordance with the provisions of the
8 Administrative Procedure Act (Government Code Sections 11400 et seq.), and that I also waive
9 other rights afforded to me in connection with the hearing such as the right to discovery, the right
10 to present evidence in defense of the allegations in the Accusation and the right to cross-examine
11 witnesses.

12 3. I further agree that upon acceptance by the Commissioner, as evidenced by
13 an appropriate order, all affidavits and all relevant evidence obtained by the Department in this
14 matter prior to the Commissioner's acceptance, and all allegations contained in the Accusation
15 filed in the Department Case No. H-5090 SAC, may be considered by the Department to be true
16 and correct for the purpose of deciding whether to grant relicensure or reinstatement pursuant to
17 Government Code Section 11522.

18 4. I freely and voluntarily surrender all my licenses and license rights under
19 the Real Estate Law.

20
21 I declare under penalty of perjury under the laws of the State of California that the
22 above is true and correct and that this declaration was executed December 12th, 2008, at
23 Sacramento, California.

24
25 
26 LISA STRAIME
27

1 TRULY SUGHRUE, Counsel
2 State Bar No. 223266
3 Department of Real Estate
4 P.O. Box 187007
5 Sacramento, CA 95818-7007
6 Telephone: (916) 227-0781

FILED

NOV - 4 2008

DEPARTMENT OF REAL ESTATE

By K. Mar

7
8
9 BEFORE THE DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of)

No. H-5090 SAC

13 BEHROOZ MEHDI BADIE and)
14 LISA ANDREA STRAUME,)

ACCUSATION

15 Respondents.)
16

17 The Complainant, CHARLES W. KOENIG, a Deputy Real Estate Commissioner
18 of the State of California, for cause of Accusation against BEHROOZ MEHDI BADIE, and
19 LISA ANDREA STRAUME, (hereinafter "Respondents"), are informed and alleges as follows:

20 I

21 The Complainant, CHARLES W. KOENIG, a Deputy Real Estate Commissioner
22 of the State of California, makes this Accusation in his official capacity.

23 II

24 Respondents are presently licensed and/or have license rights under the Real
25 Estate Law, Part 1 of Division 4 of the Business and Professions Code (hereinafter "Code").

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III

At all times mentioned Respondent BEHROOZ MEHDI BADIE, (hereinafter "BADIE") was and is licensed by the Department individually as a real estate broker.

IV

At all times mentioned Respondent LISA ANDREA STRAUME (hereinafter "STRAUME") was licensed by the Department as a real estate salesperson.

V

At all times mentioned up until August 10, 2007, Dino Robert Rosetti (hereinafter "Rosetti") was licensed by the Department as a real estate broker and as the designated officer of 1st Option Mortgage, Inc. Effective August 10, 2007 in case H-9904 SF, before the Department of Real Estate, Rosetti and 1st Option Mortgage, Inc. licenses and license rights were revoked.

VI

At no time mentioned was Derek Davis, aka Terry McCollough, (hereinafter "Davis") licensed by the Department either as a real estate salesperson or as a real estate broker.

VII

At all times mentioned BADIE and Rosetti engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of:

(a) Section 10131(a) of the Code, including the operation and conduct of a real estate resale brokerage with the public wherein, on behalf of others, for compensation or in expectation of compensation, BADIE sold and offered to sell, bought and offered to buy, solicited prospective sellers and purchasers of, solicited and obtained listings of, and negotiated the purchase and resale of real property; and

(b) Section 10131(d) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Rosetti solicited lenders and borrowers for loans secured directly or collaterally by liens on real property or a business

///

1 opportunity; and wherein such loans were arranged, negotiated, processed, and consummated by
2 Rosetti on behalf of others for compensation or in expectation of a compensation.

3 VIII

4 Beginning on or about September 2005 and continuing thereafter, BADIE,
5 STRAUME, Davis, Rosetti, and others, entered into and participated in a "buyer rebate" plan or
6 scheme to deceive and make misrepresentations to mortgage lenders with the intent to
7 substantially benefit themselves and without disclosing their true intentions to the mortgage
8 lenders.

9 IX

10 The "buyer rebate" plan and scheme described in Paragraph VIII contemplated in
11 essence that:

12 (a) Respondent BADIE and/or Davis acting as an agent of a purchaser, would
13 solicit and obtain a written agreement to purchase residential real property at an inflated price,
14 \$60,000 or more in excess of the listed price of the property, subject to a separate written
15 addendum providing for an amount in excess of the listing price (the "buyer rebate") to be paid
16 out of escrow or by the seller after the close of escrow for improvements and repairs.

17 (b) Respondent Rosetti acting as the agent of a purchaser, would solicit and
18 obtain a loan from an institutional mortgage lender to finance the inflated cost of purchase by
19 concealing the "buyer rebate" addendum from the mortgage lender and/or misrepresenting, that
20 the property would be the primary residence of the purchaser. STRAUME working with and/or
21 under the direction of Rosetti knowingly submitted fraudulent loan information, regarding the
22 borrower's intent to occupy the property, to the mortgage lender.

23 X

24 Beginning on or about September 2005 and continuing thereafter, BADIE,
25 STRAUME, Davis, Rosetti, and others committed the following acts in furtherance of the
26 fraudulent plan or scheme described in Paragraphs VIII and IX, above:

27 ///

1 (a) BADIE and/or Davis, acting as an agent of Angela Davis as purchaser,
2 solicited and obtained a written agreement to purchase residential real property at 7811 Deborah
3 Lane, Fair Oaks, California, subject to a separate written addendum providing for \$90,000, less
4 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land Company
5 for improvements and repairs.

6 (b) Rosetti, acting as the agent of Angela Davis, solicited and obtained first
7 and second mortgage loans for \$464,000 and \$116,000 from Washington Mutual Bank to
8 finance Angela Davis' purchase of real property at 7811 Deborah Lane, Fair Oaks, California,
9 by concealing the \$90,000 "buyer rebate" addendum from the mortgage lender. Rosetti also
10 represented, contrary to fact, that the property would be the primary residence of Angela Davis.

11 (c) BADIE and/or Davis, acting as an agent of Alan Bolton as purchaser,
12 solicited and obtained a written agreement to purchase residential real property at 4041 Stinson
13 Road, Somerset, California, subject to a separate written addendum providing for \$100,000, less
14 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land Company
15 for improvements and repairs.

16 (d) Rosetti, acting as the agent of Alan Bolton, solicited and obtained a loan
17 for \$580,000 from Accredited Home Lenders, Inc. to finance Alan Bolton's purchase of real
18 property at 4041 Stinson Road, Somerset, California, by concealing the \$100,000 "buyer rebate"
19 addendum from the mortgage lender. Rosetti also represented, contrary to fact, that the property
20 would be the primary residence of Alan Bolton.

21 (e) BADIE and/or Davis, acting as an agent of Harriette Davis as purchaser,
22 solicited and obtained a written agreement to purchase residential real property at 2684 Northrop
23 Avenue, Sacramento, California, subject to a separate written addendum providing for \$123,150
24 to be paid out of escrow to Calorneva Land Company for improvements and repairs.

25 (f) Rosetti, acting as the agent of Harriette Davis, solicited and obtained a
26 first and second mortgage loans for \$716,000 and \$179,000 from Long Beach Mortgage to
27 finance Harriette Davis' purchase of real property at 2684 Northrop Avenue, Sacramento,

1 California, by concealing the \$123,150 "buyer rebate" addendum from the mortgage lender.
2 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
3 residence of Harriette Davis.

4 (g) BADIE and/or Davis, acting as an agent of Harriette Davis as purchaser,
5 solicited and obtained a written agreement to purchase residential real property at 8380 Manana
6 Way, Sacramento, California, subject to a separate written addendum providing for \$100,000,
7 less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land
8 Company for improvements and repairs.

9 (h) Rosetti, acting as the agent of Harriette Davis, solicited and obtained a
10 first and second mortgage loans for \$660,000 and \$165,000 from First Franklin to finance
11 Harriette Davis' purchase of real property at 8380 Manana Way, Sacramento, California, by
12 concealing the \$100,000 "buyer rebate" addendum from the mortgage lender. Rosetti and
13 STRAUME also represented, contrary to fact, that the property would be the primary residence
14 of Harriette Davis.

15 (i) BADIE and/or Davis, acting as an agent of Harriette Davis as purchaser,
16 solicited and obtained a written agreement to purchase residential real property at 11600 Overhill
17 Drive, Auburn, California, subject to a separate written addendum providing for \$75,000, less 3
18 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land Company for
19 improvements and repairs.

20 (j) Rosetti, acting as the agent of Harriette Davis, solicited and obtained a
21 first and second mortgage loans for \$636,000 and \$159,000 from BNC Mortgage to finance
22 Harriette Davis' purchase of real property at 11600 Overhill Drive, Auburn, Sacramento,
23 California, by concealing the \$75,000 "buyer rebate" addendum from the mortgage lender.
24 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
25 residence of Harriette Davis.

26 (k) BADIE and/or Davis, acting as an agent of Harriette Davis as purchaser,
27 solicited and obtained a written agreement to purchase residential real property at 4807 Lola

1 Way, Sacramento, California, subject to a separate written addendum providing for \$60,000, less
2 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land Company
3 for improvements and repairs.

4 (l) Rosetti, acting as the agent of Harriette Davis, solicited and obtained a
5 first and second mortgage loans for \$488,000 and \$122,000 from Lehman Brothers Bank to
6 finance Harriette Davis' purchase of real property at 4807 Lola Way, Sacramento, California, by
7 concealing the \$60,000 "buyer rebate" addendum from the mortgage lender. Rosetti and
8 STRAUME also represented, contrary to fact, that the property would be the primary residence
9 of Harriette Davis.

10 (m) BADIE and/or Davis, acting as an agent of Harriette Davis as purchaser,
11 solicited and obtained a written agreement to purchase residential real property at 5137 Romero
12 Way, Fair Oaks, California, subject to a separate written addendum providing for \$65,000, less 3
13 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land Company for
14 improvements and repairs.

15 (n) Rosetti, acting as the agent of Harriette Davis, solicited and obtained a
16 loan for \$635,000 from Ohio Savings Bank to finance Harriette Davis' purchase of real property
17 at 5137 Romero Way, Fair Oaks, California, by concealing the \$65,000 "buyer rebate"
18 addendum from the mortgage lender. Rosetti and STRAUME also represented, contrary to fact,
19 that the property would be the primary residence of Harriette Davis.

20 (o) BADIE and/or Davis, acting as an agent of William Emmons as purchaser,
21 solicited and obtained a written agreement to purchase residential real property at 6134 Sweeney
22 Road, Somerset, California, subject to a separate written addendum providing for \$150,000, less
23 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land Company
24 for improvements and repairs.

25 (p) Rosetti, acting as the agent of William Emmons, solicited and obtained a
26 first and second mortgage loans for \$479,200 and \$119,800 from Ownit Mortgage Solutions to
27 finance William Emmons' purchase of real property at 6134 Sweeney Road, Somerset,

1 California, by concealing the \$150,000 "buyer rebate" addendum from the mortgage lender.

2 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
3 residence of William Emmons.

4 (q) BADIE and/or Davis, acting as an agent of William Emmons as purchaser,
5 solicited and obtained a written agreement to purchase residential real property at 2170 Sunny
6 Oak Drive, Auburn, California, subject to a separate written addendum providing for \$90,000,
7 less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land
8 Company for improvements and repairs.

9 (r) Rosetti, acting as the agent of William Emmons, solicited and obtained a
10 first and second mortgage loans for \$496,000 and \$124,000 from Argent Mortgage Company
11 to finance William Emmons' purchase of real property at 2170 Sunny Oak Drive, Auburn,
12 California, by concealing the \$90,000 "buyer rebate" addendum from the mortgage lender.

13 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
14 residence of William Emmons.

15 (s) BADIE and/or Davis, acting as an agent of William Emmons as purchaser,
16 solicited and obtained a written agreement to purchase residential real property at 3200 Gopher
17 Hole Road, Somerset, California, subject to a separate written addendum providing for
18 \$100,000, less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva
19 Land Company for improvements and repairs.

20 (t) Rosetti, acting as the agent of William Emmons, solicited and obtained a
21 first and second mortgage loans for \$508,000 and \$127,000 from WMC Mortgage Corporation
22 to finance William Emmons' purchase of real property at 3200 Gopher Hole Road, Somerset,
23 California, by concealing the \$100,000 "buyer rebate" addendum from the mortgage lender.

24 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
25 residence of William Emmons.

26 (u) BADIE and/or Davis, acting as an agent of William Emmons as purchaser,
27 solicited and obtained a written agreement to purchase residential real property at 7191 Grizzley

1 Flat Road, Somerset, California, subject to a separate written addendum providing for \$120,000,
2 less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land
3 Company for improvements and repairs.

4 (v) Rosetti, acting as the agent of William Emmons, solicited and obtained a
5 first and second mortgage loans for \$460,000 and \$115,000 from New Century Mortgage to
6 finance William Emmons' purchase of real property at 7191 Grizzley Flat Road, Somerset,
7 California, by concealing the \$120,000 "buyer rebate" addendum from the mortgage lender.
8 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
9 residence of William Emmons.

10 (w) BADIE and/or Davis, acting as an agent of Kristina Harvey as purchaser,
11 solicited and obtained a written agreement to purchase residential real property at 5340 Engle
12 Road, Carmichael, California, subject to a separate written addendum providing for \$80,000,
13 less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land
14 Company for improvements and repairs.

15 (x) Rosetti, acting as the agent of Kristina Harvey, solicited and obtained a
16 first and second mortgage loans for \$392,000 and \$98,000 from Novastar Mortgage to finance
17 Kristina Harvey's purchase of real property at 5340 Engle Road, Carmichael, California, by
18 concealing the \$80,000 "buyer rebate" addendum from the mortgage lender. Rosetti and
19 STRAUME also represented, contrary to fact, that the property would be the primary residence
20 of Kristina Harvey.

21 (y) BADIE and/or Davis, acting as an agent of Kristina Harvey as purchaser,
22 solicited and obtained a written agreement to purchase residential real property at 13770 Bell
23 Brook Drive, Auburn, California, subject to a separate written addendum providing for
24 \$100,000, less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva
25 Land Company for improvements and repairs.

26 (z) Rosetti, acting as the agent of Kristina Harvey, solicited and obtained a
27 first and second mortgage loans for \$680,000 and \$170,000 from WMC Mortgage Corporation

1 to finance Kristina Harvey's purchase of real property at 13770 Bell Brook Drive, Auburn,
2 California, by concealing the \$100,000 "buyer rebate" addendum from the mortgage lender.
3 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
4 residence of Kristina Harvey.

5 (aa) BADIE and/or Davis, acting as an agent of Kristina Harvey as purchaser,
6 solicited and obtained a written agreement to purchase residential real property at 10195 Indian
7 Hill Road, New Castle, California, subject to a separate written addendum providing for
8 \$150,000, less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva
9 Land Company for improvements and repairs.

10 (ab) Rosetti, acting as the agent of Kristina Harvey, solicited and obtained a
11 first and second mortgage loans for \$680,000 and \$170,000 from Option One Mortgage
12 Corporation to finance Kristina Harvey's purchase of real property at 10195 Indian Hill Road,
13 New Castle, California, by concealing the \$150,000 "buyer rebate" addendum from the mortgage
14 lender. Rosetti and STRAUME also represented, contrary to fact, that the property would be the
15 primary residence of Kristina Harvey.

16 (ac) BADIE and/or Davis, acting as an agent of Kristina Harvey as purchaser,
17 solicited and obtained a written agreement to purchase residential real property at 6500 Sly Park
18 Road, Placerville, California, subject to a separate written addendum providing for \$100,000,
19 less 3 percent towards buyer's closing costs, to be paid out of escrow to Calorneva Land
20 Company for improvements and repairs.

21 (ad) Rosetti, acting as the agent of Kristina Harvey, solicited and obtained a
22 first and second mortgage loans for \$540,000 and \$135,000 from Accredited Home Lenders,
23 Inc. to finance Kristina Harvey's purchase of real property at 6500 Sly Park Road, Placerville,
24 California, by concealing the \$100,000 "buyer rebate" addendum from the mortgage lender.
25 Rosetti and STRAUME also represented, contrary to fact, that the property would be the primary
26 residence of Kristina Harvey.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), and for such other and further relief as may be proper under other provisions of law.


CHARLES W. KOENIG
Deputy Real Estate Commissioner

Dated at Sacramento, California,
this 3rd day of November 2008