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FILED

MAR 16 2010

DEPARTMENT OF REAL ESTATE

By *[Signature]*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
TRADE HOUSE (USA), INC., a California)
Corporation, LEONID DOUBINSKI,)
VOLODYMYR DUBINSKY,)
DIANNA FRANCINE WOODS, and)
VSEVOLOD M. MARKIV,)
)
Respondents.)

NO. H-5326 SAC

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSE

On December 30, 2009, an Accusation was filed in this matter against Respondent VSEVOLOD M. MARKIV.

On January 22, 2010, Respondent petitioned the Commissioner to voluntarily surrender Respondent's real estate salesperson license pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondent VSEVOLOD M. MARKIV's petition for voluntary surrender of Respondent's real estate broker 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 January 22, 2010 (attached as Exhibit "A" hereto).

///

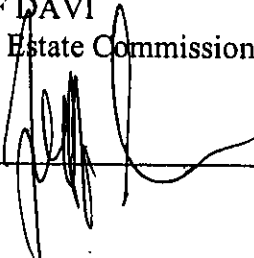
1 Respondent's license certificate(s), pocket card(s) and any branch office license
2 certificate(s) shall be sent to the below listed address so that they reach the Department on or
3 before the effective date of this Order:

4
5 DEPARTMENT OF REAL ESTATE
6 Attn: Licensing Flag Section
7 P. O. Box 187000
8 Sacramento, CA 95818-7000

9 This Order shall become effective at 12 o'clock noon on APR 05 2010

10 DATED: 3/3/2010

11 JEFF DAVI
12 Real Estate Commissioner

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14 _____

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
TRADE HOUSE (USA), INC., a California)
Corporation, LEONID DOUBINSKI,)
VOLODYMYR DUBINSKY,)
DIANNA FRANCINE WOODS, and)
VSEVOLOD M. MARKIV,)
)
Respondents.)

NO. H-5326 SAC

DECLARATION

My name is VSEVOLOD M. MARKIV, and I am currently licensed as a real estate broker 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 Government Code), I wish to voluntarily surrender my real estate license(s) issued by the Department of Real Estate (hereinafter "Department"), pursuant to Business and Professions Code Section 10100.2.

///



1 I understand that by so voluntarily surrendering my license(s), I may be re- -
2 licensed as a broker or as a salesperson only by petitioning for reinstatement pursuant to Section
3 11522 of the Government Code. I also understand that by so voluntarily surrendering my
4 license(s), I agree to the following:

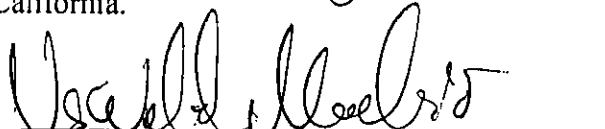
5 1. The filing of this Declaration shall be deemed as my petition for
6 voluntary surrender.

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

14 3. I further agree that upon acceptance by the Commissioner, as evidenced
15 by an appropriate order, all affidavits and all relevant evidence obtained by the Department in
16 this matter prior to the Commissioner's acceptance, and all allegations contained in the
17 Accusation filed in the Department Case No. H-5326 SAC, may be considered by the
18 Department to be true and correct for the purpose of deciding whether to grant re-licensure or
19 reinstatement pursuant to Government Code Section 11522.

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

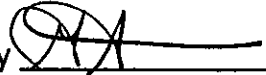
22 I declare under penalty of perjury under the laws of the State of California that
23 the above is true and correct and that this declaration was executed January 22,
24 2010, at Antelope, California.

25 
26 VSEVOLOD M. MARKIV
27

FILED

December 12, 2011

DEPARTMENT OF REAL ESTATE

By  _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of)	NO. H-5326 SAC
)	
TRADE HOUSE (USA), INC., a California)	
Corporation, LEONID DOUBINSKI,)	
VOLODYMYR DUBINSKY,)	
DIANNA FRANCINE WOODS, and)	
VSEVOLOD M. MARKIV,)	
)	
Respondents.)	
_____)	

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on July 22, 2010, and the findings of fact set forth herein, which are based on one or more of the following: (1) Respondent's express admissions; (2) affidavits; and (3) other evidence.

FINDINGS OF FACT

A.

On October 27, 2011, no Notice of Defense having been filed herein by or on behalf of Respondent TRADE HOUSE (USA), INC., Respondent LEONID DOUBINSKI, and Respondent VOLODYMYR DUBINSKY within the time prescribed by Section 11506 of the Government Code, Respondents' defaults were entered herein.

1

On December 30, 2009, Tricia D. Sommers made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent and Notice of Defense were mailed, by regular and certified mail, to Respondent's last known mailing addresses on file with the Department of Real Estate (hereinafter "Department") on December 30, 2009.

2

Respondents TRADE HOUSE (USA), INC., a California Corporation, doing business under the fictitious name of VLD REALTY, LEONID DUBINSKI, VOLODYMYR DUBINSKY, DIANNA FRANCINE WOODS, and VSEVOLOD M. MARKIV are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereafter "the Code").

3

At all times herein mentioned, Respondent TRADE HOUSE (USA), INC. (hereafter "Respondent TRADE HOUSE"), was licensed by the Department of Real Estate (hereinafter "the Department") as a corporate real estate broker.

4

At all times herein mentioned, Respondent LEONID DOUBINSKI (hereinafter "Respondent LEONID") was licensed by the Department as an individual real estate broker.

5

At all times herein mentioned, Respondent LEONID was and is licensed by the Department as the designated broker/officer of Respondent TRADE HOUSE. As said designated broker/officer, Respondent LEONID was at all times mentioned herein responsible pursuant to Section 10159.2 and Section 10177(h) of the Code and Section 2725 of Chapter 6, Title 10, California Code of Regulations (hereinafter "the Regulations") for the supervision and control of the activities of the officers, agents, real estate licensees, and employees of Respondent TRADE HOUSE and of the activities of the corporation for which a real estate license is required, to maintain their compliance with the Real Estate Law (Sections 10000 et seq. and Sections 11000 et seq. of the Code and the Regulations).

6

Whenever reference was made in an allegation in the Accusation to an act or omission of Respondent TRADE HOUSE, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with Respondent TRADE HOUSE committed such act or omission while engaged in the furtherance of the business or operations of Respondent TRADE HOUSE and while acting within the course and scope of their corporate authority and employment.

7

At all times herein mentioned Respondent VOLODYMYR DUBINSKY (hereinafter "Respondent VOLODYMYR") was licensed by the Department as a real-estate salesperson. At all times from January 5, 2004, through March 24, 2007, inclusive, Respondent VOLODYMYR was licensed as a real estate salesperson in the employ of Respondent TRADE HOUSE. Respondent VOLODYMYR was not on record as licensed in the employ of any real estate broker from March 25, 2007 through September 11, 2007, inclusive. Respondent

VOLODYMYR was again licensed as a real estate salesperson in the employ of Respondent TRADE HOUSE from September 12, 2007, onward.

8

At all times herein mentioned, Respondent TRADE HOUSE was and is the alter ego of Respondent LEONID and Respondent VOLODYMYR and whenever a reference is made to an act or omission or representation of Respondent TRADE HOUSE, such allegation shall be deemed to mean that Respondent LEONID and/or Respondent VOLYDYMYR was so acting, or failing to act, and/or speaking.

9

At all times herein mentioned, Respondent VSEVOLOD M. MARKIV (hereinafter "Respondent MARKIV") was licensed by the Department as a real estate broker.

10

At all times herein mentioned, Respondent DIANNA FRANCINE WOODS (hereinafter "Respondent WOODS") was and is licensed by the Department as a real estate salesperson. At all times from September 7, 2006, through March 24, 2007, inclusive, Respondent WOODS was licensed as a real estate salesperson in the employ of Respondent TRADE HOUSE. Respondent WOODS was not on record as licensed in the employ of any real estate broker from March 25, 2007 through August 20, 2007, inclusive. At all times from August 21, 2007, through May 5, 2008, inclusive, Respondent WOODS was licensed as a real estate salesperson in the employ of Respondent MARKIV.

11

At all times herein mentioned, Sage Loan and Investment, Inc., is and was a corporate entity incorporated in California on May 9, 2007. At no time did the Department issue a real estate license to Sage Loan and Investment, Inc. (hereinafter "SAGE"). At all times herein mentioned, Respondent MARKIV was the chief executive officer and agent for service of process of SAGE. At all times herein mentioned, SAGE was and is the alter ego of Respondent MARKIV and whenever a reference is made to an act or omission or representation of SAGE, such allegation shall be deemed to mean that Respondent MARKIV was so acting, or failing to act, and/or speaking.

12

At all times herein mentioned, Respondents, and each of them, and SAGE engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker within the State of California within the meaning of Section 10131(d) of the Code, including on behalf of others, for compensation or in expectation of compensation, Respondents solicited borrowers or lenders for or negotiated loans or collected payments or performed services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

At all times herein mentioned, Respondents, and each of them, and SAGE engaged in the business of selling or offering to sell a series of promissory notes secured directly by interests in one or more parcels of real property or the selling of undivided interests in a note secured directly by one or more parcels of real property equivalent to a series transaction within the meaning of Section 10237 of the Code.

FIRST CAUSE OF ACTION

There is hereby incorporated in this First, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 13, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

Within the three-year period prior to the filing of the Accusation and at all times herein mentioned, in the course and scope of the activities described in Paragraph 12 and 13, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited lenders, and/or negotiated loans secured directly or collaterally by liens on real property, wherein such loans were to be brokered, arranged, processed, and/or consummated on behalf of others, and/or solicited and negotiated to perform services for lenders and borrowers in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, pursuant to Section 10131(d) of the Code, wherein Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS sold or offered to sell a series of promissory notes secured directly by interests in one or more parcels of real property or sold or offered to sell undivided interests in a note secured directly by one or more parcels of real property equivalent to a series transaction within the meaning of Section 10237 of the Code for or in expectation of compensation, including, but not limited to, the following transactions:

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
Henry Serrano	Lot 20-Levy Acres Folsom, CA	\$50,000	2/22/07	15.87%	13%
Gloria L. Serrano	Lot 20-Levy Acres Folsom, CA	\$50,000	2/22/07	15.87%	13%
Henry Serrano Revocable Trust	Lot 14-New Airport Rd. Auburn, CA (Briar Meadows)	\$50,000	10/30/07	12.87%	13%
Gloria L. Serrano Revocable Trust	Lot 14-New Airport Rd. Auburn, CA (Briar Meadows)	\$25,000	10/30/07	6.41%	13%

Alcides & America Serrano	Lot 2-Levy Acres Folsom, CA	\$50,000	8/1/07	15.87%	13%
Alcides & America Serrano	Lot 3-Levy Acres Folsom, CA	\$53,000	8/1/07	16.83%	13%
Jack W. & Joyce R. Cole Family Trust	4110 New York Ave. Fair Oaks, CA	\$160,000	8/2/07	14.88%	13.5%
Jack W. & Joyce R. Cole Family Trust	Lot 113-Selene Way Copperopolis, CA	\$95,000	4/18/07 2nd Trust Deed	100%	14%
Jack W. & Joyce R. Cole Family Trust	Lot 114-Selene Way Copperopolis, CA	\$110,000	4/18/07 2nd Trust Deed	100%	14%
Bruno & Aurora Vargas	Lot 19-Levy Acres Folsom, CA	\$100,000	11/28/06	31.75%	13%
John C. & Elvie E. Scott	Lot 2-Levy Acres Folsom, CA	\$50,000	2/13/07	15.87%	13%
Jayne J. Gibson	12520 New Airport Rd. Auburn, CA (Briar Meadows)	\$75,000	2/12/07	1.4%	13%
Jayne J. Gibson	46 Lots-Muschetto Project 7108 Antelope Rd. Citrus Heights, CA	\$75,000	3/12/07	0.55%	13%
Jayne J. Gibson	Lot 15-Levy Acres Folsom, CA	\$1,666.19	2/2/07	.53%	13%
Jayne J. Gibson	Lot 14-Levy Acres Folsom, CA	\$3,333.81	2/2/07	1.06%	13%
Jayne J. Gibson	Lot 14-Levy Acres Folsom, CA	\$3,333.81	2/9/07	1.06%	13%

Within the three-year period prior to the filing of the Accusation and at all times herein mentioned, in the course and scope of the activities described in Paragraphs 12 and 13, above, SAGE and Respondents MARKIV, LEONID, VOLODYMYR, and WOODS solicited lenders, and/or negotiated loans secured directly or collaterally by liens on real property, wherein such loans were to be brokered, arranged, processed, and/or consummated on behalf of others, and/or solicited and negotiated to perform services for lenders and borrowers in connection with loans secured directly or collaterally by liens on real property or on a business

opportunity, pursuant to Section 10131(d) of the Code, wherein SAGE and Respondents MARKIV, LEONID, VOLODYMYR, and WOODS sold or offered to sell a series of promissory notes secured directly by interests in one or more parcels of real property or sold or offered to sell undivided interests in a note secured directly by one or more parcels of real property equivalent to a series transaction within the meaning of Section 10237 for or in expectation of compensation, including, but not limited to, the following transactions:

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
Betty E. Devine Revocable Trust	Lot 8-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	17.95%	13%
Michael G. Kibler	Lot 20-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	18.66%	13%
Jayne J. Gibson	Lot 14-Levy Acres Folsom, CA	\$110,000 2nd Trust Deed	12/5/07	100%	13%

17

Within the three year period prior to the filing of the Accusation, in the course of soliciting and negotiating the sale of interests in promissory notes secured by liens on real property as set forth in Paragraphs 15 and 16, above, Respondents represented to the investors that: 1.) the investors' funds would be used to construct residential improvements on the lots secured by their respective investments; 2.) the improved real properties would be marketed and sold; 3.) the investors would receive monthly interest payments on their investments until the date when the principal became due and payable upon the maturity date specified in their respective promissory notes; and, 3.) that their respective investments would be paid in full upon the respective specified maturity dates.

18

The representations described in Paragraph 17, above, were false and misleading and were known by Respondents to be false and misleading when made or were made by such Respondents with no reasonable grounds for believing said representations to be true, and/or said Respondents should have known at the time through the exercise of reasonable diligence that such representations were false and misleading. In truth and in fact, said Respondents: 1.) would not and did not construct the improvements as promised, and/or failed to complete such improvements; 2.) could not and did not market or sell the properties because Respondents had not obtained a public report pursuant to Section 11018.2 of the Code; 3.) ceased and/or failed to make all promised monthly interest payments to said investors; 4) would not and did not pay back any portion of the principal due to said investors; and, 5.) converted or misappropriated the said investors' funds, as set forth in Paragraphs 15 and 16, above, to Respondents' own use or benefit or to purposes not authorized by the rightful owners of said funds.

The acts and omissions of Respondents described in Paragraphs 15, 16, 17, and 18, above, constitute misrepresentation, fraud, deceit, and dishonest dealing.

The acts and/or omissions of Respondents alleged in Paragraphs 15, 16, 17, 18, and 19, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondents under the following provisions:

- (a) Under 10176(a) of the Code (making a substantial misrepresentation);
- (b) Under Section 10176(b) of the Code (making any false promises of a character likely to influence, persuade or induce);
- (c) Under Section 10176(c) of the Code (continued and flagrant course of misrepresentation or false promises through real estate salespersons);
- (d) Under Section 10176(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (e) Under Section 10177(g) of the Code (demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license); and,
- (f) Under Section 10177(j) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing).

SECOND CAUSE OF ACTION

There is hereby incorporated in this Second, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 20, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

As set forth in Paragraph 10, above, Respondent WOODS was not on record as licensed in the employ of any real estate broker from March 25, 2007 through August 20, 2007, inclusive, and at all times from August 21, 2007, through May 5, 2008, inclusive, Respondent WOODS was licensed as a real estate salesperson in the employ of Respondent MARKIV.

At no time herein mentioned was Respondent WOODS licensed by the Department as a real estate broker.

Within the three year period prior to the filing of the Accusation, Respondent WOODS on behalf of and while in the employ of Respondent TRADE HOUSE, Respondent LEONID and Respondent MARKIV, and/or on behalf of and while in the employ of SAGE, solicited lenders, and/or negotiated loans secured directly or collaterally by liens on real property, wherein such loans were to be brokered, arranged, processed, and/or consummated on behalf of others, and/or solicited and negotiated to perform services for lenders and borrowers in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, pursuant to Section 10131(d) of the Code, wherein Respondent WOODS sold or offered to sell a series of promissory notes secured directly by interests in one or more parcels of real property or sold or offered to sell undivided interests in a note secured directly by one or more parcels of real property equivalent to a series transaction within the meaning of Section 10237 of the Code for or in expectation of compensation, including, but not limited to, the following transactions:

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
Employed by Respondent Trade House/Respondent Leonid;					
Alcides & America Serrano	Lot 2-Levy Acres Folsom, CA	\$50,000	8/1/07	15.87%	13%
Alcides & America Serrano	Lot 3-Levy Acres Folsom, CA	\$53,000	8/1/07	16.83%	13%
Jack W. & Joyce R. Cole Family Trust	4110 New York Ave. Fair Oaks, CA	\$160,000	8/2/07	14.88%	13.5%
Jack W. & Joyce R. Cole Family Trust	Lot 113-Selene Way Copperopolis, CA	\$95,000	4/18/07	100%	14%
Jack W. & Joyce R. Cole Family Trust	Lot 114-Selene Way Copperopolis, CA	\$110,000	4/18/07	100%	14%
Employed by Sage/Respondent Markiv/Respondent Leonid;					
Betty E. Devine Revocable Trust	Lot 8-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	17.95%	13%
Michael G. Kibler	Lot 20-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	18.66%	13%

The facts alleged in Paragraphs 22, 23, and 24, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondent WOODS under Section 10130 of the Code (unlawful to engage in the business of, act in the capacity of, advertise or assume to act as a real estate broker without obtaining a broker license), Section 10132 of the Code (a real estate salesperson with the meaning of Chapter 3, Article 1, of the Code is a natural person who for or in expectation of compensation is employed by a licensed real estate broker) and Section 10137 of the Code (no real estate salesman shall be employed or accept compensation from any person other than the broker under whom he is at the time licensed) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

The facts alleged in Paragraphs 22, 23, and 24, above, constitute cause for the suspension or revocation of the licenses and license rights of TRADE HOUSE, Respondent LEONID and Respondent MARKIV under Section 10137 of the Code (unlawful for any licensed broker to employ or compensate, directly or indirectly, a real estate salesperson who is not licensed under the broker employing or compensating him or her) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

THIRD CAUSE OF ACTION

There is hereby incorporated in this Third, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 26, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

As set forth in Paragraph 7, above, Respondent VOLODYMYR was not on record as licensed in the employ of any real estate broker from March 24, 2007 through September 11, 2007, inclusive.

At no time herein mentioned was Respondent VOLODYMYR licensed by the Department as a real estate broker.

Within the three year period prior to the filing of the Accusation, Respondent VOLODYMYR on behalf of and/or while in the employ of Respondent TRADE HOUSE, Respondent LEONID and Respondent MARKIV, and/or on behalf of and while in the employ of SAGE, solicited lenders, and/or negotiated loans secured directly or collaterally by liens on real property, wherein such loans were to be brokered, arranged, processed, and/or

consummated on behalf of others, and/or solicited and negotiated to perform services for lenders and borrowers in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, pursuant to Section 10131(d) of the Code, wherein Respondent VOLODYMYR sold or offered to sell a series of promissory notes secured directly by interests in one or more parcels of real property or sold or offered to sell undivided interests in a note secured directly by one or more parcels of real property equivalent to a series transaction within the meaning of Section 10237 of the Code for or in expectation of compensation, including, but not limited to, the following transactions:

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
------------------------	-------------------------	------------------------	-------------	-----------------------	-------------------------

Employed by Respondent Trade House/Respondent Leonid;

Alcides & America Serrano	Lot 2-Levy Acres Folsom, CA	\$50,000	8/1/07	15.87%	13%
Alcides & America Serrano	Lot 3-Levy Acres Folsom, CA	\$53,000	8/1/07	16.83%	13%
Jack W. & Joyce R. Cole Family Trust	4110 New York Ave. Fair Oaks, CA	\$160,000	8/2/07	14.88%	13.5%
Jack W. & Joyce R. Cole Family Trust	Lot 113-Selene Way Copperopolis, CA	\$95,000	4/18/07 2nd Trust Deed	100%	14%
Jack W. & Joyce R. Cole Family Trust	Lot 114-Selene Way Copperopolis, CA	\$110,000	4/18/07 2nd Trust Deed	100%	14%

Employed by Sage/Respondent Markiv/Respondent Leonid;

Betty E. Devine Revocable Trust	Lot 8-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	17.95%	13%
Michael G. Kibler	Lot 20-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	18.66%	13%

The facts alleged in Paragraphs 28, 29, and 30, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondent VOLODYMYR under Section 10130 of the Code (unlawful to engage in the business of, act in the capacity of, advertise or assume to act as a real estate broker without obtaining a broker license), Section 10132 of the Code (a real estate salesperson with the meaning of Chapter 3, Article 1, of the Code is a natural person who for or in expectation of compensation is employed by a licensed real estate broker) and Section 10137 of the Code (no real estate salesman shall be employed or

accept compensation from any person other than the broker under whom he is at the time licensed) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

32

The facts alleged in Paragraphs 28, 29, and 30, above, constitute cause for the suspension or revocation of the licenses and license rights of TRADE HOUSE, Respondent LEONID and Respondent MARKIV under Section 10137 of the Code (unlawful for any licensed broker to employ or compensate, directly or indirectly, a real estate salesperson who is not licensed under the broker employing or compensating him or her) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

FOURTH CAUSE OF ACTION

33

There is hereby incorporated in this Fourth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 32, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

34

Within the three-year period prior to the filing of the Accusation, in or about February, 2008, Respondent TRADE HOUSE relocated its main office from 4230 Truxel Road, Suite D, in Sacramento, California, to a different address at 4090 Truxel Road in Sacramento, California.

35

Within the three-year period prior to the filing of the Accusation, on or about May 13, 2008, Respondent TRADE HOUSE abandoned its main office.

36

Respondent TRADE HOUSE failed to maintain on file with the Real Estate Commissioner a new address for the principal place of business of Respondent TRADE HOUSE and/or failed to maintain on file with the Real Estate Commissioner its current mailing address for its real estate brokerage activities.

37

The facts, as alleged in Paragraphs 34, 35 and 36, above, are grounds for the suspension or revocation of the real estate broker license of Respondent TRADE HOUSE under Section 2715 of the Regulations (broker shall maintain on file with Commissioner the address of

principal place of business and current mailing address, if different from business address, and broker shall notify Commissioner of address change not later than next business day) and Section 10162 of the Code (every real estate broker shall have and maintain a definite place of business where the license is displayed: licensee not authorized to do business except from the location stipulated in the license) all in conjunction with the provisions of Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

FIFTH CAUSE OF ACTION

38

There is hereby incorporated in this Fifth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 37, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

39

On or about April 14, 2008, Deputy Real Estate Commissioner Brenda Smith and Department auditor, Nada Dagher, as designated representatives of the Commissioner of the Department, served a subpoena duces tecum upon Respondent VOLODYMYR as the agent for service of process for Respondent TRADE HOUSE, directing Respondent TRADE HOUSE to make available, by May 5, 2008, for examination, inspection and copying of all transactional documents and trust funds records of Respondent in connection with the activities described in Paragraphs 12, 13, 15 and 17, above, as required under Section 10148(a) of the Code (licensed broker shall retain for three years all listings, deposit receipts, canceled checks, trust records, documents executed or obtained by broker in connection with transactions requiring a broker license, and shall make such records available after notice to the Commissioner or his designated representative for examination, inspection, and copying).

40

Within the three year period prior to the filing of the Accusation and at all times herein mentioned, in connection with the activities described in Paragraphs 12, 13, 15 and 17, above, Respondent TRADE HOUSE failed to provide to the Department's representative and/or failed to retain for a period of three (3) years the transactional documents and trust fund records requested in the subpoena served as set forth in Paragraph 39, above.

41

The acts and/or omissions of Respondent TRADE HOUSE as alleged in Paragraph 40, above, constitute cause for the suspension or revocation of the licenses and license rights of said Respondent TRADE HOUSE under Section 10148 of the Code (broker shall retain for three years copies of all documents and records executed or obtained by broker in connection with any transaction requiring a real estate license and shall make such available to the Commissioner's representative upon notice) all in conjunction with Section 10177(d) of

the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

SIXTH CAUSE OF ACTION

42

There is hereby incorporated in this Sixth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 41, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

43

Within the three year period prior to the filing of the Accusation and at all times herein mentioned, Respondents sold or offered to sell undivided or fractionalized interests in promissory notes secured directly or collaterally by liens on real property, including, but not limited to, the transactions set forth in Paragraphs 15 and 16, above, which constituted the offering and sale of securities within the meaning of Sections 25019, 25110 and 25532 of the Corporations Code, and which the issue or sale of such securities must be qualified and permitted by the Commissioner of the Department of Corporations as required under Section 25110 of the Corporations Code.

44

Within the three year period prior to the filing of the Accusation and at all times herein mentioned, each of the Respondents named herein failed to obtain a permit from the Commissioner of the Department of Corporations to sell securities and failed to qualify to sell securities.

45

Within the three year period prior to the filing of the Accusation, on or about February 9, 2009, the Commissioner of the Department of Corporations issued and served upon Respondents a Desist and Refrain Order pursuant to Section 25532 of the Corporations Code directing Respondents to cease selling fractionalized interests in first trust deeds secured by real property on the grounds that the Respondents had failed to obtain a permit or other form of qualification to sell such securities in this state and on the additional grounds under Section 25401 of the Corporations Code that the securities that were offered or sold by means of written or oral communications that included untrue statements of material fact or omitted to state a material fact necessary to render the statements made not misleading. Respondent TRADE HOUSE doing business under the fictitious name of VLD REALTY, Respondent LEONID, and Respondent VOLODYMYR failed to request a hearing to contest the Desist and Refrain Order, which became final and effective as to said Respondents on or about March 11, 2009, pursuant to Section 25532(d) of the Corporations Code (failure to file request for hearing within 30 days from date of service of order, order shall be deemed final and not subject to review).

Respondent WOODS requested a hearing to contest the Desist and Refrain Order described in Paragraph 45, above. After a hearing on the merits, at which Respondent WOODS appeared in pro se, held before the Office of Administrative Hearings in Sacramento on March 12, 2009, in Department of Corporations Case No. 8531 and OAH Case No. 2009030044, the Desist and Refrain Order against Respondent WOODS was sustained on the grounds that Respondent WOODS had violated Section 25110 of the Corporations Code (unlawful for any person to sell or offer to sell in this state any security in an issuer transaction unless such sale has been qualified or exempted) and on the grounds that Respondent WOODS had violated Section 25401 of the Corporations Code (unlawful to offer or sell securities by means of written or oral communications which include untrue statements of material fact or omit to state a material fact necessary to render the statements made not misleading).

The acts and/or omissions of Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS as alleged in Paragraphs 43, 44, 45, and 46, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondents under the following provisions:

- (a) Under 10176(a) of the Code (making a substantial misrepresentation);
- (b) Under Section 10176(b) of the Code (making any false promises of a character likely to influence, persuade or induce);
- (c) Under Section 10176(c) of the Code (continued and flagrant course of misrepresentation or false promises through real estate salespersons);
- (d) Under Section 10176(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (e) Under Section 10177(g) of the Code (demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license);
- (f) Under Section 10177(j) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing); and,
- (g) Under Section 10177(n) of the Code (violated the Corporate Securities Law of 1968, commencing with Section 25000 of the Corporations Code).

SEVENTH CAUSE OF ACTION

There is hereby incorporated in this Seventh, separate and distinct, Cause of

Action, all of the allegations contained in Paragraphs 1 through 47, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

49

Within the three year period prior to the filing of the Accusation and at all times herein mentioned, Respondent TRADE HOUSE was a real estate broker:

- (a) Meeting the "threshold" criteria of Section 10232(a) of the Code (within a 12 month period either negotiates 10 or more loan secured directly or collaterally by real property aggregating \$1,000,000 or more, or collects note payments on behalf of lenders or obligors aggregating \$250,000 or more) and Section 10232(b) of the Code (negotiates two or more new loans secured directly or collaterally by real property aggregating more than \$250,000 within 3 consecutive months or within 6 consecutive months sells 5 or more new loans or existing promissory notes secured directly or collaterally by real property aggregating more than \$500,000) with a fiscal year ending each year on the last day of December; and,
- (b) Meeting the "multi-lender" criteria of Section 10238 of the Code, in that at all times mentioned herein Respondent TRADE HOUSE was a servicing agent meeting the criteria of Section 10238(k)(3) of the Code (requiring broker acting as servicing agent every 3 months to have independent certified accountant review broker accounts or trust accounts and forward reports to Commissioner within 30 days) with respect to notes or interest sold pursuant to Section 10238 of the Code.

50

In so acting as a mortgage loan broker and agent as set forth in Paragraph 49, above, Respondent TRADE HOUSE failed to file with the Department of Real Estate within thirty (30) days after the end of the second and third quarters of Respondent's 2007 fiscal year and failed to file for all quarters of Respondent's 2008 fiscal year the trust fund status reports required by Section 10232.25 of the Code (requiring threshold lender within 30 days after the end of each of the first three fiscal quarters to submit to the Commissioner a trust fund status report).

51

In so acting as a multi-lender mortgage loan broker and agent as set forth in Paragraph 49, above, Respondent TRADE HOUSE failed to file with the Department of Real Estate an annual status report for Respondent's 2007 and 2008 fiscal years containing the information set forth in Section 10232.2 of the Code (report of review by independent public accountant of trust fund financial statements, receipt and disposition of all funds applied to loans and loan servicing, itemized trust fund accounting) as required by Section 10238(o) of the Code (requiring broker to provide report mandated by Section 10232.2 within 90 days after the of the end of the fiscal fourth quarter).

The acts and/or omissions of Respondent TRADE HOUSE as alleged in Paragraphs 49, 50 and 51, above constitute grounds for the suspension or revocation of the licenses and license rights of Respondent under the following provisions:

- (a) As alleged in Paragraph 50, under Section 10232.25 of the Code in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations); and,
- (b) As alleged in Paragraph 51, under Section 10238(o) of the Code in conjunction with Section 10177(d) of the Code.

EIGHTH CAUSE OF ACTION

There is hereby incorporated in this Eighth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 52, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

In so acting as a multi-lender mortgage loan broker and agent as set forth in Paragraphs 12 and 13, above, Respondent TRADE HOUSE failed to obtain from the investors the qualifications of income and net worth form in accordance with Section 10238(f) of the Code (requiring broker to obtain from investor a statement that investment does not exceed 10% of investor's net worth or does not exceed 10% of investor's adjusted gross income) and/or failed to retain copies of said forms signed by the investors for three years in violation of Section 10148 of the Code (licensed broker shall retain for three years all listings, deposit receipts, canceled checks, trust records, documents executed or obtained by broker in connection with transactions requiring a broker license, and shall make such records available after notice to the Commissioner or his designated representative for examination, inspection, and copying) in all of, but not limited to, the following transactions:

<u>Investor/Lender</u>	<u>Subject Property</u>	<u>Amount Invested</u>	<u>Trust Deed</u>	<u>Investor Share</u>	<u>Income/Net Worth Form</u>
Jayne J. Gibson	Lot 24-Briar Meadows Auburn, CA	\$50,000	3/13/08	12.82%	None
Jayne J. Gibson	Lot 25-Briar Meadows Auburn, CA	\$50,000	3/13/08	13.33%	None

Jack & Joyce Cole	Lot 23-Briar Meadows Auburn, CA	\$10,000	9/5/07	2.564%	None
Michael G. Kibler Cole	Lot 20-Briar Meadows Auburn, CA	\$70,000	9/10/07	18.66%	None
Gloria L. Serrano Revocable Trust	Lot 14-Briar Meadows Auburn, CA	\$25,000	9/17/07	6.41%	None
Henry Serrano Revocable Trust	Lot 14-Briar Meadows Auburn, CA	\$50,000	9/17/07	12.82%	None
Gloria L. Serrano Revocable Trust	Lot 18-Briar Meadows Auburn, CA	\$75,000	9/17/07	18.512%	None
Betty E. Devine Revocable Trust	Lot 8-Briar Meadows Auburn, CA	\$5,000	9/10/07	1.28%	None
Betty E. Devine Revocable Trust	Lot 8-Briar Meadows Auburn, CA	\$70,000	9/10/07	17.95%	None
John C. & Elvie E. Scott	Lot 4-Briar Meadows Auburn, CA	\$40,000	1/16/08	10.66%	None
John C. & Elvie E. Scott	Lot 17-Briar Meadows Auburn, CA	\$250,000	1/16/08	61.73%	None
John C. & Elvie E. Scott	Lot 24-Briar Meadows Auburn, CA	\$95,000	1/16/08	25.33%	None
John C. & Elvie E. Scott	Lot 26-Briar Meadows Auburn, CA	\$45,000	1/16/08	12%	None
John C. & Elvie E. Scott	Lot 27-Briar Meadows Auburn, CA	\$30,000	1/16/08	7.69%	None
John C. & Elvie E. Scott	Lot 5-Briar Meadows Auburn, CA	\$150,000	9/5/07	38.46%	None

55

The acts and/or omissions of Respondent TRADE HOUSE as alleged in Paragraph 54, above constitute grounds for the suspension or revocation of the licenses and license rights of Respondent under Section 10238(f) of the Code and/or Section 10148 of the Code all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

NINTH CAUSE OF ACTION

56

There is hereby incorporated in this Ninth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 55, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

57

At all times herein mentioned Respondent TRADE HOUSE acted as a real estate broker within the meaning of Sections 10237 and 10238 of the Code (governing the brokering of promissory notes secured by real property to multiple lenders), as set forth Paragraphs 12 and 13, above.

58

Within three years prior to the filing of the Accusation, and at all times herein mentioned, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited multiple lenders to purchase, and negotiated the sale of, undivided interests in promissory notes to be secured by unimproved real property for the purpose of constructing residential and/or other improvements on said real properties (hereinafter "construction loans") which were subject to the criteria of Section 10238(h)(4)(A) of the Code (requiring broker to use neutral third party escrow for all deposits and disbursements for construction loans) in all of, but not limited to, the following transactions:

<u>Investor/Lender</u>	<u>Subject Property</u>	<u>Amount Invested</u>	<u>Date</u>	<u>Investor Share</u>	<u>Interest on Note</u>
Melanie Humphrey	Lot 296-Calypso Bay Copperopolis, CA	\$15,000 2nd Trust Deed	8/21/07	0.41%	13.5%
Gerhard & Barbara Radke	Lot 296-Calypso Bay Copperopolis, CA	\$60,000 2nd Trust Deed	5/3/07	1.62%	13.5%
Todd & Lori Humphrey	Lot 296-Calypso Bay Copperopolis, CA	\$165,000 2nd Trust Deed	1/12/07	4.46%	13.5%
Mason G. Ferris	Lot 296-Calypso Bay Copperopolis, CA	\$2,500 2nd Trust Deed	1/10/07	0.0675%	13.5%
Hedy Ponath	Lot 296-Calypso Bay Copperopolis, CA	\$180,000 2nd Trust Deed	1/16/07	4.86%	13.5%
Jack & Joyce Cole Revocable Trust	Lot 296-Calypso Bay Copperopolis, CA	\$145,000 2nd Trust Deed	1/10/07	3.92%	13.5%

Carson C. Williams Family Trust	Lot 296-Calypso Bay Copperopolis, CA	\$545,000 2nd Trust Deed	1/9/07	14.73%	13.5%
John & Elvie Scott	Lot 296-Calypso Bay Copperopolis, CA	\$145,000 2nd Trust Deed	1/10/07	3.92%	13.5%

59

As set forth in Paragraph 58, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited and negotiated the sale of fractionalized interests in promissory note totaling \$3,700,000.00 in violation of Section 10238(h)(4)(E) of the Code (entire amount of a construction loan must not exceed \$2,500,000.00).

60

Within three years prior to the filing of the Accusation, and at all times herein mentioned, in the course and scope of soliciting lenders to purchase and negotiating the sale of promissory notes to lenders as set forth in Paragraph 58, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS were required under Section 10232.5 of the Code to provide a Lender Purchaser Disclosure Statement (hereinafter "LPDS") to each investor containing the information required by Section 10232.5 of the Code (broker must provide disclosure to lender containing property address, estimated fair market value, type of construction, borrower income and credit, note terms, property encumbrances, other anticipated loans, loan servicing provisions, broker's commissions, joint beneficiary arrangements).

61

Within three years prior to the filing of the Accusation, and at all times herein mentioned, in the course and scope of soliciting lenders to purchase and of negotiating the sale of promissory notes to lenders as set forth in Paragraph 58, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS provided a LPDS to each investor, including, but not limited to, the investors named in Paragraph 58, above, containing a statement that the multi-lender transaction would be conducted through an escrow opened with Calaveras Title Company.

62

Within three years prior to the filing of the Accusation, and at all times herein mentioned, in the course and scope of soliciting lenders to purchase and of negotiating the sale of promissory notes to lenders as set forth in Paragraphs 15, 16 and 58, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS provided a LPDS to each investor, including, but not limited to, the investors named in Paragraphs 15, 16 and 58, above, that failed to disclose the ownership interests and/or control of Respondents TRADE HOUSE, LEONID, and VOLODYMYR in the borrowers and in the general contractor employed to construct the improvements on the subject properties in violation of Section 10238(l)(3) of the Code.

The representations and omissions described in Paragraphs 59, 60, 61 and 62, above, were false and misleading and were known by Respondents to be false and misleading when made or were made by such Respondents with no reasonable grounds for believing said representations to be true, and/or said Respondents should have known at the time through the exercise of reasonable diligence that such representations were false and misleading. In truth and in fact, said Respondents: 1.) would not and did not open an escrow with Calaveras Title Company or with any neutral third party escrow agent; 2.) would not and did not deposit investor funds with a neutral third party escrow; 3.) deposited investor funds into a trust account in the name of Respondent TRADE HOUSE as trustee; 4.) investor funds were disbursed from the trust account of Respondent TRADE HOUSE; 5) conducted a broker owned and controlled escrow through Respondent TRADE HOUSE); and, 6.) Respondents LEONID and VOLODYMYR had controlling interests or served as officers and/or directors of the borrowers and general contractor employed to construct the improvements.

The acts and omissions of Respondents described in Paragraphs 58 through 63, inclusive, above, constitute misrepresentation, fraud, deceit, and dishonest dealing.

The acts and/or omissions of Respondents alleged in Paragraphs 57 through 64, inclusive, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondents under the following provisions:

- (a) Under 10176(a) of the Code (making a substantial misrepresentation);
- (b) Under Section 10176(b) of the Code (making any false promises of a character likely to influence, persuade or induce);
- (c) Under Section 10176(c) of the Code (continued and flagrant course of misrepresentation or false promises through real estate salespersons);
- (d) Under Section 10176(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (e) Under Section 10177(g) of the Code (demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license);
- (f) Under Section 10177(j) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (g) Under Section 10238(h)(4)(A) of the Code (failing to use neutral third

party escrow for deposit and disbursement of investor funds in a construction loan) in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations);

- (h) Under Section 10238(h)(4)(E) of the Code (selling fractionalized interests in construction loan that exceeded \$2,500,000.00) in conjunction with Section 10177(d) of the Code; and,
- (i) Under 10238(l)(3) of the Code (requiring broker selling fractionalized interests in promissory notes to disclose pursuant to § 10232.5 any interest of the broker or affiliate in the transaction; broker shall not have an interest as owner, lessor, or developer of the property securing loan or have any contractual right to acquire, lease or develop the property securing loan) in conjunction with Section 10177(d) of the Code.

TENTH CAUSE OF ACTION

66

There is hereby incorporated in this Tenth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 65, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

67

Within the three-year period prior to the filing of the Accusation and at all times herein mentioned, in the course and scope of the activities described in Paragraphs 12 and 13, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited John Bright to lend funds as construction loans to construct residential improvements on real properties to be secured by liens on said real properties as follows:

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
John Bright	2 Lots-Briar Meadows Auburn, CA	\$400,000	5/30/07	Majority%	13%
John Bright	1 Lot- Muschetto Project Citrus Heights, CA	\$200,000	6/7/07	Majority%	13%

68

Within the three year period prior to the filing of the Accusation, in the course of soliciting and negotiating the sale of interests in promissory notes secured by liens on real property as set forth in Paragraph 67, above, Respondents represented to John Bright that: 1.) his funds would be used to construct residential improvements on the lots secured respectively by his respective interests in the deeds of trust; 2.) the improved real properties would be marketed

and sold; 3.) he would receive monthly interest payments on his investments until the date when the principal became due and payable upon the maturity date specified in the respective promissory notes; 3.) his respective investments would be paid in full upon the respective specified maturity dates; 4.) there had never been a foreclosure; and, 5.) if there was foreclosure, his investment would be refunded immediately. Respondents failed to inform John Bright that his funds would not be deposited with a neutral third party escrow.

69

The representations described in Paragraph 60, above, were false and misleading and were known by Respondents to be false and misleading when made or were made by such Respondents with no reasonable grounds for believing said representations to be true, and/or said Respondents should have known at the time through the exercise of reasonable diligence that such representations were false and misleading. In truth and in fact, said Respondents: 1.) would not and did not construct the improvements as promised, and/or failed to complete such improvements; 2.) could not and did not market or sell the properties because Respondents had not obtained a public report pursuant to Section 11018.2 of the Code; 3.) ceased and/or failed to make all promised monthly interest payments to said investor; 4) would not and did not pay back any portion of the principal due to said investor; 5.) converted or misappropriated the said investor's funds, as set forth in Paragraph 67, above, to Respondents' own use or benefit or to purposes not authorized by the rightful owner of said funds; 6.) knew at the time of said representations that there were insufficient funds to meet monthly interest obligations coming due and that default was likely; and 7.) failed to inform John Bright that his funds would not be deposited with a neutral third party escrow.

70

The acts and omissions of Respondents described in Paragraphs 67, 68 and 69, above, constitute misrepresentation, fraud, deceit, and dishonest dealing.

71

The acts and/or omissions of Respondents alleged in Paragraphs 67, 68, 69 and 70, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondents under the following provisions:

- (a) Under 10176(a) of the Code (making a substantial misrepresentation);
- (b) Under Section 10176(b) of the Code (making any false promises of a character likely to influence, persuade or induce);
- (c) Under Section 10176(c) of the Code (continued and flagrant course of misrepresentation or false promises through real estate salespersons);
- (d) Under Section 10176(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (e) Under Section 10177(g) of the Code (demonstrated negligence or

incompetence in performing an act for which he or she is required to hold a license);

- (f) Under Section 10177(j) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing); and,
- (g) Under Section 10238(h)(4)(A) of the Code (failing to use neutral third party escrow for deposit and disbursement of investor funds in a construction loan) in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

ELEVENTH CAUSE OF ACTION

72

There is hereby incorporated in this Eleventh, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 71, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

73

At all times above mentioned, Respondent MARKIV was responsible, as the employing broker of Respondent WOODS and Respondent VOLODYMYR for the supervision and control of the activities conducted on his behalf by his licensed salesperson employees. Respondent MARKIV failed to exercise reasonable supervision and control over the mortgage brokering activities of Respondent WOODS and Respondent VOLODYMYR. In particular, Respondent MARKIV permitted, ratified and/or caused the conduct described in the Second and Third Causes of Action, above, to occur, and failed to take reasonable steps, including but not limited to the supervision of employees, compensating real estate salespersons licensees not employed under his broker license, the proper employment of licensed salespersons, notifying the Department of his employment of licensed salespersons, review of transactions requiring a real estate license, insuring that no false representations would be made to investors, and the implementation of policies, rules, procedures, and systems to ensure the compliance of the corporation with the Real Estate Law.

74

The above acts and/or omissions of Respondent MARKIV constitute grounds for the suspension or revocation of the licenses and license rights of Respondent MARKIV under the provisions of Section 10177(h) of the Code (failure of broker to exercise reasonable supervision over activities of salespersons employed by broker) and Section 2725 of the Regulations (broker shall exercise reasonable supervision over salespersons, including establishment of policies, rules, procedures, overview systems, transactional review) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful

disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

TWELFTH CAUSE OF ACTION

75

There is hereby incorporated in this Twelfth, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 74, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

76

At all times herein mentioned, Respondent LEONID was responsible, as the designated broker officer of Respondent TRADE HOUSE, for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees and of the corporate activities requiring a real estate license. Respondent LEONID failed to exercise reasonable supervision and control over the loan services, mortgage brokering, and advance fee collection activities of Respondent TRADE HOUSE and its employees. In particular, Respondent LEONID participated in, permitted, ratified, and/or caused the conduct described in the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, and Tenth Causes of Action, above, to occur, and failed to take reasonable steps to insure, including, but not limited to transactional record keeping, insure proper trust fund record keeping, insure proper review of trust fund records and accounts, insure that all transactional documents would be maintained on file, insure that no false representations would be made to investors, insure that accounting for investor funds would be provided, insure deposit of construction loan funds to neutral third party escrow, insure proper supervision of employees, insure notification of address change, and to insure the implementation of policies, rules, procedures, and systems to ensure the compliance of the corporation and its employees with the Real Estate Law (Business and Professions Code Sections 10000 et seq. and Sections 11000 et seq.) and the Commissioner's Regulations (Chapter 6, Title 10, California Code of Regulations).

77

The acts and/or omissions of Respondent LEONID as described in Paragraph 76, above, constitute grounds for the suspension or revocation of the licenses and license rights of Respondent LEONID under the provisions of Section 10159.2 of the Code (designated broker/officer responsible for supervision and control of activities conducted on behalf of broker corporation by officers, licensed salespersons and employees to secure compliance with the Real Estate Law) and Section 2725 of the Regulations (broker shall exercise reasonable supervision over: licensed employees; establish policies and procedures for compliance with Real Estate Law; supervise transactions requiring a real estate license; trust fund handling; etc.) in conjunction with Section 10177(d) of the Code and/or of Section 10177(h) of the Code (suspension or revocation for broker or designated broker/officer who fails to exercise reasonable supervision of licensed employees or licensed activities of broker corporation).

II

DETERMINATION OF ISSUES

1

The acts and/or omissions of Respondent TRADE HOUSE (USA), INC., Respondent LEONID DOUBINSKI, and Respondent VOLODYMYR DUBINSKY as alleged in the First Cause of Action in Paragraphs 15, 16, 17, 18, and 19, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondents under the following provisions:

- (a) Under 10176(a) of the Code (making a substantial misrepresentation);
- (b) Under Section 10176(b) of the Code (making any false promises of a character likely to influence, persuade or induce);
- (c) Under Section 10176(c) of the Code (continued and flagrant course of misrepresentation or false promises through real estate salespersons);
- (d) Under Section 10176(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (e) Under Section 10177(e) of the Code (demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license); and,
- (f) Under Section 10177(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing).

2

The acts and/or omissions of Respondent TRADE HOUSE (USA), INC., and Respondent LEONID DOUBINSKI as alleged in the Second Cause of Action in Paragraphs 22, 23, and 24, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondent TRADE HOUSE (USA), INC., and Respondent LEONID DOUBINSKI under Section 10137 of the Code (unlawful for any licensed broker to employ or compensate, directly or indirectly, a real estate salesperson who is not licensed under the broker employing or compensating him or her) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

3

The acts and/or omissions of Respondent VOLODYMYR DUBINSKY as alleged in the Third Cause of Action in Paragraphs 28, 29, and 30, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondent VOLODYMYR DUBINSKY under Section 10130 of the Code (unlawful to engage in the business of, act in the

capacity of, advertise or assume to act as a real estate broker without obtaining a broker license), Section 10132 of the Code (a real estate salesperson with the meaning of Chapter 3, Article 1, of the Code is a natural person who for or in expectation of compensation is employed by a licensed real estate broker) and Section 10137 of the Code (no real estate salesman shall be employed or accept compensation from any person other than the broker under whom he is at the time licensed) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

4

The acts and/or omissions of Respondent TRADE HOUSE (USA), INC., and Respondent LEONID DOUBINSKI allege Third Cause of Action in Paragraphs 28, 29, and 30, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondent TRADE HOUSE (USA), INC., and Respondent LEONID DOUBINSKI under Section 10137 of the Code (unlawful for any licensed broker to employ or compensate, directly or indirectly, a real estate salesperson who is not licensed under the broker employing or compensating him or her) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

5

The acts and/or omissions of Respondent TRADE HOUSE (USA), INC., as alleged in the Fourth Cause of Action in Paragraphs 34, 35 and 36, above, are grounds for the suspension or revocation of the real estate broker license of Respondent TRADE HOUSE (USA), INC., under Section 2715 of the Regulations (broker shall maintain on file with Commissioner the address of principal place of business and current mailing address, if different from business address, and broker shall notify Commissioner of address change not later than next business day) and Section 10162 of the Code (every real estate broker shall have and maintain a definite place of business where the license is displayed: licensee not authorized to do business except from the location stipulated in the license) all in conjunction with the provisions of Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

6

The standard of proof applied was clear and convincing proof to a reasonable certainty.

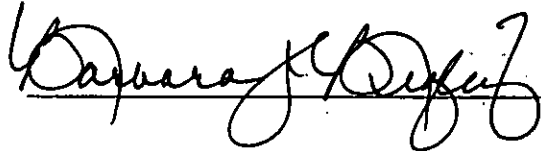
ORDER

All licenses and licensing rights of Respondent TRADE HOUSE (USA), INC., Respondent LEONID DOUBINSKI, and Respondent VOLODYMYR DUBINSKY under the provisions of Part I of Division 4 of the Business and Professions Code are revoked.

This Decision shall become effective at 12 o'clock noon on 1/02/12.

DATED: 12/7/11

BARBARA J. BIGBY
Acting Real Estate Commissioner



1 Department of Real Estate
2 P.O. Box 187007
3 Sacramento, CA 95818-7007
4 Telephone: (916) 227-0789

FILED
JUL 21 2011

DEPARTMENT OF REAL ESTATE
By: 

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

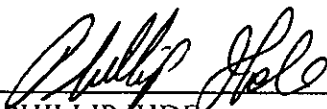
10 * * *

11 In the Matter of the Accusation of) NO. H-5326 SAC
12)
13 TRADE HOUSE (USA), INC., a California) DEAFULT ORDER
14 Corporation, LEONID DOUBINSKI,)
15 VOLODOMYR DUBINSKY,)
16 DIANNA FRANCINE WOODS, and)
17 VSEVOLOD M. MARKIV,)
18 Respondents.)

18 Respondent, LEONID DOUBINSKI, having failed to file a Notice of Defense
19 within the time required by Section 11506 of the Government Code, is now in default. It is,
20 therefore, ordered that a default be entered on the record in this matter.


21 IT IS SO ORDERED July 20, 2011.

22 BARBARA BIGBY
23 Acting Real Estate Commissioner

24 By: 
25 PHILLIP IHDE
26 Regional Manager
27

1 Department of Real Estate
P.O. Box 187007
2 Sacramento, CA 95818-7007
3 Telephone: (916) 227-0789
4
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6
7

FILED
JUL 21 2011

DEPARTMENT OF REAL ESTATE
By: 

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) NO. H-5326 SAC
12)
13 TRADE HOUSE (USA), INC., a California) DEAFULT ORDER
14 Corporation, LEONID DOUBINSKI,)
15 VOLODOMYR DUBINSKY,)
16 DIANNA FRANCINE WOODS, and)
VSEVOLOD M. MARKIV,)
Respondents.)

17
18 Respondent, VOLODOMYR DUBINSKY, having failed to file a Notice of
19 Defense within the time required by Section 11506 of the Government Code, is now in default. It
20 is, therefore, ordered that a default be entered on the record in this matter.

21 IT IS SO ORDERED July 20, 2011.

22 BARBARA BIGBY
23 Acting Real Estate Commissioner

24
25 By: 
26 PHILLIP IHDE
Regional Manager
27

1 Department of Real Estate
2 P.O. Box 187007
3 Sacramento, CA 95818-7007
4 Telephone: (916) 227-0789

FILED
JUL 21 2011

DEPARTMENT OF REAL ESTATE

By *[Signature]*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) NO. H-5326 SAC
12)
13 TRADE HOUSE (USA), INC., a California) DEAFULT ORDER
14 Corporation, LEONID DOUBINSKI,)
15 VOLODOMYR DUBINSKY,)
16 DIANNA FRANCINE WOODS, and)
17 VSEVOLOD M. MARKIV,)
18 Respondents.)

18 Respondent, TRADE HOUSE (USA), INC., having failed to file a Notice of
19 Defense within the time required by Section 11506 of the Government Code, is now in default. It
20 is, therefore, ordered that a default be entered on the record in this matter.

21 IT IS SO ORDERED July 20, 2011.

22 BARBARA BIGBY
23 Acting Real Estate Commissioner

24 By: *[Signature]*
25 PHILLIP INDE
26 Regional Manager
27

1 MICHAEL B. RICH, Counsel
2 State Bar No. 84257
3 Department of Real Estate
4 P. O. Box 187007
5 Sacramento, CA 95818-7007
6 Telephone: (916) 227-1126

FILED
DEC 30 2009
DEPARTMENT OF REAL ESTATE
By *L. Frost*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11	In the Matter of the Accusation of)	NO. H-5326 SAC
)	
12	TRADE HOUSE (USA), INC., a California)	ACCUSATION
	Corporation, LEONID DOUBINSKI,)	and
13	VOLODYMYR DUBINSKY,)	NOTICE OF INTENT TO ISSUE
14	DIANNA FRANCINE WOODS, and)	DEBARMENT ORDER
	VSEVOLOD M. MARKIV,)	(B & P Code § 10087)
15)	
	Respondents.)	
16)	

17
18 The Complainant, TRICIA D. SOMMERS, a Deputy Real Estate Commissioner
19 of the State of California, for Accusation against Respondent TRADE HOUSE (USA), INC., a
20 California Corporation, doing business under the fictitious name of VLD REALTY, Respondent
21 LEONID DUBINSKI also known as LENNY DUBINSKI, Respondent VOLODYMYR
22 DUBINSKY also known as VLADIMIR DUBINSKY, Respondent DIANNA FRANCINE
23 WOODS, and Respondent VSEVOLOD M. MARKIV, is informed and alleges as follows:

24 1

25 The Complainant, TRICIA D. SOMMERS, a Deputy Real Estate Commissioner
26 of the State of California, makes this Accusation against Respondents in her official capacity.

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Respondents TRADE HOUSE (USA), INC., a California Corporation, doing business under the fictitious name of VLD REALTY, LEONID DUBINSKI, VOLODYMYR DUBINSKY, DIANNA FRANCINE WOODS, and VSEVOLOD M. MARKIV are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereafter "the Code").

3

At all times herein mentioned, Respondent TRADE HOUSE (USA), INC. (hereafter "Respondent TRADE HOUSE"), was and is licensed by the Department of Real Estate (hereinafter "the Department") as a corporate real estate broker.

4

At all times herein mentioned, Respondent LEONID DUBINSKI (hereinafter "Respondent LEONID") was and is licensed by the Department as an individual real estate broker.

5

At all times herein mentioned, Respondent LEONID was and is licensed by the Department as the designated broker/officer of Respondent TRADE HOUSE. As said designated broker/officer, Respondent LEONID was at all times mentioned herein responsible pursuant to Section 10159.2 and Section 10177(h) of the Code and Section 2725 of Chapter 6, Title 10, California Code of Regulations (hereinafter "the Regulations") for the supervision and control of the activities of the officers, agents, real estate licensees, and employees of Respondent TRADE HOUSE and of the activities of the corporation for which a real estate license is required, to maintain their compliance with the Real Estate Law (Sections 10000 et seq. and Sections 11000 et seq. of the Code and the Regulations).

6

Whenever reference is made in an allegation in this Accusation to an act or omission of Respondent TRADE HOUSE, such allegation shall be deemed to mean that the

1 officers, directors, employees, agents and real estate licensees employed by or associated with
2 Respondent TRADE HOUSE committed such act or omission while engaged in the furtherance
3 of the business or operations of Respondent TRADE HOUSE and while acting within the course
4 and scope of their corporate authority and employment.

5 7

6 At all times herein mentioned Respondent VOLODYMYR DUBINSKY
7 (hereinafter "Respondent VOLODYMYR") was and is licensed by the Department as a real
8 estate salesperson. At all times from January 5, 2004, through March 24, 2007, inclusive,
9 Respondent VOLODYMYR was licensed as a real estate salesperson in the employ of
10 Respondent TRADE HOUSE. Respondent VOLODYMYR was not on record as licensed in the
11 employ of any real estate broker from March 25, 2007 through September 11, 2007, inclusive.
12 Respondent VOLODYMYR was again licensed as a real estate salesperson in the employ of
13 Respondent TRADE HOUSE from September 12, 2007, onward.

14 8

15 At all times herein mentioned, Respondent TRADE HOUSE was and is the alter
16 ego of Respondent LEONID and Respondent VOLODYMYR and whenever a reference is made
17 to an act or omission or representation of Respondent TRADE HOUSE, such allegation shall be
18 deemed to mean that Respondent LEONID and/or Respondent VOLODYMYR was so acting, or
19 failing to act, and/or speaking.

20 9

21 At all times herein mentioned, Respondent VSEVOLOD M. MARKIV
22 (hereinafter "Respondent MARKIV") was and is licensed by the Department as a real estate
23 broker.

24 10

25 At all times herein mentioned, Respondent DIANNA FRANCINE WOODS
26 (hereinafter "Respondent WOODS") was and is licensed by the Department as a real estate
27 salesperson. At all times from September 7, 2006, through March 24, 2007, inclusive,

1 Respondent WOODS was licensed as a real estate salesperson in the employ of Respondent
2 TRADE HOUSE. Respondent WOODS was not on record as licensed in the employ of any real
3 estate broker from March 25, 2007 through August 20, 2007, inclusive. At all times from
4 August 21, 2007, through May 5, 2008, inclusive, Respondent WOODS was licensed as a real
5 estate salesperson in the employ of Respondent MARKIV.

6 11

7 At all times herein mentioned, Sage Loan and Investment, Inc., is and was a
8 corporate entity incorporated in California on May 9, 2007. At no time did the Department
9 issue a real estate license to Sage Loan and Investment, Inc. (hereinafter "SAGE"). At all times
10 herein mentioned, Respondent MARKIV was the chief executive officer and agent for service of
11 process of SAGE. At all times herein mentioned, SAGE was and is the alter ego of Respondent
12 MARKIV and whenever a reference is made to an act or omission or representation of SAGE,
13 such allegation shall be deemed to mean that Respondent MARKIV was so acting, or failing to
14 act, and/or speaking.

15 12

16 At all times herein mentioned, Respondents, and each of them, and SAGE
17 engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate
18 broker within the State of California within the meaning of Section 10131(d) of the Code,
19 including on behalf of others, for compensation or in expectation of compensation, Respondents
20 solicited borrowers or lenders for or negotiated loans or collected payments or performed
21 services for borrowers or lenders or note owners in connection with loans secured directly or
22 collaterally by liens on real property or on a business opportunity.

23 13

24 At all times herein mentioned, Respondents, and each of them, and SAGE
25 engaged in the business of selling or offering to sell a series of promissory notes secured directly
26 by interests in one or more parcels of real property or the selling of undivided interests in a note

27 ///

1 secured directly by one or more parcels of real property equivalent to a series transaction within
2 the meaning of Section 10237 of the Code.

3 FIRST CAUSE OF ACTION

4 14

5 There is hereby incorporated in this First, separate and distinct, Cause of Action,
6 all of the allegations contained in Paragraphs 1 through 13, inclusive, of the Accusation with the
7 same force and effect as if herein fully set forth.

8 15

9 Within the three year period prior to the filing of this Accusation and at all times
10 herein mentioned, in the course and scope of the activities described in Paragraph 12 and 13,
11 above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited
12 lenders, and/or negotiated loans secured directly or collaterally by liens on real property,
13 wherein such loans were to be brokered, arranged, processed, and/or consummated on behalf of
14 others, and/or solicited and negotiated to perform services for lenders and borrowers in
15 connection with loans secured directly or collaterally by liens on real property or on a business
16 opportunity, pursuant to Section 10131(d) of the Code, wherein Respondents TRADE HOUSE,
17 LEONID, VOLODYMYR, and WOODS sold or offered to sell a series of promissory notes
18 secured directly by interests in one or more parcels of real property or sold or offered to sell
19 undivided interests in a note secured directly by one or more parcels of real property equivalent
20 to a series transaction within the meaning of Section 10237 of the Code for or in expectation of
21 compensation, including, but not limited to, the following transactions:

22 Investor/Lender	Subject	Amount	Date	Investor	Interest
	Property	Invested		Share	on Note
23 Henry Serrano	Lot 20-Levy Acres	\$50,000	2/22/07	15.87%	13%
24	Folsom, CA				
25 Gloria L. Serrano	Lot 20-Levy Acres	\$50,000	2/22/07	15.87%	13%
26	Folsom, CA				

27 ///

1	Henry Serrano Revocable Trust	Lot 14-New Airport Rd. Auburn, CA (Briar Meadows)	\$50,000	10/30/07	12.87%	13%
2	Gloria L. Serrano Revocable Trust	Lot 14-New Airport Rd. Auburn, CA (Briar Meadows)	\$25,000	10/30/07	6.41%	13%
3	Alcides & America Serrano	Lot 2-Levy Acres Folsom, CA	\$50,000	8/1/07	15.87%	13%
4	Alcides & America Serrano	Lot 3-Levy Acres Folsom, CA	\$53,000	8/1/07	16.83%	13%
5	Jack W. & Joyce R. Cole Family Trust	4110 New York Ave. Fair Oaks, CA	\$160,000	8/2/07	14.88%	13.5%
6	Jack W. & Joyce R. Cole Family Trust	Lot 113-Selene Way Copperopolis, CA	\$95,000	4/18/07	100%	14%
7	Jack W. & Joyce R. Cole Family Trust	Lot 114-Selene Way Copperopolis, CA	\$110,000	4/18/07	100%	14%
8	Bruno & Aurora Vargas	Lot 19-Levy Acres Folsom, CA	\$100,000	11/28/06	31.75%	13%
9	John C. & Elvie E. Scott	Lot 2-Levy Acres Folsom, CA	\$50,000	2/13/07	15.87%	13%
10	Jayne J. Gibson	12520 New Airport Rd. Auburn, CA (Briar Meadows)	\$75,000	2/12/07	1.4%	13%
11	Jayne J. Gibson	46 Lots-Muschetto Project 7108 Antelope Rd. Citrus Heights, CA	\$75,000	3/12/07	0.55%	13%
12	Jayne J. Gibson	Lot 15-Levy Acres Folsom, CA	\$1,666.19	2/2/07	.53%	13%
13	Jayne J. Gibson	Lot 14-Levy Acres Folsom, CA	\$3,333.81	2/2/07	.1.06%	13%
14	Jayne J. Gibson	Lot 14-Levy Acres Folsom, CA	\$3,333.81	2/9/07	.1.06%	13%

26 Within the three year period prior to the filing of this Accusation and at all times
 27 herein mentioned, in the course and scope of the activities described in Paragraph 12 and 13,

1 above, SAGE and Respondents MARKIV, LEONID, VOLODYMYR, and WOODS solicited
 2 lenders, and/or negotiated loans secured directly or collaterally by liens on real property,
 3 wherein such loans were to be brokered, arranged, processed, and/or consummated on behalf of
 4 others, and/or solicited and negotiated to perform services for lenders and borrowers in
 5 connection with loans secured directly or collaterally by liens on real property or on a business
 6 opportunity, pursuant to Section 10131(d) of the Code, wherein SAGE and Respondents
 7 MARKIV, LEONID, VOLODYMYR, and WOODS sold or offered to sell a series of
 8 promissory notes secured directly by interests in one or more parcels of real property or sold or
 9 offered to sell undivided interests in a note secured directly by one or more parcels of real
 10 property equivalent to a series transaction within the meaning of Section 10237 for or in
 11 expectation of compensation, including, but not limited to, the following transactions:

12 Investor/Lender	Subject	Amount	Date	Investor	Interest
	Property	Invested		Share	on Note
13 Betty E. Devine	Lot 8-New Airport Rd.	\$70,000	8/16/07	17.95%	13%
14 Revocable Trust	Auburn, CA (Briar Meadows)				
15 Michael G. Kibler	Lot 20-New Airport Rd.	\$70,000	8/16/07	18.66%	13%
16	Auburn, CA (Briar Meadows)				
17 Jayne J. Gibson	Lot 14-Levy Acres	\$110,000	12/5/07	100%	13%
18	Folsom, CA	2nd Trust Deed			

19 17

20 Within the three year period prior to the filing of this Accusation, in the course of
 21 soliciting and negotiating the sale of interests in promissory notes secured by liens on real
 22 property as set forth in Paragraphs 15 and 16, above, Respondents represented to the investors
 23 that: 1.) the investors' funds would be used to construct residential improvements on the lots
 24 secured by their respective investments; 2.) the improved real properties would be marketed and
 25 sold; 3.) the investors would receive monthly interest payments on their investments until the
 26 date when the principal became due and payable upon the maturity date specified in their

27 ///

1 respective promissory notes; and, 3.) that their respective investments would be paid in full
2 upon the respective specified maturity dates.

3 18

4 The representations described in Paragraph 17, above, were false and misleading
5 and were known by Respondents to be false and misleading when made or were made by such
6 Respondents with no reasonable grounds for believing said representations to be true, and/or
7 said Respondents should have known at the time through the exercise of reasonable diligence
8 that such representations were false and misleading. In truth and in fact, said Respondents: 1.)
9 would not and did not construct the improvements as promised, and/or failed to complete such
10 improvements; 2.) could not and did not market or sell the properties because Respondents had
11 not obtained a public report pursuant to Section 11018.2 of the Code; 3.) ceased and/or failed to
12 make all promised monthly interest payments to said investors; 4) would not and did not pay
13 back any portion of the principal due to said investors; and, 5.) converted or misappropriated the
14 said investors' funds, as set forth in Paragraphs 15 and 16, above, to Respondents' own use or
15 benefit or to purposes not authorized by the rightful owners of said funds.

16 19

17 The acts and omissions of Respondents described in Paragraphs 15, 16, 17, and
18 18, above, constitute misrepresentation, fraud, deceit, and dishonest dealing.

19 20

20 The acts and/or omissions of Respondents alleged in Paragraphs 15, 16, 17, 18,
21 and 19, above, constitute cause for the suspension or revocation of the licenses and license
22 rights of Respondents under the following provisions:

- 23 (a) Under 10176(a) of the Code (making a substantial misrepresentation);
24 (b) Under Section 10176(b) of the Code (making any false promises of a
25 character likely to influence, persuade or induce);
26 (c) Under Section 10176(c) of the Code (continued and flagrant course of
27 misrepresentation or false promises through real estate salespersons);

- 1 (d) Under Section 10176(i) of the Code (any other conduct, whether of the
2 same or a different character than specified in this section, which
3 constitutes fraud or dishonest dealing);
- 4 (e) Under Section 10177(g) of the Code (demonstrated negligence or
5 incompetence in performing an act for which he or she is required to hold
6 a license); and,
- 7 (f) Under Section 10177(j) of the Code (any other conduct, whether of the
8 same or a different character than specified in this section, which
9 constitutes fraud or dishonest dealing).

10 SECOND CAUSE OF ACTION

11 21

12 There is hereby incorporated in this Second, separate and distinct, Cause of
13 Action, all of the allegations contained in Paragraphs 1 through 20, inclusive, of the Accusation
14 with the same force and effect as if herein fully set forth.

15 22

16 As set forth in Paragraph 10, above, Respondent WOODS was not on record as
17 licensed in the employ of any real estate broker from March 25, 2007 through August 20, 2007,
18 inclusive, and at all times from August 21, 2007, through May 5, 2008, inclusive, Respondent
19 WOODS was licensed as a real estate salesperson in the employ of Respondent MARKIV.

20 23

21 At no time herein mentioned was Respondent WOODS licensed by the
22 Department as a real estate broker.

23 24

24 Within the three year period prior to the filing of this Accusation, Respondent
25 WOODS on behalf of and while in the employ of Respondent TRADE HOUSE, Respondent
26 LEONID and Respondent MARKIV, and/or on behalf of and while in the employ of SAGE,
27 solicited lenders, and/or negotiated loans secured directly or collaterally by liens on real

1 property, wherein such loans were to be brokered, arranged, processed, and/or consummated on
 2 behalf of others, and/or solicited and negotiated to perform services for lenders and borrowers in
 3 connection with loans secured directly or collaterally by liens on real property or on a business
 4 opportunity, pursuant to Section 10131(d) of the Code, wherein Respondent WOODS sold or
 5 offered to sell a series of promissory notes secured directly by interests in one or more parcels of
 6 real property or sold or offered to sell undivided interests in a note secured directly by one or
 7 more parcels of real property equivalent to a series transaction within the meaning of Section
 8 10237 of the Code for or in expectation of compensation, including, but not limited to, the
 9 following transactions:

10 Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
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11
 12 **Employed by Respondent Trade House/Respondent Leonid;**

13 Alcides & America Serrano	Lot 2-Levy Acres Folsom, CA	\$50,000	8/1/07	15.87%	13%
14 Alcides & America Serrano	Lot 3-Levy Acres Folsom, CA	\$53,000	8/1/07	16.83%	13%
15 Jack W. & Joyce R. Cole Family Trust	4110 New York Ave. Fair Oaks, CA	\$160,000	8/2/07	14.88%	13.5%
16 Jack W. & Joyce R. Cole Family Trust	Lot 113-Selene Way Copperopolis, CA	\$95,000	4/18/07 2nd Trust Deed	100%	14%
17 Jack W. & Joyce R. Cole Family Trust	Lot 114-Selene Way Copperopolis, CA	\$110,000	4/18/07 2nd Trust Deed	100%	14%

18
 19
 20
 21 **Employed by Sage/Respondent Markiv/Respondent Leonid;**

22 Betty E. Devine Revocable Trust	Lot 8-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	17.95%	13%
23 Michael G. Kibler	Lot 20-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	18.66%	13%

24 ///

25 ///

The facts alleged in Paragraphs 22, 23, and 24, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondent WOODS under Section 10130 of the Code (unlawful to engage in the business of, act in the capacity of, advertise or assume to act as a real estate broker without obtaining a broker license), Section 10132 of the Code (a real estate salesperson with the meaning of Chapter 3, Article 1, of the Code is a natural person who for or in expectation of compensation is employed by a licensed real estate broker) and Section 10137 of the Code (no real estate salesman shall be employed or accept compensation from any person other than the broker under whom he is at the time licensed) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

The facts alleged in Paragraphs 22, 23, and 24, above, constitute cause for the suspension or revocation of the licenses and license rights of TRADE HOUSE, Respondent LEONID and Respondent MARKIV under Section 10137 of the Code (unlawful for any licensed broker to employ or compensate, directly or indirectly, a real estate salesperson who is not licensed under the broker employing or compensating him or her) all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

THIRD CAUSE OF ACTION

There is hereby incorporated in this Third, separate and distinct, Cause of Action, all of the allegations contained in Paragraphs 1 through 26, inclusive, of the Accusation with the same force and effect as if herein fully set forth.

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As set forth in Paragraph 7, above, Respondent VOLODYMYR was not on record as licensed in the employ of any real estate broker from March 24, 2007 through September 11, 2007, inclusive.

29

At no time herein mentioned was Respondent VOLODYMYR licensed by the Department as a real estate broker.

30

Within the three year period prior to the filing of this Accusation, Respondent VOLODYMYR on behalf of and/or while in the employ of Respondent TRADE HOUSE, Respondent LEONID and Respondent MARKIV, and/or on behalf of and while in the employ of SAGE, solicited lenders, and/or negotiated loans secured directly or collaterally by liens on real property, wherein such loans were to be brokered, arranged, processed, and/or consummated on behalf of others, and/or solicited and negotiated to perform services for lenders and borrowers in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, pursuant to Section 10131(d) of the Code, wherein Respondent VOLODYMYR sold or offered to sell a series of promissory notes secured directly by interests in one or more parcels of real property or sold or offered to sell undivided interests in a note secured directly by one or more parcels of real property equivalent to a series transaction within the meaning of Section 10237 of the Code for or in expectation of compensation, including, but not limited to, the following transactions:

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
Employed by Respondent Trade House/Respondent Leonid;					
Alcides & America Serrano	Lot 2-Levy Acres Folsom, CA	\$50,000	8/1/07	15.87%	13%
Alcides & America Serrano	Lot 3-Levy Acres Folsom, CA	\$53,000	8/1/07	16.83%	13%

1	Jack W. & Joyce R. Cole Family Trust	4110 New York Ave. Fair Oaks, CA	\$160,000	8/2/07	14.88%	13.5%
2						
3	Jack W. & Joyce R. Cole Family Trust	Lot 113-Selene Way Copperopolis, CA	\$95,000	4/18/07	100%	14%
4				2nd Trust Deed		
5	Jack W. & Joyce R. Cole Family Trust	Lot 114-Selene Way Copperopolis, CA	\$110,000	4/18/07	100%	14%
6				2nd Trust Deed		

7 **Employed by Sage/Respondent Markiv/Respondent Leonid;**

8	Betty E. Devine Revocable Trust	Lot 8-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	17.95%	13%
9						
10	Michael G. Kibler	Lot 20-New Airport Rd. Auburn, CA (Briar Meadows)	\$70,000	8/16/07	18.66%	13%
11						

13 The facts alleged in Paragraphs 28, 29, and 30, above, constitute cause for the
14 suspension or revocation of the licenses and license rights of Respondent VOLODYMYR under
15 Section 10130 of the Code (unlawful to engage in the business of, act in the capacity of,
16 advertise or assume to act as a real estate broker without obtaining a broker license), Section
17 10132 of the Code (a real estate salesperson with the meaning of Chapter 3, Article 1, of the
18 Code is a natural person who for or in expectation of compensation is employed by a licensed
19 real estate broker) and Section 10137 of the Code (no real estate salesman shall be employed or
20 accept compensation from any person other than the broker under whom he is at the time
21 licensed) all in conjunction with Section 10177(d) of the Code (suspension or revocation of
22 license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000
23 et seq. of the Code, or of the Regulations).

25 The facts alleged in Paragraphs 28, 29, and 30, above, constitute cause for the
26 suspension or revocation of the licenses and license rights of TRADE HOUSE, Respondent
27 LEONID and Respondent MARKIV under Section 10137 of the Code (unlawful for any

1 licensed broker to employ or compensate, directly or indirectly, a real estate salesperson who is
2 not licensed under the broker employing or compensating him or her) all in conjunction with
3 Section 10177(d) of the Code (suspension or revocation of license for willful disregard or
4 violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the
5 Regulations).

6 FOURTH CAUSE OF ACTION

7 33

8 There is hereby incorporated in this Fourth, separate and distinct, Cause of
9 Action, all of the allegations contained in Paragraphs 1 through 32, inclusive, of the Accusation
10 with the same force and effect as if herein fully set forth.

11 34

12 Within the three year period prior to the filing of this Accusation, in or about
13 February, 2008, Respondent TRADE HOUSE relocated its main office from 4230 Truxel Road,
14 Suite D, in Sacramento, California, to a different address at 4090 Truxel Road in Sacramento,
15 California.

16 35

17 Within the three year period prior to the filing of this Accusation, on or about
18 May 13, 2008, Respondent TRADE HOUSE abandoned its main office.

19 36

20 Respondent TRADE HOUSE failed to maintain on file with the Real Estate
21 Commissioner a new address for the principal place of business of Respondent TRADE
22 HOUSE and/or failed to maintain on file with the Real Estate Commissioner its current mailing
23 address for its real estate brokerage activities.

24 37

25 The facts, as alleged in Paragraphs 34, 35 and 36, above, are grounds for the
26 suspension or revocation of the real estate broker license of Respondent TRADE HOUSE under
27 Section 2715 of the Regulations (broker shall maintain on file with Commissioner the address of

1 principal place of business and current mailing address, if different from business address, and
2 broker shall notify Commissioner of address change not later than next business day) and
3 Section 10162 of the Code (every real estate broker shall have and maintain a definite place of
4 business where the license is displayed: licensee not authorized to do business except from the
5 location stipulated in the license) all in conjunction with the provisions of Section 10177(d) of
6 the Code (suspension or revocation of license for willful disregard or violation of the Real
7 Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

8 FIFTH CAUSE OF ACTION

9 38

10 There is hereby incorporated in this Fifth, separate and distinct, Cause of Action,
11 all of the allegations contained in Paragraphs 1 through 37, inclusive, of the Accusation with the
12 same force and effect as if herein fully set forth.

13 39

14 On or about April 14, 2008, Deputy Real Estate Commissioner Brenda Smith and
15 Department auditor, Nada Dagher, as designated representatives of the Commissioner of the
16 Department, served a subpoena duces tecum upon Respondent VOLODYMYR as the agent for
17 service of process for Respondent TRADE HOUSE, directing Respondent TRADE HOUSE to
18 make available, by May 5, 2008, for examination, inspection and copying of all transactional
19 documents and trust funds records of Respondent in connection with the activities described in
20 Paragraphs 12, 13, 15 and 17, above, as required under Section 10148(a) of the Code (licensed
21 broker shall retain for three years all listings, deposit receipts, canceled checks, trust records,
22 documents executed or obtained by broker in connection with transactions requiring a broker
23 license, and shall make such records available after notice to the Commissioner or his
24 designated representative for examination, inspection, and copying).

25 40

26 Within the three year period prior to the filing of this Accusation and at all times
27 herein mentioned, in connection with the activities described in Paragraphs 12, 13, 15 and 17,

1 above, Respondent TRADE HOUSE failed to provide to the Department's representative and/or
2 failed to retain for a period of three (3) years the transactional documents and trust fund records
3 requested in the subpoena served as set forth in Paragraph 39, above.

4 41

5 The acts and/or omissions of Respondent TRADE HOUSE as alleged in
6 Paragraph 40, above, constitute cause for the suspension or revocation of the licenses and
7 license rights of said Respondent TRADE HOUSE under Section 10148 of the Code (broker
8 shall retain for three years copies of all documents and records executed or obtained by broker
9 in connection with any transaction requiring a real estate license and shall make such available
10 to the Commissioner's representative upon notice) all in conjunction with Section 10177(d) of
11 the Code (suspension or revocation of license for willful disregard or violation of the Real
12 Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

13 SIXTH CAUSE OF ACTION

14 42

15 There is hereby incorporated in this Sixth, separate and distinct, Cause of Action,
16 all of the allegations contained in Paragraphs 1 through 41, inclusive, of the Accusation with the
17 same force and effect as if herein fully set forth.

18 43

19 Within the three year period prior to the filing of this Accusation and at all times
20 herein mentioned, Respondents sold or offered to sell undivided or fractionalized interests in
21 promissory notes secured directly or collaterally by liens on real property, including, but not
22 limited to, the transactions set forth in Paragraphs 15 and 16, above, which constituted the
23 offering and sale of securities within the meaning of Sections 25019, 25110 and 25532 of the
24 Corporations Code, and which the issue or sale of such securities must be qualified and
25 permitted by the Commissioner of the Department of Corporations as required under Section
26 25110 of the Corporations Code.

27 ///

Within the three year period prior to the filing of this Accusation and at all times herein mentioned, each of the Respondents named herein failed to obtain a permit from the Commissioner of the Department of Corporations to sell securities and failed to qualify to sell securities.

Within the three year period prior to the filing of this Accusation, on or about February 9, 2009, the Commissioner of the Department of Corporations issued and served upon Respondents a Desist and Refrain Order pursuant to Section 25532 of the Corporations Code directing Respondents to cease selling fractionalized interests in first trust deeds secured by real property on the grounds that the Respondents had failed to obtain a permit or other form of qualification to sell such securities in this state and on the additional grounds under Section 25401 of the Corporations Code that the securities that were offered or sold by means of written or oral communications that included untrue statements of material fact or omitted to state a material fact necessary to render the statements made not misleading. Respondent TRADE HOUSE doing business under the fictitious name of VLD REALTY, Respondent LEONID, and Respondent VOLODYMYR failed to request a hearing to contest the Desist and Refrain Order, which became final and effective as to said Respondents on or about March 11, 2009, pursuant to Section 25532(d) of the Corporations Code (failure to file request for hearing within 30 days from date of service of order, order shall be deemed final and not subject to review).

Respondent WOODS requested a hearing to contest the Desist and Refrain Order described in Paragraph 45, above. After a hearing on the merits, at which Respondent WOODS appeared in pro se, held before the Office of Administrative Hearings in Sacramento on March 12, 2009, in Department of Corporations Case No. 8531 and OAH Case No. 2009030044, the Desist and Refrain Order against Respondent WOODS was sustained on the grounds that Respondent WOODS had violated Section 25110 of the Corporations Code (unlawful for any

1 person to sell or offer to sell in this state any security in an issuer transaction unless such sale
2 has been qualified or exempted) and on the grounds that Respondent WOODS had violated
3 Section 25401 of the Corporations Code (unlawful to offer or sell securities by means of written
4 or oral communications which include untrue statements of material fact or omit to state a
5 material fact necessary to render the statements made not misleading).

6 47

7 The acts and/or omissions of Respondents TRADE HOUSE, LEONID,
8 VOLODYMYR, and WOODS as alleged in Paragraphs 43, 44, 45, and 46, above, constitute
9 cause for the suspension or revocation of the licenses and license rights of Respondents under
10 the following provisions:

- 11 (a) Under 10176(a) of the Code (making a substantial misrepresentation);
12 (b) Under Section 10176(b) of the Code (making any false promises of a
13 character likely to influence, persuade or induce);
14 (c) Under Section 10176(c) of the Code (continued and flagrant course of
15 misrepresentation or false promises through real estate salespersons);
16 (d) Under Section 10176(i) of the Code (any other conduct, whether of the
17 same or a different character than specified in this section, which
18 constitutes fraud or dishonest dealing);
19 (e) Under Section 10177(g) of the Code (demonstrated negligence or
20 incompetence in performing an act for which he or she is required to hold
21 a license);
22 (f) Under Section 10177(j) of the Code (any other conduct, whether of the
23 same or a different character than specified in this section, which
24 constitutes fraud or dishonest dealing); and,
25 (g) Under Section 10177(n) of the Code (violated the Corporate Securities
26 Law of 1968, commencing with Section 25000 of the Corporations
27 Code).

1 SEVENTH CAUSE OF ACTION

2 48

3 There is hereby incorporated in this Seventh, separate and distinct, Cause of
4 Action, all of the allegations contained in Paragraphs 1 through 47, inclusive, of the Accusation
5 with the same force and effect as if herein fully set forth.

6 49

7 Within the three year period prior to the filing of this Accusation and at all times
8 herein mentioned, Respondent TRADE HOUSE was a real estate broker:

- 9 (a) Meeting the "threshold" criteria of Section 10232(a) of the Code (within
10 a 12 month period either negotiates 10 or more loan secured directly or
11 collaterally by real property aggregating \$1,000,000 or more, or collects
12 note payments on behalf of lenders or obligors aggregating \$250,000 or
13 more) and Section 10232(b) of the Code (negotiates two or more new
14 loans secured directly or collaterally by real property aggregating more
15 than \$250,000 within 3 consecutive months or within 6 consecutive
16 months sells 5 or more new loans or existing promissory notes secured
17 directly or collaterally by real property aggregating more than \$500,000)
18 with a fiscal year ending each year on the last day of December; and,
- 19 (b) Meeting the "multi-lender" criteria of Section 10238 of the Code, in that
20 at all times mentioned herein Respondent TRADE HOUSE was a
21 servicing agent meeting the criteria of Section 10238(k)(3) of the Code
22 (requiring broker acting as servicing agent every 3 months to have
23 independent certified accountant review broker accounts or trust accounts
24 and forward reports to Commissioner within 30 days) with respect to
25 notes or interest sold pursuant to Section 10238 of the Code.

26 ///

27 ///

In so acting as a mortgage loan broker and agent as set forth in Paragraph 49, above, Respondent TRADE HOUSE failed to file with the Department of Real Estate within thirty (30) days after the end of the second and third quarters of Respondent's 2007 fiscal year and failed to file for all quarters of Respondent's 2008 fiscal year the trust fund status reports required by Section 10232.25 of the Code (requiring threshold lender within 30 days after the end of each of the first three fiscal quarters to submit to the Commissioner a trust fund status report).

In so acting as a multi-lender mortgage loan broker and agent as set forth in Paragraph 49, above, Respondent TRADE HOUSE failed to file with the Department of Real Estate an annual status report for Respondent's 2007 and 2008 fiscal years containing the information set forth in Section 10232.2 of the Code (report of review by independent public accountant of trust fund financial statements, receipt and disposition of all funds applied to loans and loan servicing, itemized trust fund accounting) as required by Section 10238(o) of the Code (requiring broker to provide report mandated by Section 10232.2 within 90 days after the of the end of the fiscal fourth quarter).

The acts and/or omissions of Respondent TRADE HOUSE as alleged in Paragraphs 49, 50 and 51, above constitute grounds for the suspension or revocation of the licenses and license rights of Respondent under the following provisions:

- (a) As alleged in Paragraph 50, under Section 10232.25 of the Code in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations); and,

///

1 (b) As alleged in Paragraph 51, under Section 10238(o) of the Code in
2 conjunction with Section 10177(d) of the Code.

3 EIGHTH CAUSE OF ACTION

4 53

5 There is hereby incorporated in this Eighth, separate and distinct, Cause of
6 Action, all of the allegations contained in Paragraphs 1 through 52, inclusive, of the Accusation
7 with the same force and effect as if herein fully set forth.

8 54

9 In so acting as a multi-lender mortgage loan broker and agent as set forth in
10 Paragraphs 12 and 13, above, Respondent TRADE HOUSE failed to obtain from the investors
11 the qualifications of income and net worth form in accordance with Section 10238(f) of the
12 Code (requiring broker to obtain from investor a statement that investment does not exceed 10%
13 of investor's net worth or does not exceed 10% of investor's adjusted gross income) and/or
14 failed to retain copies of said forms signed by the investors for three years in violation of
15 Section 10148 of the Code (licensed broker shall retain for three years all listings, deposit
16 receipts, canceled checks, trust records, documents executed or obtained by broker in
17 connection with transactions requiring a broker license, and shall make such records available
18 after notice to the Commissioner or his designated representative for examination, inspection,
19 and copying) in all of, but not limited to, the following transactions:

20 Investor/Lender	21 Subject Property	Amount Invested	Trust Deed	Investor Share	Income/Net Worth Form
22 Jayne J. Gibson	Lot 24-Briar Meadows Auburn, CA	\$50,000	3/13/08	12.82%	None
23 Jayne J. Gibson	Lot 25-Briar Meadows Auburn, CA	\$50,000	3/13/08	13.33%	None
24 Jack & Joyce Cole	Lot 23-Briar Meadows Auburn, CA	\$10,000	9/5/07	2.564%	None
25 Michael G. Kibler Cole	Lot 20-Briar Meadows Auburn, CA	\$70,000	9/10/07	18.66%	None

1	Gloria L. Serrano Revocable Trust	Lot 14-Briar Meadows Auburn, CA	\$25,000	9/17/07	6.41%	None
2						
3	Henry Serrano Revocable Trust	Lot 14-Briar Meadows Auburn, CA	\$50,000	9/17/07	12.82%	None
4						
5	Gloria L. Serrano Revocable Trust	Lot 18-Briar Meadows Auburn, CA	\$75,000	9/17/07	18.512%	None
6						
7	Betty E. Devine Revocable Trust	Lot 8-Briar Meadows Auburn, CA	\$5,000	9/10/07	1.28%	None
8						
9	Betty E. Devine Revocable Trust	Lot 8-Briar Meadows Auburn, CA	\$70,000	9/10/07	17.95%	None
10						
11	John C. & Elvie E. Scott	Lot 4-Briar Meadows Auburn, CA	\$40,000	1/16/08	10.66%	None
12						
13	John C. & Elvie E. Scott	Lot 17-Briar Meadows Auburn, CA	\$250,000	1/16/08	61.73%	None
14						
15	John C. & Elvie E. Scott	Lot 24-Briar Meadows Auburn, CA	\$95,000	1/16/08	25.33%	None
16						
17	John C. & Elvie E. Scott	Lot 26-Briar Meadows Auburn, CA	\$45,000	1/16/08	12%	None
18						
19	John C. & Elvie E. Scott	Lot 27-Briar Meadows Auburn, CA	\$30,000	1/16/08	7.69%	None
20						
21						
22						
23						
24						
25						
26						
27						

The acts and/or omissions of Respondent TRADE HOUSE as alleged in Paragraph 54, above constitute grounds for the suspension or revocation of the licenses and license rights of Respondent under Section 10238(f) of the Code and/or Section 10148 of the Code all in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations).

1 NINTH CAUSE OF ACTION

2 56

3 There is hereby incorporated in this Ninth, separate and distinct, Cause of Action,
4 all of the allegations contained in Paragraphs 1 through 55, inclusive, of the Accusation with the
5 same force and effect as if herein fully set forth.

6 57

7 At all times herein mentioned Respondent TRADE HOUSE acted as a real estate
8 broker within the meaning of Sections 10237 and 10238 of the Code (governing the brokering of
9 promissory notes secured by real property to multiple lenders), as set forth Paragraphs 12 and 13,
10 above.

11 58

12 Within three years prior to the filing of this Accusation, and at all times herein
13 mentioned, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited
14 multiple lenders to purchase, and negotiated the sale of, undivided interests in promissory notes
15 to be secured by unimproved real property for the purpose of constructing residential and/or
16 other improvements on said real properties (hereinafter "construction loans") which were
17 subject to the criteria of Section 10238(h)(4)(A) of the Code (requiring broker to use neutral
18 third party escrow for all deposits and disbursements for construction loans) in all of, but not
19 limited to, the following transactions:

20

Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
Melanie Humphrey	Lot 296-Calypso Bay Copperopolis, CA	\$15,000	8/21/07	0.41%	13.5%
Gerhard & Barbara Radke	Lot 296-Calypso Bay Copperopolis, CA	\$60,000	5/3/07	1.62%	13.5%
Todd & Lori Humphrey	Lot 296-Calypso Bay Copperopolis, CA	\$165,000	1/12/07	4.46%	13.5%
Mason G. Ferris	Lot 296-Calypso Bay Copperopolis, CA	\$2,500	1/10/07	0.0675%	13.5%

21
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24
25
26
27

1	Hedy Ponath	Lot 296-Calypso Bay Copperopolis, CA	\$180,000	1/16/07	4.86%	13.5%
2			2nd Trust Deed			
3	Jack & Joyce Cole Revocable Trust	Lot 296-Calypso Bay Copperopolis, CA	\$145,000	1/10/07	3.92%	13.5%
4			2nd Trust Deed			
5	Carson C. Williams Family Trust	Lot 296-Calypso Bay Copperopolis, CA	\$545,000	1/9/07	14.73%	13.5%
6			2nd Trust Deed			
7						
8						

59

As set forth in Paragraph 58, above, Respondents TRADE HOUSE, LEONID, VOLODOMYR, and WOODS solicited and negotiated the sale of fractionalized interests in promissory note totaling \$3,700,000.00 in violation of Section 10238(h)(4)(E) of the Code (entire amount of a construction loan must not exceed \$2,500,000.00).

60

Within three years prior to the filing of this Accusation, and at all times herein mentioned, in the course and scope of soliciting lenders to purchase and negotiating the sale of promissory notes to lenders as set forth in Paragraph 58, above, Respondents TRADE HOUSE, LEONID, VOLODOMYR, and WOODS were required under Section 10232.5 of the Code to provide a Lender Purchaser Disclosure Statement (hereinafter "LPDS") to each investor containing the information required by Section 10232.5 of the Code (broker must provide disclosure to lender containing property address, estimated fair market value, type of construction, borrower income and credit, note terms, property encumbrances, other anticipated loans, loan servicing provisions, broker's commissions, joint beneficiary arrangements).

61

Within three years prior to the filing of this Accusation, and at all times herein mentioned, in the course and scope of soliciting lenders to purchase and of negotiating the sale of promissory notes to lenders as set forth in Paragraph 58, above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS provided a LPDS to each investor, including,

1 but not limited to, the investors named in Paragraph 58, above, containing a statement that the
2 multi-lender transaction would be conducted through an escrow opened with Calaveras Title
3 Company.

4 62

5 Within three years prior to the filing of this Accusation, and at all times herein
6 mentioned, in the course and scope of soliciting lenders to purchase and of negotiating the sale
7 of promissory notes to lenders as set forth in Paragraphs 15, 16 and 58, above, Respondents
8 TRADE HOUSE, LEONID, VOLODYMYR, and WOODS provided a LPDS to each investor,
9 including, but not limited to, the investors named in Paragraphs 15, 16 and 58, above, that failed
10 to disclose the ownership interests and/or control of Respondents TRADE HOUSE, LEONID,
11 and VOLODYMYR in the borrowers and in the general contractor employed to construct the
12 improvements on the subject properties in violation of Section 10238(1)(3) of the Code.

13 63

14 The representations and omissions described in Paragraphs 59, 60, 61 and 62,
15 above, were false and misleading and were known by Respondents to be false and misleading
16 when made or were made by such Respondents with no reasonable grounds for believing said
17 representations to be true, and/or said Respondents should have known at the time through the
18 exercise of reasonable diligence that such representations were false and misleading. In truth
19 and in fact, said Respondents: 1.) would not and did not open an escrow with Calaveras Title
20 Company or with any neutral third party escrow agent; 2.) would not and did not deposit
21 investor funds with a neutral third party escrow; 3.) deposited investor funds into a trust account
22 in the name of Respondent TRADE HOUSE as trustee; 4.) investor funds were disbursed from
23 the trust account of Respondent TRADE HOUSE; 5) conducted a broker owned and controlled
24 escrow through Respondent TRADE HOUSE); and, 6.) Respondents LEONID and
25 VOLODYMYR had controlling interests or served as officers and/or directors of the borrowers
26 and general contractor employed to construct the improvements.

27 ///

The acts and omissions of Respondents described in Paragraphs 58 through 63, inclusive, above, constitute misrepresentation, fraud, deceit, and dishonest dealing.

The acts and/or omissions of Respondents alleged in Paragraphs 57 through 64, inclusive, above, constitute cause for the suspension or revocation of the licenses and license rights of Respondents under the following provisions:

- (a) Under 10176(a) of the Code (making a substantial misrepresentation);
- (b) Under Section 10176(b) of the Code (making any false promises of a character likely to influence, persuade or induce);
- (c) Under Section 10176(c) of the Code (continued and flagrant course of misrepresentation or false promises through real estate salespersons);
- (d) Under Section 10176(i) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (e) Under Section 10177(g) of the Code (demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license);
- (f) Under Section 10177(j) of the Code (any other conduct, whether of the same or a different character than specified in this section, which constitutes fraud or dishonest dealing);
- (g) Under Section 10238(h)(4)(A) of the Code (failing to use neutral third party escrow for deposit and disbursement of investor funds in a construction loan) in conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code, or of the Regulations);

1 (h) Under Section 10238(h)(4)(E) of the Code (selling fractionalized interests
2 in construction loan that exceeded \$2,500,000.00) in conjunction with
3 Section 10177(d) of the Code; and,

4 (i) Under 10238(l)(3) of the Code (requiring broker selling fractionalized
5 interests in promissory notes to disclose pursuant to § 10232.5 any
6 interest of the broker or affiliate in the transaction; broker shall not have
7 an interest as owner, lessor, or developer of the property securing loan or
8 have any contractual right to acquire, lease or develop the property
9 securing loan) in conjunction with Section 10177(d) of the Code.

10 TENTH CAUSE OF ACTION

11 66

12 There is hereby incorporated in this Tenth, separate and distinct, Cause of
13 Action, all of the allegations contained in Paragraphs 1 through 65, inclusive, of the Accusation
14 with the same force and effect as if herein fully set forth.

15 67

16 Within the three year period prior to the filing of this Accusation and at all times
17 herein mentioned, in the course and scope of the activities described in Paragraph 12 and 13,
18 above, Respondents TRADE HOUSE, LEONID, VOLODYMYR, and WOODS solicited John
19 Bright to lend funds as construction loans to construct residential improvements on real
20 properties to be secured by liens on said real properties as follows:

21 Investor/Lender	Subject Property	Amount Invested	Date	Investor Share	Interest on Note
22 John Bright	2 Lots-Briar Meadows Auburn, CA	\$400,000	5/30/07	Majority%	13%
23					
24 John Bright	1 Lot- Muschetto Project Citrus Heights, CA	\$200,000	6/7/07	Majority%	13%
25					

26 ///

27 ///

1
2 Within the three year period prior to the filing of this Accusation, in the course of
3 soliciting and negotiating the sale of interests in promissory notes secured by liens on real
4 property as set forth in Paragraph 67, above, Respondents represented to John Bright that: 1.) his
5 funds would be used to construct residential improvements on the lots secured respectively by
6 his respective interests in the deeds of trust; 2.) the improved real properties would be marketed
7 and sold; 3.) he would receive monthly interest payments on his investments until the date when
8 the principal became due and payable upon the maturity date specified in the respective
9 promissory notes; 3.) his respective investments would be paid in full upon the respective
10 specified maturity dates; 4.) there had never been a foreclosure; and, 5.) if there was foreclosure,
11 his investment would be refunded immediately. Respondents failed to inform John Bright that
12 his funds would not be deposited with a neutral third party escrow.

13
14 The representations described in Paragraph 68, above, were false and misleading
15 and were known by Respondents to be false and misleading when made or were made by such
16 Respondents with no reasonable grounds for believing said representations to be true, and/or
17 said Respondents should have known at the time through the exercise of reasonable diligence
18 that such representations were false and misleading. In truth and in fact, said Respondents: 1.)
19 would not and did not construct the improvements as promised, and/or failed to complete such
20 improvements; 2.) could not and did not market or sell the properties because Respondents had
21 not obtained a public report pursuant to Section 11018.2 of the Code; 3.) ceased and/or failed to
22 make all promised monthly interest payments to said investor; 4) would not and did not pay
23 back any portion of the principal due to said investor; 5.) converted or misappropriated the said
24 investor's funds, as set forth in Paragraph 67, above, to Respondents' own use or benefit or to
25 purposes not authorized by the rightful owner of said funds; 6.) knew at the time of said
26 representations that there were insufficient funds to meet monthly interest obligations coming

27 ///

1 due and that default was likely; and 7.) failed to inform John Bright that his funds would not be
2 deposited with a neutral third party escrow.

3 70

4 The acts and omissions of Respondents described in Paragraphs 67, 68 and 69,
5 above, constitute misrepresentation, fraud, deceit, and dishonest dealing.

6 71

7 The acts and/or omissions of Respondents alleged in Paragraphs 67, 68, 69 and
8 70, above, constitute cause for the suspension or revocation of the licenses and license rights of
9 Respondents under the following provisions:

- 10 (a) Under 10176(a) of the Code (making a substantial misrepresentation);
11 (b) Under Section 10176(b) of the Code (making any false promises of a
12 character likely to influence, persuade or induce);
13 (c) Under Section 10176(c) of the Code (continued and flagrant course of
14 misrepresentation or false promises through real estate salespersons);
15 (d) Under Section 10176(i) of the Code (any other conduct, whether of the
16 same or a different character than specified in this section, which
17 constitutes fraud or dishonest dealing);
18 (e) Under Section 10177(g) of the Code (demonstrated negligence or
19 incompetence in performing an act for which he or she is required to hold
20 a license);
21 (f) Under Section 10177(j) of the Code (any other conduct, whether of the
22 same or a different character than specified in this section, which
23 constitutes fraud or dishonest dealing); and,
24 (g) Under Section 10238(h)(4)(A) of the Code (failing to use neutral third
25 party escrow for deposit and disbursement of investor funds in a
26 construction loan) in conjunction with Section 10177(d) of the Code
27 (suspension or revocation of license for willful disregard or violation of

1 the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code,
2 or of the Regulations);

3 ELEVENTH CAUSE OF ACTION

4 72

5 There is hereby incorporated in this Eleventh, separate and distinct, Cause of
6 Action, all of the allegations contained in Paragraphs 1 through 71, inclusive, of the Accusation
7 with the same force and effect as if herein fully set forth.

8 73

9 At all times above mentioned, Respondent MARKIV was responsible, as the
10 employing broker of Respondent WOODS and Respondent VOLODYMYR for the supervision
11 and control of the activities conducted on his behalf by his licensed salesperson employees.
12 Respondent MARKIV failed to exercise reasonable supervision and control over the mortgage
13 brokering activities of Respondent WOODS and Respondent VOLODYMYR. In particular,
14 Respondent MARKIV permitted, ratified and/or caused the conduct described in the Second and
15 Third Causes of Action, above, to occur, and failed to take reasonable steps, including but not
16 limited to the supervision of employees, compensating real estate salespersons licensees not
17 employed under his broker license, the proper employment of licensed salespersons, notifying
18 the Department of his employment of licensed salespersons, review of transactions requiring a
19 real estate license, insuring that no false representations would be made to investors, and the
20 implementation of policies, rules, procedures, and systems to ensure the compliance of the
21 corporation with the Real Estate Law.

22 74

23 The above acts and/or omissions of Respondent MARKIV constitute grounds for
24 the suspension or revocation of the licenses and license rights of Respondent MARKIV under
25 the provisions of Section 10177(h) of the Code (failure of broker to exercise reasonable
26 supervision over activities of salespersons employed by broker) and Section 2725 of the
27 Regulations (broker shall exercise reasonable supervision over salespersons, including

1 establishment of policies, rules, procedures, overview systems, transactional review) all in
2 conjunction with Section 10177(d) of the Code (suspension or revocation of license for willful
3 disregard or violation of the Real Estate Law, §§ 10000 et seq. and §§ 11000 et seq. of the Code,
4 or of the Regulations).

5 TWELFTH CAUSE OF ACTION

6 75

7 There is hereby incorporated in this Twelfth, separate and distinct, Cause of
8 Action, all of the allegations contained in Paragraphs 1 through 74, inclusive, of the Accusation
9 with the same force and effect as if herein fully set forth.

10 76

11 At all times herein mentioned, Respondent LEONID was responsible, as the
12 designated broker officer of Respondent TRADE HOUSE, for the supervision and control of the
13 activities conducted on behalf of the corporation by its officers and employees and of the
14 corporate activities requiring a real estate license. Respondent LEONID failed to exercise
15 reasonable supervision and control over the loan services, mortgage brokering, and advance fee
16 collection activities of Respondent TRADE HOUSE and its employees. In particular,
17 Respondent LEONID participated in, permitted, ratified, and/or caused the conduct described in
18 the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, and Tenth Causes of
19 Action, above, to occur, and failed to take reasonable steps to insure, including, but not limited
20 to transactional record keeping, insure proper trust fund record keeping, insure proper review of
21 trust fund records and accounts, insure that all transactional documents would be maintained on
22 file, insure that no false representations would be made to investors, insure that accounting for
23 investor funds would be provided, insure deposit of construction loan funds to neutral third
24 party escrow, insure proper supervision of employees, insure notification of address change, and
25 to insure the implementation of policies, rules, procedures, and systems to ensure the
26 compliance of the corporation and its employees with the Real Estate Law (Business and

27 ///

1 Professions Code Sections 10000 et seq. and Sections 11000 et seq.) and the Commissioner's
2 Regulations (Chapter 6, Title 10, California Code of Regulations).

3 77

4 The acts and/or omissions of Respondent LEONID as described in Paragraph 76,
5 above, constitute grounds for the suspension or revocation of the licenses and license rights of
6 Respondent LEONID under the provisions of Section 10159.2 of the Code (designated
7 broker/officer responsible for supervision and control of activities conducted on behalf of broker
8 corporation by officers, licensed salespersons and employees to secure compliance with the Real
9 Estate Law) and Section 2725 of the Regulations (broker shall exercise reasonable supervision
10 over: licensed employees; establish policies and procedures for compliance with Real Estate
11 Law; supervise transactions requiring a real estate license; trust fund handling; etc.) in
12 conjunction with Section 10177(d) of the Code and/or of Section 10177(h) of the Code
13 (suspension or revocation for broker or designated broker/officer who fails to exercise
14 reasonable supervision of licensed employees or licensed activities of broker corporation).

15 NOTICE OF INTENT TO SEEK BAR ORDER

16 78

17 The facts alleged in Paragraphs 1 through 78, above, subject Respondents
18 LEONID, VOLODYMYR, WOODS, and MARKIV to issuance of an Order of Debarment
19 pursuant to Section 10087 of the Code (authorizing Commissioner to issue an order suspending
20 or barring a real estate licensee from any position of employment, management, or control for a
21 period up to 36 months, in any business involving real estate activity or on the premises of a real
22 estate licensee or in the real estate related business activity of a finance lender, mortgage lender,
23 bank, credit union, escrow or title company, or title underwriter). Pursuant to Section 10087(b)
24 of the Code, you, Respondents LEONID, VOLODYMYR, WOODS, and MARKIV, are hereby
25 notified of the intention of the Commissioner to issue an Order of Debarment pursuant to
26 Section 10087(a) of the Code should the facts alleged herein support findings that an Order of
27 Debarment be issued.

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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.



TRICIA D. SOMMERS
Deputy Real Estate Commissioner

Dated at Sacramento, California,
this 29th day of December, 2009.