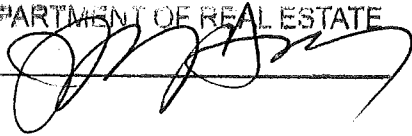


FILED

MAY 04 2012

DEPARTMENT OF REAL ESTATE
BY: 

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	NO. H-37387 LA
)	
<u>NEWKEY FINANCIAL CORP</u> , a corporate)	
real estate broker; and)	
KYLE EDWARD O'KELLY, individually)	
and as designated officer of)	
NewKey Financial Corp.)	
)	
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 March 6, 2012, and the findings of fact set forth herein are based on one or more of the following: (1) Respondent NEWKEY FINANCIAL CORP's express admissions; (2) affidavits; and (3) Department Audit Report LA 090245, dated November 4, 2010 and (4) other evidence.

FACTUAL FINDINGS

1.

On July 5, 2011, Maria Suarez made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent, and a Notice of Defense was mailed by certified mail to Respondent's address of record on July 12, 2011.

2.

On March 6, 2012, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondent NEWKEY FINANCIAL CORP's default was entered herein.

3.

At all times mentioned, NEWKEY FINANCIAL CORP ("NFC") was licensed or had license rights issued by the Department of Real Estate ("Department") as a real estate broker. On September 18, 2001, NEWKEY FINANCIAL CORP was originally licensed as a real estate broker.

4.

At all times mentioned, in the City of Huntington Beach, County of Orange, NFC acted as a real estate broker and conducted licensed activities within the meaning of Section 10131(d) of the Code. NFC operated a mortgage and loan brokerage dba Pinnacle Home Loan, Newkey Home Lending, and Futura Realty Of NFC.

5.

On November 4, 2010, the Department completed an audit examination of the books and records of NFC pertaining to the activities described in Finding 4, that require a real estate license. The audit examination covered a period of time beginning on March 1, 2007 to March 1, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA090245 and the exhibits and workpapers attached to said audit reports.

6.

During the audit period, NFC did not maintain a trust account.

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///

///

7.

In the course of activities described in Findings 4 and 6, above, and during the examination period described in Finding 5, Respondent NFC acted in violation of the Business and Professions Code ("Code") and the Title 10, Chapter 6, California Code of Regulations ("Regulations") in that it:

(a) Collected advance fees pursuant to the provisions of a written agreement which constitutes and advance fee agreement within the meaning of Code Section 10085 without first submitting the written agreement to the Commissioner ten days before using it, in violation of Code Section 10085 and Section 2970.

(b) Failed to retain a true and correct copy of a Department of Real Estate approved California Mortgage Loan Disclosure Statement with the broker signature displayed, in violation of Code Section 10240 and Regulation 2840.

(c) Failed to retain for three years copies of all listings, deposit receipts, cancelled checks, trust records, and other documents executed by NFC or obtained by NFC in connection with any transactions for which a real estate broker license is required, in violation of Code Section 10148.

(d) Has had its corporate mortgagee approval powers, rights and privileges suspended on or about March 24, 2010 by the United States Department of Housing and Urban Development, which is cause for discipline of the license and license rights of NFC pursuant to Code Sections 10177(g) and 10177(f).

DETERMINATION OF ISSUES

1.

The conduct of Respondent NFC, as described in Finding 7, herein above, is in violation of Code Sections 10085, 10240, 10148, 10177(g) and 10177(f), and Regulations 2970 and 2840.

2.

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

ORDER

The real estate broker license and license rights of Respondent NEWKEY FINANCIAL CORP 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 MAY 24 2012, 2012.

DATED: 4/23, 2012

Real Estate Commissioner

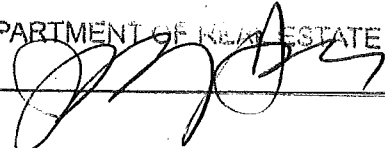


By WAYNE S. BELL
Chief Counsel

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4 (213) 576-6982

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MAR 06 2012

DEPARTMENT OF REAL ESTATE
BY: 

7 BEFORE THE DEPARTMENT OF REAL ESTATE

8 STATE OF CALIFORNIA

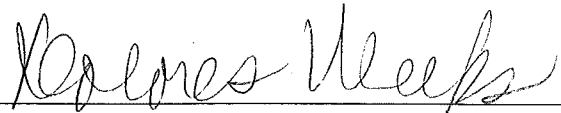
9 * * * *

10
11 In the Matter of the Accusation of)
12) NO. H-37387 LA
13 NEWKEY FINANCIAL CORP, a corporate)
14 real estate broker; and) DEFAULT ORDER
15 KYLE EDWARD O'KELLY, individually)
16 and as designated officer of NewKey)
Financial Corp.)
Respondent.)

17 Respondent, NEWKEY FINANCIAL CORP, having failed to
18 file a Notice of Defense within the time required by Section
19 11506 of the Government Code, is now in default. It is,
20 therefore, ordered that a default be entered on the record in
21 this matter.
22

23 IT IS SO ORDERED March 6, 2012.

24 BARBARA J. BIGBY
25 Acting Real Estate Commissioner

26 

27 By: DOLORES WEEKS
Regional Manager