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ELLIOTT MACLENNAN, SBN 66674  
Department of Real Estate  
320 West 4th Street, Ste. 350  
Los Angeles, California 90013-1105

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**FILED**

AUG 28 2011

DEPARTMENT OF REAL ESTATE

BY: 

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\*\*\*

In the Matter of the Accusation of	)	
	)	
LEADERSHIP GROUP INC., doing business as	)	No. H- 37480 LA
LR Financial Consulting; DONALD GRANT CHERRY,	)	
individually and as designated officer of Leadership Group	)	
Inc.; and LUIS RAUL SANCHEZ,	)	<u>ACCUSATION</u>
	)	
Respondents.	)	

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against LEADERSHIP GROUP INC., doing business as LR Financial Consulting, DONALD GRANT CHERRY, individually and as designated officer of Leadership Group Inc., and LUIS RAUL SANCHEZ alleges as follows:

1.

The Complainant, Maria Suarez, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation.

2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

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License Status

A. LEADERSHIP GROUP INC. (LGI). At all times mentioned, Respondent LGI was licensed or had license rights issued by the Department of Real Estate (Department) as a real estate broker. On December 10, 2007, LGI was originally licensed as a corporate real estate broker. On February 13, 2008, at LGI's request, LGI's corporate license was withdrawn and cancelled. On July 30, 2009, LGI was re-licensed as a corporate real estate broker. Respondent LGI was authorized to act by and through Respondent DONALD GRANT CHERRY as LGI's designated broker pursuant to Business and Professions Code (hereinafter Code) Sections 10159.2 and 10211 to be responsible for ensuring compliance with the Real Estate Law.

B. DONALD GRANT CHERRY (CHERRY). At all times mentioned, Respondent CHERRY was licensed or had license rights issued by the Department as a real estate broker. On June 23, 2001, CHERRY was originally licensed as a real estate broker. On November 20, 2007, CHERRY became the designated officer of LGI.

C. LUIS RAUL SANCHEZ (SANCHEZ). At all times mentioned, Respondent SANCHEZ was licensed or had license rights issued by the Department as a real estate salesperson. On June 25, 2010, SANCHEZ was originally licensed as a real estate salesperson.

D. LGI is owned by SANCHEZ, and is LGI's president.

Brokerage

At all times mentioned, in the City of Rancho Cucamonga, County of San Bernardino, LGI and CHERRY acted as real estate brokers conducting licensed activities within the meaning of:

A. Code Section 10131(d). Respondents LGI and CHERRY engaged in activities with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed

1 and consummated on behalf of others for compensation or in expectation of compensation and  
2 for fees often collected in advance.

3 B. Code Section 10131(d) and 10131.2. Respondents LGI and CHERRY  
4 advertised, solicited and offered to provide loss mitigation and loan modification services to  
5 economically distressed homeowners seeking adjustments to the terms and conditions of their  
6 home loans including, but not limited to, repayment plans, forbearance plans, partial claims, and  
7 reduction in principal or interest, extenuations, foreclosure prevention and short sales.

8 C. Code Section 10132. Respondent SANCHEZ is a real estate salesperson  
9 employed by LGI.

10 FIRST CAUSE OF ACCUSATION  
11 (Audit Examination)

12 5.

13 On April 29, 2011, the Department completed an audit examination of the books  
14 and records of LGI limited to the financial consulting and loan modification activities only, as  
15 described in Paragraph 4, which require a real estate license. The audit examination covered a  
16 period of time beginning on December 10, 2007 and ending on July 31, 2010. The audit  
17 examination revealed violations of the Code and the Regulations as set forth in the following  
18 paragraphs, and more fully discussed in Audit Report LA 090190 and the exhibits and work  
19 papers attached to said audit report.

20 Trust Accounts

21 6.

22 At all times mentioned, in connection with the activities described in Paragraph 4,  
23 and the audit period of December 10, 2007 to July 31, 2010, LGI and CHERRY did not maintain  
24 a trust account.

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1 claimed and collected advance fees for services not rendered, for fees not refunded, and for loan  
2 modifications not obtained.

3 Specific Allegations

4 11.

5 Respondents LGI, CHERRY and SANCHEZ offered loss mitigation and loan  
6 modification services to homeowner-applicants seeking downward adjustments to, or payment  
7 extenuations of their home mortgages. Respondents collected advanced fees from said  
8 homeowner-applicants without possessing a pre-approved advance fee agreement from the  
9 Department until April 3, 2009. Thereafter, Respondents failed to obtain the loan modification  
10 services to the borrowers.

11 Table: Advance Fees Collected for Loan Modification Services - Audit Related

12

13

<b>Complainant:</b>	<b>Contract Date</b>	<b>Advance Fee Paid</b>	<b>Loan Mod Status</b>	<b>Advance Fee Refund?</b>
Leomides Martinez	11/10/08	\$ 2,000.00	Not obtained	None
Carlos Romero	06/22/09	\$ 1,500.00	Not obtained	None
Total		\$ 3,500.00		

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1 Table: Advance Fees Collected for Loan Modification Services - Not Audit Related

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<b>Complainant:</b>	<b>Contract Date</b>	<b>Advance Fee Paid</b>	<b>Loan Mod Status</b>	<b>Advance Fee Refund?</b>
Leopoldo Santoyo	03/19/10	\$ 1,000.00	Not obtained	None
Elva Cano	08-29-08	\$ 2,225.00	Not obtained	None
Alejandro Romero	07/21/09	\$ 2,396.00	Not obtained	None
Jose Equihua	03/12/09	\$ 2,250.00	Not obtained	None
<b>Total</b>		<b>\$ 7,871.00</b>		

16 Loan Modification Violations and Disciplinary Statutes

17 12.

18 The conduct of Respondents LGI, CHERRY and SANCHEZ violated the Code  
19 and the Regulations as set forth below.

20 13.

21 13(a) Code Section 10176(a) for substantial misrepresentation of loan  
22 modification services contracted for but not provided.

23 13(b) Code Section 10176(b) for making false promises of a character likely to  
24 influence, persuade or induce the tabled homeowner-applicants to pay advance fees for loan  
25 modification services contracted and paid for but not provided.

26 13(c) Code Section 10177(d) for violation of the Real Estate Law, Code Section  
27 10085 and Regulation 2970.

1 13(d) Code Section 10177(i) and/or 10177(j)) for fraud and/or dishonest dealing.

2 13(e) Code Section 10177(g) for negligence.

3 THIRD CAUSE OF ACCUSATION  
4 (Negligence)

5 14.

6 The overall conduct of Respondents LGI and CHERRY constitutes negligence  
7 and is cause for discipline of the real estate license and license rights of said Respondents  
8 pursuant to the provisions of Code Section 10177(g).

9 FOURTH CAUSE OF ACCUSATION  
10 (Fiduciary Duty)

11 15.

12 The conduct of Respondents LGI and CHERRY constitute a breach of fiduciary  
13 duty, owed the homeowners of good faith, trust, confidence and candor, in violation of Code  
14 Sections 10176(i) and/or 10177(g) and constitutes cause for discipline of the real estate license  
15 and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

16 FIFTH CAUSE OF ACCUSATION  
17 (Supervision and Compliance)

18 16.

19 The overall conduct of Respondent CHERRY constitutes a failure on said  
20 Respondent's part, as officer designated by a corporate broker licensee, to exercise the reasonable  
21 supervision and control over the licensed activities of LGI, including its officers and employees,  
22 as required by Code Section 10159.2 and Regulation 2725, and to keep LGI in compliance with  
23 the Real Estate Law, and is cause for discipline of the real estate license and license rights of  
24 Respondent pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h).

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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 the license and license rights of Respondents LEADERSHIP GROUP INC., DONALD GRANT CHERRY and LUIS RAUL SANCHEZ, 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 applicable provisions of law including restitution of advanced fees paid for unearned loan modifications.

Dated at Los Angeles, California

this 25 August 2011.   
Deputy Real Estate Commissioner

cc: Leadership Group Inc.  
c/o Donald Grant D.O.  
Maria Suarez  
Sacto  
Enforcement - Elezar Galano  
Audits - Chona Picayo