

FILED

MAY - 2 2013

DEPARTMENT OF REAL ESTATE
BY: Jana B. [Signature]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-37889 LA
)	
<u>UNITED FIDELITY GROUP INC, TERENCE</u>)	
MICHAEL FLANNIGAN and DONG S. QUACH,)	
individually, and as former designated)	
officers of United Fidelity Group Inc,)	
)	
<u>Respondents.</u>)	

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 5, 2013, and the findings of fact set forth herein are based on one or more of the following: (1) Respondent's express admissions; (2) affidavits; and (3) other evidence.

FINDINGS OF FACT

1.

On February 16, 2012, 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 Notice of Defense were mailed by certified mail, return receipt requested, and by regular mail to UNITED FIDELITY GROUP INC'S ("UFGI") last known mailing address on file with the California Department of Real Estate ("Department") on February 17, 2012. Both mailings were returned to sender with no forwarding address.

On March 5, 2013, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, UFGI's default was entered herein.

2.

Respondent UFGI is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter "Code"), as a corporate real estate broker. UFGI was initially licensed by the Department on December 2, 2008.

3.

Shuman Transaction

On January 23, 2009, Cherlynn Shuman ("Shuman") entered into an agreement with UFGI in which UFGI agreed to negotiate a modification of a loan secured by Shuman's property located at 248 Octillo Place, Oceanside, CA, in exchange for Shuman's payment of advance fees to UFGI. Between January 23, 2009 and March 6, 2009, Shuman paid \$3,020 in advance fees to UFGI.

4.

Brinca Transaction

On April 1, 2009, Steve Brinca ("Brinca") entered into an agreement with UFGI in which UFGI agreed to negotiate a modification of a loan secured by Brinca's property located at 9034 Shoreham Drive, Los Angeles, CA, in exchange for Brinca's payment of advance fees to UFGI. On April 1, 2009, Brinca paid \$4,000 in advance fees to UFGI. Stacy Sayasane, who has never been licensed by the Department in any capacity, negotiated with Brinca's lender on behalf of UFGI.

5.

Arviso Transaction

On May 18, 2009, Jose Carlos Arviso ("Arviso") entered into an agreement with UFGI in which UFGI agreed to negotiate a modification of a loan secured by Arviso's property located at 12734 SE 190th Place, Renton, WA, in exchange for Arviso's payment of advance fees to UFGI. Between May 18, 2009 and June 18, 2009, Arviso paid \$1,495 in advance fees to UFGI.

6.

Mauck Transaction

After being solicited by Sam Evans, who has never been licensed by the Department in any capacity, on June 11, 2009, Joseph Long Mauck ("Mauck") entered into an agreement with UFGI in which UFGI agreed to negotiate a modification of a loan secured by Mauck's property located at 46966 Courtyard Sq. Unit 302, Sterling, VA, in exchange for Mauck's payment of advance fees to UFGI. Among the terms of this agreement was a statement that Mauck's advance fees would be placed in a trust account and "UFGI will provide a verified accounting of these funds to the Client at the end of each calendar quarter and at completion of the contract." The agreement also stated the "the advance fee paid by the Client is fully refundable until earned by UFGI."

On June 27, 2009, Mauck paid \$1,495 in advance fees to UFGI. Mauck never received an accounting of his trust funds. UFGI never obtained a modification of Mauck's loan. Nor did UFGI refund the advance fees paid by Mauck.

7.

Hankins Transaction

In July 2009, Randy and Carole Hankins ("the Hankins") were solicited for UFGI by Gladys Perez, who has never been licensed by the Department in any capacity. On July 30, 2009, the Hankins entered into an agreement with UFGI in which UFGI agreed to negotiate a modification of a loan secured by the Hankins' property located at 30782 Chisholm Trail, Elizabeth, CO, in exchange for the Hankins' payment of advance fees to UFGI. The advance fees were collected by Gladys Perez. Among the terms of the advance fee agreement was a statement that Hankins' advance fees would be placed in a trust account and "UFGI will provide a verified accounting of these funds to the Client at the end of each calendar quarter and at completion of the contract." The agreement also stated the "the advance fee paid by the Client is fully refundable until earned by UFGI."

Between August 17, 2009 and September 18, 2009, the Hankins paid \$2,200 in advance fees to UFGI. Stacy

Sayasane, who has never been licensed by the Department in any capacity, negotiated with the Hankins' lender on behalf of UFGI. The Hankins never received an accounting of their trust funds. UFGI never obtained a modification of the Hankins' loan. Nor did UFGI refund the advance fees paid by the Hankins.

8.

Garcia Transaction

In or about September 2009, Luis E. Garcia ("Garcia") entered into an agreement with UFGI in which UFGI agreed to negotiate a modification of a loan secured by Garcia's property located at 453 Rolling Cir., Novato, CA, in exchange for Garcia's payment of advance fees to UFGI. Among the terms of this agreement was a statement that Garcia's advance fees would be placed in a trust account and "UFGI will provide a verified accounting of these funds to the Client at the end of each calendar quarter and at completion of the contract." The agreement also stated the "the advance fee paid by the Client is fully refundable until earned by UFGI."

Between September 9, 2009 and September 29, 2009, Garcia paid \$3,250 in advance fees to UFGI. Garcia never received an accounting of his trust funds. UFGI never obtained a modification of Garcia's loan. Nor did UFGI refund the advance fees paid by Garcia.

DETERMINATION OF ISSUES

1.

The agreements described in Findings 3 through 8 above, constitute advance fee agreements within the meaning of Code Section 10026. On March 16, 2009, UFGI submitted an advance fee agreement to the Department. On April 3, 2009 the Department advised UFGI that it had no objection to this advance fee agreement, as submitted. However, the advance fee agreements described in Findings 3 through 8 differed from the agreement submitted by UFGI on March 16, 2009.

2.

The use of the advance fee agreements referred to in Findings 3 through 8 above by UFGI is in violation of Code Sections 10085 and 10085.5 and Section 2970 of Title 10,

California Code of Regulations ("Regulations"). This provides cause for the suspension or revocation of the license and license rights of UFGI, pursuant to Code Sections 10085, 10177(d) and 10177(g).

3.

The failure to provide trust fund accounting and refunds, as promised in the agreements described in Findings 6 through 8 above, constitute substantial misrepresentations and/or negligence and incompetence, providing cause for the suspension or revocation of the license and license rights of UFGI, pursuant to Code Sections 10176(a) and 10177(g).

4.

By employing unlicensed individual to engage in activity requiring a broker license under Code Section 10131(d), as described in Findings 4, 6 and 7 above, UFGI violated Code Section 10137. This subjects the real estate license and license rights of UFGI to suspension or revocation pursuant to Sections Code Sections 10137, 10177(d) and 10177(g).

5.

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

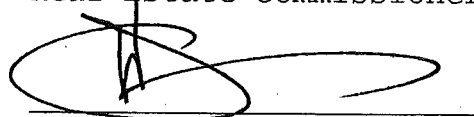
ORDER

All licenses and license rights of UNITED FIDELITY GROUP INC 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 22 2013

DATED: Apr. 15, 2013

Real Estate Commissioner



By: JEFFREY MASON
Chief Deputy Commissioner

1 Department of Real Estate
2 320 West Fourth Street, Suite 350
3 Los Angeles, CA 90013
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7
8 (213) 576-6982

FILED
MAR - 5 2013
DEPARTMENT OF REAL ESTATE

James B. Dean

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 UNITED FIDELITY GROUP INC, TERENCE)
14 MICHAEL FLANNIGAN and DONG S.)
15 QUACH, individually, and as former)
16 designated officers of United)
Fidelity Group Inc,)
Respondents.)

No. H-37889 LA

DEFAULT ORDER

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

22 IT IS SO ORDERED *March 5, 2013*

23 Real Estate Commissioner

24
25 BY: *Dolores Weeks*
26 DOLORES WEEKS
27 Regional Manager