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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)
12 CITRUS EDGE REALTY INC.; and) No. H- 38601 LA
13 DANIEL CONAN GARVEY,) ACCUSATION
14 individually and as designated)
15 officer of Citrus Edge Realty Inc.,)
16 Respondents,)

17 In the Matter of the Accusation of)
18 CWD MORTGAGE; and)
19 DANIEL CONAN GARVEY,)
20 individually and as designated)
21 officer of CWD Mortgage,)
22 Respondents,)

23 The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State
24 of California, for cause of Accusation against CITRUS EDGE REALTY INC. ("CERI"), CWD
25 MORTGAGE ("CWD") and DANIEL CONAN GARVEY ("GARVEY"), individually and as
26 designated officer of Citrus Edge Realty Inc. and CWD Mortgage (collectively "Respondents"),
is informed and alleges as follows:

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1.

The Complainant, Robin Trujillo a Deputy Real Estate Commissioner of the State of California, makes this Accusation in her official capacity.

FIRST CAUSE OF ACCUSATION
CITRUS EDGE REALTY INC.
(Audit of Real Estate Sales)

2.

From August 27, 2007, Respondent CERI has been licensed as a real estate corporation. At all times relevant herein, CERI was acting by and through Respondent GARVEY as its designated broker-officer pursuant to Business and Professions Code ("Code") Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

3.

From December 2, 2000, through the present, Respondent GARVEY has been licensed as a real estate broker.

4.

CERI is owned by GARVEY, CERI' president.

5.

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

6.

At all times mentioned, in the City of Glendora, County of Los Angeles, Respondents CERI and GARVEY acted as real estate brokers and conducted licensed activities

1 within the meaning of Code Section 10131(a). Respondents CERI and GARVEY engaged in the
2 business of a residential resale brokerage and acted in the capacity of, advertised or assumed to
3 act as a real estate broker, including the solicitation and negotiation of the sale of real property as
4 the agent of others.
5

6 Real Estate Sales Audit Report

7 7.

8 On April 13, 2012, the Department completed an audit examination of the books
9 and records of Respondent CERI pertaining to the real estate sales activities described in
10 Paragraph 6, which require a real estate license. The audit examination covered a period of time
11 beginning on November 1, 2008 to October 31, 2011. The audit examination revealed violations
12 of the Code and the Title 10, Chapter 6, California Code of Regulations ("Regulations") set forth
13 in the following paragraphs, and more fully set forth in Audit Report LA110082 and the exhibits
14 and work papers attached thereto.

15 Trust Account

16 8.

17 CERI did not maintain a trust account during the audit period for its real estate
18 sales activity.

19 Violations of the Real Estate Law
(Real Estate Sales Audit)

20 9.

21 In the course of activities described in Paragraph 6 above, and during the
22 examination period, described in Paragraph 7. Respondents CERI and GARVEY, acted in
23 violation of the Code and the Regulations in that Respondents:

24 (a) Intentionally, substantially and negligently misrepresented to sellers that CERI
25 held earnest money deposits (EMD) for the real properties tabled below, in violation of Code
26 Section 10176(a):

Property Address	EMD Amount	Date Offer Made	Date EMD Received
33189 Chesapeake Lane	\$ 5,000.00	3/31/2010	4/2/2010
31170 Chesapeake Lane	\$ 1,500.00	9/3/2010	9/7/2010
10477 Monterey Court	\$ 5,000.00	2/7/2009	EMD Not received by CERI
13226 Palmira Drive	\$ 2,500.00	7/24/2011	EMD Not received by CERI
13263 Palmira Drive	\$ 5,000.00	1/28/2011	EMD check date: 1/31/11
13238 Firestone Drive	\$ 5,000.00	9/21/2009	9/28/2009

(b) Failed to maintain an accurate and complete control record in the form of a columnar record in chronological order, in violation of Code Section 10145 and Regulation 2831.

(c) Failed to place trust funds in the form of earnest money deposits, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker's salesperson, in violation of Code Section 10145 and Regulation 2832(d), as tabled below:

Property Address	Buyer	Date Offer Accepted	Date of Disposition
31163 Chesapeake Lane	Nelson	10/26/2010	11/2/2010
33189 Chesapeake Lane	Broussard	3/31/2010	4/8/2010

1 (d) Failed to maintain Listing Agreements with sellers Eaglecrest I and II LP,
2 Bella Victoria LP, and Rialto 24 LP, in violation of Code Section 10176(f).

3 (e) Used the fictitious name of "Citrus Edge Realty", to conduct licensed activities
4 including a loan modification and advanced fee brokerage, without first obtaining from the
5 Department a license bearing said fictitious business name, in violation of Code Section 10159.5
6 and Regulation 2731.

7 (f) Failed to maintain a signed broker salesperson agreement with salespersons
8 tabled below, in violation of Regulation 2726:

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Name	DRE ID. No.	Agreement Date
Garvey, Patrick	01888388	2/1/2011
Kent, Kevin Kent,	01886667	2/1/2011
Terrence Mulko,	01895598	2/4/2011
Martha	01130918	7/23/2010

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16 (g) Failed to notify the Department of the employment of salespersons Alicia
17 Kathryn Kistler and Joe G. Jones, in violation of Code Section 10161.8 and Regulation 2752.

18 (h) Respondent GARVEY failed to exercise reasonable control and supervision
19 over the activities conducted by CERI's employees and/or licensees as necessary to secure full
20 compliance with the Real Estate laws, as required under Code Section 10159.2 and Regulation
21 2725, and in violation of Code Section 10177(h).

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24 10.

25 The conduct of Respondents CERI and GARVEY, described in Paragraph 9,
26 above, violated the Code and the Regulations as set forth below:

1 PARAGRAPH

PROVISIONS VIOLATED

- 2 9(a) Code Section 10176(a)
- 3
- 4 9(b) Code Section 10145 and Regulation 2831
- 5 9(c) Code Section 10145 and Regulation 2832 (d)
- 6 9(d) Code Section 10176(f)
- 7 9(e) Code Section 10159.5 and Regulation 2731
- 8 9(f) Regulation 2726
- 9 9(g) Code Section 10177(d) and Regulation 2726
- 10 9(h) Code Sections 10159.2 and 10177(h) and Regulation 2725 (GARVEY)
- 11

12 The foregoing violations constitute cause for discipline of the real estate licenses and license
13 rights of Respondents CER1 and GARVEY under the provisions of Code Sections 10176(a),
14 10176(f), 10177(d) and/or 10177(g) and 10177(h) (GARVEY).

15 SECOND CAUSE OF ACCUSATION
16 (Mortgage Loan Broker Audit)

17 11.

18 From April 13, 2001, Respondent CWD has been licensed as a real estate
19 corporation. At all times relevant herein, CWD was acting by and through Respondent
20 GARVEY as its designated broker-officer pursuant to Business and Professions Code ("Code")
21 Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

22 12.

23 From December 2, 2000, through the present, Respondent GARVEY has been
24 licensed as a real estate broker.

25 13.

26 CWD is owned by GARVEY, CWD' president.

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14.

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

15.

At all times mentioned, in the City of Glendora, County of Los Angeles, Respondents CERI and GARVEY acted as real estate brokers and conducted licensed activities within the meaning of:

A. Code Section 10131(d). Respondents CWD and GARVEY 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 and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance.

CWD MORTGAGE
(Mortgage Loan Brokerage Audit)

16.

On April 13, 2012, the Department completed an audit examination of the books and records of Respondent CWD pertaining to the real estate sales activities described in Paragraph 15 which require a real estate license. The audit examination covered a period of time beginning on November 1, 2008 to October 31, 2011. The audit examination revealed violations of the Code and the Title 10, Chapter 6, California Code of Regulations ("Regulations") set forth in the following paragraphs, and more fully set forth in Audit Report LA110089 and the exhibits and work papers attached thereto.

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3 Trust Account

4 17.

5 CWD did not maintain a trust account during the audit period for its mortgage
6 loan activity.

7 Violations of the Real Estate Law
8 (Mortgage Loan Brokerage Audit)

9 18.

10 In the course of activities described in Paragraph 15 above, and during the
11 examination period, described in Paragraph 16, Respondents CWD and GARVEY, acted in
12 violation of the Code and the Regulations in that Respondents:

13 (a) Mixed and commingled trust funds and personal funds by depositing appraisal
14 and credit report fees received from escrow into CWD's general operating account and issuing
15 checks from said account to the appraisers or credit companies after the escrow checks were
16 deposited, in violation of Code Sections 10145 and 10176(e) and Regulation 2832.

17 (b) Failed to maintain an accurate and complete control record in the form of a
18 columnar record in chronological order, in violation of Code Section 10145 and Regulation 2831.

19 (c) Failed to maintain a separate record for each beneficiary or transaction for, in
20 violation of Code Section 10145 and Regulation 2831.1.

21 (d) Failed to retain a true and correct copy of a Department of Real Estate
22 approved Mortgage Loan Disclosure Statement signed by the broker for borrowers Schauer,
23 Yang and Centelo, in violation of Code Section 10240.

24 (e) Failed to display the CWD's license number on the on the Mortgage Loan
25 Disclosure Statements for borrowers Pulver, Bongga and Rodriguez, in violation of Code Section
26 10236.4(b).

1 (f) Failed to maintain a signed broker salesperson agreement with salespersons
2 Alvarez and Arroyo, in violation of Regulation 2726.

3 (g) Failed to notify the Department of the change in employment of salesperson
4 Diana Lucila Garcia, in violation of Code Section 10161.8 and Regulation 2752.

5 (h) Respondent GARVEY failed to exercise reasonable control and supervision
6 over the activities conducted by CWD's employees and/or licensees as necessary to secure full
7 compliance with the Real Estate laws, as required under Code Section 10159.2 and Regulation
8 2725, in violation of Code Section 10177(h).

10 19.

11 The conduct of Respondents CERI and GARVEY, described in Paragraph 9,
12 above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
13 18(a)	Code Section 10145/10176(e)/2832
14 18(b)	Code Section 10145 and Regulation 2831
15 18(c)	Code Section 10145 and Regulation 2831.1
16 18 (d)	Code Section 10240 and Regulation 2840
17 18 (e)	Code Section 10236.4
18 18 (f)	Regulation 2726
19 18 (g)	Code Section 10161.8 and Regulation 2752
20 18 (h)	Code Sections 10159.2 and 10177(h) and Regulation 2725 (GARVEY)

21 The foregoing violations constitute cause for discipline of the real estate licenses and license
22 rights of Respondents CWD and GARVEY under the provisions of Code Sections 10176(e),
23 10177(d) and/or 10177(g) and 10177(h) (GARVEY).
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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against all licenses and/or license rights of Respondents CITRUS EDGE REALTY INC.,
4 CWD MORTGAGE and DANIEL CONAN GARVEY, individually and as designated officer of
5 Citrus Edge Realty Inc. and CWD Mortgage, under the Real Estate Law (Part 1 of Division 4 of
6 the California Business and Professions Code) and for such other and further relief as may be
7 proper under other applicable provisions of law, including, but not limited to, (1) cost of audit
8 pursuant to Code Section 10148; and (2) costs of investigation and enforcement pursuant to Code
9 Section 10106.
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12 Dated at Los Angeles, California.

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14 this 6 day of December, 2012.

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17 ROBIN TRUJILLO
18 Deputy Real Estate Commissioner
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23 cc: Citrus Edge Realty Inc.
24 CWD Mortgage
25 Daniel Conan Garvey
26 Robin Trujillo
Audits – Andy Chen
Sacto