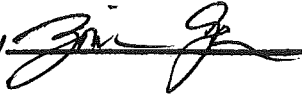


FILED

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9 BUREAU OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * * * *

12 In the Matter of the Accusation

No. H-38974 LA

13 AMERICAN LOANS AND FUNDING)
14 INC.; and RAUL SANDOVAL,)
15 Individually, and as desig-)
16 nated officer for American)
17 Loans and Funding Inc.,)
18 Respondents.)

ACCUSATION

18
19 The Complainant, Robin Trujillo, a Deputy Real Estate
20 Commissioner of the State of California, for cause of Accusation
21 against AMERICAN LOANS AND FUNDING INC. ("AMERICAN") and RAUL
22 SANDOVAL ("SANDOVAL") alleges as follows:

23 1.

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

27 ///

7.

1 At all times material herein, Respondents were engaged
2 in the business of, acted in the capacity of, advertised or
3 assumed to act as real estate brokers and/or real estate
4 corporations in the State of California, within the meaning of
5 Code Section of the Code. Said activity included soliciting
6 borrowers and lenders and negotiating the terms of loans secured
7 by real property between borrowers and third party lenders for or
8 in expectation of compensation.
9

10 FIRST CAUSE OF ACCUSATION

11 (Code Section 10176(a), 10176(b), 10176(i) and/or 10177(j)

12 8.

13 Commencing in or around December, 2010, AMERICAN,
14 acting through various unlicensed individuals including Kaup,
15 engaged in a course of conduct designed to fraudulently induce
16 potential mortgage borrowers who responded to AMERICAN's internet
17 advertisements to wire funds to AMERICAN. Kaup, using the
18 fictitious names "Jorge Ramirez," "David Smith," "Marco
19 Anderson," "William Rivers," "Louis Sandoval" and "Rolando
20 Wilson," falsely represented to individuals who responded to
21 AMERICAN's mortgage loan advertisements that AMERICAN could offer
22 thirty-year fixed rate mortgages at an interest rate below that
23 customarily being offered at the time. Kaup and other unlicensed
24 individuals instructed potential borrowers to wire to AMERICAN's
25 bank account located at a branch in Monterey Park, California the
26 equivalent of one-year's mortgage payments at a fictitious
27

1 interest rate to be held in trust by AMERICAN. The wire transfers
2 were falsely and fraudulently represented to the potential
3 borrowers by AMERICAN to be necessary to demonstrate the
4 borrowers' liquidity to non-existent mortgage lenders. In truth
5 Kaup, and other acting through AMERICAN, intended to convert the
6 borrowers' wired funds and to retain the funds for their own
7 personal use.

8 9.

9 In reliance on the representations made by AMERICAN, as
10 is alleged in Paragraph 8, above, the following individuals were
11 induced to enter into transactions with AMERICAN as follows:

12 a. In December, 2010, Nicholas and Megan B., who were
13 interested in obtaining mortgage loan financing, learned of
14 AMERICAN from an advertisement on the internet. After completing
15 an online survey on a Lending Tree or Quicken Loans website,
16 Nicholas and Megan B. were contacted by Kaup, using the
17 fictitious name "David Smith." Kaup represented that he was a
18 loan specialist for AMERICAN. At Kaup's direction, on or about
19 December 11, 2010, Nicholas and Megan B. filled out two separate
20 Uniform Residential Loan Applications ("URLA"), one for the real
21 property at 1131 N. Roddy Drive, La Habra, Ca 90631, and another
22 for the real property at 432 Tanglewood, Big Bear City, Ca 92314.
23 At the direction of Kaup, using the fictitious names David Smith
24 and Jorge Ramirez, Nicholas and Megan B. wired the separate sums
25 of \$15,469.68 and \$32,123.88 to AMERICAN's bank account in
26 Monterey Park. Nicholas and Megan B. believed that the wired
27

1 funds were required for the processing of their mortgage loan
2 applications with AMERICAN. On or about April 19, 2011, Nicholas
3 and Megan B. learned that AMERICAN was in bankruptcy, and that
4 none of their funds had been placed in trust or would be refunded
5 to them. At no time did Nicholas and Megan B. receive either loan
6 brokerage services from AMERICAN or a refund of the funds
7 transferred to AMERICAN's bank account.

8 b. In July, 2010, Philip Y., who was interested in
9 obtaining mortgage loan financing, learned of AMERICAN from an
10 advertisement on the internet. Philip Y. completed an online
11 survey on a Lending Tree or Quicken Loans website, and was
12 contacted by Kaup, using the fictitious names William Rivers,
13 David Smith and Jorge Ramirez. On or about July 13, 2010, Philip
14 Y. applied to AMERICAN for a \$1,170,000 pledged asset mortgage
15 with respect to the real property located at 48908 Crest View
16 Common, Fremont, Ca 94539. Kaup represented to Philip Y. that he
17 would need to wire AMERICAN a deposit of \$52,716.48 to secure a
18 30-year mortgage loan on the property at an interest rate of
19 4.15%. Kaup further represented to Philip Y. that his deposit
20 would be refunded at the close of escrow or within three months.
21 At Kaup's direction on July 30, 2010, Philip Y. wired the funds
22 to AMERICAN's bank account in Monterey Park. Philip Y. believed
23 that the wired funds were required for the processing of his
24 pledged asset mortgage loan application with AMERICAN. After a
25 series of supposed delays in the purported closing of the loan,
26 Philip Y. learned on or about April 22, 2011, that AMERICAN was
27

1 in bankruptcy, and that none of his funds had been placed in
2 trust or would be refunded to him. At no time did Philip Y.
3 receive either loan brokerage services from AMERICAN or a refund
4 of the funds transferred to AMERICAN's bank account.

5 c. In September, 2010, Regina S. was interested in
6 obtaining mortgage loan financing from AMERICAN to refinance the
7 property at 783 El Cerrito Way, Gilroy, Ca 95020. AMERICAN's
8 representative, Kaup using the fictitious name Jorge Ramirez,
9 represented to Regina S. that in order to obtain the best
10 interest rate on her loan she would be required to demonstrate
11 one-year of liquidity covering all expenses related to the Gilroy
12 property. Regina S. completed a URLA, and returned it to
13 AMERICAN. At AMERICAN's direction on or about March 8, 2011,
14 Regan S. wired the sum of \$137,000 to AMERICAN's bank account in
15 Monterey Park. Regina S. believed that the wired funds were
16 required for the processing of her mortgage loan applications
17 with AMERICAN. On or about April 18, 2011, Regina S. learned
18 that AMERICAN was in bankruptcy, and that none of her funds had
19 been placed in trust or would be refunded to her. At no time did
20 Regina S. receive either loan brokerage services from AMERICAN or
21 a refund of the funds transferred to AMERICAN's bank account.

22 d. In or around December, 2010, Stuart M. was
23 interested in obtaining mortgage loan financing from AMERICAN to
24 refinance the property at 1059 S. York Street, Denver, Colorado
25 90209. On or about December 27, 2010, AMERICAN's representatives,
26 Kaup using the names David Smith and Jorge Ramirez, represented
27

1 to Stuart M. that in order to obtain the best interest rate on
2 his loan he would be required to demonstrate one-year of
3 liquidity covering all expenses related to the Denver property.
4 On or about December 28, 2010, after completing a URLA, and
5 returning it to AMERICAN, Stuart M. wired \$28,973.28 to
6 AMERICAN's bank account in Monterey Park. Stuart M. believed that
7 the wired funds were required for the processing of his mortgage
8 loan application with AMERICAN. On or about April 18, 2011,
9 Stuart M. received an e-mail from AMERICAN advising him that
10 AMERICAN was in bankruptcy, and that none of his funds had been
11 placed in trust or would be refunded to him. At no time did
12 Stuart M. receive either loan brokerage services from AMERICAN or
13 a refund of the funds transferred to AMERICAN's bank account.
14

15 10.

16 The conduct, acts and/or omissions of Respondents, as
17 set forth above, are cause for the suspension or revocation of
18 the licenses and license rights of Respondents pursuant to Code
19 Sections 10085, 10177(d) and/or 10177(g).

20 SECOND CAUSE OF ACCUSATION

21 (Violation of Code Section 10137 by Respondents AMERICAN and
22 SANDOVAL in Employing and/or Compensating Unlicensed Individuals)

23 11.

24 Complainant hereby incorporates by reference the
25 allegations set forth in Paragraphs 1 through 10, above.

26 12.

27 On the occasions set forth in Paragraph 9, above, Kaup

1 engaged in the business of negotiating, or offering to
2 negotiate, mortgage loans secured directly or collaterally by
3 liens on real property for compensation or in expectation of
4 compensation though he held no real estate license.

5 13.

6 Complainant hereby incorporates by reference the
7 allegations set forth in Paragraphs 1 through 16, above.

8 14.

9 The activities described in Paragraph 9, above, require
10 a real estate license under Section 10131(d). Respondents
11 AMERICAN and SANDOVAL violated Section 10137 of the Code by
12 employing and/or compensating Kaup who was not licensed as a real
13 estate salesperson or as a broker to perform activities requiring
14 a license.

15 15.

16 The conduct, acts and/or omissions of Respondents
17 AMERICAN and SANDOLVAL, as set forth in Paragraph 14, above,
18 violate Code Section 10137, and is cause for the suspension or
19 revocation of the licenses and license rights of Respondents
20 AMERICAN and SANDOVAL pursuant to Code Sections 10137, 10177(d)
21 and/or 10177(g).

22
23 THIRD CAUSE OF ACCUSATION

24 (Record Retention Violation by AMERICAN and SANDOVAL)

25 16.

26 Complainant hereby incorporates by reference the
27 allegations set forth in Paragraphs 1 through 15, above.

17.

1 In the course of the activities described in Paragraphs
2 1 through 10, above, Respondents AMERICAN and SANDOVAL acted in
3 violation of the Code in that they failed to retain all records
4 of their activities requiring a real estate broker license for a
5 period of three years including loan transaction files for their
6 real estate clients and further including loan applications,
7 deposit receipts, canceled checks, escrow and trust records, and
8 specifically including the loan documentation pertaining to the
9 mortgage loans described in Paragraph 9, above, as is required by
10 Code Section 10148.
11

12 18.

13 The conduct, acts and/or omissions of Respondents
14 AMERICAN and SANDOVAL, as set forth above, is in violation of
15 Code Section 10148, and is cause for the suspension or revocation
16 of the licenses and license rights of said Respondents pursuant
17 to Code Sections 10177(d) and/or 10177(g).

18 FOURTH CAUSE OF ACCUSATION
19 (Failure to Supervise against Respondent SANDOVAL)

20 19.

21 Complainant hereby incorporates by reference the
22 allegations set forth in Paragraphs 1 through 18, above.

23 20.

24 The conduct, acts and/or omissions of SANDOVAL in
25 allowing AMERICAN to violate the Real Estate Law, as set forth
26 above, constitutes a failure by SANDOVAL, as the officer
27 designated by the corporate broker licensee, to exercise the

1 supervision and control over the activities of AMERICAN as
2 required by Code Section 10159.2, and is in violation of Section
3 2725 of the Regulations, and cause to suspend or revoke the real
4 estate licenses and license rights of SANDOVAL under Code
5 Sections 10177(d), 10177(g) and/or 10177(h).


6 Code Section 10106 provides, in pertinent part, that in
7 any order issued in resolution of a disciplinary proceeding
8 before the Bureau, the Commissioner may request the
9 administrative law judge to direct a licensee found to have
10 committed a violation of this part to pay a sum not to exceed the
11 reasonable costs of investigation and enforcement of the case.

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1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all the licenses and license rights of Respondents
5 AMERICAN LOANS AND FUNDING INC. and RAUL SANDOVAL under the Real
6 Estate Law (Part 1 of Division 4 of the Business and Professions
7 Code), for the cost of investigation and enforcements as
8 permitted by Code Section 10106, and for such other and further
9 relief as may be proper under other applicable provisions of law.

10 Dated at Los Angeles, California

11 this 29 day of July, 2013.

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13 
14 ROBIN TRUJILLO
15 Deputy Real Estate Commissioner
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22 cc: AMERICAN LOANS AND FUNDING INC.
23 RAUL SANDOVAL
24 Robin Trujillo
25 Sacramento
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