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MAR 06 2015

BUREAU OF REAL ESTATE

By S. Black

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILIAM SCOTT WEBB, MARK EDWARD LAUREN and GIOVANNI SERGIO MORALES, Respondents.	No. H-2269 FR ORDER AFFECTS GIOVANNI SERGIO MORALES ONLY

ORDER GRANTING REINSTATEMENT OF LICENSE

On April 29, 2009, in Case No. H-2269 FR, a Decision was rendered revoking the real estate salesperson license of Respondent effective May 1, 2009, but granting Respondent the right to the issuance of a restricted real estate salesperson license. A restricted real estate salesperson license was issued to Respondent on July 1, 2009, and Respondent has held a restricted license since that time.

On October 22, 2014, Respondent petitioned for the reinstatement of his real estate salesperson license, and the Attorney General of the State of California has been given notice of the filing of the petition.

I have considered Respondent's petition and the evidence and arguments in

support thereof. Respondent has demonstrated to my satisfaction that Respondent meets the requirements of law for the issuance to Respondent of an unrestricted real estate salesperson license and that it would not be against the public interest to issue said license to Respondent.

NOW, THEREFORE, IT IS ORDERED that Respondent's petition for reinstatement is granted and that a real estate salesperson license be issued to Respondent if Respondent satisfies the following requirements:

1. Submits a completed application and pays the fee for a real estate salesperson license within the 12 month period following the date of this Order; and

2. Submits proof that Respondent has completed the continuing education requirements for renewal of the license sought. The continuing education courses must be completed either (i) within the 12 month period preceding the filing of the completed application, or (ii) within the 12 month period following the date of this Order.

This Order shall become effective immediately.

DATED: 3/5/2015

REAL ESTATE COMMISSIONER

WAYNE S. BELL

DEPARTMENT OF REAL ESTATE
P. O. Box 187007
Sacramento, CA 95818-7007

Telephone: (916) 227-0789

FILED

MAY - 1 2009

DEPARTMENT OF REAL ESTATE

By K. Contreras

BEFORE THE

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILLIAM SCOTT WEBB, MARK EDWARD LAUREN, and GIOVANNI SERGIO MORALES, Respondents.	NO. H-2269 FR STIPULATION AND AGREEMENT

It is hereby stipulated by and between GIOVANNI SERGIO MORALES only (herein "Respondent") and the Complainant, acting by and through Mary F. Clarke, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing the Accusation filed on June 13, 2008, in this matter:

1. All issues which were to be contested and all evidence which was to be presented by Complainant and Respondent at a formal hearing on the Accusation, which hearing was to be held in accordance with the provisions of the Administrative Procedures Act (APA), shall instead and in place thereof be submitted solely on the basis of the provisions of this Stipulation and Agreement.

2. Respondent has received, read and understands the Statement to Respondent, and the Discovery Provisions of the APA filed by the Department of Real Estate in this proceeding.

3. On July 21, 2008, Respondent filed his Notice of Defense pursuant to Section 11505 of the Government Code for the purpose of requesting a hearing on the allegations in this matter. Respondent hereby freely and voluntarily withdraws said Notice of Defense. Respondent acknowledges that he understands that by withdrawing said Notice of Defense he will thereby waive his right to require the Commissioner to prove the allegations in the Accusation at a contested hearing held in accordance with the provisions of the APA, and that he will waive other rights afforded to him in connection with the hearing such as the right to present evidence in defense of the allegations pertaining to him in the Accusation and the right to cross-examine witnesses.

4. This Stipulation is based on the factual allegations contained in the Accusation. In the interests of expedience and economy, Respondent chose not to contest these allegations, but to remain silent and understands that, as a result thereof, these factual allegations, without being admitted or denied, will serve as a prima facie basis for the disciplinary action stipulated to herein. The Real Estate Commissioner shall not be required to provide further evidence to prove said factual allegations.

5. It is understood by the parties that the Real Estate Commissioner may adopt the Stipulation and Agreement as his decision in this matter thereby imposing the penalty and sanctions on Respondent's real estate license and license rights as set forth in the below "Order". In the event that the Commissioner in his discretion does not adopt the Stipulation and Agreement, it shall be void and of no effect, and Respondent shall retain the right to a hearing and proceeding on the Accusation under all the provisions of the APA and shall not be bound by any admission or waiver made herein.

6. The Order or any subsequent Order of the Real Estate Commissioner made pursuant to this Stipulation and Agreement shall not constitute an estoppel, merger, or bar to any

further administrative or civil proceedings by the Department of Real Estate with respect to any matters which were not specifically alleged to be causes for accusation in this proceeding.

* * *

DETERMINATION OF ISSUES

By reason of the foregoing stipulations, admissions and waivers, and for the purpose of settlement of the pending Accusation as to Respondent only, without a hearing, it is stipulated and agreed that the following determination of issues shall be made:

The acts and/or omissions of Respondent, in connection with the Sotero's loans and exchange agreements as alleged in the Accusation, violate Sections 10176(a) and (i) of the California Business and Professions Code (hereinafter the "Code") and constitute cause for the suspension or revocation of all licenses and license rights of Respondent under the Real Estate Law.

* * *

ORDER

A. The real estate license and license rights of Respondent GIOVANNI SERGIO MORALES are hereby revoked.

B. A restricted real estate salesperson license shall be issued to Respondent pursuant to Section 10156.6 of the Code, if Respondent makes application therefor and pays to the Department of Real Estate the appropriate fee for said license within ninety (90) days from the effective date of this Decision.

C. The restricted license issued to Respondent shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions, and restrictions imposed under authority of Section 10156.6 of that Code:

(1) The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction or plea of nolo contendere to a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

(2) The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner, or conditions attaching to the restricted license.

(3) Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license, nor the removal of any of the conditions of the restricted license, until two (2) years have elapsed from the effective date of this Decision.

(4) Respondent shall submit with any application for license under an employing broker, or any application for transfer to a new employing broker, a statement signed by the prospective employing real estate broker on a form approved by the Department of Real Estate which shall certify:

(a) That the employing broker has read the Decision of the Commissioner which granted the right to a restricted license; and

(b) That the employing broker will exercise close supervision over the performance by the restricted licensee relating to activities for which a real estate license is required.

(5) Respondent shall, within nine (9) months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until the Respondent presents such evidence. The Commissioner shall afford Respondent the opportunity for hearing pursuant to the Administrative Procedure Act to present such evidence.

\\\

(6) Respondent shall, within six (6) months from the issuance of the restricted license, take and pass the Professional Responsibility Examination administered by the Department, including the payment of the appropriate examination fee. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until Respondent passes the examination.

3-30-09
DATED

MARY F. CLARKE
Counsel for the Complainant

* * *

I have read the Stipulation and Agreement and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act, and I willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations as to me in the Accusation at a hearing at which I would have the right to cross-examine witnesses against me and to present evidence in defense and mitigation of the charges.

3-16-09
DATED

GIOVANNI SERGIO MORALES
Respondent

* * *

The foregoing Stipulation and Agreement is hereby adopted as my Decision and shall become effective at 12 o'clock noon on May 1, 2009.

IT IS SO ORDERED 4/29/09.

JEFF DAVI
Real Estate Commissioner

BEFORE THE

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

FILED

AUG 26 2008

DEPARTMENT OF REAL ESTATE

By K. Contreras

In the Matter of the Accusation of THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILLIAM SCOTT WEBB, MARK LAUREN, and, GIOVANNI SERGIO MORALES, Respondents.	)	NO. H-2269 FR

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 as to THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILLIAM SCOTT WEBB, AND MARK LAUREN filed on August 8, 2008. The findings of fact set forth herein are based on one or more of the following: (1) Respondents' express admissions; (2) affidavits; and/or, (3) other evidence.

This Decision revokes real estate licenses and license rights on the grounds of an elaborate plan and scheme to defraud investors in Respondents' Running Horse Development project.

The right to reinstatement of a revoked real estate license is controlled by Section 11522 of the Government Code. A copy of Section 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of Respondents.

FINDINGS OF FACT

I

On June 13, 2008, Charles W. Koenig made the Accusation in his official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to

Respondent, form for the Notice of Defense, and Discovery Provisions (Administrative Procedure Act) were mailed, by certified and regular mail to Respondents at their last known mailing addresses on file with the Department on June 13, 2008.

On August 8, 2008, no Notices of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code or Notices of Defense having been withdrawn, Respondents' defaults were entered herein.

II

Respondent THOMAS JOSEPH O'MEARA is licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real estate broker. Said license expired on June 15, 2008.

Respondent CYPRESS INVESTMENT CORPORATION is licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a corporate real estate broker. Said license will expire on June 13, 2011.

Respondent WILLIAM SCOTT WEBB is licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real estate broker. Said license will expire on July 1, 2009.

Respondent MARK EDWARD LAUREN is licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code as a real estate salesperson. Said license will expire on February 9, 2011.

III

Between approximately 2003 and August 2006, Respondents O'MEARA and WEBB, operating as the managers of Running Horse, LLC, a Limited Liability Company (RHLLC), began a major golf course and upscale housing project, which they named "Running Horse Golf and Country Club" (Running Horse Development or RHD). The project involved three large contiguous parcels located in a blighted area in the southwestern part of the city of Fresno, California.

In an effort to generate capital for the RHD project, Respondents O'MEARA and WEBB devised a plan and scheme to confuse and defraud individuals to induce them to lend or invest their money in the RHD. As part of their plan and scheme, O'MEARA, WEBB, and LAUREN accepted investor funds as authorized parties acting in the name of either RHLLC or Respondent CYPRESS; gave deeds of trust secured by lots or parcels located not only in the RHD, but in other off-site developments, with false promises of eventually transferring the securing properties to lots located in the RHD; in some cases, never prepared and executed deeds of trust, making those loans unsecured; and by offering as security properties which were, in many cases, overvalued and/or over encumbered. The promised transfers never occurred because final public reports allowing Respondents to sell lots in the RHD were never issued by the Department. Respondents O'MEARA, WEBB, LAUREN, or CYPRESS never accounted for the investors' funds. O'MEARA and WEBB sold their interests in RHLLC in approximately March 2007, and one month later, in approximately April 2007, RHLLC filed for bankruptcy. O'MEARA also filed for bankruptcy in August of 2007.

DETERMINATION OF ISSUES

I

Respondents violated Sections 10141.5, 10231.2, 10232.1, and 11018.2, of the California Business and Professions Code and Section 2791.1 of Title 10 of the California Code of Regulations, and cause for discipline exists under Sections 10176(a) and (i) and/or 10177(d), (h), and (j) of the California Business and Professions Code.

II

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

ORDER

The real estate licenses and license rights of Respondents THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILLIAM SCOTT WEBB, and MARK EDWARD LAUREN under the provisions of Part I of Division 4 of the Business and Professions Code are hereby revoked.

This Decision shall become effective at 12 o'clock noon on September 15, 2008.

DATED: 8/25, 2008.

JEFF DAVI
Real Estate Commissioner

BY: Barbara J. Bigby
Chief Deputy Commissioner

DEPARTMENT OF REAL ESTATE
P. O. Box 187007
Sacramento, CA 95818-7007

Telephone: (916) 227-0789

FILED

AUG - 8 2008

DEPARTMENT OF REAL ESTATE

By K. Contreras

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of

THOMAS JOSEPH O'MEARA,
CYPRESS INVESTMENT CORPORATION,
WILLIAM SCOTT WEBB,
MARK EDWARD LAUREN, and,
GIOVANNI SERGIO MORALES,

Respondents.

NO. H-2269 FR

DEFAULT ORDER

Respondents WILLIAM SCOTT WEBB and MARK EDWARD LAUREN, having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, are now in default.

Respondents THOMAS JOSEPH O'MEARA and CYPRESS INVESTMENT CORPORATION, having withdrawn their Notices of Defense, are now in default.

It is, therefore, ordered that a default be entered on the record in this matter as to Respondents THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILLIAM SCOTT WEBB, and, MARK EDWARD LAUREN.

IT IS SO ORDERED August 8, 2008.

JEFF DAVI
Real Estate Commissioner

By: CHARLES W. KOENIG, Regional Manager

MARY F. CLARKE, Counsel, #186744
JOHN VAN DRIEL, Counsel, #84056
Department of Real Estate
P. O. Box 187007
Sacramento, CA 95818-7007

Telephone: (916) 227-0780

FILED

JUN 13 2008

DEPARTMENT OF REAL ESTATE

By D. Contreras

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of THOMAS JOSEPH O'MEARA, CYPRESS INVESTMENT CORPORATION, WILLIAM SCOTT WEBB, MARK EDWARD LAUREN, and GIOVANNI SERGIO MORALES, Respondents.	NO. H-2269 FR ACCUSATION

The Complainant, CHARLES W. KOENIG, a Deputy Real Estate Commissioner of the State of California, for causes of Accusation against THOMAS JOSEPH O'MEARA (O'MEARA), CYPRESS INVESTMENT CORPORATION (CYPRESS), WILLIAM SCOTT WEBB (WEBB), MARK EDWARD LAUREN (LAUREN), and GIOVANNI SERGIO MORALES (MORALES) (collectively referred to herein as "Respondents"), is informed and alleges as follows:

PRELIMINARY ALLEGATIONS

1

The Complainant makes this Accusation against Respondents in his official capacity.

2

Respondents O'MEARA, CYPRESS, WEBB, LAUREN, and MORALES are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (hereafter the "Code").

3

At all times herein mentioned, Respondents O'MEARA and WEBB were licensed by the Department of Real Estate (Department) as real estate brokers; Respondent CYPRESS was licensed as a corporate real estate broker with O'MEARA as its designated officer; Respondents LAUREN and MORALES were licensed as real estate salespersons; LAUREN was employed by O'MEARA, and MORALES was employed by real estate broker T.F. Barnes.

4

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, and assumed to act as real estate licensees within the State of California, including the operation and conduct of a mortgage loan brokerage business 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, consummated, and serviced on behalf of others, for or in expectation of compensation.

SUMMARY OF THE FACTS

5

In approximately 2003, O'MEARA and WEBB, operating as the managers of Running Horse, LLC, a Limited Liability Company (RHLLC), began a major golf course and upscale housing project, which they named "Running Horse Golf and Country Club" (Running Horse Development or RHD). The project involved three large contiguous parcels located in a blighted area in the southwestern part of the City of Fresno, California.

6

The three contiguous parcels to be developed were identified in various advertisements as the "Cypress," "Masters," and "Augusta" Collections. The "Cypress

Collection" was the first parcel to be developed. The "Cypress Collection" (Tract 5350 – total of 228 lots) was proposed to be offered for sale in three phases: Phase A, Phase B, and Phase C. Preliminary Public Reports were issued by the Department for the "Cypress Collection." In addition, Conditional Public Reports were issued by the Department for Phases A, B and C, however, at all times herein material, they had all expired. Final Public Reports were never issued for any of the "Collections."

7

In an effort to generate capital for the RHD project, O'MEARA and WEBB devised a plan and scheme to confuse and defraud individuals to induce them to lend or invest their money in the RHD. As part of their plan and scheme, O'MEARA and WEBB accepted investor funds as authorized parties acting in the name of either RHLLC or CYPRESS; gave deeds of trust secured by lots or parcels located not only in the RHD, but in other off-site developments, with promises of eventually transferring the securing properties to lots located in the RHD; in some cases, never prepared and executed deeds of trust, making those loans unsecured; and by offering as security, properties which were, in many cases, overvalued and/or over encumbered. The promised transfers never happened because Final Public Reports allowing Respondents to sell lots in the RHD were never issued by the Department. O'MEARA, WEBB, RHLCL or CYPRESS never accounted for the investors' funds. O'MEARA and WEBB sold their interests in RHLLC in approximately March 2007, and one month later, in approximately April 2007, RHLLC filed for bankruptcy. O'MEARA also filed for bankruptcy in August of 2007.

FIRST CAUSE OF ACTION (GERMAN)

8

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

9

October 22, 2004 Loan for $250,000.00

In approximately October 2004, O'MEARA solicited Richard and Elizabeth German (the GERMAN's) to invest their funds in the RHD. O'MEARA represented to the

GERMAN's that O'MEARA would prepare a promissory note for a one-year term, and represented that said loan would be secured by a first deed of trust on APN 464-020-34 in the RHD, at 12% interest. Further, O'MEARA represented to the GERMAN's that the parcel securing their loan was valued at $300,000.00.

10

Based on O'MEARA's representations, on approximately October 22, 2004, the GERMAN's delivered a check for $250,000.00 to O'MEARA, on behalf of and payable to RHLLC.

11

Upon receipt of the GERMAN's check, O'MEARA and WEBB, on behalf of RHLLC, executed a $250,000.00 Note Secured by Deed of Trust dated October 22, 2004 in favor of the GERMAN's. An independent escrow company was not used in this loan transaction.

12

O'MEARA and/or WEBB failed to record and deliver the deed of trust which was to secure the GERMAN's $250,000.00 loan until June 15, 2005. When the deed of trust was finally delivered to the GERMAN's, the property securing the loan was not APN 464-020-34, but instead was APN 464-020-025. O'MEARA and/or WEBB failed to disclose to the GERMAN's that the loan as set out above was not secured by a lien on APN 464-020-34.

13

Between the time that the GERMAN's funded the $250,000.00 loan on October 22, 2004 and the time that O'MEARA and WEBB had the trust deed securing that loan recorded on June 15, 2005, two additional trust deeds were recorded against APN #464-020-25; the first securing a loan in the amount of $685,000.00, and the second securing a loan in the amount of $10,000,000.00. The GERMAN's were left with no equity in the real property which was security for their loan. O'MEARA and/or WEBB failed to disclose to the GERMAN's that the security for the loan was essentially worthless.

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14

June 29, 2005 loan for $350,000.00

On June 28, 2005, O'MEARA and WEBB solicited the GERMAN's to fund another loan for $350,000.00 to RHLLC, for a 6 month term, representing that said loan would be secured by a first deed of trust on a lot located in the RHD.

15

Based upon the representations made by O'MEARA and WEBB, the GERMAN's delivered a check payable to RHLLC for $350,000.00 on approximately June 29, 2005. A promissory note for this loan was executed by both O'MEARA and WEBB for RHLLC, but a deed of trust to secure the loan was never prepared, executed or recorded, leaving said loan unsecured.

16

January 30, 2006 loan for $500,000.00

In approximately January 2006, O'MEARA solicited the GERMAN's to fund a $500,000.00 loan, representing that said loan would be secured by a third deed of trust on O'MEARA's personal residence, located at 2740 Ribera Road, Carmel, California (RIBERA ROAD). The term of the loan was to be interest only for six months at 18% interest.

17

In connection with the proposed loan as set out in Paragraph 16, above, O'MEARA represented that the RIBERA ROAD property was valued at $2,235,000.00. O'MEARA also represented to the GERMAN's that the total amount of encumbrances on the RIBERA ROAD property did not exceed $1,247,288.20. Further, O'MEARA represented to the GERMAN's that the appraised value of the RIBERA ROAD property reflected more than sufficient equity to protect the GERMAN's $500,000.00 loan.

18

The GERMAN's agreed to fund the requested $500,000.00 loan and delivered their check for $500,000.00 to O'MEARA.

19

On approximately January 30, 2006, O'MEARA and his wife executed a Deed of Trust with Assignment of Rents as Additional Security securing the GERMAN's $500,000.00 loan with their property located at Ribera Road. The deed of trust securing this loan was not recorded until approximately April 4, 2006.

20

Prior to recording the GERMAN's deed of trust on O'MEARA's residence, on approximately March 9, 2006, O'MEARA executed a deed of trust on his residence for a surety bond for improvements to be completed on the Running Horse Project. O'MEARA failed to disclose to the GERMAN's that their $500,000.00 loan was actually in fourth position, and not in third, as represented.

21

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans as set out above from the GERMAN's, failed to submit to the Department a self-dealing statement for that loan transaction, as required by Section 10231.2 of the Code.

22

O'MEARA and WEBB, as the managers of RHLLC, induced the GERMAN's to make RHLLC loans as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from the GERMAN's.

23

The acts and/or omissions of O'MEARA and WEBB in connection with the loans as set out above, violate Sections 10141.5 and 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d) and (j) and of the Code.

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SECOND CAUSE OF ACTION (NORTHCROSS)

24

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

25

In approximately February 2004, O'MEARA and WEBB, on behalf of RHLLC, solicited Kent and Kathy Northcross (the NORTHCROSS's) to invest their funds in the RHD as described in the GERMAN's transactions above. O'MEARA represented to the NORTHCROSS's that any loan made by the NORTHCROSS's to RHLLC would be secured by a first deed of trust on various parcels in the RHD.

26

Based upon O'MEARA's representations, the NORTHCROSS's funded more than six loans to RHLLC, as set out below, and delivered a check for the amount of each loan to O'MEARA and/or WEBB, on behalf of RHLLC.

Date	Loan Amount
1-2-06	$556,000
1-4-06	$100,000
1-4-06	$185,000
1-4-06	$388,000
3-3-06	$200,000
5-14-06	$110,000

27

Although promissory notes were prepared for each of the NORTHCROSS's loans, deeds of trust securing the notes were never prepared or recorded by O'MEARA or WEBB, thereby causing the NORTHCROSS's loans to be unsecured. Ultimately, when RHLLC and O'MEARA filed for bankruptcy protection, the NORTHCROSS's unsecured investments, totaling $1,539,000.00, were lost.

\\\

28

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from the NORTHCROSS's, failed to submit to the Department a self-dealing statement for that loan transaction, as required by Section 10231.2 of the Code.

29

O'MEARA and WEBB, as the managers of RHLLC, induced the NORTHCROSS's to make RHLLC loans, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from the NORTHCROSS's.

30

The acts and/or omissions of O'MEARA and WEBB in connection with the NORTHCROSS's loans, as set out above, violate Sections 10141.5 and 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d) and (j) of the Code.

THIRD CAUSE OF ACTION (SCAMPA)

31

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

32

From approximately September 2003 through December 2005, O'MEARA and LAUREN, on behalf of RHLLC, solicited Melena Scampa (SCAMPA) to invest her funds in the RHD as described in the transactions above.

33

September 25, 2003 loan for $30,000.00

In approximately September 2003, SCAMPA applied for a refinance loan for her residence through LAUREN, who was then employed by O'MEARA. LAUREN told SCAMPA that she should consider investing her funds with O'MEARA in his RHLLC project. SCAMPA traveled to Fresno and toured the proposed development with O'MEARA and WEBB. Based on

the representations made by O'MEARA and WEBB about favorable interest rates and limited risk, SCAMPA decided to invest her funds in O'MEARA's RHLLC project.

34

On approximately September 25, 2003, SCAMPA delivered a check for $30,000.00 to O'MEARA who represented that said loan would be secured by a deed of trust on a parcel in the RHD. O'MEARA never executed or delivered a deed of trust for this loan, but rather prepared a "straight note" dated September 25, 2003 for $30,000.00, executed by O'MEARA on behalf of CYPRESS. Contrary to O'MEARA's representations, this loan was unsecured.

35

October 2003 loan for $100,000.00

In early October 2003 O'MEARA and WEBB solicited SCAMPA to fund a second loan to CYPRESS for $100,000.00, representing that said loan would be secured by a deed of trust against a parcel in the RHD.

36

Based on O'MEARA and WEBB's representations that the security offered for the loan was sufficient to protect her investment, on approximately October 14, 2003, SCAMPA delivered a check for $100,000.00 made payable to CYPRESS to O'MEARA and WEBB. In exchange for her loan funds, O'MEARA delivered a Note Secured by Deed of Trust and a Deed of Trust With Assignment of Rents As Additional Security on O'MEARA's personal real property located in Bass Lake, California. O'MEARA and/or WEBB failed to disclose to the SCAMPA that said loan was not secured by a parcel in the RHD, contrary to their representations.

37

On approximately June 15, 2005, O'MEARA and WEBB convinced SCAMPA that it was in her interest to combine her $30,000.00 and $100,000.00 loans into a single $155,000.00 loan. O'MEARA prepared a "straight note" dated June 15, 2005 for $155,000.00. The note was not secured by an interest in real property, or by anything else, leaving it unsecured.

38

December 5, 2005 loan for $100,000.00

On approximately December 1, 2005, O'MEARA and WEBB solicited SCAMPA to fund a third loan to CYPRESS for $100,000.00 for six months, representing that it would be secured by a parcel in the RHD.

39

On approximately December 5, 2005, SCAMPA delivered a check made payable to RHLLC for $100,000.00 to O'MEARA. O'MEARA and WEBB, acting on behalf of RHLLC, caused to be prepared an "Investor Agreement" which reflected SCAMPA's loan to RHLLC in the amount of $100,000.00 to be secured by a second Deed of Trust for a six (6) month term, at 20% interest paid monthly beginning January 5, 2006, plus a bonus of $20,000.00 payable at maturity.

40

On approximately December 5, 2005, WEBB executed a Note Secured by Deed of Trust (Straight Note) on behalf of RHLLC in the amount of $100,000.00 at an interest rate of 20% per annum.

41

On approximately December 5, 2005, O'MEARA and/or WEBB convinced SCAMPA that it was in her interest to combine all of SCAMPA's outstanding loans into one deed of trust, in the amount of $255,000.00. O'MEARA and/or WEBB represented that said loans would be secured by a first deed of trust on Lots 4 and 5 of Pacific Ranch, APN #327-100-17, and that said lots were located in the RHD.

42

On approximately December 5, 2005, WEBB, on behalf of RHLLC, executed a Short Form Deed of Trust and Assignment of Rents securing SCAMPA's $255,000.00 loan against Lots 4 and 5 of Pacific Ranch, APN #327-100-17.

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43

On approximately December 19, 2005, the deed of trust securing SCAMPA's $255,000.00 loan was recorded in Fresno County.

44

Some time after December 5, 2005, SCAMPA learned that APN #327-100-17, securing her $255,000.00 loan, was not a parcel located in the RHD, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin (a hole in the ground), contrary to O'MEARA's and/or WEBB's representations. SCAMPA also learned that the deed of trust she was given to secure her $255,000.00 loan was not in second priority as represented by O'MEARA and/or WEBB, but was, in fact, in fifth priority, subject to the following encumbrances:

1st 5/12/05:	D/T securing La Jolla Loans in the amount of $10,000,000.00
2nd 11/17/05:	D/T securing RHLLC's $360,815.60 loan
3rd 11/17/05:	D/T securing Andy Ta's $50,000.00 loan
4th 12/09/05:	D/T securing Chan Ford's $100,000.00 loan

45

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for a loan from SCAMPA, failed to submit to the Department a self-dealing statement for those loans, as required by Section 10231.2 of the Code.

46

O'MEARA and WEBB induced SCAMPA to make the loans described above based on omissions, misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring $255,000.00 from SCAMPA.

47

LAUREN misrepresented, by failing to disclose, the risk involved in funding hard-money loans and failed to reasonably advise his client, SCAMPA, on what to expect and what to demand when making these types of investments, in violation of his fiduciary duty.

48

The acts and/or omissions of O'MEARA and WEBB in connection with the SCAMPA loans, as set out above, violate Sections 10141.5 and 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d), (h), and (j) of the Code.

49

The acts and/or omissions of LAUREN in connection with the SCAMPA loans, as set out above, constitute grounds for discipline under Sections 10176 (a) and (i) of the Code.

FOURTH CAUSE OF ACTION (SMITH)

50

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

51

December 7, 2005 loan for $100,000.00

In approximately December 2005, O'MEARA and WEBB, on behalf of RHLLC, solicited Art Smith (SMITH) to invest his funds in the RHD as described in the transactions above. O'MEARA and WEBB represented that said loan would be secured by a second deed of trust on property located in the RHD. O'MEARA represented to SMITH that the RHD would have a world class golf course when completed, which would enhance the value of the securing real property; that the golf course would be completed in time to host an October 2007 PGA tournament; and that the property proposed to secure SMITH's loan would be valued significantly higher than SMITH's loan so that SMITH's loan would be "over-secured".

52

Based on O'MEARA's representations, as set out above, on approximately December 7, 2005, SMITH delivered a check to O'MEARA made payable to RHLLC in the amount of $100,000.00. In return, WEBB executed a Short Form Deed of Trust and Assignment of Rents on Lots 4 and 5 of Pacific Ranch, APN #327-100-17, for the loan amount on behalf of RHLLC. The deed of trust was recorded in Fresno County on approximately December 19, 2005.

53

O'MEARA and/or WEBB failed to disclose to SMITH that the property securing his $100,000.00 loan, described in Paragraph 52, above, APN #327-100-17, was not a parcel located in the RHD, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin, contrary to O'MEARA's and/or WEBB's representations.

54

O'MEARA and/or WEBB failed to disclose to SMITH that his deed of trust on APN #327-100-17 was not in second position as represented, but, in fact, was in eighth position, subject to the following senior encumbrances:

1st 5/12/05: D/T securing La Jolla Loans in the amount of $10,000,000.00

2nd 11/17/05: D/T securing RHLLC's $360,815.60 loan

3rd 11/17/05: D/T securing Andy Ta's $50,000.00 loan

4th 12/09/05: D/T securing Chan Ford's $100,000.00 loan

5th 12/19/05: D/T securing Melena SCAMPA's $255,000.00 loan

6th 12/19/05: D/T securing Joyce SCAMPA's $200,000.00 loan

7th 12/19/05: D/T securing Ben and Kathleen SOTERO's $300,000.00 loan

55

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from SMITH, failed to submit to the Department a self-dealing statement for that loan transaction, as required by Section 10231.2 of the Code.

56

O'MEARA and WEBB, as the managers of RHLLC, induced SMITH to make RHLLC loans, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from SMITH.

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57

The acts and/or omissions of O'MEARA and/or WEBB in connection with the SMITH loans, as set out above, violate Sections 10141.5 and 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d) and (j) of the Code.

FIFTH CAUSE OF ACTION (JOYCE SCAMPA and BRUCE GRAHAM)

58

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

59

Consolidated loan for $380,000.00

Between approximately 2002 and May 2005, O'MEARA, on behalf of RHLLC, solicited JOYCE SCAMPA to invest her funds in the RHD as described in the transactions above. O'MEARA represented that the loans would be secured by deeds of trust on property located in the RHD. O'MEARA represented to JOYCE SCAMPA that the RHD would have a world class golf course when completed in August 2006, which would enhance the value of the securing real property; that the golf course would be completed in time to host an October 2007 PGA tournament; and that the property proposed to secure her loans would be valued significantly higher than the loans.

60

Based on O'MEARA's representations, as set out above, JOYCE SCAMPA made several loans to RHLLC from 2002 to 2005. On approximately May 15, 2005, O'MEARA represented to JOYCE SCAMPA that it would be in her interest to consolidate all of her loans into one $380,000.00 loan, representing that said loan would be secured by one or more parcels located in the RHD. JOYCE SCAMPA agreed and on approximately June 15, 2005 O'MEARA executed a "straight note" for $380,000.00 to JOYCE SCAMPA on behalf of RHLLC. O'MEARA never delivered a deed of trust to JOYCE SCAMPA for this loan.

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61

December 15, 2005 loan for $200,000.00

On approximately December 5, 2005, O'MEARA and WEBB, on behalf of RHLLC, solicited JOYCE SCAMPA to fund a $200,000.00 loan. They represented that the loan would pay 20% interest, was due in six months, and was to be secured by a second deed of trust on Lot 36 in the RHD. O'MEARA made the same representations about the proposed golf course as are set out above for the prior transactions; and that there was sufficient equity in the property proposed to secure the loan to adequately protect JOYCE SCAMPA's investment.

62

On approximately December 15, 2005, based on O'MEARA and WEBB's representations, as set out above, JOYCE SCAMPA delivered a check to O'MEARA made payable to RHLLC in the amount of $200,000.00. In return, WEBB executed a Short Form Deed of Trust and Assignment of Rents on Lots 4 and 5 of Pacific Ranch, APN #327-100-17, for the loan amount on behalf of RHLLC. The deed of trust was recorded in Fresno County on approximately December 15, 2005.

63

O'MEARA and/or WEBB failed to disclose to JOYCE SCAMPA that the property securing her $200,000.00 loan, described above, was not Lot 36, but was APN #327-100-17, which was not a parcel located in the RHD, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin, contrary to O'MEARA's and/or WEBB's representations. O'MEARA and/or WEBB also failed to disclose to JOYCE SCAMPA that her deed of trust was not in second position as represented, but, in fact, was in sixth position, subject to five senior encumbrances. The five existing encumbrances senior to JOYCE SCAMPA's loan were:

1st 5/12/05: D/T securing La Jolla Loans in the amount of $10,000,000.00

2nd 11/17/05: D/T securing RHLLC's $360,815.60 loan

3rd 11/17/05: D/T securing Andy Ta's $50,000.00 loan

4th 12/09/05: D/T securing Chan Ford's $100,000.00 loan

5th 12/19/05: D/T securing Melena SCAMPA's $255,000.00 loan

64

January 2006 loan for $300,000.00

In approximately January 2006, O'MEARA and WEBB, on behalf of RHLLC, solicited JOYCE SCAMPA and her husband, BRUCE GRAHAM, to fund a $300,000.00 loan. They represented that the loan would pay 20% interest, was due in six months, and was to be secured by a second deed of trust on property in the RHD.

65

Based on O'MEARA and WEBB's representations, as set out above, JOYCE SCAMPA and BRUCE GRAHAM delivered separate checks for $150,000.00 each to O'MEARA made payable to RHLLC.

66

Neither O'MEARA nor WEBB ever prepared or delivered a promissory note or deed of trust for either of the loans made by JOYCE SCAMPA or BRUCE GRAHAM, despite repeated demands for the documents.

67

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from JOYCE SCAMPA and/or BRUCE GRAHAM, failed to submit to the Department a self-dealing statement for that loan transaction, as required by Section 10231.2 of the Code.

68

O'MEARA and WEBB, as the managers of RHLLC, induced JOYCE SCAMPA and BRUCE GRAHAM to make RHLLC loans, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from JOYCE SCAMPA and BRUCE GRAHAM.

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69

The acts and/or omissions of O'MEARA and/or WEBB in connection with the JOYCE SCAMPA and BRUCE GRAHAM loans, as set out above, violate Sections 10141.5 and 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d) and (j) of the Code.

SIXTH CAUSE OF ACTION (SOTERO)

70

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

71

December 2005 loan for $300,000.00

In approximately November 2005, O'MEARA and WEBB, on behalf of RHLLC, solicited Ben and Kathleen Sotero (the SOTERO's) to invest $300,000.00 in the RHD as described in the transactions above. O'MEARA and WEBB represented that said loan would be secured by a second deed of trust on property located in the RHD. O'MEARA made similar representations to SOTERO's about the proposed RHD golf course and the value of the securing real property as set out above in other transactions.

72

Based on the representations of O'MEARA and WEBB, as set out above, the SOTERO's delivered a check for $300,000.00 to O'MEARA or WEBB, made payable to CYPRESS.

73

On approximately December 5, 2005, WEBB executed a promissory note and a Short Form Deed of Trust and Assignment of Rents on Lots 4 and 5 of Pacific Ranch, APN #327-100-17, for the loan amount on behalf of RHLLC. The deed of trust was recorded in Fresno County on approximately December 19, 2005.

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74

O'MEARA and/or WEBB failed to disclose to the SOTERO's that the property securing their $300,000.00 loan, described above, #APN 327-100-17, was not a parcel located in the RHD, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin, contrary to O'MEARA's and/or WEBB's representations. Further, O'MEARA failed to disclose to SOTERO's that Lots 4 & 5 were already securing six (6) senior loans, contrary to their representation. The six (6) existing encumbrances senior to the SOTERO's loan were:

1st 5/12/05: D/T securing La Jolla Loans in the amount of $10,000,000.00

2nd 11/17/05: D/T securing RHLLC's $360,815.60 loan

3rd 11/17/05: D/T securing Andy Ta's $50,000.00 loan

4th 12/09/05: D/T securing Chan Ford's $100,000.00 loan

5th 12/19/05: D/T securing Melena SCAMPA's $255,000.00 loan

6th 12/19/05: D/T securing JOYCE SCAMPA's $200,000.00 loan

75

December 2005 loan for $200,000.00

On approximately December 27, 2005, O'MEARA and WEBB, on behalf of RHLLC, solicited SOTERO's to fund a $200,000.00 loan. They represented that the loan would pay 20% interest, was due in six months, and was to be secured by a second deed of trust on property in the RHD.

76

Based on O'MEARA and WEBB's representations, as set out above, the SOTERO's delivered a check to O'MEARA made payable to RHLLC in the amount of $200,000.00.

77

Neither O'MEARA nor WEBB ever prepared or delivered a promissory note or deed of trust for the December 2005 $200,000.00 loan made by SOTERO's, despite repeated demands for the documents.

78

January 2006 1031 Exchange

In approximately December 2005, O'MEARA and LAUREN, on behalf of RHLLC and/or CYPRESS, solicited the SOTERO's to enter into a 1031 exchange whereby the SOTERO's would exchange the property at 601 Eaton St., Santa Cruz, CA for 40 undeveloped acres located in the RHD, and then later exchange the 40 undeveloped acres in the RHD for three (3) subdivided lots located in the RHD.

79

On approximately December 23, 2005, WEBB prepared a Residential Purchase Agreement and Joint Escrow Instructions for Maria Aurique to purchase the SOTERO's property at 601 Eaton St., Santa Cruz, CA. for $750,000.00.

80

On approximately December 30, 2005, WEBB executed three (3) vacant lot purchase agreements and joint escrow instructions for the SOTERO's purchase of Lot Z-45 for $269,500.00; Lot Z-105 for $265,500.00; and Lot Z-193 for $265,500.00. All of the lots were located in the RHD and were part of a proposed subdivision known as the "Cypress Collection" and were within the meaning of Section 11000 of the Code.

81

Although one or more Respondents applied for a Subdivision Public Report from the Department to sell lots in the "Cypress Collection", a Final Public Report was never issued by the Department for the "Cypress Collection" or any intended development by any other name which contained the three (3) lots referred to above. Without issuance of a Final Public Report by the Department, as required by Section 11018.2, the three (3) lots could not have been sold or offered for sale to the SOTERO's or anyone else.

82

Between January 20, 2006 and January 25, 2006 the 1031 exchange described in Paragraph 78 was consummated.

83

On approximately January 25, 2006, MORALES presented documents to the SOTERO's for their signatures for the transfer of the 40 acres located in the RHD. The SOTERO's signed the documents, however, the documents the SOTERO's signed did not transfer 40 acres of undeveloped land located in the RHD to the SOTERO's, but only transferred a four (4) percent interest in the 40 acres, contrary to representations made by O'MEARA and LAUREN. If the SOTERO's had known the true facts, they would not have signed the documents presented to them by MORALES referred to above.

84

On approximately January 26, 2006, WEBB executed a Grant Deed from RHLLC to SOTERO's for a four (4) percent interest in APN #327-100-17, which was not the 40 undeveloped acres located in the RHD, as represented by O'MEARA, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin, contrary to O'MEARA's and LAUREN's representations. O'MEARA, WEBB, and MORALES failed to disclose to the SOTERO's that APN #327-100-17 was, in fact, a water recharge basin.

85

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans and exchange agreements as set out above from the SOTERO's, failed to submit to the Department self-dealing statements for the loan transactions, as required by Section 10231.2 of the Code.

86

O'MEARA, WEBB, LAUREN, and MORALES induced the SOTERO's to make RHLLC loans and exchange agreements as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from SOTERO's.

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87

The acts and/or omissions of O'MEARA and WEBB, in connection with the SOTERO's loans and exchange agreements, as set out above, violate Sections 10141.5, 10231.2, and 11018.2 of the Code and constitute grounds for discipline under Sections 10177 (d), (h), and (j) of the Code.

88

The acts and/or omissions of LAUREN, and MORALES, in connection with the SOTERO's loans and exchange agreements, as set out above, violate Sections 10176(a) and (i) of the Code.

SEVENTH CAUSE OF ACTION (JOYCE)

89

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

90

October 2005 1031 Exchange

In approximately February 2004, O'MEARA solicited Tom and Rose Marie Joyce (the JOYCE's) to invest their funds in the RHD. O'MEARA represented to the JOYCE's that their money would be secure, as the property securing their loan had sufficient equity to protect their investment and the transaction would be handled by him personally.

91

In approximately October 2005, O'MEARA solicited the JOYCE's to make a 1031 exchange of the JOYCE's properties located at 4562 and 4566 East University Avenue, Fresno, CA, plus an additional $240,000.00, for a 4% interest in RHLLC's parcel APN #327-100-17, which the JOYCE's believed was located in the RHD, due to representations made by O'MEARA.

92

On approximately September 30, 2005, escrow closed on both of the JOYCE's properties on East University Avenue. Proceeds from the sale of 4566 totaled $134,029.34 and from 4562 totaled $121,008.05.

93

On approximately October 28, 2005, a settlement statement was prepared for the JOYCE's, which reflected the JOYCE's purchase of 1290 South Valentine Avenue, Fresno, for $615,053.00. Credit was given to the JOYCE's in the amount of $254,237.40, reflecting the profits being transferred from the sale of the JOYCE's properties located at 4562 and 4566 East University Avenue, Fresno. The settlement statement also reflected a "Seller carryback" of $360,615.60 in favor of RHLLC.

94

On November 3, 2005 a Grant Deed was recorded in Fresno County transferring a four (4) percent interest in APN #327-100-17 to the JOYCE's.

95

O'MEARA and/or WEBB failed to disclose to the JOYCE's that the property they acquired, #APN 327-100-17, in exchange for their two East University Avenue properties, as described above, was not a parcel located in the RHD, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin, contrary to O'MEARA's representations, which had already been pledged to secure a $10 million senior loan.

96

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from the JOYCE's, failed to submit to the Department self-dealing statements for the loan transactions, as required by Section 10231.2 of the Code.

97

O'MEARA and WEBB, as the managers of RHLLC, induced the JOYCE's to make exchange agreements, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the exchange agreements from the JOYCE's.

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98

The acts and/or omissions of O'MEARA and WEBB in connection with the JOYCE's loan and exchange agreement, as set out above, violate Section 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d) and (j) of the Code.

EIGHTH CAUSE OF ACTION (COPPERNOLL)

99

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

100

August 16, 2006 loan for $75,000.00

In approximately August 2006, O'MEARA and LAUREN solicited Margaret-Anne Coppernoll (COPPERNOLL) to fund a 30-day loan. O'MEARA and LAUREN represented to COPPERNOLL that the Running Horse Golf and Country Club was totally completed with infrastructure, sprinkler systems and that all that was needed was seeding of the 18 holes to get the golf course ready for the PGA Tournament in October 2006. They also represented that they were waiting for a major loan to close escrow and that COPPERNOLL would be paid back from that loan. They represented that they would give COPPERNOLL a note and deed of trust for the loan and personally guaranteed the loan.

101

On approximately August 16, 2006, based on O'MEARA and LAUREN's representations, COPPERNOLL made a loan to O'MEARA in the amount of $75,000.00.

102

On approximately August 16, 2006, O'MEARA executed a Note Secured by Deed of Trust for the $75,000.00 loan described above, secured by an 80% undivided interest in Lot 29 of Tract No. 5206 in the RHD, APN #326-240-30.

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103

When O'MEARA signed the note and deed of trust to COPPERNOLL, he failed to disclose to her that RHLLC was delinquent in the amount of $189,548.33 in mortgage payments for prior loans encumbering the property.

104

On September 16, 2006, O'MEARA defaulted on his obligations on the loan described in Paragraph 102, above.

105

August 28, 2006 loan for $75,000.00

On approximately August 26, 2006, O'MEARA and WEBB solicited COPPERNOLL to fund another 30-day $75,000.00 loan to RHLLC, representing that said loan would be secured by a property located in the RHD. O'MEARA and LAUREN personally guaranteed the loan.

106

On approximately August 28, 2006, COPPERNOLL delivered a check payable to O'MEARA, and O'MEARA executed a Note Secured by Deed of Trust dated August 28, 2006 in the amount of $75,000.00 in favor of COPPERNOLL. They also executed a Short Form Deed of Trust and Assignment of Rents in the amount of $75,000.00 against their property located at 53380 Road 432, Bass Lake, California, APN #326-240-30 and not on a property located in the RHD, as represented.

107

On September 28, 2006, O'MEARA defaulted.

108

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from COPPERNOLL, failed to submit to the Department self-dealing statements for the loan transactions, as required by Section 10231.2 of the Code.

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109

O'MEARA, as the manager of RHLLC, and LAUREN, induced COPPERNOLL to make RHLLC loans, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from COPPERNOLL.

110

The acts and/or omissions of O'MEARA in connection with the COPPERNOLL loans, as set out above, violate Section 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d), (h), and (j) of the Code.

111

The acts and/or omissions of LAUREN in connection with the COPPERNOLL loans, as set out above, constitute grounds for discipline under Sections 10176(a) and (i), of the Code.

NINTH CAUSE OF ACTION (DEUKMEJIAN)

112

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

113

In February 2006, Lucy Deukmejian (DEUKMEJIAN) was solicited by LAUREN to invest her funds in the RHD. O'MEARA and LAUREN made the same representations about the golf course as were made in Paragraph 100, above. O'MEARA and LAUREN represented to DEUKMEJIAN that the loan would be for $75,000.00 for 6 months at 15% interest and personally guaranteed the loan.

114

On approximately March 6, 2006, based on O'MEARA and LAUREN's representations, DEUKMEJIAN agreed to lend $75,000.00, and delivered her check to O'MEARA. O'MEARA and LAUREN assured her that her "money would be safe."

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115

O'MEARA and WEBB, on behalf of RHLLC, prepared a "Note Secured by Deed of Trust," dated March 2, 2006 for $75,000.00, all due and payable on or before August 31, 2006. They also prepared a Short Form Deed of Trust and Assignment of Rents, securing DEUKMEJIAN's loan with RHLLC's parcel APN #327-100-17.

116

On approximately March 8, 2006, O'MEARA and WEBB, on behalf of RHLLC, recorded the deed of trust securing DEUKMEJIAN's $75,000.00 loan.

117

O'MEARA and/or WEBB failed to disclose to DEUKMEJIAN that the property securing her $75,000.00 loan, described above, #APN 327-100-17, was not a parcel located in the RHD, but was actually part of a property some distance west of the RHD which was proposed to be a water recharge basin (a hole in the ground) and which had already been pledged to secure nine (9) senior loans.

118

If DEUKMEJIAN had known the true facts about the property securing her loan, she would never have made the loan.

119

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from DEUKMEJIAN, failed to submit to the Department self-dealing statements for the loan transactions, as required by Section 10231.2 of the Code.

120

O'MEARA and LAUREN induced DEUKMEJIAN to make RHLLC loans, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in procuring the loans from DEUKMEJIAN.

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121

The acts and/or omissions of O'MEARA in connection with the DEUKMEJIAN loan, as set out above, violate Section 10231.2 of the Code and constitute grounds for discipline under Sections 10177 (d), (h), and (j) of the Code.

122

The acts and/or omissions of LAUREN in connection with the DEUKMEJIAN loan, as set out above, constitute grounds for discipline under Section 10176(a) and (i) of the Code.

TENTH CAUSE OF ACTION (KELLY)

123

The allegations of Paragraphs 1 through 7 are incorporated herein by reference.

124

On approximately March 24, 2006, O'MEARA, as the manager of RHLLC, solicited Harlan Kelly (KELLY) for the purpose of selling him some lots in the Cypress Phase of the RHD.

125

On approximately March 26, 2006, O'MEARA negotiated with KELLY the sale of three (3) lots in the Cypress Collection of the RHD (the CYPRESS LOTS). KELLY gave O'MEARA $385,000.00 for the purchase of the CYPRESS LOTS.

126

The CYPRESS LOTS were part of a subdivision within the meaning of Section 11000 of the Code.

127

O'MEARA and WEBB, prior to the sale of the CYPRESS LOTS, did not first obtain a Public Report from the Real Estate Commissioner, as required in Section 11018.2 of the Code, therefore, O'MEARA and WEBB could not have sold the CYPRESS LOTS to KELLY or anyone else.

128

On Approximately March 26, 2006, the same day of the sale of the CYPRESS LOTS to KELLY, O'MEARA prepared a straight note payable to KELLY as the beneficiary. O'MEARA also prepared an "Investor Agreement", representing to KELLY that he (KELLY) sign the "Investor Agreement" as a vehicle for the purchase of the lots. O'MEARA did not prepare a deed of trust to secure the note. O'MEARA and WEBB knew that the straight note which they gave to KELLY was unsecured, and therefore, worthless.

129

O'MEARA and WEBB induced KELLY to deliver his purchase monies to them based on the false promise that the "Investor Agreement" was the proper instrument to use to make the purchase of the CYPRESS LOTS, when in fact, the CYPRESS LOTS could not have been sold for the reason set forth in Paragraph 127, above.

130

On approximately November 8, 2006, O'MEARA provided KELLY with three (3) Reservation Instruments for the CYPRESS LOTS, and three (3) Receipts for Public Report for California Permit on File No. "116154SA-S01 – Tract 5350/The Cypress Collection at Running Horse." O'MEARA and WEBB had not obtained a Public Report from the Department at the time they gave the reservation instruments to KELLY.

131

On approximately November 16, 2006, the Department issued a Preliminary Public Report for the CYPRESS LOTS, File No. 116154SA-S02.

132

O'MEARA and WEBB knew that KELLY intended to purchase the CYPRESS LOTS in which they (O'MEARA and WEBB) had already begun the process of obtaining a Final Public Report. O'MEARA and WEBB knew that if KELLY's $385,000.00 was actually a payment toward the reservation of the CYPRESS LOTS, it should have immediately been deposited into an escrow depository until such time as a Final Public Report had been issued.

O'MEARA and WEBB failed to deposit KELLY's $385,000.00 into an escrow depository, as required by Section 2791.1 of Title 10 of the California Code of Regulations (the Regulations).

133

No Final Public Report was ever issued for the Cypress Collection at Running Horse.

134

RHLLC and O'MEARA filed for bankruptcy; therefore, all of KELLY's $385,000.00 was lost because O'MEARA and WEBB failed to either provide KELLY with a deed of trust to secure the straight note as described above or failed to deposit his funds into a neutral escrow until a Final Public Report had been issued by the Department.

135

O'MEARA and WEBB, prior to the making of any representation, solicitation, or presentation for the loans set out above from KELLY, failed to submit to the Department self-dealing statements for the loan transactions, as required by Section 10231.2 of the Code.

136

O'MEARA and WEBB, as the managers of RHLLC, induced KELLY to purchase lots in RHD, or, in the alternative, to loan funds, or to accept the reservations, as set out above, based on misrepresentations and false promises and therefore acted fraudulently and dishonestly in the transactions with KELLY.

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The acts and/or omissions of O'MEARA and WEBB in connection with the KELLY transaction, as set out above, violate Sections 10231.2 and 11018.2 of the Code and Section 2791.1 of the Regulations and constitute grounds for discipline under Sections 10177 (d) and (j) of the Code.

ELEVENTH CAUSE OF ACTION

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The allegations of Paragraphs 1 through 137 are incorporated herein by reference.

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At all times mentioned herein, O'MEARA failed to exercise reasonable supervision and control of the activities of CYPRESS and LAUREN for which a real estate license is required and was negligent or incompetent in performing acts for which a real estate license is required, in that he knew or should have known all the facts alleged above and that he could have and should have taken steps to assure the full compliance of CYPRESS and its agents and employees with the Real Estate Law.

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In summary, the acts and/or omissions of Respondents as alleged above constitute grounds for discipline under the following Sections of the Code and Regulations:

Paragraph	Respondent	Violations	Grounds for Discipline
1st Cause of Action (GERMAN) 1 – 7, 8 - 23	O'MEARA & WEBB	Code §§ 10141.5, 10231.2	Code § 10177(d), (j)
2nd Cause of Action (NORTHCROSS) 1 – 7, 24 - 30	O'MEARA & WEBB	Code §§ 10141.5, 10231.2	Code § 10177(d), (j)
3rd Cause of Action (SCAMPA) 1 – 7, 31 - 49	O'MEARA & WEBB LAUREN	Code §§ 10141.5, 10231.2	Code § 10177(d), (h), (j) Code § 10176(a), (i)
4th Cause of Action (SMITH) 1 – 7, 50 - 57	O'MEARA & WEBB	Code §§ 10141. 5, 10231.2	Code § 10177(d), (j)
5th Cause of Action (JOYCE SCAMPA & BRUCE GRAHAM) 1 – 7, 58- 69	O'MEARA & WEBB	Code §§ 10141.5, 10231.2	Code § 10177(d), (j)
6th Cause of Action (SOTERO) 1 – 7, 70 - 88	O'MEARA & WEBB LAUREN & MORALES	Code §§ 10141.5, 10231.2, 11018.2	Code § 10177(d), (h), (j) Code § 10176(a), (i)
7th Cause of Action (JOYCE) 1 – 7, 89 - 98	O'MEARA & WEBB	Code § 10231.2	Code § 10177(d), (j)

Paragraph	Respondent	Violations	Grounds for Discipline
8th Cause of Action (COPPERNOLL) 1 – 7, 99-111	O'MEARA & WEBB LAUREN	Code § 10232.1	Code §10177(d),(h),(j) Code § 10176(a), (i)
9th Cause of Action (DEUKMEJIAN) 1 – 7, 112 - 122	O'MEARA & WEBB LAUREN	Code § 10231.2	Code § 10177(d),(h),(j) Code § 10176(a), (i)
10th Cause of Action (KELLY) 1 – 7, 123 - 137	O'MEARA & WEBB	Code §§ 11018.2, 10232.1, Reg. § 2791.1	Code §§ 10177(d), (j)
11th Cause of Action 1 – 140	O'MEARA	Code § 10159.2	Code § 10177(d), (h)

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 all licenses and license rights of Respondents, 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 provisions of law.

CHARLES W. KOENIG
Deputy Real Estate Commissioner

Dated at Sacramento, California,
this 13th day of June, 2008.