FILED

JUL 16 2015

BUREAU OF REAL ESTATE

By S. Black

BEFORE THE BUREAU OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of PATRICK BRIAN MCGEE, Respondent.	No. H-10817 SF

ORDER DENYING REINSTATEMENT OF LICENSE

On August 2, 2011, a Decision was rendered in Case No. H-10817 SF revoking the real estate salesperson license of Respondent effective August 24, 2011.

On March 9, 2015, Respondent petitioned for reinstatement of said real estate salesperson license, and the Attorney General of the State of California has been given notice of the filing of said petition.

The burden of proving rehabilitation rests with the petitioner (*Feinstein v. State Bar* (1952) 39 Cal. 2d 541). A petitioner is required to show greater proof of honesty and integrity than an applicant for first time licensure. The proof must be sufficient to overcome the prior adverse judgment on the applicant's character (*Tardiff v. State Bar* (1980) 27 Cal. 3d 395).

I have considered the petition of Respondent and the evidence submitted in support thereof.

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The Bureau has developed criteria in Section 2911 of Title 10, California Code of Regulations (Regulations) to assist in evaluating the rehabilitation of an applicant for reinstatement of a license. Among the criteria relevant in this proceeding are:

Regulation 2911(n) Change in attitude from that which existed at the time of the conduct in question as evidenced by any or all of the following:

(1) Testimony of applicant.

Respondent fails to take responsibility for the violations of real estate law which led to the Accusation and subsequent Default Decision against him arising out of the fact that he failed to show for the hearing. Respondent denies any wrong doing and blames others for harming the victims of the advance fee loan modification activity which Respondent participated.

Respondent has failed to demonstrate to my satisfaction that Respondent has undergone sufficient rehabilitation to warrant the reinstatement of Respondent's real estate salesperson license at this time.

Given the violations found and the fact that Respondent has not established that Respondent has satisfied Regulations 2911(n) (1), I am not satisfied that Respondent is sufficiently rehabilitated to receive a real estate salesperson license.

NOW, THEREFORE, IT IS ORDERED that Respondent's petition for reinstatement of Respondent's real estate salesperson license is denied.

This Order shall become effective at 12 o'clock noon on AUG 07 2015.

IT IS SO ORDERED 7/15/2015

REAL ESTATE COMMISSIONER

Wayne S. Bell

FILED
AUG - 3 2011
DEPARTMENT OF REAL ESTATE
By

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, Respondents.	NO. H-10817 SF

DECISION

This Decision is being issued in accordance with the provisions of Section 11520 of the Government Code, on evidence of compliance with Section 11505 of the Government Code and pursuant to the Order of Default filed on July 11, 2011, and the findings of fact set forth herein, which are based on one or more of the following: (l) Respondent's express admissions; (2) affidavits and (3) other evidence.

FINDINGS OF FACT

1

On November 30, 2009, E. J. Haberer, II made the Accusation in his official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondents STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, and Notice of Defense were mailed, by certified mail, to Respondents' last known mailing address on file with the Department on December 7, 2009. On December 1, 2010, E. J. Haberer, II, made the First Amended Accusation in his official capacity as a Deputy Real Estate Commissioner of the State of California. The First Amended Accusation was mailed, by certified mail to Respondents' last known mailing address on file with the Department on December 3, 2010.

2

On January 25, 2011, Notice of Hearing having been timely served and filed herein and Respondents having failed to appear at the hearing, STEPHANIE JO TROUP's and PATRICK BRIAN MCGEE's defaults were entered herein

3

STEPHANIE JO TROUP (TROUP) is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (the Code) as a real estate salesperson.

4

PATRICK BRIAN MCGEE (MCGEE) is presently licensed and/or has license rights under the Code as a real estate salesperson.

5

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker within the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of a loan brokerage business with the public wherein, on behalf of others, for compensation.

6

From September 2008 until February 2009, CORNERSTONE LENDING AND REALTY, INC. (CLARI), RYAN JASON NEUMAN (NEUMAN), TROUP and MCGEE, (collectively, RESPONDENTS), through a website for Modify Your Mortgage, in person, on the phone and through email messages, made various representations that were intended to induce people to pay them for loan modification services. Respondents represented that 1) It had a team of CPAs and Attorneys; 2) It had a 75% success rate of obtaining loan modifications; 3) It had helped thousands of struggling home owners obtain loan modifications and 4) It had a 90% success rate of obtaining loan modifications.

7

Within the last three years, Respondents solicited various individuals to apply for a loan modification for their loans securing their real property. Respondents made those

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representations set forth above, in Paragraph 6. Various borrowers signed Loan Modification Agreements and paid an advance fee to Respondents as set forth below:

Name	Amount	Date
Chi Doan	$1,485.00	09/25/08
Karen Brigard	$ 995.00	09/29/08
Summer Stroude	$3,500.00	10/06/08
Frank Yates	$1,495.00	10/06/08
Maria Nell Rosado	$1,495.00	10/24/08
Welch	$2,790.00	10/30/08
Gail Pierce	$3,495.00	01/13/09

8

After each of the borrowers, mentioned above, signed the requested documents and paid the funds to Respondents, neither Respondents nor any of their related entities obtained a successful and sustainable loan modification for any of these borrowers, as they represented they would do. None of the Respondents or any related entities have ever accounted for any of the funds paid to them by a borrower nor have they refunded any money to any of the borrowers.

9

A person, including a business entity such as the related entities in this case, may not perform services for borrowers or lenders in connection with one or more liens secured by an interest in real property without first being licensed by the Department as a real estate broker. In addition, a licensed California real estate broker may not legally charge or accept an "advance fee" from a client or principal unless that broker first meets the requirements of Section 10085 (have his or her "advance fee agreement" reviewed by the Department to make sure it meets the requirements of that section of the Code) in which case the Department issues a "No Objection Letter". In this case, Respondent did not obtain a "No Objection Letter" until January 29, 2009.

10

The representations made by Respondents to the borrowers in each of the transactions as described in Paragraph 7, above, were false, and Respondents knew that they were false when those representations were made. The true facts were that Respondents did not retain any attorneys, retained only one CPA, had completed no loan modifications, and had 300 clients, of whom none received a loan modification.

11

On or about July 7, 2009, TROUP, on behalf of CLARI dba Modify Your Mortgage (MYM) solicited borrowers, Robin Franklin and Dana Mark Franklin (The Franklins) to hire MYM to negotiate a new loan secured by property known as 1199 Seghesio Way, Windsor, California.

12

On or about July 7, 2009 the Franklins gave TROUP a check in the amount of $1,500.00 and signed an agreement with MYM, which included a money back guarantee.

13

On or about August 13, 2009, TROUP advised the Franklins that the bank, Wachovia would not renegotiate their loan since they were current on their payments and suggested that the Franklins miss payments so that they could qualify.

14

On or about August 17, 2009, the Franklins asked TROUP for a refund. TROUP promised to refund the $1,500.00 to the Franklins.

15

On or about August 24, 2009, someone using the name Mary Jane called the Franklins on behalf of MYM and told them that their loan modification had been approved by their bank.

16

On or about August 25, 2009, TROUP represented to the Franklins that the loan modification had been approved and that Xavier from Wachovia Bank would be sending them their loan modification documents. The Franklins called the bank and spoke to Xavier who denied that the bank had approved a loan modification. The Franklins confronted TROUP with this information and she then represented that she would have the refund check mailed out.

17

On or about August 31, 2009, since the Franklins did not receive the check or hear from anyone with MYM, they went to the office and demanded a refund. They spoke to NEUMAN, who refused to make any refunds.

18

The representations made by TROUP to the Franklins set out above were false, and TROUP knew that they were false when she made those representations. The true facts were that the bank did not give approval for a loan modification, that TROUP did not have a reasonable belief that a loan modification could be obtained and that neither she nor MYM intended to refund any of the Franklins' money and TROUP made these misrepresentations to fraudulently induce the Franklins to retain her and MYM to perform a loan modification.

19

On or about May 28, 2009, TROUP solicited Kirsten Piercy to negotiate the modification of a loan secured by real property known as 927 Kingwood Street, Santa Rosa, California.

20

On or about May 29, 2009, Piercy signed an agreement with MYM and gave TROUP a check in the amount of $4,694.00.

21

On or about six months after May 29, 2009, an employee with MYM told Piercy that her loan modification application was denied.

22

On or about the time that Piercy was told that her loan modification application was denied, she asked MYM for a refund of her money.

23

Piercy has not received a refund of the money that she paid MYM for a loan modification.

24

The representations made by TROUP to Piercy set out above were false, and TROUP knew that they were false when she made those representations. The true facts were that TROUP had no reasonable belief that a loan modification could be obtained and neither she nor MYM intended to refund any of Piercy's money and TROUP made these misrepresentations to fraudulently induce Piercy to retain her and MYM to perform a loan modification.

DETERMINATION OF ISSUES

1

The acts and/or omissions of TROUP as alleged above violate Section 2970 of the Regulations and Sections 10085, 10176(a), 10176(b) (Making False Promise) and 10176(i) (Fraud or Dishonest Dealing in Licensed Capacity) of the Code and are grounds for discipline under Sections 10176(a), 10176(b), 10176(i) and 10177(d) of the Code.

2

The acts and/or omissions of MCGEE as alleged above violate Section 2970 (Failure to Submit Advance Fee Material For Review) of the Regulations and Sections 10085 (Failure to Submit Advance Fee Materials) and 10176(a) (Substantial Misrepresentation) of the Code and are grounds for discipline under Sections 10176(a) and 10177(d) (Violation of Real Estate Law or Regulations) of the Code.

3

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

ORDER

All licenses and licensing rights of STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, under the provisions of Part I of Division 4 of the Business and Professions Code, are revoked.

This Decision shall become effective at 12 o'clock noon on AUG 24 2011.

DATED: 8/2/11

BARBARA J. BIGBY
Acting Real Estate Commissioner

Department of Real Estate
P. O. Box 187007
Sacramento, CA 95818-7007

Telephone: (916) 227-0789

FILED
JUL 11 2011
DEPARTMENT OF REAL ESTATE
By R. Mat

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, Respondents.	No. H-10817 SF DEFAULT ORDER

Respondents, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, having been duly noticed and failing to appear at the hearing in this matter, are now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED July 8, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner

By: PHILLIP IHDE
Northern Regional Manager

FLAG

RICHARD K. UNO, Counsel (SBN 98275)
Department of Real Estate
P. O. Box 187007
Sacramento, CA 95818-7007

Telephone: (916) 227-0789
(916) 227-2380 (Direct)

FILED
DEC - 9 2010
DEPARTMENT OF REAL ESTATE
By K. Mar

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, Respondents.	NO. H-10817 SF FIRST AMENDED ACCUSATION (FOURTH AND FIFTH CAUSES OF ACTION ADDED)

The Complainant, E. J. HABERER, II, a Deputy Real Estate Commissioner of the State of California, for Accusation against Respondent CORNERSTONE LENDING AND REALTY, INC. (CLARI), Respondent RYAN JASON NEUMAN (NEUMAN), Respondent STEPHANIE JO TROUP (TROUP), and Respondent PATRICK BRIAN MCGEE (MCGEE) is informed and alleges as follows:

1

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

2

NEUMAN is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (the Code) as a real estate broker.

3

TROUP is presently licensed and/or has license rights under the Code as a real estate salesperson.

4

MCGEE is presently licensed and/or has license rights under the Code as a real estate salesperson.

5

CLARI is presently licensed by the Department of Real Estate (the Department) as a corporate real estate broker dba Modify Your Mortgage.

6

At all times herein mentioned, NEUMAN was licensed by the Department as the designated broker/officer of CLARI. As the designated broker/officer, NEUMAN was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of CLARI for which a real estate license is required to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

7

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of a loan brokerage business with the public wherein, on behalf of others, for compensation or in expectation of compensation, and claimed, demanded, charged, received, collected or contracted for an advance fee, Respondents solicited lenders and borrowers for loans secured directly or collaterally by liens on real property, and wherein Respondents arranged negotiated, processed, and consummated such loans.

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

FIRST CAUSE OF ACTION

9

Beginning on February 9, 2009, and continuing intermittently through June 3, 2009, an audit was conducted of CLARI's main office located at 2544 Cleveland Avenue, Suite 110 in Santa Rosa, California and at the Oakland District Office of the Department of Real Estate located at 1515 Clay Street, Suite 702, Oakland, California, where the auditor examined records for the period of January 1, 2008 through December 31, 2008 (the audit period).

10

While acting as a real estate broker as described in Paragraph 5, above, and within the audit period, CLARI accepted or received funds in trust (trust funds) from or on behalf of lender, investors, borrowers and others in connection with the mortgage loan brokerage activities, deposited or caused to be deposited those funds into a bank account maintained by CLARI at US Bank, 50 Old Courthouse Square, Santa Rosa, California, Account No. 1 534 6157 1264, entitled "Modify Your Mortgage" (Bank Account #1), and thereafter from time to time made disbursements of said trust funds.

11

In the course of the activities described in Paragraph 8, in connection with the collection and disbursement of trust funds, CLARI:

(a) Failed to designate Bank Account #1 as a trust account and was not under the name of Cornerstone Lending and Realty, Inc. as trustee as required

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by Section 2832 of Chapter 6, Title 10, California Code of Regulations (Regulations);

(b) Failed to maintain control records for Bank Account #1 as required by Section 2831 of the Regulations;

(c) Failed to maintain separate records for Bank Account #1 as required by Section 2831.1 of the Regulations;

(d) Failed to reconcile the control record with the separate beneficiary records, as described above, at least once each month, as required under Section 2831.2 of the Regulations;

(e) The adjusted trust fund balance of Bank Account #1 could not be determined due to inadequate control records and separate beneficiary records, in violation of Section 10145 of the Code;

(f) Trust funds received for a loan modification were placed in Bank Account #1, but Respondent failed to furnish a verified accounting of each principal's trust funds at the end of each calendar quarter in violation of Section 2972 of the Regulations and Section 10146 of the Code;

(g) Trust funds were deposited in Bank Account #1 and were commingled with non-trust funds in violation of Section 2835 of the Regulations and Section 10176(e) of the Code;

(h) Used advance fee agreements with its loan modification clients without having submitted copies of the proposed agreement to the Department and without having obtained a "No Objection" letter, in violation of Section 2970 of the Regulations and Section 10085 of the Code;

(i) Failed to maintain the signature page of the advance fee agreement with Strouse and failed to retain files from cancelled transactions in violation of Section 10148 of the Code;

(j) Conducted activities requiring a real estate license under the name Modify Your Mortgage without having first obtained a license bearing that name with the Department in violation of Section 2731 of the Regulations and Section 10159.5 of the Code;

(k) Failed to provide or provided an incomplete Mortgage Loan Disclosure Statement/Good Faith Estimate for the Felando, Haggard and Fish/Raven loans in violation of Section 2842.5 of the Regulations and Sections 10240 and 10241 of the Code;

(l) Failed to maintain salesperson license certificates for three salespersons, including Jennifer Dorn, Antoine Lamman and Stephanie Jo Troup, at their main office and failed to make them available upon the Auditor's request in violation of Section 2753 of the Regulations and Section 10160 of the Code;

(m) Maintained a Broker-Salesperson Relationship Agreement with Dorn which was not signed and did not maintain a Broker-Salesperson Relationship Agreement with Griffin, as required by Section 2726 of the Regulations and

12

The acts and/or omissions of CLARI as alleged above violate Sections 2726, 2731, 2753, 2831, 2831.1, 2831.2, 2832, 2834, 2835, 2842.5, 2970 and 2972 of the Regulations and of Sections 10085, 10145, 10146, 10148, 10159.5, 10160, 10176(e), 10240 and 10241 of the Code.

13

The acts and/or omission of CLARI alleged above are grounds for discipline under Sections 10176(e) and 10177(d) of the Code.

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SECOND CAUSE OF ACTION

14

Complainant refers to Paragraphs 1 through 13, above, and incorporates them herein by reference.

15

From September 2008 until February 2009, CLARI, NEUMAN, TROUP and MCGEE, (collectively, RESPONDENTS), through a website for Modify Your Mortgage, in person, on the phone and through email messages, made various representations that were intended to induce people to pay them for loan modification services. Respondents represented that 1) It had a team of CPAs and Attorneys; 2) It had a 75% success rate of obtaining loan modifications; 3) It had helped thousands of struggling home owners obtain loan modifications and 4) It had a 90% success rate of obtaining loan modifications.

16

Within the last three years, Respondents solicited various individuals to apply for a loan modification for their loans securing their real property. Respondents made those representations set forth above, in Paragraph 14. Various borrowers signed Loan Modification Agreements and paid an advance fee to Respondents as set forth below:

Name	Amount	Date
Chi Doan	$1,485.00	09/25/08
Karen Brigard	$ 995.00	09/29/08
Summer Stroude	$3,500.00	10/06/08
Frank Yates	$1,495.00	10/06/08
Maria Nell Rosado	$1,495.00	10/24/08
Welch	$2,790.00	10/30/08
Gail Pierce	$3,495.00	01/13/09

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17

After each of the borrowers mentioned above signed the requested documents and paid the funds to Respondents, neither Respondents nor any of their related entities obtained a successful and sustainable loan modification for any of these borrowers, as they represented they would do. None of the Respondents or any related entity has ever accounted for any of the funds paid to them by a borrower nor have they refunded any money to any of the borrowers.

18

A person, including a business entity such as the related entities in this case, may not perform services for borrowers or lenders in connection with one or more liens secured by an interest in real property without first being licensed by the Department as a real estate broker. In addition, a licensed California real estate broker may not legally charge or accept an "advance fee" from a client or principal unless that broker first meets the requirements of Section 10085 (have his or her "advance fee agreement" reviewed by the Department to make sure it meets the requirements of that section of the Code) in which case the Department issues a "No Objection Letter". In this case, Respondent did not obtain a "No Objection letter" until January 29, 2009.

19

The representations made by Respondents to the borrowers in each of the transactions as describe in Paragraph 15, above, were false, and Respondents knew that they were false when those representations were made. The true facts were that Respondents did not retain any attorneys, retained only one CPA, had completed no loan modifications, and had 300 clients, of whom none received a loan modification.

20

The facts alleged in Paragraphs 17 through 19 above violate Section 2970 of the Regulations and Section 10008 of the Code and are grounds for the suspension or revocation of the license and license rights of Respondents under Sections 10176(a) and (e) and 10177(d) of the Code.

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THIRD CAUSE OF ACTION

21

Complainant refers to Paragraphs 1 through 20, above, and incorporates them herein by reference.

22

At all times herein above mentioned, NEUMAN was responsible, as the designated broker/officer of CLARI, for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees to ensure its compliance with the Real Estate Law and the Regulations. NEUMAN failed to exercise reasonable supervision and control over the property management brokering activities of CLARI. In particular, NEUMAN permitted, ratified and/or caused the conduct described in the First and Second Causes of Action, above, to occur, and failed to take reasonable steps, including but not limited to the handling of trust funds, supervision of employees, and the implementation of policies, rules, procedures, and systems to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

23

The above acts and/or omissions of NEUMAN violate Section 2725 of the Regulations and Section 10159.5 of the Code and are grounds for disciplinary action under the provisions of Section 10177(d) and (h) of the Code.

FOURTH CAUSE OF ACTION

24

Complainant refers to Paragraphs 1 through 23 above, and incorporates them herein.

25

On or about July 7, 2009, TROUP, on behalf of CLARI dba Modify Your Mortgage (MYM) solicited borrowers, Robin Franklin and Dana Mark Franklin (The Franklins)

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to hire MYM to negotiate a new loan secured by property known as 1199 Seghesio Way, Windsor, California.

26

On or about July 7, 2009 the Franklins gave TROUP a check in the amount of $1,500.00 and signed an agreement with MYM, which included a money back guarantee.

27

On or about August 13, 2009, TROUP advised the Franklins that the bank, Wachovia would not renegotiate their loan since they were current on their payments and suggested that the Franklins miss payments so that they could qualify.

28

On or about August 17, 2009, the Franklins asked TROUP for a refund. TROUP promised to refund the $1,500.00 to the Franklins.

29

On or about August 24, 2009, someone using the name Mary Jane called the Franklins on behalf of MYM and told them that their loan modification had been approved by their bank.

30

On or about August 25, 2009, TROUP represented to the Franklins that the loan modification had been approved and that Xavier from Wachovia Bank would be sending them their loan modification documents. The Franklins called the bank and spoke to Xavier who denied that the bank had approved a loan modification. The Franklins confronted TROUP with this information and she then represented that she would have the refund check mailed out.

31

On or about August 31, 2009, since the Franklins did not receive the check or hear from anyone with MYM, they went to the office and demanded a refund. They spoke to Ryan Neuman, who refused to make any refunds.

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32

The representations made by TROUP to the Franklins set out above were false, and TROUP knew that they were false when she made those representations. The true facts were that the bank did not give approval for a loan modification, that TROUP did not have a reasonable belief that a loan modification could be obtained and that neither she nor MYM intended to refund any of the Franklins' money and TROUP made these misrepresentations to fraudulently induce the Franklins to retain her and MYM to perform a loan modification..

33

TROUP's acts described above constitute violations of and are grounds for discipline under Sections 10176(a) (Substantial Misrepresentation), 10176(b) (False Promise of a Character Likely to Influence, Persuade or Induce), 10176(i) (Other Conduct/Constituting Fraud or Dishonest Dealing) of the Code.

FIFTH CAUSE OF ACTION

34

Complainant refers to Paragraphs 1 through 33, above, and incorporates them herein.

35

On or about May 28, 2009, TROUP solicited Kirsten Piercy to negotiate the modification of a loan secured by real property known as 927 Kingwood Street, Santa Rosa, California.

36

On or about May 29, 2009, Piercy signed an agreement with MYM and gave TROUP a check in the amount of $4,694.00.

37

On or about six months after May 29, 2009, an employee with MYM told Pierce that her loan modification application was denied.

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38

On or about the time that Pierce was told that her loan modification application was denied, she asked MYM for a refund of her money.

39

Pierce has not received a refund of the money that she paid MYM for a loan modification.

40

The representations made by TROUP to Piercy set out above were false, and TROUP knew that they were false when she made those representations. The true facts were that TROUP had no reasonable belief that a loan modification could be obtained and neither she nor MYM intended to refund any of Piercy's money and TROUP made these misrepresentations to fraudulently induce Piercy to retain her and MYM to perform a loan modification.

41

TROUP's acts described above constitute violations of and are grounds for discipline under Sections 10176(a) (Substantial Misrepresentation), 10176(b) (False Promise of a Character Likely to Influence, Persuade or Induce), 10176(i) (Other Conduct/Constituting Fraud or Dishonest Dealing) of the Code.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof a decision be rendered imposing disciplinary action against 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.

E. J. HABERER, II
Deputy Real Estate Commissioner

Dated at Oakland, California,
this 1ST day of December, 2010.

FILED

JUN - 8 2010

DEPARTMENT OF REAL ESTATE

By K. Mar

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of

CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE,

Respondents.

No. H-10817 SF

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSES

On December 7, 2009, an Accusation was filed in this matter against Respondents CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE.

On April 6, 2010, Respondents CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN only petitioned the Commissioner to voluntarily surrender their real estate licenses pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondents CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN'S petition for voluntary surrender of their real estate licenses is accepted as of the effective date of this Order as set forth below, based upon the understanding and agreement expressed in Respondent's Declaration dated May 3,

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2010; and reviewed and agreed to by their attorney Steven L. Simas on May 5, 2010 (attached as Exhibit "A" hereto). Respondents' license certificates and pocket cards shall be sent to the below listed address so that they reach the Department on or before the effective date of this Order:

DEPARTMENT OF REAL ESTATE
Attn: Licensing Flag Section
P. O. Box 187000
Sacramento, CA 95818-7000

This Order shall become effective at 12 o'clock noon on

JUN 29 2010.

DATED: 6/3/10.

JEFF DAVI
Real Estate Commissioner

BY: Barbara J. Bigby
Chief Deputy Commissioner

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP and PATRICK BRIAN MCGEE, Respondents.	No. H-10817 SF

DECLARATION

Respondents CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN, respectively, are currently licensed as a real estate broker corporation and a real estate broker. Steven L. Simas is representing CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN in this matter.

In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedures Act (Sections 11400 et seq., of the Government Code) CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN each wish to voluntarily surrender the real estate license(s) issued by the Department of Real Estate ("Department"), pursuant to Business and Professions Code Section 10100.2.

CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN understand that by so voluntarily surrendering the license(s), that they can only be reinstated in accordance with the provisions of Section 11522 of the Government Code. CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN also understand that by so voluntarily surrendering their license(s), CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN agree to the following:

The filing of this Declaration shall be deemed as CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN'S petition for voluntary surrender. It shall also be deemed to be an understanding and agreement by CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN that, CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN waive all rights they have to require the Commissioner to prove the allegations contained in the Accusation filed in this matter at a hearing held in accordance with the provisions of the Administrative Procedures Act (Government Code Sections 11400 et seq.), and that CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN also waive other rights afforded to them in connection with the hearing such as the right to discovery, the right to present evidence in defense of the allegations in the Accusation and the right to cross examine witnesses. CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN further agree that upon acceptance by the Commissioner, as evidenced by an appropriate order, all affidavits and all relevant evidence obtained by the Department in this matter prior to the Commissioner's acceptance, and all allegations contained in the Accusation filed in the Department Case No. H-10817 SF, may be considered by the Department to be true and correct for the purpose of deciding whether or not to grant reinstatement of CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN'S licenses pursuant to Government Code Section 11522.

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CORNERSTONE LENDING AND REALTY, INC. and RYAN JASON NEUMAN declare under penalty of perjury under the laws of the State of California that the above is true and correct and that it freely and voluntarily surrender its license and all license rights attached thereto.

5/3/2010
DATED

CORNERSTONE LENDING AND REALTY, INC.
Respondent

By: _____
RYAN JASON NEUMAN
Designated Officer of Cornerstone Lending and Realty, Inc.

5/3/2010
DATED

RYAN JASON NEUMAN
Respondent

_____
RYAN JASON NEUMAN
Broker

* * *

I have reviewed the Declaration as to form and content and have advised my client accordingly.

5/5/10
DATED

_____
STEVEN L. SIMAS
Attorney for Respondents

RICHARD K. UNO, Counsel (SBN 98275)
Department of Real Estate
P. O. Box 187007
Sacramento, CA 95818-7007

Telephone: (916) 227-2380

FILED

DEC - 7 2009

DEPARTMENT OF REAL ESTATE

By K. Mar

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of CORNERSTONE LENDING AND REALTY, INC., RYAN JASON NEUMAN, STEPHANIE JO TROUP AND PATRICK BRIAN MCGEE, Respondents.	NO. H-10817 SF ACCUSATION

The Complainant, E. J. HABERER, II, a Deputy Real Estate Commissioner of the State of California, for Accusation against Respondent CORNERSTONE LENDING AND REALTY, INC. (CLARI), Respondent RYAN JASON NEUMAN (NEUMAN), Respondent STEPHANIE JO TROUP (TROUP), and PATRICK BRIAN MCGEE (MCGEE) is informed and alleges as follows:

1

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

2

NEUMAN is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code (the Code) as a real estate broker.

3

TROUP is presently licensed and/or has license rights under the Code as a real estate salesperson.

4

MCGEE is presently licensed and/or has license rights under the Code as a real estate salesperson.

5

CLARI is presently licensed by the Department of Real Estate (the Department) as a corporate real estate broker dba Modify Your Mortgage.

6

At all times herein mentioned, NEUMAN was licensed by the Department as the designated broker/officer of CLARI. As the designated broker/officer, NEUMAN was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of CLARI for which a real estate license is required.

7

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers within the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of a loan brokerage business with the public wherein, on behalf of others, for compensation or in expectation of compensation, and claimed, demanded, charged, received, collected or contracted for an advance fee, Respondents solicited lenders and borrowers for loans secured directly or collaterally by liens on real property, and wherein Respondents arranged negotiated, processed, and consummated such loans.

8

Whenever reference is made in an allegation in this Accusation to an act or omission of CLARI, such allegation shall be deemed to mean that the officers, directors,

employees, agents and real estate licensees employed by or associated with CLARI committed such act or omission while engaged in furtherance of the business or operations of CLARI and while acting within the course and scope of their corporate authority and employment.

FIRST CAUSE OF ACTION

9

Beginning on February 9, 2009, and continuing intermittently through June 3, 2009, an audit was conducted of CLARI's main office located at 2544 Cleveland Avenue, Suite 110 in Santa Rosa, California and at the Oakland District Office of the Department of Real Estate located at 1515 Clay Street, Suite 702, Oakland, California, where the auditor examined records for the period of January 1, 2008 through December 31, 2008 (the audit period).

10

While acting as a real estate broker as described in Paragraph 5, above, and within the audit period, CLARI accepted or received funds in trust (trust funds) from or on behalf of lender, investors, borrowers and others in connection with the mortgage loan brokerage activities, deposited or caused to be deposited those funds into a bank account maintained by CLARI at US Bank, 50 Old Courthouse Square, Santa Rosa, California, Account No. 1 534 6157 1264, entitled "Modify Your Mortgage" (Bank Account #1), and thereafter from time to time made disbursements of said trust funds.

11

In the course of the activities described in Paragraph 8, in connection with the collection and disbursement of trust funds, CLARI:

(a) Failed to designate Bank Account #1 as a trust account and was not under the name of Cornerstone Lending and Realty, Inc. as trustee as required by Section 2832 of Chapter 6, Title 10, California Code of Regulations (Regulations);

(b) Failed to maintain control records for Bank Account #1 as required by Section 2831 of the Regulations;

(c) Failed to maintain separate records for Bank Account #1 as required by Section 2831.1 of the Regulations;

(d) Failed to reconcile the control record with the separate beneficiary records, as described above, at least once each month, as required under Section 2831.2 of the Regulations;

(e) The adjusted trust fund balance of Bank Account #1 could not be determined due to inadequate control records and separate beneficiary records, in violation of Section 10145 of the Code;

(f) Trust funds received for a loan modification were placed in Bank Account #1, but Respondent failed to furnish a verified accounting of each principal's trust funds at the end of each calendar quarter in violation of Section 2972 of the Regulations and Section 10146 of the Code;

(g) Trust funds were deposited in Bank Account #1 and were commingled with non-trust funds in violation of Section 2835 of the Regulations and Section 10176(e) of the Code;

(h) Used advance fee agreements with its loan modification clients without having submitted copies of the proposed agreement to the Department and without having obtained a "No Objection" letter, in violation of Section 2970 of the Regulations and Section 10085 of the Code;

(i) Failed to maintain the signature page of the advance fee agreement with Strouse and failed to retain files from cancelled transactions in violation of Section 10148 of the Code;

(j) Conducted activities requiring a real estate license under the name Modify Your Mortgage without having first obtained a license bearing that name with the Department in violation of Section 2731 of the Regulations and Section 10159.5 of the Code;

(k) Failed to provide or provided an incomplete Mortgage Loan Disclosure Statement/Good Faith Estimate for the Felando, Haggard and Fish/Raven loans in violation of Section 2842.5 of the Regulations and Sections 10240 and 10241 of the Code;

(l) Failed to maintain salesperson license certificates for three salespersons, including Jennifer Dorn, Antoine Lamman and Stephanie Jo Troup, at their main office and failed to make them available upon the Auditor's request in violation of Section 2753 of the Regulations and Section 10160 of the Code;

(m) Maintained a Broker-Salesperson Relationship Agreement with Dorn which was not signed and did not maintain a Broker-Salesperson Relationship Agreement with Griffin, as required by Section 2726 of the Regulations and

12

The acts and/or omissions of CLARI as alleged above violate Sections 2726, 2731, 2753, 2831, 2831.1, 2831.2, 2832, 2834, 2835, 2842.5 2970 and 2972 of the Regulations and of Sections 10085, 10145, 10146, 10148, 10159.5, 10160, 10176(e), 10240 and 10241 of the Code.

13

The acts and/or omission of CLARI alleged above are grounds for discipline under Section 10176(e) and 10177(d) of the Code.

SECOND CAUSE OF ACTION

14

Complainant refers to Paragraphs 1 through 13, above, and incorporates them herein by reference.

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15

From September 2008 until February 2009, CLARI, NEUMAN, TROUP and MCGEE, (collectively, RESPONDENTS), through a website for Modify Your Mortgage, in person, on the phone and through email messages, made various representations that were intended to induce people to pay them for loan modification services. Respondents represented that 1) It had a team of CPAs and Attorneys; 2) It had a 75% success rate of obtaining loan modifications; 3) It had helped thousands of struggling home owners obtain loan modifications and 4) It had a 90% success rate of obtaining loan modifications.

16

Within the last three years, Respondents solicited various individuals to apply for a loan modification for their loans securing their real property. Respondents made those representations set forth above, in Paragraph 14. Various borrowers signed Loan Modification Agreements and paid an advance fee to Respondents as set forth below:

Name	Amount	Date
Chi Doan	$1,485.00	09/25/08
Karen Brigard	$ 995.00	09/29/08
Summer Stroude	$3,500.00	10/06/08
Frank Yates	$1,495.00	10/06/08
Maria Nell Rosado	$1,495.00	10/24/08
Welch	$2,790.00	10/30/08
Gail Pierce	$3,495.00	01/13/09

17

After each of the borrowers mentioned above signed the requested documents and paid the funds to Respondents, neither Respondents nor any of their related entities obtained a successful and sustainable loan modification for any of these borrowers, as they represented they would do. None of the Respondents nor any related entity has ever accounted for any of the funds paid to them by a borrower nor have they refunded any money to any of the borrowers.

18

A person, including a business entity such as the related entities in this case, may not perform services for borrowers or lenders in connection with one or more liens secured by an interest in real property without first being licensed by the Department as a real estate broker. In addition, a licensed California real estate broker may not legally charge or accept an "advance fee" from a client or principal unless that broker first meets the requirements of Section 10085 (have his or her "advance fee agreement" reviewed by the Department to make sure it meets the requirements of that section of the Code) in which case the Department issues a "No Objection Letter". In this case, Respondent did not obtain a "No Objection letter" until January 29, 2009.

19

The representations made by Respondents to the borrowers in each of the transactions as described in Paragraph 15, above, were false, and Respondents knew that they were false when those representations were made. The true facts were that Respondents did not retain any attorneys, retained only one CPA, had completed no loan modifications, and had 300 clients, of whom none received a loan modification.

20

The facts alleged in Paragraphs 17 through 19 above violate Section 2970 of the Regulations and Section 10008 of the Code and are grounds for the suspension or revocation of the license and license rights of Respondents under Sections 10176(a) and (e) and 10177(d) of the Code.

THIRD CAUSE OF ACTION

21

Complainant refers to Paragraphs 1 through 20, above, and incorporates them herein by reference.

22

At all times herein above mentioned, NEUMAN was responsible, as the designated broker officer of CLARI, for the supervision and control of the activities conducted

on behalf of the corporation by its officers and employees. NEUMAN failed to exercise reasonable supervision and control over the property management brokering activities of CLARI. In particular, NEUMAN permitted, ratified and/or caused the conduct described in the First and Second Causes of Action, above, to occur, and failed to take reasonable steps, including but not limited to the handling of trust funds, supervision of employees, and the implementation of policies, rules, procedures, and systems to ensure the compliance of the corporation with the Real Estate Law and the Regulations.

23

The above acts and/or omissions of NEUMAN violate Section 2725 of the Regulations and Section 10159.5 of the Code and are grounds for disciplinary action under the provisions of Section 10177(d) and (h) of the Code.

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.

E. J. HABERER, II
Deputy Real Estate Commissioner

Dated at Oakland, California,
this 30th day of November, 2009.