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DEPARTMENT OF REAL ESTATE
By

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of SYNERGY MORTGAGE SOLUTIONS, INC. and JUDI L. WOODS, individually and as designated officer of Synergy Mortgage Solutions, Inc., Respondents.	)	No. H-36493 LA L-2010070921

DECISION

The Proposed Decision dated December 16, 2011, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

This Decision shall become effective at 12 o'clock noon on February 9, 2012.

IT IS SO ORDERED 1/13/12.

BARBARA J. BIGBY
Acting Real Estate Commissioner

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation SYNERGY MORTGAGE SOLUTIONS, INC., and JUDI L. WOODS, individually and as designated officer of Synergy Mortgage Solutions, Inc. Respondents.	Case No. H-36493 LA OAH No. 2010070921

PROPOSED DECISION

This matter was heard on February 15 and 16, 2011, by Erlinda G. Shrenger, Administrative Law Judge with the Office of Administrative Hearings, in Los Angeles.

Lissete Garcia, Staff Counsel, represented Maria Suarez (Complainant), a Deputy Real Estate Commissioner for the Department of Real Estate (Department), State of California.

Judi L. Woods represented herself and Synergy Mortgage Solutions, Inc.

Oral and documentary evidence was received and argument was heard. The matter was submitted for decision on February 16, 2011.

FACTUAL FINDINGS

1. Complainant filed the Accusation in her official capacity on March 2, 2010.

2. On March 13, 2002, the Department issued real estate broker license number B/01245008 to respondent Judi L. Woods (Woods). The license expired on March 2, 2010.

3. On July 29, 2005, the Department issued real estate corporation license number C/01515121 to respondent Synergy Mortgage Solutions, Inc. (SMS Inc.), with respondent Woods as the designated officer. The license expired on July 28, 2009. (Woods and SMS Inc. are hereinafter collectively referred to as respondents.) The California Franchise Tax Board suspended SMS Inc.'s corporate powers, rights, and privileges on April 1, 2009.

4. Jurisdiction continues to exist in this matter pursuant to Business and Professions Code section 10103.

5. Woods has been licensed by the Department for 13 years. She was issued a real estate salesperson license in 1998 and a real estate broker license in 2002. SMS Inc. was formed as a California corporation in January 2005, with Woods as chief executive officer and her mother, Carol Woods, was secretary and chief financial officer. SMS Inc.'s business was "real estate (broker) mortgage broker." Woods testified that SMS Inc. was in the business of loan origination. Woods is the owner of SMS Inc.

6. In approximately July 2007, Woods entered into a "business agreement" (Woods' words) with Chris Zarbo (Zarbo) and Jodi Gonzalez (Gonzalez) to do loan originations. Woods testified that the business did not include loan modification activities. They set up an office at 500 North Central Avenue, #250, in Glendale. In June 2007, Woods filed a Fictitious Business Name Statement with the county recorder for the fictitious business name of First Premier Capital Lending Co. That fictitious business name was added as a "dba" on SMS Inc.'s real estate corporation license on July 17, 2007, and a branch location for 500 North Central Avenue, #250, in Glendale was added on April 30, 2007.

7. Woods testified that, from July 2007 until December 2007, First Premier Capital Lending Co., through Zarbo and Gonzalez, completed no more than 10 loan origination transactions. The transactions were completed under SMS Inc.'s real estate corporation license, with Woods as the designated officer and broker. According to Woods, Zarbo was a real estate salesperson, Gonzalez did not have any real estate license and handled administrative matters, and both worked as independent contractors. Woods testified that she paid Zarbo from escrow checks received by SMS Inc., the funds were deposited in SMS Inc.'s general bank account, Woods paid money to Zarbo, and Zarbo paid Gonzalez. Woods and her mother, Carol Woods, were the only signatories for SMS Inc.'s bank account.

8. Woods testified that she terminated her agreement to do business with Zarbo and Gonzalez as First Premier Capital Lending Co. in December 2007. She testified that she sent Zarbo and Gonzalez a letter notifying them that she was severing her relationship with them, and that they were not to do business as SMS Inc. or First Premier Capital Lending. Woods testified she had no further contact with Zarbo or Gonzalez. Woods testified that SMS Inc. ceased doing business in June 2008. She never notified the Department of the cessation of business.

9. Zarbo and Gonzalez engaged in loan modification activities under the names First Premier Capital Lending Co., C.J. Financial & Consulting, LLC, First Premier Capital, and First Premier Capital Lending (hereinafter collectively referred to as FPCL). Respondent's witness, Geno Kirkland, testified he was employed by FPCL to do loan modifications from October 2007 until March 2008. Kirkland worked at the 500 North Central Avenue office in Glendale.

10. Between July 2008 and March 2009, 26 borrowers entered into written agreements for loan modifications with FPCL. The borrowers sought loan modifications in order to reduce the monthly mortgage payments for their properties and/or to reduce the principal balance of their mortgage. The written agreements indicated that FPCL would negotiate with lenders on behalf of the borrowers in order to obtain a mortgage modification or refinance. The borrowers paid a "services fee" or "professional service fee" at or about the time they entered into their agreement with FPCL. Fourteen borrowers paid a fee of $1,500, five borrowers paid $2,000, five borrowers paid $3,000, one borrower paid $4,500, and one borrower paid $6,000. The fees for all but five of the 26 borrowers were collected between July and December 2008, with fees from five borrowers collected between January and March 2009.

11. None of the 26 borrowers received loan modifications through FPCL. The borrowers' experiences followed a similar pattern. The borrowers paid the fees to FPCL and provided requested documentation and information. In many cases, the borrowers were guaranteed that they would get a loan modification. After several months passed with no action taken on their loan modifications, the borrowers contacted FPCL. They were either routed to different people or were unable to contact the company by telephone or found the offices closed and locked. The documents provided to the borrowers showed FPCL's business address as 500 N. Central Avenue, Suite 250, Glendale, California 91203.

12. The persons at FPCL involved in the loan modification transactions for the 26 borrowers included the following: David Janssen, Humberto Cuevas, Melissa Hughbanks, John Evdjukian, Beatrice Landaverde, Angelina Montoya, Geno Kirkland, Gail Roy Punzalan, and Jodi Gonzalez. The Department has no record of any real estate license being issued to any of these individuals.

13. The Department has no record that the written agreements and materials given to the 26 borrowers were submitted to the Commissioner for approval pursuant to Business and Professions Code section 10085 and California Code of Regulations, title 10, section 2970.

Department's Investigation

14. The Department sent letters to respondents dated March 13, 2009, and May 11, 2009, respectively. In the March 13 letter, the Department requested information regarding information it received that respondents were "offering to provide loan modification and/or short-sale negotiation services to consumers." In the May 11 letter, the Department requested information regarding information it received that respondents "may be collecting advance fees as defined in California Business and Professions Code Section 10026."

15. By another letter dated May 11, 2009, the Department notified respondents that it intended to "examine, inspect and copy your books, accounts and records retained in connection with transactions for which a real estate license is required," for the purpose of

determining whether respondents were in compliance with the Real Estate Law and regulations. The letter requested records for the period June 1, 2006 to May 31, 2009. The letter stated that, because previous attempts to contact respondents were unsuccessful, the Department set an audit appointment for June 2, 2009, 9 a.m., at 500 North Central Avenue in Glendale.

16. The Department sent the above letters to respondents at their addresses of record at 249 E. Ocean Blvd., Ste. 1010, Long Beach, CA; 500 N. Central Avenue, #250, Glendale, CA; 5777 W. Century Blvd., #1590, Los Angeles, CA; and 8117 W. Manchester Avenue, #249, Playa Del Rey, except that the May 11 letter regarding the June 2, 2009 audit appointment addressed to Woods at the Manchester Avenue address showed the wrong house number (8177 instead of 8117).

17. On June 2, 2009, the day of the audit appointment, the Department's auditor found the door to the 500 North Central Avenue office was locked and no one appeared on behalf of SMS Inc. The Department was unable to examine, inspect, or copy any of the records requested in the May 11, 2009, letter.

18. At hearing, Woods testified that she never received the May 11 letter regarding the June 2, 2009, audit appointment. According to Respondent, she called Deputy Commissioner Ginsheng Yee in May 2009 in response to the March 13 letter and told him, "I don't do loan modifications." Respondent testified she wrote "zero" in response to the requested items listed in the March 13 letter because she "didn't know how to complete the document." According to Woods, her records for 2007 are at the 500 N. Central Avenue office in Glendale, and her other files are at the 5777 W. Century Blvd. address but not accessible to her because the building's management locked her out of the premises. Woods testified that she closed the branch location at 249 E. Ocean Boulevard in Long Beach in October 2007. She did not, however, notify the Department of the closure of that branch location.

Mitigation / Rehabilitation

19. Woods' testimony was insufficient to establish mitigating circumstances. Woods offered no documentary evidence to corroborate her testimony that she terminated her business agreement with Zarbo and Gonzalez in December 2007, or that she sent them a letter regarding the termination. Nor did she offer documentation to corroborate her testimony that the business did not include loan modifications. According to Kirkland, FPCL was in the business of loan modifications. No documentation was offered to corroborate that SMS Inc. ceased doing business as of June 2008.

20. Woods testified she received no financial benefit from the fees collected from the 26 borrowers. She testified that she never authorized the loan modification transactions or the collection of advance fees. No evidence was presented that any of the 26 borrowers were contacted by or dealt with Woods during their loan modification process with FPCL.

Woods points out that the borrowers who testified at the hearing indicated they had never seen or heard of her.

21. Woods testified she has worked in the real estate business since age 17. She worked as an assistant appraiser, then as a loan officer. She testified SMS Inc. ran a good loan origination business and had no complaints. Woods has not done a real estate transaction since 2008. She is currently self-employed as a consultant for several non-profit and youth organizations.

LEGAL CONCLUSIONS

1. Business and Professions Code section 10177 provides, in pertinent part:

> The commissioner may suspend or revoke the license of a real estate licensee . . . who has done any of the following, or may suspend or revoke the license of a corporation, or deny the issuance of a license to a corporation, if an officer, director, or person owning or controlling 10 percent or more of the corporation's stock has done any of the following:
>
> [¶] . . . [¶]
>
> (d) Willfully disregarded or violated the Real Estate Law . . . or the rules and regulations of the commissioner for the administration and enforcement of the Real Estate Law . . . .
>
> [¶] . . . [¶]
>
> (f) Acted or conducted himself or herself in a manner that would have warranted the denial of his or her application for a real estate license . . . .
>
> (g) Demonstrated negligence or incompetence in performing an act for which he or she is required to hold a license.
>
> (h) As a broker licensee, failed to exercise reasonable supervision over the activities of his or her salespersons, or, as the officer designated by a corporate broker license, failed to exercise reasonable supervision and control of the activities of the corporation for which a real estate license is required.

2. The Accusation, in the first, second, fourth, fifth, and sixth causes for discipline, alleges Business and Professions Code section 10177, subdivision (g), as a basis for discipline against respondents' real estate licenses. Cause does not exist to suspend or revoke respondents' licenses for negligence or incompetence under subdivision (g). No

evidence, such as expert testimony, was presented to establish this ground for discipline. The charges in the Accusation are based on respondents' violations of the Real Estate Law and regulations, which are addressed by subdivision (d) of section 10177. There is no separate factual basis for establishing negligence or incompetence against respondents. Applying subdivision (g) in this case would be duplicative of subdivision (d).

First Cause of Accusation

3. Cause exists to suspend or revoke the real estate licenses of respondents Woods and SMS Inc., pursuant to Business and Professions Code sections 10085 and 10177, subdivision (d), in that said respondents willfully disregarded or violated the Real Estate Law, and rules and regulations of the commissioner, regarding advance fee agreements, based on the matters in Factual Findings 2-13.

4. Business and Professions Code section 10026, subdivision (a), defines an advance fee as "a fee, regardless of form, that is claimed, demanded, charged, received, or collected by a licensee for services requiring a license . . . before fully completing the service the licensee contracted to perform or represented would be performed." The fees collected from the 26 borrowers for loan modifications were advance fees under section 10026.

5. Business and Professions Code section 10085 provides, in pertinent part: "The commissioner may require that any or all materials used in obtaining advance fee agreements, including but not limited to the contract forms, letters or cards used to solicit prospective sellers, and radio and television advertising should be submitted to him or her at least 10 calendar days before they are used." Similarly, California Code of Regulations, title 10, section 2970, requires that materials used to collect an advance fee shall be submitted to the commissioner not less than 10 calendar days before publication or other use. Section 10085 further provides, in part, that "[a]ny violation of any of the provisions of this part or of the rules, regulations, orders or requirements of the commissioner thereunder shall constitute grounds for disciplinary action against a licensee . . . ."

6. Respondents Woods and SMS Inc. violated Business and Professions Code section 10085 and California Code of Regulations, title 10, section 2970, in that the written agreements and all materials used in collecting advance fees from the 26 borrowers were not submitted to the Commissioner prior to use. The Department has no record of any advance fee materials being approved for use by SMS Inc., Woods, or First Premier Capital Lending Co.

Second Cause of Accusation

7. Cause exists to suspend or revoke the real estate licenses of respondents Woods and SMS Inc., pursuant to Business and Professions Code sections 10137 and 10177, subdivision (d), in that said respondents willfully disregarded or violated the Real Estate Law, and rules and regulations of the commissioner, by employing and/or compensating individuals who were not licensed as a real estate salesperson or broker to perform activities

requiring a license, based on the matters in Factual Findings 2-12.

8. Business and Professions Code section 10137 provides, in pertinent part: "It is unlawful for any licensed real estate broker to employ or compensate, directly or indirectly, any person for performing any of the acts within the scope of this chapter who is not a licensed real estate broker. . . . [¶] For a violation of any of the provisions of this section, the commissioner may temporarily suspend or permanently revoke the license of the real estate licensee, in accordance with the provisions of this part relating to hearings."

9. A real estate broker's license is required for the performance of loan modification activities, which includes the "collect[ion] of payments or perform[ance] of services for borrowers or lenders in connection with loans secured directly or collaterally by liens on real property." (Bus. & Prof. Code, §§ 10131, subd. (d), and 10131.2.)

Third Cause of Accusation

10. Cause exists to suspend or revoke the real estate licenses of respondents Woods and SMS Inc., pursuant to Business and Professions Code section 10177, subdivision (d), in that said respondents willfully disregarded or violated the Real Estate Law, and rules and regulations of the commissioner, by failing to retain and make available any of the records requested by the Department, as required by section 10148, based on the matters in Factual Findings 14-17.

11. Business and Professions Code section 10148, subdivision (a), provides, in part: "A licensed real estate broker shall retain for three years copies of all listings, deposit receipts, canceled checks, trust records, and other documents executed by him or her or obtained by him or her in connection with any transactions for which a real estate broker license is required. . . . After notice, the books, accounts, and records shall be available for examination, inspection, and copying by the commissioner or his or her designated representative during regular business hours."

Fourth Cause of Accusation

12. Cause exists to suspend or revoke the real estate licenses of respondents Woods and SMS Inc., pursuant to Business and Professions Code section 10177, subdivision (d), in that said respondents willfully disregarded or violated the Real Estate Law, and rules and regulations of the commissioner, by using a fictitious business name not authorized by the Department in accordance with section 10159.5, based on the matters in Factual Findings 2-13.

13. Business and Professions Code section 10159.5 provides, in part: "Every person applying for a license under this chapter who desires to have such license issued under a fictitious business name shall file with his application a certified copy of his fictitious business name statement filed with the county clerk . . . ."

14. Respondents Woods and SMS Inc. violated Business and Professions Code section 10159.5. They conducted real estate business as, but did not have a real estate license issued under the names of, C.J. Financial & Consulting, LLC, First Premier Capital, and First Premier Capital Lending.

Fifth Cause of Accusation

15. Cause exists to suspend or revoke the real estate license of respondent SMS Inc., pursuant to Business and Professions Code section 10177, subdivisions (f) and (d), in that respondent SMS Inc. willfully disregarded or violated the Real Estate Law, and rules and regulations of the commissioner regarding corporate licenses, and, by its suspended corporate status, acted in a manner that would warrant denial of a license application, based on the matters in Factual Findings 2-17.

16. California Code of Regulations, title 10, section 2742, subdivision (c), provides: "A corporation licensed under Section 10211 of the [Business and Professions] Code shall not engage in the business of a real estate broker while not in good legal standing with the Office of the Secretary of State." Business and Professions Code section 10211 provides, in part: "If the licensee is a corporation, the license issued to it entitles one officer thereof, on behalf of the corporation, to engage in the business of a real estate broker without the payment of any further fee, such officer to be designated in the application of the corporation for a license."

Sixth Cause of Accusation

17. Cause exists to suspend or revoke the real estate license of respondent Woods, pursuant to Business and Professions Code section 10177, subdivisions (d) and (h), in that respondent Woods willfully disregarded or violated the Real Estate Law, and rules and regulations of the commissioner, and failed to exercise reasonable supervision as the officer designated by a corporate broker license, based on the matters in Factual Findings 2-17.

Discussion

18. The real estate licenses of Woods and SMS Inc. are subject to discipline for the collection of advance fees and loan modification activities of Zarbo, Gonzalez, and FPCL from July 2008 to March 2009. It was not established by sufficient credible evidence that respondents terminated their business agreement with Zarbo and Gonzalez in December 2007. Woods' testimony was uncorroborated. Further, her testimony that the business was limited to loan originations and did not include loan modifications was not credible. Given the on-going economic downturn, there is greater demand for loan modifications than loan originations. Woods was already in the loan origination business prior to the July 2007 agreement with Zarbo and Gonzalez. A reasonable inference to be drawn from the evidence presented was that Woods agreed to do business with Zarbo and Gonzalez in order expand

her business to include loan modifications. In addition, Woods' testimony that she ceased doing business as SMS Inc. in June 2008 was not persuasive. Woods, as the designated officer, failed to notify the Department that SMS Inc. was no longer conducting business under its real estate corporation license. It was Woods' obligation to notify the Department of any changes affecting the status of her broker license and SMS Inc.'s real estate license. By failing to do so, Woods subjected her license and SMS Inc.'s real estate license to the risk of disciplinary action based on the actions of Zarbo and Gonzalez, neither of whom had the brokers license required to conduct their loan modification activities.

19. The objective of license disciplinary proceedings is to protect the public, the licensed profession or occupation, maintain integrity, high standards, and preserve public confidence in licensees. (*Camacho v. Youde* (1975) 95 Cal.App.3d 161, 165; *Clerici v. Dept. of Motor Vehicles* (1990) 224 Cal.App.3d, 1016, 1030-1031.) The purpose of proceedings of this type is not to punish Respondent. In particular, the statutes relating to real estate licenses are designed to protect the public from any potential risk of harm. (*Lopez v. McMahon* (1988) 205 Cal.App.3d 1510, 1516; *Arneson v. Fox* (1980) 28 Cal.3d 440.) "Honesty and truthfulness are two qualities deemed by the Legislature to bear on one's fitness and qualification to be a real estate licensee." (*Golde v. Fox* (1979) 98 Cal.App.3d 167, 176.)

20. Based on the foregoing Factual Findings and Legal Conclusions, revocation of the real estate licenses issued to Woods and SMS Inc. is warranted in the interest of public protection.

ORDER

1. All licenses and licensing rights of Respondent Judi L. Woods under the Real Estate Law are revoked.

2. All licenses and licensing rights of Respondent Synergy Mortgage Solutions, Inc. under the Real Estate Law are revoked.

DATED: December 16, 2011

ERLINDA G. SHRENGER
Administrative Law Judge
Office of Administrative Hearings

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DEPARTMENT OF REAL ESTATE
By

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation SYNERGY MORTGAGE SOLUTIONS, INC. and JUDI L. WOODS, individually, and as designated officer of Synergy Mortgage Solutions, Inc. Respondents.	No. H-36493 LA A C C U S A T I O N

The Complainant, Maria Suarez, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against SYNERGY MORTGAGE SOLUTIONS, INC. ("SYNERGY") and JUDI L. WOODS ("WOODS"), is informed and alleges as follows:

1.

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

2.

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

corporation acting by and through Respondent WOODS as its designated broker-officer. At all times relevant herein, Respondent SYNERGY was doing business as "C.J. Financial & Consulting, LLC", "First Premier Capital Lending Co.", "First Premier Capital Lending," and/or "First Premier Capital". Respondent SYNERGY's license expired on July 28, 2009. Respondent has renewal rights under Section 10201 of the Code. The Department retains jurisdiction pursuant Code Section 10103.

3.

Respondent WOODS is presently licensed and/or has license rights under the Real Estate Law as a real estate broker and as designated broker-officer of Respondent SYNERGY.

4.

All further references to Respondents herein include Respondents SYNERGY and WOODS, and also include officers, directors, employees, agents and real estate licensees employed by or associated with SYNERGY and WOODS, and who at all times herein mentioned were engaged in the furtherance of the business or operations of Respondents SYNERGY and WOODS, and who were acting within the course and scope of their authority and employment.

5.

At all times relevant herein Respondent WOODS, as the officer designated by Respondent SYNERGY pursuant to Section 10211 of the Code, was responsible for the supervision and control of the activities conducted on behalf of Respondent SYNERGY by its officers and employees as necessary to secure

full compliance with the Real Estate Law as set forth in Section 10159.2 of the Code.

6.

Respondent WOODS ordered, caused, authorized or participated in the conduct of Respondent SYNERGY, as is alleged in this Accusation.

FIRST CAUSE OF ACCUSATION
(Advance Fee Violation)

7.

At all times mentioned herein, in the State of California, Respondents engaged in the business of soliciting borrowers to negotiate loans on real estate, claiming, demanding, charging, receiving, collecting or contracting for the collection of advance fees, within the meaning of Code Section 10026, including, but not limited to, the following loan activities with respect to loans which were secured by liens on real property:

Date Rec'd	Borrower	Amt Collected
07/30/2008	Glenda Wilson	$1,500
09/11/2008	Marvin Randall Arnston	$3,000
09/11/2008	Romelia Hidalgo	$1,500
09/18/2008	Christie Zeen	$1,500
09/22/2008	Paul & Linda M. Ruiz	$1,500
10/04/2008	Palicarpia Paula Rodriguez	$3,000
10/08/2008	Jessica & David Villegas	$1,500
10/10/2008	Marisol Segovia	$1,500

10/14/2008	Lazaro R. Arteaga	$3,000
10/18/2008	Martha Bautista	$1,500
10/27/2008	Alexander Wain	$1,500
10/28/2008	Josefina Garcia-Magdaleno	$1,500
10/31/2008	Maria Lourdes Guzman	$3,000
11/02/2008	James C. Zammiello	$4,500
11/06/2008	Guillermo Guevara	$1,500
11/28/2008	Oscar Boyerman	$1,500
12/04/2008	Isabel Reynoso	$1,500
12/05/2008	Andrew Gilmor	$1,500
12/09/2008	Tina Saravan	$1,500
12/15/2008	Humberto Nunez	$3,000
12/31/2008	Oscar L. Maldonado	$6,000
01/27/2009	Evel Zepeda Valenzuela	$2,000
02/12/2009	Victor & Claudia Villa	$2,000
02/26/2009	Josephina & Cristino Quezada	$2,000
03/10/2009	Steven Squires & Barbara Carrillo	$2,000
03/29/2009	Keith Archibald	$2,000

8.

Respondents collected the advance fees described in Paragraph 7, above, pursuant to the provisions of an agreement pertaining to loan solicitation, negotiation, and modification services to be provided by SYNERGY with respect to a loan secured by the real property which constitutes an advance fee agreement within the meaning of Code Section 10085.

9.

Respondents failed to submit the written agreement and all material used in soliciting prospective borrowers referred to in Paragraphs 7 and 8, above, to the Commissioner ten days before using it in violation of Code Section 10085 and Section 2970, Title 10, Chapter 6, Code of Regulations ("Regulations").

10.

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

SECOND CAUSE OF ACCUSATION
(Unlicensed Activity)

11.

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

12.

The activities described in Paragraph 7, supra, require a real estate license under Sections 10131(d) and 10131.2 of the Code. Respondents violated Section 10137 of the Code by employing and/or compensating individuals who were not licensed as a real estate salesperson or as a broker to perform activities requiring a license, including, but not necessarily limited to the following individuals:

a. Respondents employed and/or compensated David Janssen to perform some or all of the services alleged in Paragraph 7 above, though he was not licensed as a real estate salesperson or broker.

b. Respondents employed and/or compensated Humberto Cuevas to perform some or all of the services alleged in Paragraph 7 above, though he was not at the time licensed as a real estate salesperson or broker.

c. Respondents employed and/or compensated Melissa Hughbanks to perform some or all of the services alleged in Paragraph 7 above, though she was not licensed as a real estate salesperson or broker.

d. Respondents employed and/or compensated John Evdjukian to perform some or all of the services alleged in Paragraph 7 above, though he was not at the time licensed as a real estate salesperson or broker.

e. Respondents employed and/or compensated Beatrice Landaverde to perform some or all of the services alleged in Paragraph 7 above, though she was not licensed as a real estate salesperson or broker.

f. Respondents employed and/or compensated Angelina Montoya to perform some or all of the services alleged in Paragraph 7 above, though she was not at that time licensed as a real estate salesperson or broker.

g. Respondents employed and/or compensated Geno Kirkland to perform some or all of the services alleged in Paragraph 7 above, though he was not at the time licensed as a real estate salesperson or broker.

h. Respondents employed and/or compensated Gail Roy Punzalan to perform some or all of the services alleged in Paragraph 7 above, though he was not at the time licensed as a real estate salesperson or broker.

i. Respondents employed and/or compensated Jodi Gonzalez to perform some or all of the services alleged in Paragraph 7 above, though he was not at the time licensed as a real estate salesperson or broker.

13.

The conduct, acts and/or omissions of Respondents SYNERGY and WOODS, as set forth in Paragraph 12, above, violate Code Section 10137, and are cause for the suspension or revocation of the licenses and license rights of Respondents pursuant to Code Sections 10137, 10177(d) and/or 10177(g).

THIRD CAUSE OF ACCUSATION
(Failure to Retain Records)

14.

Complainant hereby incorporates by reference the allegations set forth in Paragraphs 1 through 13, above.

15.

On or about May 11, 2009, Respondents SYNERGY and WOODS were notified by the Department of Real Estate ("Department") that pursuant to Code Section 10148 the Department intended to examine, inspect and copy Respondent SYNERGY's books and records in connection with the loan modification transactions described in Paragraph 7 above. Respondent SYNERGY repeatedly failed to respond to the Department auditor's numerous attempts to reach them. The Department set an audit appointment for Tuesday, June 2, 2009, at 9:00 a.m., at Respondent SYNERGY's main office address located at 500 N. Central Avenue, Suite 250, Glendale, California 91203. On the day and time of the audit appointment,

the Department's auditor found Respondent SYNERGY'S office door locked and no one appeared on behalf of Respondent SYNERGY. Respondents SYNERGY and WOODS failed to retain and make available any of the records requested by the Department.

16.

The facts alleged above are grounds for the suspension or revocation of Respondents' licenses under Section 10177(d) of the Business and Professions Code in conjunction with Code Section 10148.

FOURTH CAUSE OF ACCUSATION
(Use of Unauthorized Fictitious Business Name)

17.

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

18.

Use of a fictitious business name for activities requiring the issuance of a real estate license requires the filing of an application for the use of such name with the Department in accordance with the provisions of Code Section 10159.5.

19.

Respondents acted without Department authorization in using the fictitious business name "C.J. Financial & Consulting, LLC" and "First Premier Capital Lending" to engage in activities requiring the issuance of a real estate license.

20.

The conduct, acts and/or omissions of Respondents, as set forth in Paragraphs 18 and 19, above, violate Code Section

10159.5 and Section 2731 of the Regulations, and are cause for the suspension or revocation of the licenses and license rights of Respondent SYNERGY and Respondent WOODS pursuant to Code Sections 10177(d) and/or 10177(g).

FIFTH CAUSE OF ACCUSATION
(Suspended Corporate Status)

21.

Complainant hereby incorporates by reference the allegations set forth in Paragraphs 1 through 20, above.

22.

On April 1, 2009, pursuant to the provisions of the California Revenue and Taxation Code, the Franchise Tax Board transmitted a list to the Office of the Secretary of State containing the names of domestic corporations, the exercise of whose powers, rights and privileges in this State had been suspended, which included Respondent SYNERGY.

23.

The conduct of Respondent SYNERGY, as alleged above, is in violation of Section 2742 of the Regulations, and subjects its real estate license and license rights to suspension or revocation pursuant to Code Sections 10177(d), 10177(g) and/or 10177(f).

SIXTH CAUSE OF ACCUSATION
(Failure to Supervise)

24.

Complainant hereby incorporates by reference the allegations set forth in Paragraphs 1 through 23, above.

25.

Respondent WOODS ordered, caused, authorized or participated in the conduct of Respondent SYNERGY, as is alleged in this Accusation.

26.

The conduct, acts and/or omissions, of Respondent WOODS, in allowing Respondent SYNERGY to violate the Real Estate Law, as set forth above, constitutes a failure by Respondent WOODS, as the officer designated by a corporate broker licensee, to exercise the supervision and control over the activities of Respondent SYNERGY, as required by Code Section 10159.2, and is cause to suspend or revoke the real estate licenses and license rights of Respondent WOODS under Code Sections 10177(d), 10177(g) and/or 10177(h).

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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 the licenses and license rights of Respondent SYNERGY MORTGAGE SOLUTIONS, INC. and Respondent JUDI L. WOODS 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 applicable provisions of law.

Dated at Los Angeles, California
this 26th day of February, 2010.

MARIA SUAREZ
Deputy Real Estate Commissioner

cc: Synergy Mortgage Solutions, Inc.
Judi L. Woods
Maria Suarez
Sacto.