Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105
Telephone: (213) 576-6982

FILED

AUG 22 2011

DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of FAMILY REAL ESTATE NETWORK INC. and JOSE ANTONIO MEDRANO, doing business as Family Real Estate Network/CGB, individually and as designated officer of Family Real Estate Network Inc., Respondents,	No. H-36787 LA STIPULATION AND AGREEMENT

It is hereby stipulated by and between Respondents FAMILY REAL ESTATE NETWORK INC. and JOSE ANTONIO MEDRANO, individually and as designated officer of Family Real Estate Network Inc., (sometimes collectively referred to as "Respondents"), represented by Anthony Contreras, Esq., and the Complainant, acting by and through Elliott Mac Lennan, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the First Amended Accusation ("Accusation") filed on May 25, 2011, in this matter:

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

2. Respondents have received, read and understand the Statement to Respondent, the Discovery Provisions of the APA and the Accusation filed by the Department of Real Estate in this proceeding.

3. Respondents timely filed a Notice of Defense pursuant to Section 11506 of the Government Code for the purpose of requesting a hearing on the allegations in the Accusation. Respondents hereby freely and voluntarily withdraw said Notice of Defense. Respondents acknowledge that they understand that by withdrawing said Notice of Defense they thereby waive their 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 they will waive other rights afforded to them in connection with the hearing such as the right to present evidence in their defense and the right to cross-examine witnesses.

4. This Stipulation is based on the factual allegations contained in the Accusation. In the interest of expedience and economy, Respondents choose not to contest these allegations, but to remain silent understanding that, as a result

thereof, these 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 allegations.

5. This Stipulation is made for the purpose of reaching an agreed disposition of this proceeding and is expressly limited to this proceeding and any other proceeding or case in which the Department of Real Estate ("Department"), the state or federal government, or any agency of this state, another state or federal government is involved.

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

7. The Order or any subsequent Order of the Real Estate Commissioner made pursuant to this Stipulation 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 but do constitute a bar, estoppel and merger as to any allegations

actually contained in the Accusations against Respondent herein.

8. Respondents understand that by agreeing to this Stipulation, Respondents agree to pay, pursuant to Business and Professions Code Section 10148, the cost of the audit. The amount of said cost for the audit is $4,653.70.

9. Respondents have received, read, and understand the "Notice Concerning Costs of Subsequent Audit". Respondents further understand that by agreeing to this Stipulation, the findings set forth below in the Determination of Issues become final, and the Commissioner may charge Respondents for the cost of any subsequent audit conducted pursuant to Business and Professions Code Section 10148 to determine if the violations have been corrected. The maximum cost of the subsequent audit will not exceed $4,653.70.

DETERMINATION OF ISSUES

By reason of the foregoing, it is stipulated and agreed that the following determination of issues shall be made:

I.

The conduct, acts or omissions of FAMILY REAL ESTATE NETWORK INC. and JOSE ANTONIO MEDRANO, as described in Paragraph 4, above, are in violation of Sections 10145, 10159.5, 10236.4 and 10240 of the Business and Professions Code ("Code") and Sections 2831, 2832(d) and 2840, of Title 10, Chapter 6 of the California Code of Regulations ("Regulations") and is a basis for discipline of Respondents' license and license rights as violation of the Real Estate Law pursuant to Code Section 10177(d).

II.

The conduct, acts or omissions of JOSE ANTONIO MEDRANO, as described in Paragraph 4, above, are in violation of Code Section 10159.2 and Regulation 2725 and is a basis for discipline of Respondent's license and license rights as violation of the Real Estate Law pursuant to Code Section 10177(h), 10177(g) and 10177(d).

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I.

All license and licensing rights of Respondent FAMILY REAL ESTATE NETWORK INC. are revoked.

II.

The real estate broker license of Respondent JOSE ANTONIO MEDRANO, under the Real Estate Law is revoked; provided, however, a restricted real estate broker license shall be issued to said Respondent, pursuant to Section 10156.5 of the Business and Professions Code if Respondent:

(A) Make application thereof and pays to the Department of Real Estate the appropriate fee for the restricted license within ninety (90) days from the effective date of this Decision.

(B) Respondent shall, prior to and as a condition of the issuance of the restricted license, submit proof satisfactory to the Commissioner of having taken and successfully completed the continuing education course on trust fund accounting and handling specified in paragraph (3) of subdivision (a) of Section 10170.5 of the Business and Professions Code. Proof of

satisfaction of this requirement includes evidence that Respondent has successfully completed the trust fund account and handling continuing education course within 120 days prior to the date of issuance of the restricted license.

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 followings 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 a 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 for the removal of any of the conditions, limitations or restrictions of a restricted license until three (3) years have elapsed from the date of issuance of the restricted license.

4. Respondent shall within six (6) months from the date of 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 suspension of the restricted license until respondent passes the examination.

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 Respondent presents such evidence. The Commissioner shall afford Respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

6. During the restricted period, Respondent shall not serve as the designated broker at any corporate real estate broker unless and until Respondent is the sole owner of record of the shares of the corporation.

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III.

Pursuant to Section 10148 of the Business and Professions Code, Respondents FAMILY REAL ESTATE NETWORK INC. and/or JOSE ANTONIO MEDRANO shall pay the Commissioner's reasonable cost for (a) the audit which led to this disciplinary action and (b) a subsequent audit to determine if Respondents are now in compliance with the Real Estate Law. The cost of the audit which led to this disciplinary action is $4,653.70. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. Said amount for the prior and subsequent audits shall not exceed $9,307.40. Respondents shall pay such cost within 60 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities.

The Commissioner may suspend the license of Respondents pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the Respondent and the Commissioner. The suspension shall remain in effect until payment is made in full or until Respondents enter into an agreement satisfactory to the Commissioner to provide for payment, or until a decision providing otherwise is adopted following a hearing held pursuant to this condition.

DATED: 7-20-11

ELLIOTT MAC LENNAN, Counsel for Department of Real Estate

* * *

EXECUTION OF THE STIPULATION

We have read the Stipulation and discussed it with our attorney. Its terms are understood by us and are agreeable and acceptable to us. We understand that we are waiving rights given to us by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and we willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations in the Accusation at a hearing at which we would have the right to cross-examine witnesses against us and to present evidence in defense and mitigation of the charges.

MAILING AND FACSIMILE

Respondents (1) shall mail the original signed signature page of the stipulation herein to Elliott Mac Lennan: Attention: Legal Section, Department of Real Estate, 320 W. Fourth St., Suite 350, Los Angeles, California 90013-1105. Respondents shall also (2) facsimile a copy of signed signature page, to the Department at the following telephone/fax number: (213) 576-6917, Attention: Elliott Mac Lennan.

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A facsimile constitutes acceptance and approval of the terms and conditions of this stipulation. Respondents agree, acknowledge and understand that by electronically sending to the Department a facsimile copy of Respondents' actual signature as it appears on the stipulation that receipt of the facsimile copy by the Department shall be as binding on Respondents as if the Department had received the original signed stipulation.

DATED: 7/20/11

FAMILY REAL ESTATE NETWORK INC., Respondent
By: JOSE ANTONIO MEDRANO, as designated officer of Family Real Estate Network Inc.

DATED: 7/20/11

JOSE ANTONIO MEDRANO, individually and as designated officer of Family Real Estate Network Inc.
Respondent

DATED: 7/20/11

ANTHONY CONTRERAS, ESQ., Attorney for Respondents

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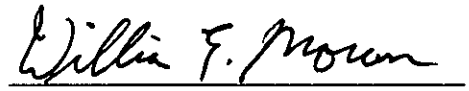
The foregoing Stipulation and Agreement is hereby adopted as my Decision as to Respondents FAMILY REAL ESTATE NETWORK INC. and JOSE ANTONIO MEDRANO, individually and as designated officer of Family Real Estate Network Inc. and shall become effective at 12 o'clock noon on September 21, 2011, 2011.

IT IS SO ORDERED August 11, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner



ELLIOTT MAC LENNAN, SBN 66674
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FILED

MAY 25 2011

DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of FAMILY REAL ESTATE NETWORK, INC.; and JOSE ANTONIO MEDRANO, doing business as Family Real Estate Network/CGB, individually and as designated officer of Family Real Estate Network Inc. Respondents,	No. H-36787 LA FIRST AMENDED ACCUSATION

The Accusation filed against JOSE ANTONIO MEDRANO on September 1, 2010, is amended in its entirety as follows:

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against FAMILY REAL ESTATE NETWORK, INC., and JOSE ANTONIO MEDRANO doing business as Family Real Estate Network/CGB, and individually and as designated officer of Family Real Estate Network Inc., alleges as follows:

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1.

The Complainant, Robin Trujillo, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against FAMILY REAL ESTATE NETWORK, INC. ("FRENI") and JOSE ANTONIO MEDRANO ("MEDRANO").

2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

License Status

3.

A. At all times mentioned, FAMILY REAL ESTATE NETWORK, INC. (hereinafter referred to as "FRENI"), is presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter Code), as a real estate broker. FRENI was originally licensed as a corporate real estate broker April 5, 2007. FRENI became non-broker affiliated on April 4, 2011, upon the cancellation of JOSE ANTONIO MEDRANO's tenure as designated officer.

B. At all times mentioned, MEDRANO (hereinafter referred to as "Respondent" or "MEDRANO"), is presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter Code), as a real estate broker. MEDRANO was originally licensed as a real estate broker July 12, 2000.

C. At all times material herein, FRENI was licensed by the Department of Real Estate of the State of California

("Department") as a corporate real estate broker by and through MEDRANO, as the designated officer and broker responsible, pursuant to Code Sections 10159.2 and 10211 of the Business and Professions Code for supervising the activities requiring a real estate license conducted on behalf FRENI of by FRENI's officers, agents and employees, including MEDRANO.

D. FRENI is owned equally by MEDRANO and Rosario Garcia, a non licensee, FRENI's president/chief financial officer, and secretary respectively.

E. David Gomez is not now and has never been licensed by the Department as a salesperson or broker.

F. Robert Karl Perez is a licensed real estate salesperson licensed under MEDRANO.

Brokerage

4.

At all times mentioned, in City of Diamond Bar, County of Los Angeles, MEDRANO acted as a real estate broker and conducted licensed activities within the meaning of:

A. Code Section 10131(a). Respondents FRENI and MEDRANO, as designated officer of FRENI and individually dba Family Real Estate Network/CBG, engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker, including the solicitation for listings of and the negotiation of the sale of real property as the agent of others; and

B. Code Section 10131(d). Additionally, in his individual capacity, MEDRANO engaged in activities with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance as well as at the conclusion of transactions; and

C. Code Section 10131.2. MEDRANO engaged in the business of a loan modification and an advance fee brokerage. Respondent performed loan modification services with respect to loans to economically distressed homeowners which were secured by liens on real property for compensation or in expectation of compensation and for fees often collected in advance and as well at the close of the transactions. Respondent contacted lenders on behalf of economically distressed homeowners seeking modification of the terms of their home loans, interest and/or principal reduction, foreclosure abatement, loan refinance, and/or short sale services.

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FIRST CAUSE OF ACCUSATION
FAMILY REAL ESTATE NETWORK INC.
(Sales Audit)

5.

On May 1, 2009, the Department completed an audit examination of the books and records of MEDRANO pertaining to the residential realty resale activities described in Paragraph 4, which require a real estate license. The audit examination covered a period of time beginning on April 5, 2007 to February 28, 2009. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 080255 and the exhibits and work papers attached to said audit report.

Trust Account

6.

During the audit period FRENI did not maintain a trust account.

Violations

7.

In the course of activities described in Paragraph 4, above, and during the examination period described in Paragraph 5, Respondents FRENI and MEDRANO, acted in violation of the Code and the Regulations in that Respondent:

(a) Failed to place trust funds, including earnest money deposits from buyers Kelvin Sebastian and Louis/Melanie Medrano, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the trustee at a bank or other

financial institution not later than three business days following receipt of the funds by the broker or by the broker's salesperson, in violation of Code Section 10145 and Regulation 2832(d).

(b) Failed to maintain an accurate and complete control record in the form of a columnar record in chronological order of all "Trust Funds Received, Not Placed Broker's Trust Account", in violation of Code Section 10145 and Regulation 2831. FRENI did not maintain a columnar record for all replacement earnest money deposits from buyers.

(c) Misrepresented to sellers that FRENI held earnest money deposits for buyers Kelvin Sebastian and Louis/Melanie Medrano, in violation of Code Sections 10176(a) and/or 10177(g).

(d) Used the fictitious name of "Family Real Estate Network Inc." and "FRE Network", to conduct licensed activities, without first obtaining from the Department a license bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731.

(f) Employed and/or compensated Robert Karl Perez, who FRENI knew was licensed by the Department as a real estate salesperson yet not licensed under FRENI, where Robert K. Perez negotiated the Robert V. Nuget sales transaction, in violation of Code Section 10137. Robert K. Perez was licensed under MEDRANO's individual license.

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Disciplinary Statutes

8.

The conduct of Respondents FRENI and MEDRANO described in Paragraph 7, above, violated the Code and the Regulations:

PARAGRAPH	PROVISIONS VIOLATED
7(a)	Code Section 10145 and Regulation 2832(d)
7(b)	Code Section 10145 and Regulation 2831
7(c)	Code Sections 10176(a) and/or 10177(g)
7(d)	Code Section 10159.5 and Regulation 2731
7(e)	Code Section 10137

The foregoing violations constitute cause for discipline of the real estate license and license rights of FRENI and MEDRANO, under the provisions of Code Sections 10176(a) and 10177(d) and/or 10177(g).

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SECOND CAUSE OF ACCUSATION
JOSE ANTONIO MEDRANO
(Family Real Estate Network/CGB)
(Sales and Mortgage Loan Brokerage Audit)

9.

On April 17, 2009, the Department completed an audit examination of the books and records of MEDRANO pertaining to the residential realty resales, mortgage loan, advanced fee and loan modification service activities described in Paragraph 4, which require a real estate license. The audit examination covered a period of time beginning on March 1, 2006 to February 28, 2009. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 080214 & LA080254 and the exhibits and work papers attached to said audit report.

Trust Account

10.

During the audit period MEDRANO did not maintain a trust account.

Violations

11.

In the course of activities described in Paragraph 4, above, and during the examination period described in Paragraph 9, Respondent MEDRANO, acted in violation of the Code and the Regulations in that Respondent:

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(a) Failed to place trust funds, including earnest money deposits from buyers Hugo Lazo, Juan/Maricela Velazquez and Reynaldo De La Torre, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker's salesperson, in violation of Code Section 10145 and Regulation 2832(d).

(b) Failed to maintain a control record in the form of a columnar record in chronological order of all "Trust Funds Received, Not Placed Broker's Trust Account", in violation of Code Section 10145 and Regulation 2831. MEDRANO did not maintain a columnar record for all replacement earnest money deposits from buyers.

(c) Misrepresented to sellers that MEDRANO held earnest money deposits for buyers Hugo Lazo, Juan/Maricela Velazquez, Reynaldo De La Torre, and Araceli De La Torre, in violation of Code Sections 10176(a) and/or 10177(g).

(d) Failed to provide and/or maintain a statement in writing containing all the information required by Code Section 10241 to borrowers Patricia Hernandez, Santos Gonzalez and Yolanda Castro, before these borrowers became obligated to perform under the terms of their respective loans, in violation of Code Section 10240 and Regulation 2840. Yield Spread Premium rebates from lenders for Yield Spread Premiums were not timely disclosed in the Mortgage Loan Disclosure Statements provided to

the aforesaid borrowers, nor were the signature dates of broker disclosed, nor the anticipated liens on the underlying real properties securing the loans.

(e) Failed to display the Department's telephone number on the Patricia Hernandez, Santos Gonzalez and Yolanda Castro Mortgage Loan Disclosure Statements, in violation of Code Section 10236.4.

(f) Employed and/or compensated David Gomez, as loan agent who MEDRANO knew was not licensed by the Department as a real estate salesperson or as a real estate salesperson employed by a real estate broker, for performing acts for which a real estate license is required, including soliciting the mortgage loans for Santos Gonzalez, in violation of Code Section 10137.

(g) Used the fictitious name of "CGB Inc.", to conduct licensed activities, without first obtaining from the Department a license bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731.

(h) Failed to retain all records of MEDRANO's activity during the audit period requiring a real estate broker license, in violation of Code Section 10148.

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Disciplinary Statutes

12.

The conduct of Respondent MEDRANO described in Paragraph 11, above, violated the Code and the Regulations below:

PARAGRAPH	PROVISIONS VIOLATED
11(a)	Code Section 10145 and Regulation 2832(d)
11(b)	Code Section 10145 and Regulation 2831
11(c)	Code Sections 10176(a) and/or 10177(g)
11(d)	Code Section 10240 and Regulation 2840
11(e)	Code Section 10236.4
11(f)	Code Section 10137
11(g)	Code Section 10159.5 and Regulation 2731
11(h)	Code Section 10148

The foregoing violations constitute cause for discipline of the real estate license and license rights of MEDRANO, under the provisions of Code Sections 10176(a) and 10177(d) and/or 10177(g).

THIRD CAUSE OF ACCUSATION
(Negligence)

13.

The overall conduct of Respondents FRENI and MEDRANO constitutes negligence. This conduct and violation is cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

FOURTH CAUSE OF ACCUSATION
(Breach of Fiduciary)

14.

The overall conduct of Respondents FRENI and MEDRANO constitutes a breach of fiduciary duty. This conduct and violation is cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

FIFTH CAUSE OF ACCUSATION
(Supervision)

15.

The overall conduct of Respondent MEDRANO constitutes a failure on Respondent's part to exercise the reasonable supervision and control over his licensed activities as required to keep his brokerage in compliance with the Real Estate Law, with specific regard to loan brokerage services and trust fund handling. MEDRANO had no system in place for regularly monitoring his compliance with the Real Estate Law especially in regard to establishing policies to review trust fund handling or

mortgage loan processing. This conduct is cause for the suspension or revocation of the real estate license and license rights of MEDRANO pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h) and Regulation 2725.

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 the license and license rights of Respondents FAMILY REAL ESTATE NETWORK, INC. and JOSE ANTONIO MEDRANO, 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, including restitution and audit costs from $4,653.70 up to $9,307.40.

Dated at Los Angeles, California

this 25 day of May 2011.

R. Trujillo

Deputy Real Estate Commissioner

cc: Family Real Estate Network Inc.
Jose Antonio Medrano
Robin Trujillo
Sacto.
Audits - Isabel Beltran

Santo

ELLIOTT MAC LENNAN, SBN 66674
Department of Real Estate
320 West 4th Street, Ste. 350
Los Angeles, California 90013-1105

Telephone: (213) 576-6911 (direct)
-or- (213) 576-6982 (office)

FILED

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DEPARTMENT OF REAL ESTATE
BY: [signature]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of JOSE ANTONIO MEDRANO, doing business as Family Real Estate Network/CGB, Respondents.	No. H-36787 LA A C C U S A T I O N

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against JOSE ANTONIO MEDRANO doing business as Family Real Estate Network/CGB, alleges as follows:

1.

The Complainant, Robin Trujillo, acting in her official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against JOSE ANTONIO MEDRANO ("MEDRANO").

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2.

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

License

3.

At all times mentioned, MEDRANO (hereinafter referred to as "Respondent" or "MEDRANO"), is presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter Code), as a real estate broker. MEDRANO was originally licensed as a real estate broker July 12, 2000.

Brokerage

4.

At all times mentioned, in City of Diamond Bar, County of Los Angeles, MEDRANO acted as a real estate broker and conducted licensed activities within the meaning of:

A. Code Section 10131(a). MEDRANO, dba Family Real Estate Network/CBG, engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker, including the solicitation for listings of and the negotiation of the sale of real property as the agent of others.

B. Code Section 10131(d). MEDRANO engaged in activities with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated,

processed and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance as well as at the conclusion of transactions; and

C. Code Section 10131.2. MEDRANO engaged in the business of a loan modification and an advance fee brokerage. Respondent performed loan modification services with respect to loans to economically distressed homeowners which were secured by liens on real property for compensation or in expectation of compensation and for fees often collected in advance and as well at the close of the transactions. Respondent contacted lenders on behalf of economically distressed homeowners seeking modification of the terms of their home loans, interest and/or principal reduction, foreclosure abatement, loan refinance, and/or short sale services.

Audit

5.

On April 17, 2009, the Department completed an audit examination of the books and records of MEDRANO pertaining to the residential realty resales, mortgage loan, advanced fee and loan modification service activities described in Paragraph 4, which require a real estate license. The audit examination covered a period of time beginning on March 1, 2006 to February 28, 2009. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully discussed in Audit Report LA 080214 & LA080254 and the

exhibits and work papers attached to said audit report.

Trust Account

6.

During the audit period MEDRANO did not maintain a trust account.

Violations

7.

In the course of activities described in Paragraph 4, above, and during the examination period described in Paragraph 5, Respondent MEDRANO, acted in violation of the Code and the Regulations in that Respondent:

(a) Failed to place trust funds, including earnest money deposits from buyers Hugo Lazo, Juan/Maricela Velazquez and Reynaldo De La Torre, accepted on behalf of another into the hands of the owner of the funds, a neutral escrow depository or into a trust fund account in the name of the trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker's salesperson, in violation of Code Section 10145 and Regulation 2832(d).

(b) Failed to maintain a control record in the form of a columnar record in chronological order of all "Trust Funds Received, Not Placed Broker's Trust Account", in violation of Code Section 10145 and Regulation 2831. MEDRANO did not maintain a columnar record for all replacement earnest money deposits from

buyers.

(c) Misrepresented to sellers that MEDRANO held earnest money deposits for buyers Hugo Lazo, Juan/Maricela Velazquez, Reynaldo De La Torre, and Araceli De La Torre, in violation of Code Sections 10176(a) and/or 10177(g).

(d) Failed to provide and/or maintain a statement in writing containing all the information required by Code Section 10241 to borrowers Patricia Hernandez, Santos Gonzalez and Yolanda Castro, before these borrowers became obligated to perform under the terms of their respective loans, in violation of Code Section 10240 and Regulation 2840. Yield Spread Premium rebates from lenders for Yield Spread Premiums were not timely disclosed in the Mortgage Loan Disclosure Statements provided to the aforesaid borrowers, nor were the signature dates of broker disclosed, nor the anticipated liens on the underlying real properties securing the loans.

(e) Failed to display the Department's telephone number on the Patricia Hernandez, Santos Gonzalez and Yolanda Castro Mortgage Loan Disclosure Statements, in violation of Code Section 10236.4.

(f) Employed and/or compensated David Gomez, as loan agents who MEDRANO knew was not licensed by the Department as a real estate salesperson or as a real estate salesperson employed by a real estate broker, for performing acts for which a real

estate license is required, including soliciting the mortgage loans for Santos Gonzalez, in violation of Code Section 10137.

(g) Violated Code Section 10146 by collecting advance fees from the public yet failing to deposit the fees into a real estate broker trust account.

(g) Used the fictitious name of "CGB Inc.", to conduct licensed activities, without first obtaining from the Department a license bearing said fictitious business name, in violation of Code Section 10159.5 and Regulation 2731.

(h) Failed to retain all records of MEDRANO's activity during the audit period requiring a real estate broker license, in violation of Code Section 10148.

Disciplinary Statutes

8.

The conduct of Respondent MEDRANO described in Paragraph 7, above, violated the Code and the Regulations below:

PARAGRAPH	PROVISIONS VIOLATED
7(a)	Code Section 10145 and Regulation 2832(d)
7(b)	Code Section 10145 and Regulation 2831
7(c)	Code Sections 10176(a) and/or 10177(g)

7(d)	Code Section 10240 and Regulation 2840
7(e)	Code Section 10236.4
7(f)	Code Section 10037
7(g)	Code Section 10159.5 and Regulation 2731
7(h)	Code Section 10148

The foregoing violations constitute cause for discipline of the real estate license and license rights of MEDRANO, under the provisions of Code Sections 10176(a) and 10177(d) and/or 10177(g).

9.

The overall conduct of Respondent MEDRANO constitutes negligence. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

10.

The overall conduct of Respondent MEDRANO constitutes a breach of fiduciary duty. This conduct and violation are cause for the suspension or revocation of the real estate license and license rights of said Respondents pursuant to the provisions of Code Section 10177(g).

11.

The overall conduct of Respondent MEDRANO constitutes a failure on Respondent's part to exercise the reasonable supervision and control over his licensed activities as required to keep his brokerage in compliance with the Real Estate Law, with specific regard to loan brokerage services and trust fund handling. MEDRANO had no system in place for regularly monitoring his compliance with the Real Estate Law especially in regard to establishing policies to review trust fund handling or mortgage loan processing. This conduct is cause for the suspension or revocation of the real estate license and license rights of MEDRANO pursuant to the provisions of Code Sections 10177(d), 10177(g) and 10177(h) and Regulation 2725.

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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 the license and license rights of Respondent JOSE ANTONIO MEDRANO, 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 25 day of August 2010

Deputy Real Estate Commissioner

cc: Jose Antonio Medrano
Robin Trujillo
Sacto.
Audits - Isabel Beltran