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DEPARTMENT OF REAL ESTATE
By C.2

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of MERIDIAN LOAN SERVICES CORPORATION; PAUL ANTHONY FERRIS, individually and as designated officer of Meridian Loan Services Corporation; and JAMES TOUFIC ASSALI, Respondents.	NO. H-37433 LA

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 December 27, 2011, and the findings of fact set forth herein are based on one or more of the following: (1) Respondents' express admissions; (2) affidavits; and (3) other evidence.

FINDINGS OF FACT

1.

On August 4, 2011, Robin Trujillo made the Accusation in her official capacity as a Deputy Real Estate Commissioner of the State of California. The Accusation, Statement to Respondent, and Notice of Defense were mailed by certified mail, return receipt requested, to Respondents MERIDIAN LOAN SERVICES CORPORATION and JAMES TOUFIC ASSALI, on August 9, 2011, and September 28, 2011. The Accusation, Statement to Respondent, and Notice of Defense were also mailed by regular mail to Respondent JAMES TOUFIC ASSALI, on September 28, 2011.

On December 27, 2011, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, Respondents MERIDIAN LOAN SERVICES and JAMES TOUFIC ASSALI's default was entered herein.

2.

From March 19, 2003 through March 18, 2011, MERIDIAN LOAN SERVICES CORPORATION ("Respondent MERIDIAN") was licensed (License No. 01303565) as a real estate corporation. From March 19, 2007 through March 18, 2011, Respondent MERIDIAN was acting by and through Respondent PAUL ANTHONY FERRIS ("FERRIS") as its designated broker-officer pursuant to Code Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

3.

From July 31, 1997 through the present, Respondent FERRIS was licensed (License No. 01061844) as a real estate broker. From March 19, 2007 through March 18, 2011, Respondent FERRIS was the broker-officer of Respondent MERIDIAN. Respondent FERRIS passed away on May 2, 2011.

4.

From June 16, 1998 through the present, Respondent JAMES TOUFIC ASSALI ("ASSALI") was licensed (License No. 01238666) as a real estate salesperson. From October 26, 2006 through March 11, 2010, Respondent ASSALI was licensed under the employ of Respondent MERIDIAN.

BROKERAGE

5.

At all times mentioned, in the State of California, Respondent MERIDIAN acted as a corporate real estate broker and conducted licensed activities within the meaning of Code Section 10131(d) (mortgage and loan brokerage) while doing business as MERIDIAN, MERIDIAN Financial Corporation and/or Fortis Title Solutions Corporation.

FIRST CAUSE OF ACCUSATION
AUDIT OF MERIDIAN LOAN SERVICES CORPORATION

6.

On July 23, 2010, the Department completed an audit examination of the books and records of MERIDIAN pertaining to the mortgage loan activities described in Paragraph 5, that require a real estate license. The audit examination covered a period of time beginning on February 1, 2007 to January 31, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully set forth in Audit Report LA 090180 and the exhibits and work papers attached thereto.

TRUST ACCOUNT

7.

At all times mentioned, in connection with the activities described in Paragraph 5, above, MERIDIAN accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties to transactions including buyers, sellers, lenders and borrowers handled by MERIDIAN and thereafter made deposits and or disbursements of such funds. From time to time herein mentioned, during the audit period, said trust funds were deposited and/or maintained by MERIDIAN in MERIDIAN's general bank account.

VIOLATIONS OF THE REAL ESTATE LAW

8.

In the course of activities described in Paragraphs 5 and 7, above, and during the examination period described in Paragraph 6, Respondent MERIDIAN, acted in violation of the Code and the Regulations in that it:

(a) Failed to place trust funds, 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 broker 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. MERIDIAN collected trust funds in the form of advance fees for loan modification and negotiation services from the following borrowers, among others: Marlon R. Scobey, Jane A. Hines, Willard Monroe, Joyce Dorsey-Dortch, Robert Carter, Katherine Slaughter, Christopher M. Adanti, Lisa Voth, Joyce Schineider, Paul Scott, Karen Segel, Michael H. Lauders, Barbara Terry, Leonard C. Moore, Jr., Joseph W. Ritacco, Jr., Marcia Bradley Mitchell Perez, and Horace Walker. MERIDIAN failed to deposit these trust funds into the escrow trust account and furthermore failed to forward the balance of said trust funds due to these same borrowers;

(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, deposited and disbursed by the escrow trust account, in violation of Code Section 10145 and Regulation 2831;

(c) Failed to maintain a separate record for each beneficiary or transaction, thereby failing to account for all advance fees collected, in violation of Code Section 10145 and Regulation 2831.1;

(d) Failed to maintain written monthly reconciliations of trust funds received and disbursement records with the total balance of separate beneficiary records, in violation of Code Section 10145 and Regulation 2831.2;

(e) Charged and received advance fees for the purpose of performing loan modification and negotiation services without previously obtaining an approved agreement from the Department, in violation of Code Section 10085 and Regulation 2970;

(f) Collected advance fees and deposited said advance fees into MERIDIAN's general business account which was not set up as a trust fund account and failed to provide an accounting content indicating the services to be rendered, where the trust account funds would be deposited, and details of how the trust funds were to be disbursed, as required under Code Section 10146 and Regulation 2972;

(g) Used the fictitious business names "MERIDIAN Financial Corporation" and/or "Fortis Title Solutions" to solicit and conduct loan modification and negotiation services without previously obtaining a license from the Department, in violation of Code Section 10130; and

(h) On May 4, 2010, the Department served a subpoena duces tecum to MERIDIAN's then agent for service of process, Michele Cromer, requiring MERIDIAN to provide books and records in relation to its licensed real estate activities including its loan modification and negotiation activities and related bank accounts for audit examination. MERIDIAN failed to retain records of said activities, in violation of Code Section 10148.

SECOND CAUSE OF ACCUSATION
ADVANCE FEE VIOLATIONS/UNLICENSED ACTIVITY
(ASSALI)

9.

Meridian Financial Corporation and Fortis Title Solutions Corporation are not now, and have never been, licensed by the Department in any capacity. ASSALI is the owner of MERIDIAN Financial Corporation and Fortis Title Solutions. FERRIS was an officer or director of MERIDIAN Financial Corporation. From October 26, 2006 through March 11, 2010, Respondent ASSALI was licensed to conduct activities requiring a real estate license under the employ of Respondent MERIDIAN.

10.

For an unknown period of time beginning no later than February 2009, ASSALI while using the fictitious business names Meridian Financial Corporation, Fortis Title Solutions Corporation, or other fictitious business names not known at this time, engaged in the business of soliciting to modify or

negotiate loans secured by real property, and claimed, demanded, charged, received, collected or contracted for the collection of advance fees, within the meaning of Code Section 10026, for including, but not limited to, the following borrowers: Marlon S., Jane H., Willard M., Joyce D., Robert C., Katherine S., Christopher A., Lisa V., Joyce S., Paul S., Karen S., Michael L., Barbara T., Leonard M., Jr., Joseph R., Jr., Marcia B. Mitchell P., and Horace W. Said borrowers paid an advance fee pursuant to an advance fee agreement for loan modification and negotiation services in connection with a loan secured by real property.

IN AGGRAVATION
DISCIPLINE BY OTHER AGENCY

11.

In aggravation, on or about April 7, 2011, pursuant to a settlement agreement, the Department of Corporations of the State of California ("DOC") barred Respondents FERRIS and ASSALLI from any position of employment, management or control of any residential mortgage lender and/or residential mortgage loan servicer, in DOC Case No. 413-0963. MERIDIAN Financial Corporation's residential mortgage lending license issued from the DOC was also revoked as part of said settlement agreement. Respondent ASSALI is the president, owner and manager of MERIDIAN Financial Corporation. Respondents FERRIS and ASSALI waived their right to an administrative hearing pursuant to the California Administrative Procedure Act.

DETERMINATION OF ISSUES

1.

The conduct of Respondent MERIDIAN, described in Paragraph 8, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
8(a)	Code Section 10145 and Regulation 2832
8(b)	Code Section 10145 and Regulation 2831
8(c)	Code Section 10145 and Regulations 2831.1
8(d)	Code Section 10145 and Regulation 2831.2
8(e)	Code Section 10085 and Regulation 2970
8(f)	Code Section 10146 and Regulation 2972
8(g)	Code Section 10130
8(h)	Code Section 10148

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of MERIDIAN under the provisions of Code Sections 10177(d).

2.

The overall conduct of Respondent MERIDIAN constitutes negligence or incompetence. This conduct and violations are cause for the suspension or revocation of the real estate license and license rights of Respondent MERIDIAN pursuant to Code Section 10177(g).

3.

The overall conduct of Respondent ASSALI, as described above is in violation of Code Section 10130 and constitutes cause for the suspension or revocation of the real estate license and license rights of ASSALI pursuant to the provisions of Code Sections 10177(d), 10177(j) and 10177(g).

4.

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

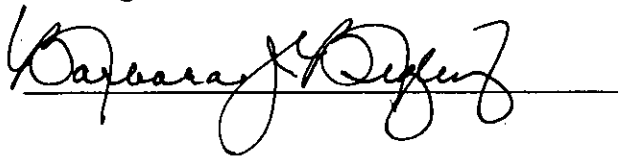
ORDER

The license and license rights of Respondent, MERIDIAN LOAN SERVICES CORPORATION and JAMES TOUFIC ASSALI, 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 February 13, 2012.

DATED: 1/9/12.

BARBARA J. BIGBY
Acting Real Estate Commissioner



Department of Real Estate
320 West Fourth Street, Suite 350
Los Angeles, California 90013-1105

FILED
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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 MERIDIAN LOAN SERVICES CORPORATION; PAUL ANTHONY FERRIS, individually and as designated officer of Meridian Loan Services Corporation; and JAMES TOUFIC ASSALI, Respondents.	NO. H-37433 LA DEFAULT ORDER

Respondents, MERIDIAN LOAN SERVICES CORPORATION and JAMES TOUFIC ASSALI, having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, are now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED December 27, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner

By: DOLORES WEEKS
Regional Manager

SAC

FILED
JAN 24 2012
DEPARTMENT OF REAL ESTATE
By C.

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of MEREDIAN LOAN SERVICES CORPORATION; PAUL ANTHONY FERRIS, individually and as designated officer of MEREDIAN Loan Services Corporation; and JAMES TOUFIC ASSALI, Respondents.	NO. H-37433 LA

DISMISSAL

On August 9, 2011, the Department of Real Estate filed an Accusation in the above-referenced matter against Respondent PAUL ANTHONY FERRIS. PAUL ANTHONY FERRIS deceased on May 2, 2011. Based thereon, the Accusation filed on August 9, 2011, is dismissed as to Respondent PAUL ANTHONY FERRIS only.

IT IS SO ORDERED 1/9, 2012.

BARBARA J. BIGBY
Acting Real Estate Commissioner

LISSETE GARCIA, Counsel (SBN 211552)
Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, California 90013-1105

Telephone: (213) 576-6982
(Direct) (213) 576-6914

FILED
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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 MERIDIAN LOAN SERVICES CORPORATION; PAUL ANTHONY FERRIS, individually and as designated officer of Meridian Loan Services Corporation; and JAMES TOUFIC ASSALI, Respondents.	NO. H-37433 LA ACCUSATION

The Complainant, Robin Trujillo, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against MERIDIAN LOAN SERVICES CORPORATION; PAUL ANTHONY FERRIS, individually and as designated officer of Meridian Loan Services Corporation; and JAMES TOUFIC ASSALI (collectively "Respondents") is informed and alleges as follows:

1.

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

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2.

At all times herein mentioned, Respondents were licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

3.

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.

4.

From March 19, 2003 through March 18, 2011, MERIDIAN LOAN SERVICES CORPORATION ("Respondent MERIDIAN") was licensed (License No. 01303565) as a real estate corporation. From March 19, 2007 through March 18, 2011, Respondent MERIDIAN was acting by and through Respondent PAUL ANTHONY FERRIS ("FERRIS") as its designated broker-officer pursuant to Code Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

5.

From July 31, 1997 through the present, Respondent FERRIS was licensed (License No. 01061844) as a real estate broker. From March 19, 2007 through March 18, 2011, Respondent FERRIS was the broker-officer of Respondent MERIDIAN.

6.

From June 16, 1998 through the present, Respondent JAMES TOUFIC ASSALI ("ASSALI") was licensed (License No. 01238666) as a real estate salesperson. From October 26, 2006 through March 11, 2010, Respondent ASSALI was licensed under the employ of Respondent MERIDIAN.

BROKERAGE

7.

At all times mentioned, in the State of California, Respondent MERIDIAN acted as a corporate real estate broker and conducted licensed activities within the meaning of Code

Section 10131(d) (mortgage and loan brokerage) while doing business as MERIDIAN, Meridian Financial Corporation and/or Fortis Title Solutions Corporation.

FIRST CAUSE OF ACCUSATION

AUDIT OF MERIDIAN LOAN SERVICES CORPORATION

8.

On July 23, 2010, the Department completed an audit examination of the books and records of MERIDIAN pertaining to the mortgage loan activities described in Paragraph 7, that require a real estate license. The audit examination covered a period of time beginning on February 1, 2007 to January 31, 2010. The audit examination revealed violations of the Code and the Regulations as set forth in the following paragraphs, and more fully set forth in Audit Report LA 090180 and the exhibits and work papers attached thereto.

TRUST ACCOUNT

9.

At all times mentioned, in connection with the activities described in Paragraph 7, above, MERIDIAN accepted or received funds including funds in trust (hereinafter "trust funds") from or on behalf of actual or prospective parties to transactions including buyers, sellers, lenders and borrowers handled by MERIDIAN and thereafter made deposits and or disbursements of such funds. From time to time herein mentioned, during the audit period, said trust funds were deposited and/or maintained by MERIDIAN in MERIDIAN's general bank account.

VIOLATIONS OF THE REAL ESTATE LAW

10.

In the course of activities described in Paragraphs 7 and 9, above, and during the examination period described in Paragraph 8, Respondent MERIDIAN, acted in violation of the Code and the Regulations in that it:

(a) Failed to place trust funds, 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 broker 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. MERIDIAN collected trust funds in the form of advance fees for loan modification and negotiation services from the following borrowers, among others: Marlon R. Scobey, Jane A. Hines, Willard Monroe, Joyce Dorsey-Dortch, Robert Carter, Katherine Slaughter, Christopher M. Adanti, Lisa Voth, Joyce Schineider, Paul Scott, Karen Segel, Michael H. Lauders, Barbara Terry, Leonard C. Moore, Jr., Joseph W. Ritacco, Jr., Marcia Bradley Mitchell Perez, and Horace Walker. MERIDIAN failed to deposit these trust funds into the escrow trust account and furthermore failed to forward the balance of said trust funds due to these same borrowers;

(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, deposited and disbursed by the escrow trust account, in violation of Code Section 10145 and Regulation 2831;

(c) Failed to maintain a separate record for each beneficiary or transaction, thereby failing to account for all advance fees collected, in violation of Code Section 10145 and Regulation 2831.1;

(d) Failed to maintain written monthly reconciliations of trust funds received and disbursement records with the total balance of separate beneficiary records, in violation of Code Section 10145 and Regulation 2831.2;

(e) Charged and received advance fees for the purpose of performing loan modification and negotiation services without previously obtaining an approved agreement from the Department, in violation of Code Section 10085 and Regulation 2970;

(f) Collected advance fees and deposited said advance fees into MEREDIAN's general business account which was not set up as a trust fund account and failed to provide an accounting content indicating the services to be rendered, where the trust account funds would be

deposited, and details of how the trust funds were to be disbursed, as required under Code Section 10146 and Regulation 2972;

(g) Used the fictitious business names "Meridian Financial Corporation" and/or "Fortis Title Solutions" to solicit and conduct loan modification and negotiation services without previously obtaining a license from the Department, in violation of Code Section 10130; and

(h) On May 4, 2010, the Department served a subpoena duces tecum to MERIDIAN's then agent for service of process, Michele Cromer, requiring MERIDIAN to provide books and records in relation to its licensed real estate activities including its loan modification and negotiation activities and related bank accounts for audit examination. MERIDIAN failed to retain records of said activities, in violation of Code Section 10148.

11.

The conduct of Respondent MERIDIAN, described in Paragraph 10, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
10(a)	Code Section 10145 and Regulation 2832
10(b)	Code Section 10145 and Regulation 2831
10(c)	Code Section 10145 and Regulations 2831.1
10(d)	Code Section 10145 and Regulation 2831.2
10(e)	Code Section 10085 and Regulation 2970
10(f)	Code Section 10146 and Regulation 2972
10(g)	Code Section 10130
10(h)	Code Section 10148

The foregoing violations constitute cause for the suspension or revocation of the real estate license and license rights of MERIDIAN under the provisions of Code Sections 10177(d).

12.

The overall conduct of Respondent MERIDIAN constitutes negligence or incompetence. This conduct and violations are cause for the suspension or revocation of the real estate license and license rights of Respondent MERIDIAN pursuant to Code Section 10177(g).

13.

The overall conduct of Respondent FERRIS constitutes a failure on his part, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over the licensed activities of MERIDIAN as required by Code Section 10159.2, and to keep MERIDIAN in compliance with the Real Estate Law, and is cause for the suspension or revocation of the real estate license and license rights of FERRIS pursuant to the provisions of Code Sections 10177(h), 10177(d) and/or 10177(g).

SECOND CAUSE OF ACCUSATION

ADVANCE FEE VIOLATIONS/UNLICENSED ACTIVITY
(ASSALI)

14.

There is hereby incorporated in this Second, separate Cause of Accusation, all of the allegations contained in Paragraphs 1 though 13 above, with the same force and effect as if herein fully set forth.

15.

Meridian Financial Corporation and Fortis Title Solutions Corporation are not now, and have never been, licensed by the Department in any capacity. ASSALI is the owner of Meridian Financial Corporation and Fortis Title Solutions. FERRIS is an officer or director of Meridian Financial Corporation. From October 26, 2006 through March 11, 2010, Respondent ASSALI was licensed to conduct activities requiring a real estate license under the employ of Respondent MERIDIAN.

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16.

For an unknown period of time beginning no later than February 2009, ASSALI while using the fictitious business names Meridian Financial Corporation, Fortis Title Solutions Corporation, or other fictitious business names not known at this time, engaged in the business of soliciting to modify or negotiate loans secured by real property, and claimed, demanded, charged, received, collected or contracted for the collection of advance fees, within the meaning of Code Section 10026, for including, but not limited to, the following borrowers: Marlon S., Jane H., Willard M., Joyce D., Robert C., Katherine S., Christopher A., Lisa V., Joyce S., Paul S., Karen S., Michael L., Barbara T., Leonard M., Jr., Joseph R., Jr., Marcia B. Mitchell P., and Horace W. Said borrowers paid an advance fee pursuant to an advance fee agreement for loan modification and negotiation services in connection with a loan secured by real property.

17.

The overall conduct of Respondent ASSALI, as described above is in violation of Code Section 10130 and constitutes cause for the suspension or revocation of the real estate license and license rights of ASSALI pursuant to the provisions of Code Sections 10177(d), 10177(j) and/or 10177(g).

IN AGGRAVATION

DISCIPLINE BY OTHER AGENCY

18.

In aggravation, on or about April 7, 2011, pursuant to a settlement agreement, the Department of Corporations of the State of California ("DOC") barred Respondents FERRIS and ASSALLI from any position of employment, management or control of any residential mortgage lender and/or residential mortgage loan servicer, in DOC Case No. 413-0963. Meridian Financial Corporation's residential mortgage lending license issued from the DOC was also revoked as part of said settlement agreement. Respondent ASSALI is the president, owner and manager of Meridian Financial Corporation. Respondents FERRIS and ASSALI waived their right to an administrative hearing pursuant to the California Administrative Procedure Act.

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/or license rights of Respondents MERIDIAN LOAN SERVICES CORPORATION, PAUL ANTHONY FERRIS, individually and as designated officer of Meridian Loan Services Corporation, and JAMES TOUFIC ASSALI, 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 4 day of August, 2011.

ROBIN TRUJILLO
Deputy Real Estate Commissioner

cc: Meridian Loan Services Corporation
Paul Anthony Ferris
James Toufic Assali
Robin Trujillo
Darryl M. Thomas, Audits
Sacto.