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FILED

DEC - 5 2011

DEPARTMENT OF REAL ESTATE
BY: _____

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

To:	No. H-37711 LA
AMERICAN FRONTIER FINANCIAL GROUP, doing business as New Century Realty; and SULIMAN A. SULIMAN, individually and as designated officer of American Frontier Financial Group	ORDER TO DESIST AND REFRAIN (B&P Code Section 10086)

The Commissioner ("Commissioner") of the California Department of Real Estate ("Department") caused an investigation to be made of the activities of AMERICAN FRONTIER FINANCIAL GROUP ("AFFG"), and SULIMAN A. SULIMAN ("SULIMAN"). Based on that investigation, the Commissioner has determined that AFFG and SULIMAN have engaged in or are engaging in acts or are attempting to engage in the business of, acting in the capacity of, and/or advertising or assuming to act as real estate brokers in the State of California within the meaning of Business and Professions Code ("Code") Sections 10131(a) (solicitation, negotiation and/or sale real property as the agent of others including short sales) ; Code Section 10131(d) (solicitation and negotiation of short sale services).

Based on that investigation, the Commissioner has determined that AFFG and SULIMAN have engaged in or are engaging in acts or are attempting to engage in practices constituting violations of the Code and/or Title 10, California Code of Regulations.

("Regulations"). Based on the findings of that investigation, set forth below, the Commissioner hereby issues the following Findings of Fact, Conclusions of Law, and Desist and Refrain Order under the authority of Section 10086 of the Code.

FINDINGS OF FACT

1.

At all times mentioned, AFFG was licensed or had license rights issued by the Department of Real Estate ("Department") as a real estate broker. On October 8, 1993, AFFG was originally licensed as a corporate real estate broker.

2.

At all times mentioned, SULIMAN was licensed or had license rights issued by the Department as a real estate broker. SULIMAN was originally licensed as a broker on April 5, 1994. SULIMAN has been the designated officer of AFFG since its original licensure.

3.

C. At all times material herein, AFFG was licensed by the Department as a corporate real estate broker by and through SULIMAN, 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 AFFG of by AFFG's officers, agents and employees, including SULIMAN.

Brokerage

4.

At all times mentioned, in City of Pasadena, County of Los Angeles, AFFG and SULIMAN acted as a real estate brokers and conducted licensed activities within the meaning of:

A. Code Section 10131(a). Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers, including the solicitation for listings of and the negotiation of the resale of real property as the agent of others, and including short sales.

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B. Code Section 10131(d). Respondents engaged in activities with the public wherein institutional and private hard money lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed, consummated and services on behalf of others for compensation or in expectation of compensation and for fees often collected in advance, and including short sale services.

(Real Estate Sales and Short Sales Audit)

5.

On August 31, 2010, the Department completed an audit examination of the books and records of AFFG pertaining to the residential real estate resale and short sale activities described in Paragraph 4 that require a real estate license. The audit examination covered a period of time beginning on June 1, 2007 to April 30, 2010. 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 090216 and the exhibits and work papers attached to said audit report.

Trust Account

6.

No trust account was maintained during the audit period for real estate resales or short sales transactions.

Violations of the Real Estate Law

7.

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

(a) 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",

including earnest money deposits for M. Hachem and L. Esquivel, in violation of Code Section 10145 and Regulation 2831.

(b) Misrepresented to sellers that AFFG held the earnest money deposits for buyers S. Soble, G. Itani and A. Psaltis, when in truth and in fact they did not, in violation of Code Section 10176(a).

(c)(1) AFFG negotiated the short sale transactions for two real properties located at (1) 12582 – 12588 Adelphia Avenue, Los Angeles, California, and 383 Wyoming Street, Pasadena, California, for buyers Abdullah Alraqeeb (Alraqeeb) and (2) Tony Psaltis (Psaltis) respectively. AFFG prepared both California Residential Purchase Agreements, yet AFFG falsely represented that "Hai Real Estate and Finance", was the true broker when the agreements were submitted to the lender, where AFFG was not permitted to be either the listing or the selling broker, in violation of Code Sections 10176(a), 10176(i) and/or 10177(j):

(c)(2) <u>12582 – 12588 Adelphia Avenue, Los Angeles</u>

AFFG misrepresented the short sale transaction for 12582 – 12588 Adelphia Avenue, in Los Angeles, California. AFFG falsely represented another broker named "Hai Real Estate and Finance" was both the listing and the selling broker on the purchase agreement when the short sales transaction for the subject property was submitted to the lender; and

(c)(3) <u>383 Wyoming Street, in Pasadena</u>

AFFG also misrepresented the purchase of the sales transaction for 383 Wyoming Street, in Pasadena, AFFG falsely represented on the purchase agreement that another broker named "Hai Real Estate and Finance" was the selling agent when the sales transaction for the subject property was submitted to the lender.

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Table: Sales/Short Sales of Real Property with false broker

Property	Named Broker	True Broker
12582 – 12588 Adelphia Ave., Los Angeles (Short Sale)	Hai Real Estate and Finance	AFFG
383 Wyoming Street, Pasadena (Short Sale)	Hai Real Estate and Finance	AFFG
3422 Bell Ave., Bell (Sale)	Hai Real Estate and Finance	AFFG

(d) Failed to retain the salesperson license certificates for Isidora Rivera and Mohamed Mostafa, in violation of Code Section 10160 and Regulation 2753.

(e) SULIMAN failed to exercise reasonable control and supervision over the activity of AFFG to secure full compliance with the Real Estate Law, including but not limited to trust fund handling, misrepresenting receipt of earnest money deposits, and mortgage loan disclosures. Additionally, SULIMAN had no system in place for regularly monitoring his compliance with the Real Estate Law especially in regard to establishing systems, policies and procedures to review trust fund handling especially including earnest money deposits for buyers, in violation of Code Sections 10159.2, 10177(h) and Regulation 2725.

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(Mortgage Loan and Short Sale Services Audit)

8.

On September 13, 2010, the Department completed an audit examination of the books and records of AFFG pertaining to the mortgage loan and short sale service activities described in Paragraph 4 that require a real estate license. The audit examination covered a period of time beginning on June 1, 2007 to April 30, 2010. 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 090284 and the exhibits and work papers attached to said audit report.

Trust Account

9.

No trust account was maintained during the audit period for mortgage loan or short sales transactions.

Violations of the Real Estate Law

10.

In the course of activities described in Paragraph 4, above, and during the examination period described in Paragraph 8, Respondents AFFG and SULIMAN, acted in violation of the Code and the Regulations in that Respondents:

(a) Failed to retain a true and correct copy of a Department of Real Estate approved Mortgage Loan Disclosure Statement signed by the broker for borrowers A. Alraqeeb, A. Psaltis, G. Itani, R. Abdelnour, R. Dixon and M. Marrach, in violation of Code Section 10240;

(a)(2) Failed to retain a true and correct copy of a Department of Real Estate approved Mortgage Loan Disclosure Statement signed by the broker for borrowers M. Elkatat, G. Andraos and R. Murphy, in violation of Code Section 10240; and

(a)(3) Failed to disclose yield spread premiums from lenders on the approved

Mortgage Loan Disclosure Statement for the borrowers M. Elkatat, G. Andraos and R. Murphy, in violation of Code Section 10240 and Regulation 2840.

(b) Failed to display AFFG's license number on the M. Elkatat, G. Andraos and R. Murphy Mortgage Loan Disclosure Statements, in violation of Code Section 10236.4(b).

(c) Employed and compensated Jennifer Perez, SULIMAN's wife and personal assistant, as a loan agent who SULIMAN knew was not licensed by the Department as a real estate broker 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 and/or negotiating mortgage loans for borrowers A. Alraqeeb, G. Itani, R. Abdelnour, G. Andraos, R. Murphy, R. Dixon and A. Hussein, in violation of Code Section 10137.

(d) AFFG and SULIMAN failed to retain all records of AFFG's activity during the audit period requiring a real estate broker license, including but not limited to, credit reports and appraisal fee records, bank statements, records and transactions filed related to mortgage and loan activities, in violation of Code Section 10148.

(e) SULIMAN failed to exercise reasonable control and supervision over the activity of AFFG to secure full compliance with the Real Estate Law, including but not limited to employment of an unlicensed person to negotiate mortgage loan transaction requiring a real estate license, Jennifer Perez, and for the proper handing of mortgage loan disclosures in violation of Code Sections 10159.2, 10177(h) and Regulation 2725.

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(Fraudulent Sales and Loan Commission Generation Scheme)

11.

General Allegations

Departmental audit examinations LA 090216 and LA 090284 revealed that Respondents AFFG and SULIMAN operated a fraudulent scheme to generate sales and commissions. AFFG, not permitted by the lender to be either a listing and/or selling agent for short sales tabled below, fraudulently represented to funding lenders that a real estate broker other than AFFG, was the listing and/or selling broker. In truth and if fact Respondent AFFG was the true broker. By so naming "Hai Real Estate and Finance" as the listing and/or selling broker, AFFG and SULIMAN generated commissions on the sale and loan for the short sales where Respondents were otherwise prohibited from doing so, in violation of Code Section 10176(i).

Specific Allegations

12.

Respondents AFFG and SULIMAN falsely recited to short sale lenders that real estate broker "Hai Real Estate and Finance", was the listing and/or the selling broker for the short sales tabled below. "Hai Real Estate and Finance" is owned by real estate broker Mohammed Ahmed Hai aka Adam Hai ("Hai"). Hai was employed as AFFG's office manager, was not employed as real estate broker, and was not employed by AFFG to be a realtor and was uniformed that his corporation was named as broker for the short sales.

Table: Sales/Short Sales of Real Property with false broker

Property	Named Broker	True Broker
3422 Bell Ave., Bell (Sale)	Hai Real Estate and Finance	AFFG

(Negligence)

13.

The overall conduct of Respondents AFFG and SULIMAN constitutes negligence and negligent misrepresentation. This conduct and violation are cause for discipline of the real estate license and license rights of Respondents pursuant to Code Section 10177(g).

(Breach of Fiduciary Duty)

14.

The overall conduct of Respondents AFFG and SULIMAN constitutes a breach of fiduciary duty. This conduct and violation is cause for discipline of the real estate license and license rights of Respondents pursuant to Code Sections 10176(i) and 10177(g).

(Broker Supervision)

15.

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

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CONCLUSIONS OF LAW

16.

The conduct of Respondents AFFG and SULIMAN, as alleged and described in Finding 7, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
7(a)	Code Section 10145 and Regulation 2831
7(b)	Code Section 10176(a)
7(c)	Code Sections 10176(a), 10176(i) and/or 10177(j)
7(d)	Code Sections 10160 and Regulation 2753
7(e)	Code Section 10159.2 and 10177(h) and Regulation 2725 (SULIMAN)

17.

The conduct of Respondents AFFG and SULIMAN described in Finding 10, above, violated the Code and the Regulations as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
10(a)	Code Section 10240 and Regulation 2840
10(b)	Code Section 10236.4(b)
10(c)	Code Section 10137
10(d)	Code Section 10148
10(e)	Code Section 10159.2 and 10177(h) and Regulation 2725 (SULIMAN)

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18.

The conduct of Respondents AFFG and SULIMAN described in Findings 11-12, above, violated the Code as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
11-12	Code Section 10176(i)

19.

The conduct of Respondents AFFG and SULIMAN described in Finding 13, above, violated the Code as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
13	Code Section 10177(g)

20.

The conduct of Respondents AFFG and SULIMAN described in Finding 14, above, violated the Code as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
14	Code Section 10176(i) and 10177(g)

21.

The conduct of Respondent SULIMAN described in Finding 15, above, violated the Code as set forth below:

PARAGRAPH	PROVISIONS VIOLATED
15	Code Sections 10177(d), 10177(g) and 10177(h)

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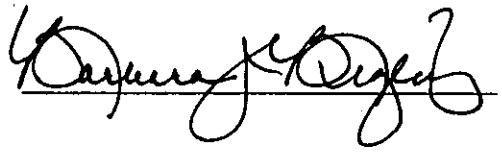
DESIST AND REFRAIN ORDER

Based upon the FINDINGS OF FACT and CONCLUSIONS OF LAW stated herein, it is hereby ordered that:

AMERICAN FRONTIER FINANCIAL GROUP and SULIMAN A. SULIMAN, desist and refrain from performing any acts within the State of California for which a real estate broker license is required, unless they are in compliance with the Real Estate Law.

DATED: 11/16, 2011.

BARBARA J. BIGBY
Acting Real Estate Commissioner



cc: American Frontier Financial Group
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