

*Suits  
2/5/93*

Department of Real Estate  
107 South Broadway, Room 8107  
Los Angeles, CA 90012  
(213) 897-3937

FILED

FEB -5 1993

DEPARTMENT OF REAL ESTATE  
BY *Jana B. Oran*

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DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

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In the Matter of the Accusation of )	NO. H-1386 SA
STUART-WRIGHT MORTGAGE, INC., )	<u>STIPULATION AND</u>
and LEON W. CRAGER as designated )	<u>AGREEMENT IN</u>
officer of said corporation, )	<u>SETTLEMENT AND ORDER</u>
and BRIJ SOOD, formerly )	
designated officer of said )	
corporation, )	
Respondents. )	

It is hereby stipulated by and between STUART-WRIGHT MORTGAGE, INC., LEON W. CRAGER and BRIJ SOOD (sometimes referred to as Respondents), and their attorney of record, Daniel C. Carlton, and the Complainant, acting by and through James R. Peel, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation filed on May 27, 1992 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

1 Administrative Procedure Act (APA), shall instead and in place  
2 thereof be submitted solely on the basis of the provisions of  
3 this Stipulation and Agreement in Settlement.

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

8 3. On June 10, 1992, Respondents filed a Notice of  
9 Defense pursuant to Section 11505 of the Government Code for the  
10 purpose of requesting a hearing on the allegations in the  
11 Accusation. Respondents hereby freely and voluntarily withdraw  
12 said Notice of Defense. Respondents acknowledge that they  
13 understand that by withdrawing said Notice of Defense they  
14 thereby waive their right to require the Commissioner to prove  
15 the allegations in the Accusation at a contested hearing held in  
16 accordance with the provisions of the APA and that they will  
17 waive other rights afforded to them in connection with the  
18 hearing, such as the right to present evidence in defense of the  
19 allegations in the Accusation and the right to cross-examine  
20 witnesses.

21 4. Respondents, pursuant to the limitations set forth  
22 below, hereby admit that the factual allegations of the  
23 Accusation filed in this proceeding are true and correct and the  
24 Real Estate Commissioner shall not be required to provide  
25 further evidence of such allegations.

26 5. It is understood by the parties that the Real  
27 Estate Commissioner may adopt the Stipulation and Agreement in

1 Settlement as his decision in this matter thereby imposing the  
2 penalty and sanctions on Respondents' real estate licenses and  
3 license rights as set forth below in the "Order". In the event  
4 that the Commissioner in his discretion does not adopt the  
5 Stipulation and Agreement in Settlement, it shall be void and of  
6 no effect, and Respondents shall retain the right to a hearing  
7 and proceeding on the Accusation under the provisions of the APA  
8 and shall not be bound by any admission or waiver made herein.

9 6. The Order or any subsequent Order of the Real  
10 Estate Commissioner made pursuant to this Stipulation and  
11 Agreement in Settlement shall not constitute an estoppel, merger  
12 or bar to any further administrative or civil proceedings by the  
13 Department of Real Estate with respect to any matters which were  
14 not specifically alleged to be causes for accusation in this  
15 proceeding.

16 DETERMINATION OF ISSUES

17 By reason of the foregoing stipulations, admissions  
18 and waivers and solely for the purpose of settlement of the  
19 pending Accusation without a hearing, it is stipulated and  
20 agreed that the following determination of issues shall be made:

21 I

22 The conduct of Respondents, as found above, is grounds  
23 for the suspension or revocation of all of the real estate  
24 licenses and license rights of Respondents under the provision  
25 of Section 10177(g) of the Business and Professions Code.

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ORDER

1  
2 1. A. The real estate broker licenses and licensing  
3 rights of STUART-WRIGHT MORTGAGE, INC., are hereby revoked.

4 B. A restricted real estate broker license shall  
5 be issued to Respondent pursuant to Section 10156.5 of the  
6 Business and Professions Code if Respondent makes application  
7 therefor, and pays to the Department of Real Estate the  
8 appropriate fee for said license within 90 days from the  
9 effective date of the Order herein. The restricted license  
10 issued to Respondent shall be subject to all of the provisions  
11 of Section 10156.7 of the Business and Professions Code and to  
12 the following limitations, conditions, and restrictions imposed  
13 under authority of Section 10156.6 of the Code.

14 (1) The restricted license may be suspended prior to  
15 and pending final determination after formal hearing, by Order  
16 of the Real Estate Commissioner in the event of Respondent's  
17 conviction or plea of nolo contendere to a crime which bears a  
18 significant relationship to Respondent's fitness or capacity as  
19 a real estate licensee.

20 (2) The restricted license may be suspended, prior to  
21 and pending final determination after formal hearing, by order  
22 of the Real Estate Commissioner based upon evidence satisfactory  
23 to the Commissioner that Respondent has violated provisions of  
24 the California Real Estate Law, the Subdivided Lands Law,  
25 Regulations of the Real Estate Commissioner or conditions  
26 attaching to the restricted license.

27

1                   (3) Respondent shall be required to pay to the  
2 Department of Real Estate the cost of any audit conducted by the  
3 Department of Respondent's books and records performed within  
4 one year from the date of issuance of the restricted license.  
5 The cost of the audit to be determined by the Department.

6                   (4) Respondent shall not be eligible to apply for the  
7 issuance of an unrestricted real estate license nor the removal  
8 of any of the conditions, limitations or restrictions of the  
9 restricted license until at least one year has elapsed from the  
10 date of this Order.

11                   2. A. The real estate broker licenses  
12 and licensing rights of LEON W. CRAGER are hereby revoked.

13                   B. A restricted real estate broker license shall  
14 be issued to Respondent pursuant to Section 10156.5 of the  
15 Business and Professions Code if Respondent makes application  
16 therefor, and pays to the Department of Real Estate the  
17 appropriate fee for said license within 90 days from the  
18 effective date of the Order herein. The restricted license  
19 issued to Respondent shall be subject to all of the provisions  
20 of Section 10156.7 of the Business and Professions Code and to  
21 the following limitations, conditions, and restrictions imposed  
22 under authority of Section 10156.6 of the Code.

23                   (1) The restricted license may be suspended prior to  
24 and pending final determination after formal hearing, by Order  
25 of the Real Estate Commissioner in the event of Respondent's  
26 conviction or plea of nolo contendere to a crime which bears a  
27

1 significant relationship to Respondent's fitness or capacity as  
2 a real estate licensee.

3 (2) The restricted license may be suspended, prior to  
4 and pending final determination after formal hearing, by order  
5 of the Real Estate Commissioner based upon evidence satisfactory  
6 to the Commissioner that Respondent has violated provisions of  
7 the California Real Estate Law, the Subdivided Lands Law,  
8 Regulations of the Real Estate Commissioner or conditions  
9 attaching to the restricted license.

10 (3) Respondent shall not be eligible to apply for the  
11 issuance of an unrestricted real estate license nor the removal  
12 of any of the conditions, limitations or restrictions of the  
13 restricted license until at least one year has elapsed from the  
14 date of this Order.

15 (4) Respondent shall, within 12 months from the  
16 effective date of the Order herein, present evidence  
17 satisfactory to the Real Estate Commissioner that he has, since  
18 the most recent issuance of an original or renewal real estate  
19 license, taken and successfully completed the continuing  
20 education requirements of Article 2.5 of Chapter 3 of the Real  
21 Estate Law for renewal of a real estate license. If Respondent  
22 fails to satisfy this condition, the Commissioner may order the  
23 suspension of the restricted license until the Respondent  
24 presents such evidence. The Commissioner shall afford  
25 Respondent the opportunity for a hearing pursuant to the  
26 Administrative Procedure Act to present such evidence.

27

1 (5) Respondent shall, within six months from the  
2 effective date of the restricted license, take and pass the  
3 Professional Responsibility Examination administered by the  
4 Department including the payment of the appropriate examination  
5 fee. If Respondent fails to satisfy this condition, the  
6 Commissioner may order suspension of the restricted license  
7 until Respondent passes the examination.

8 3. A. All real estate broker licenses and licensing  
9 rights of BRIJ SOOD are hereby suspended for thirty (30) days.

10 B. Said suspension shall be permanently stayed in  
11 the event Respondent, pursuant to his petition pays to the  
12 Department of Real Estate, the sum of \$1,000 prior to the  
13 effective date of this Order with a cashier's check made payable  
14 to the Department of Real Estate-Recovery Fund.

15 DATED: 1-12-93

  
16 JAMES R. PEEL  
17 Counsel for Complainant

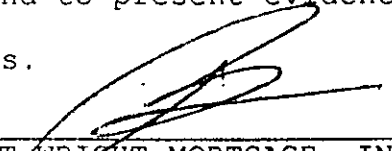
18 \* \* \* \*

19 I have read the Stipulation and Agreement in  
20 Settlement, and its terms are understood by me and are agreeable  
21 and acceptable to me. I understand that I am waiving rights  
22 given to me by the California Administrative Procedure Act  
23 (including but not limited to Sections 11506, 11508, 11509 and  
24 11513 of the Government Code), and I willingly, intelligently  
25 and voluntarily waive those rights, including the right of  
26 requiring the Commissioner to prove the allegations in the  
27 Accusation at a hearing at which I would have the right to

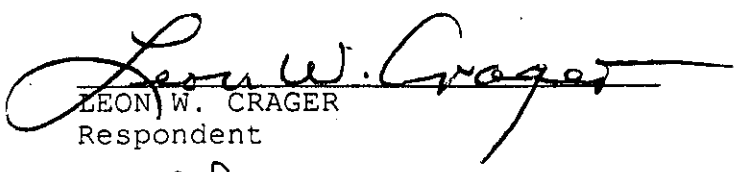
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cross-examine witnesses against me and to present evidence in  
defense and mitigation of the charges.

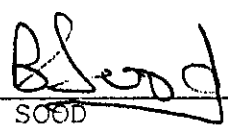
DATED: 12-27-92

  
STUART-WRIGHT MORTGAGE, INC.  
Respondent


DATED: 12-29-92

  
LEON W. CRAGER  
Respondent

DATED: 12-22-92


  
BRIJ SOOD  
Respondent

DATED: 1/4/93

  
DANIEL C. CARLTON  
Counsel for Respondents

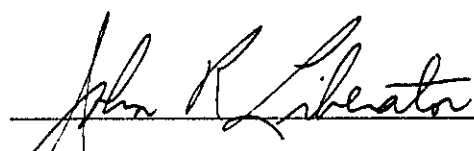
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The foregoing Stipulation and Agreement in Settlement  
is hereby adopted as my Decision and Order and shall become  
effective at 12 o' clock noon on February 25, 1993.

IT IS SO ORDERED January 26, 1993. 

CLARK WALLACE  
Real Estate Commissioner

lbo

  
BY: **John R. Liberator**  
Chief Deputy Commissioner



Sacto  
DKB

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

1992

DEPARTMENT OF REAL ESTATE  
BY Sam B. Olson

In the Matter of the Accusation of

STUART-WRIGHT MORTGAGE, INC.,  
et al.,

Case No. H-1386 SA

OAH No. L-57454

Respondent

**NOTICE OF HEARING ON ACCUSATION**

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at \_\_\_\_\_

OFFICE OF ADMINISTRATIVE HEARINGS

314 W. FIRST STREET, LOS ANGELES, CALIFORNIA 90012

on OCTOBER 30, 1992, at the hour of 9:00 a.m.  
or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the Administrative Law Judge conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the Administrative Law Judge directs otherwise.

DEPARTMENT OF REAL ESTATE

Dated: June 24, 1992

By James R. Peel  
JAMES R. PEEL, Counsel

cc: Stuart-Wright Mortgage, Inc.  
Leon W. Crager  
Brij Sood  
Daniel L. Carlton, Esq.  
Sacto, OAH, DKB.

1 JAMES R. PEEL, Counsel  
2 Department of Real Estate  
3 107 South Broadway, Room 8107  
4 Los Angeles, CA 90012  
5 (213) 897-3937

MAY 27 1992

DEPARTMENT OF REAL ESTATE

*Suma B. Crow*

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of ) NO. H-1386 SA  
12 )  
12 STUART-WRIGHT MORTGAGE, INC., ) A C C U S A T I O N  
13 and LEON W. CRAGER as designated )  
13 officer of said corporation, )  
14 and BRIJ SOOD, formerly )  
14 designated officer of said )  
15 corporation, )  
15 )  
16 Respondents. )

17  
18 The Complainant, Thomas McCrady, a Deputy Real Estate  
19 Commissioner of the State of California, for cause of Accusation  
20 against STUART-WRIGHT MORTGAGE, INC., and LEON W. CRAGER as  
21 designated officer of said corporation, and BRIJ SOOD, formerly  
22 designated officer of said corporation, alleges as follows:

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24 The Complainant, Thomas McCrady, a Deputy Real Estate  
25 Commissioner of the State of California makes this Accusation in  
26 his official capacity.  
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II

STUART-WRIGHT MORTGAGE, INC., and LEON W. CRAGER as designated officer of said corporation, and BRIJ SOOD, formerly designated officer of said corporation (hereinafter jointly referred to as respondents) are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code, hereinafter Code).

III

At all times herein mentioned, respondent STUART-WRIGHT MORTGAGE, INC., was licensed by the Department of Real Estate of the State of California (hereinafter Department) as a real estate broker corporation. Respondent BRIJ SOOD was licensed as the designated broker officer of said corporation from on or about October 1, 1990, through on or about March 6, 1991. Respondent LEON W. CRAGER was licensed as the designated broker officer of said corporation from on or about March 6, 1991, to date of the filing of this Accusation.

IV

At all times herein mentioned, respondent engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Section 10131(d) & (e) of the Code, including soliciting borrowers or lenders for or negotiating loans or servicing loans in connection with loans secured directly by liens on real property on behalf of others for or in expectation of compensation.

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V

During 1990 and 1991, in connection with the aforesaid real estate brokerage activities, respondents accepted or received funds from borrowers and lenders and thereafter made disbursements of such funds. These funds were deposited by respondents in their Freddie Mac Trust Account (T/A 1) and Impound Account (T/A 2), Guardian Bank, 800 South Figueroa, Los Angeles, California.

VI

In connection with respondents' activities as a real estate broker as described above respondents acted in violation of the Real Estate Law, Business and Professions Code (hereinafter Code), and California Code of Regulations (hereinafter Regulations), Title 10, Chapter 6, as follows:

1. Respondents violated Section 10177(g) of the Code by maintaining inadequate accounting records with the result that the accountability of T/A 1 and T/A 2 could not be determined.

2. Respondents violated Regulation 2830 in that T/A 2 was not in the broker's name as trustee.

3. Respondents violated Regulation 2831 in that the control records for T/A 1 and T/A 2 did not include the date funds were received, from whom the funds were received, and the check number of each disbursement.

4. Respondents violated Regulation 2831.1 in that the separate records for T/A 2 did not identify which funds were being held in T/A 1, which funds were being held in T/A 2, and the check number of each disbursement.

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1           5. Respondents violated Regulation 2831.2 by failing to  
2 perform a reconciliation of records maintained pursuant to  
3 Regulation 2831 with records maintained pursuant to Regulation  
4 2831.1.

5           6. Respondents violated Section 10145(d) of the Code in  
6 that T/A 1 and T/A 2 were interest bearing accounts which held  
7 funds for multiple beneficiaries, and the interest earned was  
8 withdrawn from both accounts and deposited into the corporate  
9 general account without the permission of the beneficiaries who  
10 were the rightful owners of the funds.

11           7. Respondents violated Section 10145(a) of the Code by  
12 depositing credit report and appraisal fees collected from loan  
13 applicants into the corporate general account.

14           8. Respondents violated Section 10137 of the Code by  
15 employing and compensating unlicensed individuals for activities  
16 requiring a real estate license.

17           9. Respondents violated Section 10240 of the Code by  
18 not providing a Mortgage Loan Disclosure Statement to borrowers  
19 when applicable.

20           10. Respondents violated Regulation 2741(b) by  
21 employing Bruce Rodriguez as a real estate salesperson during a  
22 period of time when he was an officer of the corporation.

23           11. Respondents violated Section 10160 of the Code by  
24 not retaining in their possession the license of each employed  
25 salesperson during the period of such employment.

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12. Respondents violated Regulation 2726 by failing to maintain a signed broker-salesperson relationship agreement with each salesperson in their employment.

VII

The conduct of respondents, as alleged above, subjects their real estate licenses and license rights to suspension or revocation pursuant to Sections 10177(d), 10177(g) and 10177(h) of the Code.

WHEREFORE, complainant prays that a hearing be conducted on the allegations of this Accusation and, that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of respondent STUART-WRIGHT MORTGAGE, INC., and LEON W. CRAGER as designated officer of said corporation, and BRIJ SOOD, formerly designated officer of said corporation, 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 Santa Ana, California  
this 27th day of May, 1992.

THOMAS McCRADY  

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Deputy Real Estate Commissioner

cc: Stuart-Wright Mortgage Inc.  
Leon W. Crager  
Brij Sood  
Sacto.  
DKB

lbo