

1 exist to deny the issuance of an unrestricted corporate real
2 estate broker license to Respondent.

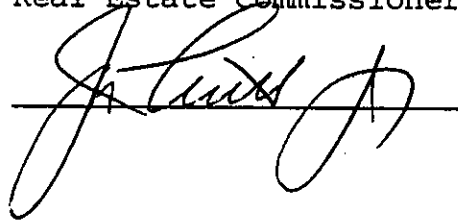
3 NOW, THEREFORE, IT IS ORDERED that Respondent
4 BARRONS MORTGAGE CORPORATION's petition for reinstatement is
5 granted and that an unrestricted corporate real estate broker
6 license be issued to this Respondent after it satisfies the
7 following condition within six (6) months from the date of
8 this Order:

9 1. Submittal of a completed application and
10 payment of the fee for a corporate real estate broker
11 license.

12
13 This Order shall become effective immediately.

14 DATED: 7/14/98.

15 JIM ANTT, JR.
16 Real Estate Commissioner

17 

18 BARRONS MORTGAGE CORPORATION
19 203 N. Brea Blvd. #101
20 Brea, California 92621


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FILED
SEP 18 1997
DEPARTMENT OF REAL ESTATE

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

By



* * * * *

In the Matter of the Accusation of)
DANILO EDGARDO ORTEGA,)
et al.,)
Respondents.)

No. H-1892 SA
L-9411155

In the Matter of the Accusation of)
DANILO EDGARDO ORTEGA,)
Respondent.)

No. H-27159 LA

DECISION

The Proposed Decision dated August 20, 1997, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

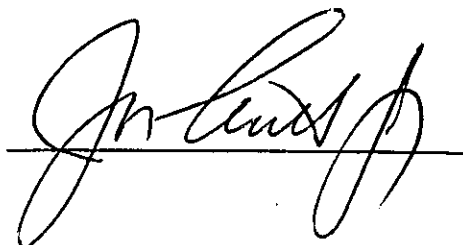
The Decision suspends or revokes one or more real estate licenses on grounds of the conviction of a crime.

The right to reinstatement of a revoked real estate license or to the reduction of a suspension is controlled by Section 11522 of the Government Code. A copy of Section 11522 and a copy of the Commissioner's Criteria of Rehabilitation are attached hereto for the information of respondent.

This Decision shall become effective at 12 o'clock noon on October 8, 1997.

IT IS SO ORDERED 9/9, 1997.

JIM ANTT, JR.
Real Estate Commissioner



BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation)	No. H-1892 SA
of:)	
)	
BARRONS MORTGAGE CORPORATION)	
a corporation, and JOSEPH E.)	
BARRETT and DANILO EDGARDO)	
ORTEGA designated officers of)	OAH No. L-9411155
Barrons Mortgage Corporation,)	
)	
Respondents.)	
<hr/>		
In the Matter of the Accusation)	No. H-27159 LA
of:)	
)	
DANILO EDGARDO ORTEGA,)	
)	
Respondent.)	
<hr/>		

PROPOSED DECISION

The above-captioned consolidated matters came on regularly for hearing (only as to Danilo Edgardo Ortega, the sole remaining respondent) before W.F. Byrnes, Administrative Law Judge of the Office of Administrative Hearings, at Los Angeles, California, on August 20, 1997. V. Ahda Sands, Counsel, represented the complainant. Nathan Haut, Attorney at Law, represented the respondent. Evidence having been received and the matter submitted, the Administrative Law Judge finds the following facts:

1

Thomas McCrady made the Accusations in his official capacity as a Deputy Real Estate Commissioner.

II

A. Respondent Danilo Edgardo Ortega is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code).

B. Respondent is licensed by the Department of Real Estate as a real estate broker.

C. Respondent was formerly licensed by the Department of Real Estate as officer of Barrons Mortgage Corporation.

III

On or about December 16, 1996, in the United States District Court for the Central District of California, respondent was convicted on his plea of guilty of violating 18 USC 1956(g) (conspiracy to launder monetary instruments), a felony involving moral turpitude which is substantially related to the qualifications, functions, and duties of a real estate licensee.

* * * * *

Pursuant to the foregoing findings of fact, the following is the legal basis for the decision:

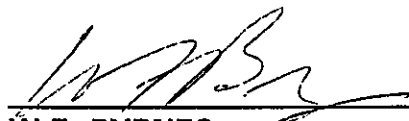
Cause exists for license discipline against respondent pursuant to Business and Professions Code sections 490 and 10177(b), by reason of Finding III.

* * * * *

WHEREFORE, THE FOLLOWING ORDER is hereby made:

All licenses and license rights of respondent Danilo Edgardo Ortega under the Real Estate Law are revoked.

Dated: 8-20-97



W.F. BYRNES
Administrative Law Judge
Office of Administrative Hearings

WFB:rfm

*SAO,
copy*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
JUN 27 1997
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of)
)
DANILO EDGARDO ORTEGA,)
)
Respondent.)

By 

Case No. H-1892 SA
OAH No. L-9411155

In the Matter of the Accusation of)
)
DANILO EDGARDO ORTEGA,)
)
Respondent.)

Case No. H-27159 LA

NOTICE OF COMBINED 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, 107 South Broadway, 2nd Floor, Los Angeles, California, on August 20, 1997, 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.

Dated: June 27, 1997.

DEPARTMENT OF REAL ESTATE

cc: Danilo Edgardo Ortega
Nathan Haut, Esq.
Sacto.
OAH



V. AHDA SANDS, Counsel

Sacto Haut

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
MAY 22 1997

In the Matter of the Accusation of)
)
DANILO EDGARDO ORTEGA,)
)
)
)
)
Respondents.)

Case No. H-1892 SA
OAH No. L-9411155

DEPARTMENT OF REAL ESTATE
By *Laura B. Orona*

AMENDED NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 107 S. Broadway, 2nd Fl, Los Angeles, California, on AUGUST 20, 1997 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.

Dated: MAY 22 1997

DEPARTMENT OF REAL ESTATE
By: *V. Ahda Sands*
V. AHDA SANDS, Counsel

cc: Danilo Edgardo Ortega
Sacto.
OAH
Nathan Haut, Esq.

Sand

FILED
MAY - 6 1997
DEPARTMENT OF REAL ESTATE

1 V. AHDA SANDS, Counsel
2 Department of Real Estate
3 107 South Broadway, Room 8107
4 Los Angeles, California 90012
5 (213) 897-3937

By Paul B. Crow

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) NO. H-1892 SA
)
12 BARRONS MORTGAGE CORPORATION,) SECOND AMENDED
13 a corporation, and JOSEPH E.) ACCUSATION
14 BARRETT and DANILO EDGARDO ORTEGA))
15 designated officers of))
16 Barrons Mortgage Corporation,))
17 Respondents.))

18 The Accusation filed October 31, 1994, is hereby
19 amended to read as follows: Complainant, Thomas Mc Crady, a
20 Deputy Real Estate Commissioner of the State of California, for
21 cause of Accusation against BARRONS MORTGAGE CORPORATION, a
22 Corporation, and JOSEPH E. BARRETT and DANILO EDGARDO ORTEGA
23 individually, and as designated officers of BARRONS MORTGAGE
24 CORPORATION (herein "Respondents") alleges as follows:

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1

The term "the Regulations" as used herein refers to provisions of Chapter 6, Title 10, California Code of Regulations.

2

The Complainant, Thomas Mc Crady, acting in his official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against Respondents.

3

Respondents are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code (herein "the Code").

4

At all times mentioned herein, Respondent BARRONS MORTGAGE CORPORATION (herein "BMC"), a corporation, was and now is licensed by the Department of Real Estate of the State of California (herein "the Department") as a corporate real estate broker by and through JOSEPH E. BARRETT (herein "BARRETT"), until November 9, 1992 and as of February 9, 1993 and thereafter, by DANILO EDGARDO ORTEGA (herein "ORTEGA") as the officer and broker responsible pursuant to the provisions of Section 10159.2(a) of the Code for supervising the activities requiring a real estate license conducted on behalf of BMC by BMC's officers and employees.

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At all times mentioned herein after February 9, 1993, to present, Respondent ORTEGA was licensed by the Department as an individual real estate broker and as an officer of BMC.

6

At all times mentioned herein before November 2, 1992, to present, Respondent BARRETT was licensed by the Department as an individual real estate broker and as an officer of BMC.

7

Between November 9, 1992 and February 9, 1993, BMC had no designated broker.

8

All further references herein to "Respondents" include the parties identified in Paragraphs 4, 5 and 6, above, and also includes the officers, directors, employees, agents and real estate licensees employed by or associated with said parties and who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their authority and employment.

9

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers for others in the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of mortgage loan activities with the public wherein, on behalf of others and for compensation or in expectation of compensation, Respondents solicited lenders

1 and borrowers for loans secured directly or collaterally by a
2 lien on real property; arranged, negotiated, processed, and
3 consummated said loans.

4 10

5 In connection with the aforesaid real estate broker
6 activities, Respondents accepted or received funds in trust
7 (hereinafter "trust funds") from or on behalf of borrowers and
8 lenders and note owners and thereafter made disbursements of such
9 funds. Respondents deposited certain of said funds into the
10 following account (herein "said account"):

11 (a) Account No. 0858014050 (hereinafter "T/A #1"), the
12 "Barrons Mortgage Corporation Credit Report and Appraisal Trust
13 Account", at the Mechanics National Bank;

14 (b) Account No. 0868012430 (hereinafter "T/A #2"), the
15 "Barrons Mortgage Corporation Trust Account", at the Mechanics
16 National Bank;

17

18

FIRST CAUSE OF ACCUSATION

19

AUDIT VIOLATIONS

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11

21

22 On April 28, 1993, the Department concluded its
23 examination of Respondents' books and records pertaining to the
24 real estate broker activities described in Paragraph 9, above,
25 for the thirty-two month period ending March 31, 1993, which
26 examination revealed violations of the Code and of the
27 Regulations as set forth in the following paragraphs:

27

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1
2 In connection with the trust funds referred to in
3 Paragraph 10, above, Respondents acted in violation of the Code
4 and the Regulations in that Respondents:

5 (a) BMC and BARRETT disbursed or caused or allowed the
6 disbursement of trust funds from the T/A #1, wherein the
7 disbursement of said funds reduced the funds in said account to
8 an amount which on March 31, 1993 was approximately \$100 less
9 than the existing aggregate trust fund liability to all owners of
10 said funds, without first obtaining the prior written consent of
11 every principal who was an owner of said funds in violation of
12 Regulation Section 2832.1 and Code Section 10145. This shortage
13 was due to two non-sufficient checks dated June, 1992;

14 (b) BMC, BARRETT and ORTEGA failed to maintain
15 adequate formal trust fund receipts and disbursement journals for
16 T/A # 2, or other records of the receipt and disposition of trust
17 funds received conforming to the requirements of Section 2831 of
18 the Regulations.

19 (c) BMC, BARRETT and ORTEGA failed to maintain
20 adequate separate records for each beneficiary or transaction,
21 accounting therein for said account trust funds received,
22 deposited, and disbursed, conforming to the requirements of
23 Section 2831.1 of the Regulations.

24 (d) BMC, BARRETT and ORTEGA, violated Section 2831.2
25 of the Regulations by failing to perform a monthly reconciliation
26 of the records of the receipt and disposition of all trust funds
27



1 received by BMC for T/A # 2, and the balance of all separate
2 beneficiary or transaction records;

3 (e) BMC, BARRETT and ORTEGA allowed an unlicensed
4 person, Rodney Javier to be the sole signatory on T/A # 1. In
5 addition, Respondent failed to obtain fidelity bond coverage for
6 said persons, in violation of Section 2834 of the Code.

7 (f) BMC, negotiated/arranged loans secured by liens on
8 real property during a time when there was no Designated Officer
9 (from November 2, 1992, to February 9, 1993) in violation of Code
10 Section 10130.

11 (g) BMC, BARRETT and ORTEGA, employed and compensated
12 telemarketers who were not licensed by the Department to perform
13 acts requiring a real estate license for and in the name of BMC,
14 in violation of Code Section 10137.

15 (h) BMC, BARRETT and ORTEGA failed to review and
16 initial instruments prepared or signed by real estate
17 salespersons employed by Respondent in connection with
18 transactions for which a real estate license is required, which
19 instruments may have a material effect upon the rights or
20 obligations of a party to the transaction, in violation Section
21 2725 of the Regulations.

22 (i) BMC, BARRETT and ORTEGA failed to provide borrowers
23 with a Mortgage Loan Disclosure Statement in violation of Section
24 10240 of the Code.

25 (j) BMC, BARRETT and ORTEGA failed to maintain signed
26 broker salesperson agreements for real estate licensees in
27 violation of Section 2726 of the Regulations.



1 (k) BMC, BARRETT and ORTEGA failed to notify the
2 Department of the employment or termination of employees in
3 accordance with Regulation 2752.

4 (l) BMC, BARRETT and ORTEGA failed to maintain the
5 original corporate real estate license certificate at the main
6 business office, in violation of Code Section 10160

7 13

8 The acts and omissions of Respondents BMC, BARRETT
9 and/or ORTEGA, described in Paragraph 12, above, violated the
10 Code and the Regulations as set forth above. Each of the
11 foregoing violations separately constitutes cause for the
12 suspension or revocation of all licenses and license rights of
13 Respondents BARRONS MORTGAGE CORPORATION and/or JOSEPH E. BARRETT
14 and/or DANILO EDGARDO ORTEGA pursuant to the provisions of
15 Section 10177(d) of the Code.

16 SECOND CAUSE OF ACCUSATION

17 LACK OF SUPERVISION

18 14

19 The conduct, acts and omissions of Respondents BARRETT
20 and/ or ORTEGA, as described in Paragraph 12, above,
21 independently and collectively constitute failure on the part of
22 BARRETT and/or ORTEGA, as officers designated by a corporate
23 broker licensee to exercise the reasonable supervision and
24 control over the licensed activities of BMC required by Section
25 10159.2 of the Code and is cause for the suspension or revocation
26 of all real estate licenses and license rights of BARRETT and
27



1 ORTEGA pursuant to the provisions of Section 10177(h) of the
2 Code.

3
4 THIRD CAUSE OF ACCUSATION

5 EMPLOYMENT OF UNLICENSED PERSONS

6 15

7 In the course of the activities described in Paragraph
8 9 above, Respondents, BARRETT, ORTEGA and BMC employed and
9 compensated telemarketers who were working in violation of
10 Section 10130 of the Code. Each said violation constitutes cause
11 for suspension or revocation of all real estate licenses and
12 license rights of Respondent BMC, BARRETT and ORTEGA pursuant to
13 the provisions of Section 10137 of the Code.

14 FOURTH CAUSE OF ACCUSATION

15 BMC'S UNLICENSED ACTS

16 16

17 From on or about November 2, 1992, to February 9, 1993,
18 as set forth in Paragraph 11(f), above, Respondent BMC performed
19 acts requiring a real estate license in violation of Section
20 10130 of the Code at a time when BMC was not licensed through a
21 Designated Officer. Each said violation separately constitutes
22 cause for suspension or revocation of all real estate licenses
23 and license rights of Respondent BMC pursuant to the provisions
24 of Section 10130 of the Code.

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FIFTH CAUSE OF ACCUSATION

ORTEGA'S FEDERAL CRIMINAL CONVICTION

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On or about December 16, 1996, in the United States District Court, Respondent was convicted of Federal Money Laundering, Case Number CR 96-89 MLR a crime that involves moral turpitude, and is substantially related under Section 2910, Title 10, Chapter 6, of the California Code of Regulations, to the qualifications, functions or duties of a real estate licensee.

18

In aggravation, Respondent ORTEGA was sentenced to 33 months imprisonment, said sentence began February 1997. Respondent ORTEGA is currently incarcerated at the Federal Prison Camp located in Baron California.

19

The facts as alleged above constitute cause under Sections 490 and 10177(b) of the Code for the suspension or revocation of all licenses and license rights of Respondent under the Real Estate Law.

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Handwritten initials/signature

FILED
FEB 11 1997
DEPARTMENT OF REAL ESTATE

1 V. AHDA SANDS, Counsel
2 Department of Real Estate
3 107 South Broadway, Room 8107
4 Los Angeles, California 90012
5 (213) 897-3937

By *Leura B. Orna*

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) NO. H-1892 SA
)
12 BARRONS MORTGAGE CORPORATION,) AMENDED ACCUSATION
13 a corporation, and JOSEPH E.)
14 BARRETT and DANILO EDGARDO ORTEGA) designated officers of)
15 Barrons Mortgage Corporation,)
16 Respondents.)

The Accusation filed October 31, 1994, is hereby amended to read as follows: Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against BARRONS MORTGAGE CORPORATION, a Corporation, and JOSEPH E. BARRETT and DANILO EDGARDO ORTEGA individually, and as designated officers of BARRONS MORTGAGE CORPORATION (herein "Respondents") alleges as follows:

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The term "the Regulations" as used herein refers to provisions of Chapter 6, Title 10, California Code of Regulations.

2

The Complainant, Thomas Mc Crady, acting in his official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against Respondents.

3

Respondents are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code (herein "the Code").

4

At all times mentioned herein, Respondent BARRONS MORTGAGE CORPORATION (herein "BMC"), a corporation, was and now is licensed by the Department of Real Estate of the State of California (herein "the Department") as a corporate real estate broker by and through JOSEPH E. BARRETT (herein "BARRETT"), until November 9, 1992 and as of February 9, 1993 and thereafter, by DANILO EDGARDO ORTEGA (herein "ORTEGA") as the officer and broker responsible pursuant to the provisions of Section 10159.2(a) of the Code for supervising the activities requiring a real estate license conducted on behalf of BMC by BMC's officers and employees.

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At all times mentioned herein after February 9, 1993, to present, Respondent ORTEGA was licensed by the Department as an individual real estate broker and as an officer of BMC.

6

At all times mentioned herein before November 2, 1992, to present, Respondent BARRETT was licensed by the Department as an individual real estate broker and as an officer of BMC.

7

Between November 9, 1992 and February 9, 1993, BMC had no designated broker.

8

All further references herein to "Respondents" include the parties identified in Paragraphs 4, 5 and 6, above, and also includes the officers, directors, employees, agents and real estate licensees employed by or associated with said parties and who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their authority and employment.

9

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers for others in the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of mortgage loan activities with the public wherein, on behalf of others and for compensation or in expectation of compensation, Respondents solicited lenders

1 and borrowers for loans secured directly or collaterally by a
2 lien on real property; arranged, negotiated, processed, and
3 consummated said loans.

4 10

5 In connection with the aforesaid real estate broker
6 activities, Respondents accepted or received funds in trust
7 (hereinafter "trust funds") from or on behalf of borrowers and
8 lenders and note owners and thereafter made disbursements of such
9 funds. Respondents deposited certain of said funds into the
10 following account (herein "said account"):

11 (a) Account No. 0858014050 (hereinafter "T/A #1"), the
12 "Barrons Mortgage Corporation Credit Report and Appraisal Trust
13 Account", at the Mechanics National Bank;

14 (b) Account No. 0868012430 (hereinafter "T/A #2"), the
15 "Barrons Mortgage Corporation Trust Account", at the Mechanics
16 National Bank;

17
18 FIRST CAUSE OF ACCUSATION

19 AUDIT VIOLATIONS

20 11

21 On April 28, 1993, the Department concluded its
22 examination of Respondents' books and records pertaining to the
23 real estate broker activities described in Paragraph 9, above,
24 for the thirty-two month period ending March 31, 1993, which
25 examination revealed violations of the Code and of the
26 Regulations as set forth in the following paragraphs:
27

1
2 In connection with the trust funds referred to in
3 Paragraph 10, above, Respondents acted in violation of the Code
4 and the Regulations in that Respondents:

5 (a) BMC and BARRETT disbursed or caused or allowed the
6 disbursement of trust funds from the T/A #1, wherein the
7 disbursement of said funds reduced the funds in said account to
8 an amount which on March 31, 1993 was approximately \$100 less
9 than the existing aggregate trust fund liability to all owners of
10 said funds, without first obtaining the prior written consent of
11 every principal who was an owner of said funds in violation of
12 Regulation Section 2832.1 and Code Section 10145. This shortage
13 was due to two non-sufficient checks dated June, 1992;

14 (b) BMC, BARRETT and ORTEGA failed to maintain
15 adequate formal trust fund receipts and disbursement journals for
16 T/A # 2, or other records of the receipt and disposition of trust
17 funds received conforming to the requirements of Section 2831 of
18 the Regulations.

19 (c) BMC, BARRETT and ORTEGA failed to maintain
20 adequate separate records for each beneficiary or transaction,
21 accounting therein for said account trust funds received,
22 deposited, and disbursed, conforming to the requirements of
23 Section 2831.1 of the Regulations.

24 (d) BMC, BARRETT and ORTEGA, violated Section 2831.2
25 of the Regulations by failing to perform a monthly reconciliation
26 of the records of the receipt and disposition of all trust funds
27

1 received by BMC for T/A # 2, and the balance of all separate
2 beneficiary or transaction records;

3 (e) BMC, BARRETT and ORTEGA allowed an unlicensed
4 person, Rodney Javier to be the sole signatory on T/A # 1. In
5 addition, Respondent failed to obtain fidelity bond coverage for
6 said persons, in violation of Section 2834 of the Code.

7 (f) BMC, negotiated/arranged loans secured by liens on
8 real property during a time when there was no Designated Officer
9 (from November 2, 1992, to February 9, 1993) in violation of Code
10 Section 10130.

11 (g) BMC, BARRETT and ORTEGA, employed and compensated
12 telemarketers who were not licensed by the Department to perform
13 acts requiring a real estate license for and in the name of BMC,
14 in violation of Code Section 10137.

15 (h) BMC, BARRETT and ORTEGA failed to review and
16 initial instruments prepared or signed by real estate
17 salespersons employed by Respondent in connection with
18 transactions for which a real estate license is required, which
19 instruments may have a material effect upon the rights or
20 obligations of a party to the transaction, in violation Section
21 2725 of the Regulations.

22 (i) BMC, BARRETT and ORTEGA failed to provide borrowers
23 with a Mortgage Loan Disclosure Statement in violation of Section
24 10240 of the Code.

25 (j) BMC, BARRETT and ORTEGA failed to maintain signed
26 broker salesperson agreements for real estate licensees in
27 violation of Section 2726 of the Regulations.

1 (k) BMC, BARRETT and ORTEGA failed to notify the
2 Department of the employment or termination of employees in
3 accordance with Regulation 2752.

4 (l) BMC, BARRETT and ORTEGA failed to maintain the
5 original corporate real estate license certificate at the main
6 business office, in violation of Code Section 10160

7 13

8 The acts and omissions of Respondents BMC, BARRETT
9 and/or ORTEGA, described in Paragraph 12, above, violated the
10 Code and the Regulations as set forth above. Each of the
11 foregoing violations separately constitutes cause for the
12 suspension or revocation of all licenses and license rights of
13 Respondents BARRONS MORTGAGE CORPORATION and/or JOSEPH E. BARRETT
14 and/or DANILO EDGARDO ORTEGA pursuant to the provisions of
15 Section 10177(d) of the Code.

16 SECOND CAUSE OF ACCUSATION

17 LACK OF SUPERVISION

18 14

19 The conduct, acts and omissions of Respondents BARRETT
20 and/ or ORTEGA, as described in Paragraph 12, above,
21 independently and collectively constitute failure on the part of
22 BARRETT and/or ORTEGA, as officers designated by a corporate
23 broker licensee to exercise the reasonable supervision and
24 control over the licensed activities of BMC required by Section
25 10159.2 of the Code and is cause for the suspension or revocation
26 of all real estate licenses and license rights of BARRETT and
27

1 ORTEGA pursuant to the provisions of Section 10177(h) of the
2 Code.

3
4 THIRD CAUSE OF ACCUSATION

5 EMPLOYMENT OF UNLICENSED PERSONS

6 15

7 In the course of the activities described in Paragraph
8 9 above, Respondents, BARRETT, ORTEGA and BMC employed and
9 compensated telemarketers who were working in violation of
10 Section 10130 of the Code. Each said violation constitutes cause
11 for suspension or revocation of all real estate licenses and
12 license rights of Respondent BMC, BARRETT and ORTEGA pursuant to
13 the provisions of Section 10137 of the Code.

14 FOURTH CAUSE OF ACCUSATION

15 BMC'S UNLICENSED ACTS

16 16

17 From on or about November 2, 1992, to February 9, 1993,
18 as set forth in Paragraph 11(f), above, Respondent BMC performed
19 acts requiring a real estate license in violation of Section
20 10130 of the Code at a time when BMC was not licensed through a
21 Designated Officer. Each said violation separately constitutes
22 cause for suspension or revocation of all real estate licenses
23 and license rights of Respondent BMC pursuant to the provisions
24 of Section 10130 of the Code.

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Sacto.
2/6/97

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
JAN 17 1997

DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of) Case No. H-1892 SA
) OAH No. L-11155
DANILO EDGARDO ORTEGA,)
)
Respondent.)

By Saura B. Orme

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 314 West First Street, Los Angeles, California, on FEBRUARY 13 & 14, 1997, 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.

Dated: 1/17/97

DEPARTMENT OF REAL ESTATE

By: V. Ahda Sands

V. AHDA SANDS, Counsel

cc: Danilo Edgardo Ortega
Nathan Haut, Esq.
Sacto.
OAH

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

FILED
JAN - 3 1996
DEPARTMENT OF REAL ESTATE
By Laura B. Stone

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) No. H-1892 SA
)
BARRONS MORTGAGE CORPORATION,)
a Corporation; JOSEPH E. BARRETT,)
and DANILO EDGARDO ORTEGA)
individually, and as designated)
officers of Barrons Mortgage)
Corporation)
)
Respondents.)

STIPULATION AND AGREEMENT IN SETTLEMENT AND ORDER

It is hereby stipulated by and between JOSEPH E. BARRETT, individually, and as designated officer of Barrons Mortgage Corporation (hereinafter referred to as Respondent), and the Complainant, acting by and through V. Ahda Sands, Counsel for the Department of Real Estate, as follows, for the purpose of settling and disposing of the Accusation filed on October 31, 1994, in this matter:

A. All issues which were to be contested and all evidence which was to be presented by Complainant and Respondent at a formal hearing on the Accusation, which hearing

1 was to be held in accordance with the provisions of the
2 Administrative Procedure Act (APA), shall instead and in place
3 thereof be submitted solely on the basis of the provisions of
4 this Stipulation.

5 B. Respondent has received, read and understands the
6 Statement to Respondent, the Discovery Provisions of the APA
7 and the Accusation filed by the Department of Real Estate in
8 this proceeding.

9 C. Heretofore, Respondent filed a Notice of Defense
10 pursuant to Section 11505 of the Government Code for the
11 purpose of requesting a hearing on the allegations in the
12 Accusation. Respondent hereby freely and voluntarily withdraws
13 said Notice of Defense. Respondent acknowledges that he
14 understands that by withdrawing said Notice of Defense,
15 Respondent will thereby waive Respondent's right to require the
16 Commissioner to prove the allegations in the Accusation at a
17 contested hearing held in accordance with the provisions of the
18 APA and that Respondent will waive other rights afforded to
19 Respondent in connection with the hearing such as the right to
20 present evidence in his defense and the right to cross
21 examination.

22 D. Respondent admits the factual allegations in the
23 Accusation and stipulates, subject to the limitations set
24 forth below, that the Real Estate Commissioner shall not be
25 required to provide further evidence of such allegations.

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



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

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

17 II

18 DETERMINATION OF ISSUES

19 By reason of the foregoing stipulations, admissions and
20 waivers and solely for the purpose of settlement of the pending
21 Accusation without a hearing, it is stipulated and agreed that
22 the following Determination of Issues be made:

23 I

24 The conduct of Respondent, as described in the
25 Accusation is in violation of Sections 10145, 10159.2 and 10240
26 of the Code and Sections 2725, 2726, 2752, 2831, 2831.1,
27 2831.2, 2832.1, 2834, of the Regulations cited in the

1 Accusation, and is grounds for the suspension or revocation of
2 the real estate license and license rights of Respondent under
3 the provisions of Section 10177(d) and 10177(h) of the Business
4 and Professions Code.

5 III

6 ORDER

7 WHEREFORE, THE FOLLOWING ORDER is hereby made:

8 All licenses and licensing rights of Respondent
9 JOSEPH E. BARRETT under the Real Estate Law are revoked;
10 provided, however, a restricted real estate broker license
11 shall be issued to Respondent pursuant to Section 10156.5 of
12 the Business and Professions Code if Respondent makes
13 application therefor and pays to the Department of Real Estate
14 the appropriate fee for the restricted license within 90 days
15 from the effective date of this Decision. The restricted
16 license issued to Respondent shall be subject to all of the
17 provisions of Section 10156.7 of the Business and Professions
18 Code and to the following limitations, conditions and
19 restrictions imposed under the authority of Section 10156.6 of
20 that Code:

21 1. The restricted license issued to Respondent
22 JOSEPH E. BARRETT may be suspended prior to hearing by Order of
23 the Real Estate Commissioner in the event of Respondent's
24 conviction or plea of nolo contendere to a crime which is
25 substantially related to Respondent's fitness or capacity as a
26 real estate licensee.

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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 one year has elapsed from the
effective date of this Decision.

4. Respondent JOSEPH E BARRETT shall, within nine
months form 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 requirement 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 the Respondent presents such evidence. The
Commissioner shall afford Respondent the opportunity for a
hearing pursuant to the Administrative Procedure Act to
present such evidence.

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5. While holding a restricted license Respondent
is prohibited from becoming a designated officer for any
corporation.

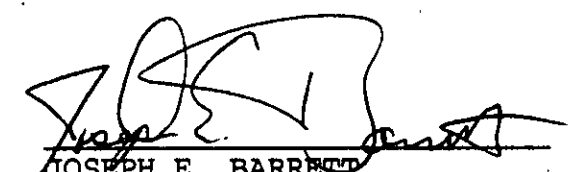
IV

EXECUTION OF STIPULATION

I have read the Stipulation and Agreement in Settlement
and its terms are understood by me and are agreeable and
acceptable to me. I understand that I am waiving rights given
to me by the California Administrative Procedure Act
(including) but not limited to Sections 11506, 11508, 11509 and
11513 of the Government Code), and I willingly, intelligently
and voluntarily waive those rights, including the right of
requiring the Commissioner to prove the allegation in the
Accusation at a hearing at which I would have the right to
cross-examine witnesses against me and to present evidence in
defense and mitigation of charges.


DATED:

11/29/95


JOSEPH E. BARRETT
Respondent

DATED:

11/29/95


V. Ahda Sands, Counsel
Department of Real Estate

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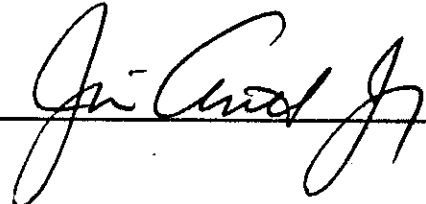
DECISION

The foregoing Stipulation and Agreement in Settlement and
Order is hereby adopted as the Decision and Order of the Real
Estate Commissioner in the above-entitled matter as to
Respondent JOSEPH E. BARRETT.

This Decision shall become effective at 12 o'clock noon on
January 23, 1996

IT IS SO ORDERED 12-20-95

JIM ANTT, JR.
Real Estate Commissioner



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

FILED
JAN - 3 1996
DEPARTMENT OF REAL ESTATE

By Jana B. Brown

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) No. H-1892 SA
)
BARRONS MORTGAGE CORPORATION,)
) a Corporation; JOSEPH E. BARRETT,)
13 and DANILO EDGARDO ORTEGA)
14 individually, and as designated)
officers of Barrons Mortgage)
15 Corporation)
)
16 Respondents.)

STIPULATION AND AGREEMENT IN SETTLEMENT AND ORDER

I

It is hereby stipulated by and between BARRONS
MORTGAGE CORPORATION, (hereinafter referred to as Respondent),
acting by and through counsel, Nathan Haut, Esquire and the
Complainant, acting by and through V. Ahda Sands, Esquire,
Counsel for the Department of Real Estate, as follows, for the
purpose of settling and disposing of the Accusation filed on
October 31, 1994, in this matter:

A. All issues which were to be contested and all
evidence which was to be presented by Complainant and
Respondent at a formal hearing on the Accusation, which hearing

1 was to be held in accordance with the provisions of the
2 Administrative Procedure Act (APA), shall instead and in place
3 thereof be submitted solely on the basis of the provisions of
4 this Stipulation.

5 B. Respondent has received, read and understands
6 the Statement to Respondent, the Discovery Provisions of the
7 APA and the Accusation filed by the Department of Real Estate
8 in this proceeding.

9 C. Heretofore, Respondent filed a Notice of Defense
10 pursuant to Section 11505 of the Government Code for the
11 purpose of requesting a hearing on the allegations in the
12 Accusation. Respondent hereby freely and voluntarily withdraws
13 said Notice of Defense. Respondent acknowledges that it
14 understands that by withdrawing said Notice of Defense,
15 Respondent will thereby waive Respondent's right to require the
16 Commissioner to prove the allegations in the Accusation at a
17 contested hearing held in accordance with the provisions of the
18 APA and that Respondent will waive other rights afforded to
19 Respondent in connection with the hearing such as the right to
20 present evidence in its defense and the right to cross
21 examination.

22 D. Respondent admits the factual allegations in the
23 Accusation and Stipulates, subject to the limitations set forth
24 below, that the Real Estate Commissioner shall not be required
25 to provide further evidence of such allegations.

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



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

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

17 II

18 DETERMINATION OF ISSUES

19 By reason of the foregoing stipulations, admissions
20 and waivers and solely for the purpose of settlement of the
21 pending Accusation without a hearing, it is stipulated and
22 agreed that the following Determination of Issues be made:

23
24 The conduct of Respondent, as described in the
25 Accusation is in violation of Sections 10145, and 10240 of the
26 Code and Sections 2726, 2752, 2831, 2831.1, 2831.2, 2832.1,
27 2834, of the Regulations cited in the Accusation, and is

1 grounds for the suspension or revocation of the real estate
2 license and license rights of Respondent under the provisions
3 of Section 10177(d) of the Business and Professions Code.

4 III

5 ORDER

6 WHEREFORE, THE FOLLOWING ORDER is hereby made:

7 All licenses and licensing rights of Respondent
8 BARRONS MORTGAGE CORPORATION under the Real Estate Law are
9 revoked; provided, however, that a restricted real estate
10 corporate broker licenses shall be issued to Respondent
11 pursuant to Section 10156.5 of the Business and Professions
12 Code if Respondent makes application therefor and pays to the
13 Department of Real Estate the appropriate fee for the
14 restricted license within 90 days from the effective date of
15 this Decision. The restricted license issued to Respondent
16 shall be subject to all of the provisions of Section 10156.7 of
17 the Business and Professions Code and to the following
18 limitations, conditions and restrictions imposed under the
19 authority of Section 10156.6 of that Code:

20 1. The restricted license issued to Respondent may
21 be suspended prior to hearing by Order of the Real Estate
22 Commissioner on evidence satisfactory to the Commissioner that
23 Respondent has violated provisions of the California Real
24 Estate Law, the Subdivided Lands Law, Regulations of the Real
25 Estate Commissioner or conditions attaching to the restricted
26 license.

27

1. 2. Respondent shall not be eligible to apply for
2 the issuance of an unrestricted real estate license nor for the
3 removal of any of the conditions, limitations or restrictions
4 of a restricted license until one year has elapsed from the
5 effective date of this Decision.

6 3. Pursuant to Section 10148 of the Business and
7 Professions Code, Respondent BARRONS MORTGAGE CORPORATION
8 shall pay the Commissioner's reasonable cost for an audit, not
9 to exceed \$2,400.00, as a result of the trust fund violations
10 found in paragraph I of the Determination of Issues. In
11 calculating the amount of the Commissioner's reasonable cost,
12 the Commissioner may use the estimated average hourly salary
13 for all persons performing audits of real estate brokers, and
14 shall include an allocation for travel time to and from the
15 auditor's place of work. Respondent shall pay such cost within
16 45 days of receiving an invoice from the Commissioner detailing
17 the activities performed during the audit and the amount of
18 time spent performing those activities. The Commissioner may
19 suspend the restricted license issued to Respondent pending a
20 hearing held in accordance with Section 11500, et seq., of the
21 Government Code, if payment is not timely made as provided for
22 herein, or as provided for in a subsequent agreement between
23 the respondent and the Commissioner. The suspension shall
24 remain in effect until payment is made in full or until
25 respondent enters into an agreement satisfactory to the
26 Commissioner to provide for payment, or until a decision
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1 providing otherwise is adopted following a hearing held
2 pursuant to this condition.

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IV

EXECUTION OF STIPULATION

We have read the Stipulation and Agreement in Settlement and 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 charges.

BARRONS MORTGAGE CORPORATION

DATED: 11/29/95

BY *Rodney J. Jaker*
RODNEY JAKER (Typed Name)
PRESIDENT (Typed Title)

DATED: _____

*RESOLVED PER STIPULATION
 * IN OPEN COURT. 11/29/95 - O.F.*
Wanilo Edgardo Ortega

DATED: 11/29/95

Nathan Haut
 Nathan Haut, Esquire
 Attorney for Respondents

DATED: 11/29/95

V. Ahda Sands
 V. Ahda Sands, Counsel
 for Complainant.

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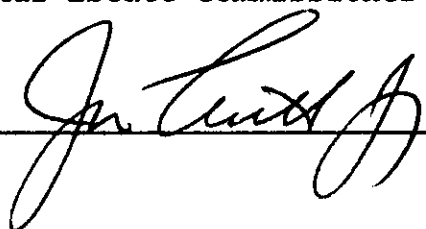
DECISION

The foregoing Stipulation and Agreement in Settlement
and Order is hereby adopted as the Decision and Order of the
Real Estate Commissioner in the above-entitled matter as to
Respondent BARRONS MORTGAGE CORPORATION.

This Decision shall become effective at 12 o'clock
noon on January 23, 1996.

IT IS SO ORDERED 12-20-95.

JIM ANTT, JR.
Real Estate Commissioner



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V. AHDA SANDS, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012
(213) 897-3937

FILED
OCT 31 1994
DEPARTMENT OF REAL ESTATE

By Janna B. Orona

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	NO. H-1892 SA
)	
BARRONS MORTGAGE CORPORATION,)	<u>A C C U S A T I O N</u>
a Corporation and)	
JOSEPH E. BARRETT and)	
DANILO EDGARDO ORTEGA,)	
individually and as)	
Designated Officers for)	
Barrons Mortgage Corporation,)	
)	
)	
Respondents.)	
)	

Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California, as and for cause of Accusation against BARRONS MORTGAGE CORPORATION; JOSEPH E. BARRETT and DANILO EDGARDO ORTEGA, Designated Officers for Barrons Mortgage CORPORATION, (herein "Respondents") alleges as follows:

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The term "the Regulations" as used herein refers to provisions of Chapter 6, Title 10, California Code of Regulations.

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The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California, makes this Accusation against Respondents in his official capacity.

3

Respondents are presently licensed and/or have license rights under the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code (herein "the Code").

4

At all times mentioned herein, Respondent BARRONS MORTGAGE CORPORATION, (herein "BMC"), a corporation, was and now is licensed by the Department of Real Estate of the State of California (herein "the Department") as a corporate real estate broker. At all times mentioned herein BMC was and now is licensed as a corporate real estate broker by and through JOSEPH E. BARRETT (herein BARRETT), until November 9, 1992 and as of February 9, 1993 and thereafter, by DANILO EDGARDO ORTEGA (herein "ORTEGA") as the officer and broker responsible pursuant to the provisions of Section 10159.2(a) of the Code for supervising the activities requiring a real estate license conducted on behalf of BMC by BMC's officers and employees. Between November 9, 1992, and February 9, 1993, BMC had no designated broker.

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At all times mentioned herein after February 9, 1993, Respondent ORTEGA was and now is licensed by the Department as an individual real estate broker and as an officer of BMC.

6

At all times mentioned herein before November 2, 1992, Respondent BARRETT was and now is licensed by the Department as an individual real estate broker and as an officer of BMC.

7

All further references herein to "Respondents" includes the parties identified in Paragraphs 4, 5 and 6 above, and also includes the officers, directors, employees, agents and real estate licensees employed by or associated with said parties and who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their authority and employment.

8

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers in the State of California within the meaning of Section 10131(d) of the Code, including the operation and conduct of mortgage loan brokerage activities with the public wherein, on behalf of others and for compensation or in expectation of compensation, Respondents solicited lenders and borrowers for loans secured directly or

1 collaterally by a lien on real property; arranged, negotiated,
2 processed, and consummated said loans.

3 9

4 In connection with the aforesaid real estate brokerage
5 activities, Respondents, BMC, BARRETT and ORTEGA, accepted or
6 received funds in trust (hereinafter "trust funds") from or on
7 behalf of borrowers and lenders and thereafter made
8 disbursements of such funds. As of April 16, 1993, Respondents,
9 ORTEGA and BMC were depositing certain of said funds into the
10 following accounts (herein "said accounts"):

11 (a) Account No. 0858014050 (hereinafter "T/A #1"),
12 the "Barrons Mortgage Corporation Credit Report
13 and Appraisal Trust Account", at the Mechanics
14 National Bank;

15 (b) Account No. 0868012430 (hereinafter " T/A #2"),
16 the "Barrons Mortgage Corporation Trust
17 Account", at Mechanics National Bank;

18 10

19 On April 28, 1993, the Department concluded its
20 examination of Respondents' books and records pertaining to the
21 real estate brokerage activities described in Paragraph 4,
22 above, for thirty-two-month period ending March 31, 1993, which
23 examination revealed violations of the Code and of the
24 Regulations as set forth in the following paragraphs.

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2 In connection with the trust funds referred to in
3 Paragraph 9, above, Respondents acted in violation of the Code
4 and the Regulations in that Respondents:

- 5 (a) BMC and BARRETT, violated Section 2832.1
6 of the Regulations and 10145 of the Code by
7 disbursing or causing or allowing the
8 disbursement of trust funds from the T/A # 1,
9 wherein the disbursement of said funds
10 reduced the funds in the said account to an
11 amount which, on March 31, 1993, was
12 approximately \$100.00 less than the existing
13 aggregate trust fund liability to all owners of
14 said funds, without first obtaining the prior
15 written consent of every principal who was an
16 owner of said funds. This shortage was due to
17 two non-sufficient checks dated June, 1992;
- 18 (b) BMC, BARRETT and ORTEGA, did not
19 maintain adequate formal trust fund receipt
20 journal and formal trust fund disbursements
21 journals for T/A 2, or other records of the
22 receipt and disposition of trust funds received
23 conforming to the requirements of Sections 2831
24 and 2951 of the Regulations;
- 25 (c) BMC, BARRETT and ORTEGA, failed to
26 maintain adequate separate records for each
27 beneficiary or transaction, accounting therein

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for all trust funds received, deposited, and
disbursed in T/A #2, conforming to the
requirements of Sections 2831.1 and 2951 of
the Regulations;

(d) BMC, BARRETT and ORTEGA, violated
Section 2831.2 of the Regulations by failing to
perform a monthly reconciliation of the records
of the receipt and disposition of all trust
funds received by BMC for T/A # 2, and the
balance of all separate beneficiary or
transaction records;

(e) BMC, BARRETT and ORTEGA, allowed Rodney
Javier to be the sole signatory for T/A # 1 in
violation of Regulation Section 2834 (b).

(f) BMC, negotiated/arranged loans secured by liens
on real property during a time when there was
no Designated Officer (from November 2, 1992,
to February 9, 1993) in
violation of Code Section 10130.

(g) BMC, BARRETT and ORTEGA, employed
and compensated telemarketers who were not
licensed by the Department to perform acts
requiring a real estate license for and in
the name of BMC, in violation of Code Section
10137.

(h) BMC, BARRETT and ORTEGA, failed to review and
initial instruments prepared or signed by real

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estate salespersons employed by them in connection with transactions for which a real estate license is required, which instruments may have a material effect upon the rights or obligations of a party to the transaction, in violation Section 2725 of the Regulations.

- (i) BMC, BARRETT and ORTEGA, failed to provide borrowers with a Mortgage Loan Disclosure Statement in violation of Section 10240 of the Code.
- (j) BMC, BARRETT and ORTEGA, failed to maintain signed broker salesperson agreements for real estate licensees in violation of Section 2726 of the Regulations.
- (k) BMC, BARRETT and ORTEGA, failed to notify the department of the employment or termination of employees in accordance with Regulation 2752.
- (l) BMC, BARRETT and ORTEGA, failed to maintain the original corporate real estate license certificate at the main business office, in violation of Code Section 10160.

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The acts and omissions of Respondents described in Paragraph 11, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>	
11(a)	Sec. 10145	of the Code and
11(b)	Sec. 2831	of the Regulations;
	Sec. 2951	of the Regulations;
11(c)	Sec. 2831.1	of the Regulations;
	Sec. 2951	of the Regulations;
11(d)	Sec. 2831.2	of the Regulations.
11(e)	Sec. 2834(b)	of the Regulations
11(f)	Sec. 10130	of the Code;
11(g)	Sec. 10137	of the Code;
11(h)	Sec. 2725	of the Regulations;
11(i)	Sec 10240	of the Code;
11(j)	Sec. 2726	of the Regulations;
11(k)	Sec. 2752	of the Regulations;
11(l)	Sec. 10160	of the Code.

Each of the foregoing violations separately constitutes cause for the suspension or revocation of all licenses and license rights of Respondents pursuant to the provisions of Section 10177(d) of the Code.

SECOND CAUSE OF ACCUSATION

13

Complainant incorporates herein the allegations of Paragraphs 1 through 13, inclusive, herein.

14

Respondents BARRETT and ORTEGA caused, suffered, and permitted Respondent BMC to violate Sections 10130, 10137, 10145, 10159, 10160, 10240 of the Business and Professions Code and Sections 2725, 2726, 2741, 2752, 2753, 2831, 2831.1, 2831.2, 2832.1, 2833, 2834 of the Regulations as described above.

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2 The conduct, acts and omissions of Respondents BARRETT
3 AND ORTEGA, as described in Paragraph 14, above, independently
4 and collectively constitute failure on the part of BARRETT AND
5 ORTEGA, as officers designated by a corporate broker licensee,
6 to exercise the reasonable supervision and control over the
7 licensed activities of BMC required by Section 10159.2 of the
8 Code, and is cause for the suspension or revocation of all real
9 estate licenses and license rights of BARRETT AND ORTEGA
10 pursuant to the provisions of Section 10177(h) of the Code.

11 THIRD CAUSE OF ACCUSATION

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13 Complainant incorporates herein the allegations of
14 Paragraphs 1 through 16, inclusive, herein.

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16 In the course of the activities described in Paragraph
17 11(g), above, Respondents, BARRETT, ORTEGA and BMC employed and
18 compensated telemarketers who were working in violation of
19 Section 10130 of the Code. Each said violation constitutes
20 cause for suspension or revocation of all real estate licenses
21 and license rights of Respondents BMC, BARRETT AND ORTEGA
22 pursuant to the provisions of Section 10137 of the Code.

23 FOURTH CAUSE OF ACCUSATION

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25 Complainant incorporates herein the allegations of
26 Paragraphs 1 through 17, inclusive, herein.

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2 From on or about November 2, 1992, to February 9,
3 1993, as set forth in Paragraph 11(f), above, Respondent BMC
4 performed acts requiring a real estate license in violation of
5 Section 10130 of the Code at a time when BMC was not licensed
6 through a Designated Officer. Each said violations separately
7 constitutes cause for suspension or revocation of all real
8 estate licenses and license rights of Respondent BMC pursuant to
9 the provisions of Section 10130 of the Code.

10 WHEREFORE, Complainant prays that a hearing be
11 conducted on the allegations of this Accusation and that upon
12 proof thereof a decision be rendered imposing disciplinary
13 action against all licenses and license rights of Respondents
14 under the Real Estate Law (Part 1 of Division 4 of the Business
15 and Professions Code) and for such other and further relief as
16 may be proper under other applicable provisions of law.

17 Dated at Santa Ana, California
18 this 31st day of October, 1994.

19
20 THOMAS McCRADY

21 Deputy Real Estate Commissioner

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24 cc: Barrons Mortgage CORPORATION
25 Joseph E. Barrett
26 Danilo Edgardo Ortega
27 Sacto.
BSV
OAH
VAS

Sacto, 2/27

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILE
DEC - 6 1994
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of) Case No. H-1892 SA
) OAH No. L-11155
BARRONS MORTGAGE CORPORATION,)
ET AL.,)
)
Respondents.)

By Laura B. Cron

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 314 West First Street, Los Angeles, California, on NOVEMBER 29 & 30 1995 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.

Dated: December 6, 1994

DEPARTMENT OF REAL ESTATE

By: V. Ahda Sands
V. AHDA SANDS, Counsel

cc: Barrons Mortgage Corp.
Joseph E. Barrett
Danilo Edgardo Ortega,
Nathan Haut, Esq.
Sacto.
OAH