

1 DEPARTMENT OF REAL ESTATE  
2 P. O. Box 187000  
3 Sacramento, CA 95818-7000  
4 Telephone: (916) 227-0789

FILED  
MAR - 5 2001

DEPARTMENT OF REAL ESTATE

By Katherine Contreras

8 BEFORE THE  
9 DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of )  
13 VPM FUNDING COMPANY, and ) NO. H-2558 SD  
14 FREDERICK ANTHONY GALLEGOS, )  
15 Respondents. ) STIPULATION AND AGREEMENT

16 It is hereby stipulated by and between VPM FUNDING  
17 COMPANY ("Respondent VPM"), and FREDERICK ANTHONY GALLEGOS  
18 ("Respondent GALLEGOS"), (collectively "Respondents"); and the  
19 Complainant, acting by and through Thomas C. Lasken, Counsel for  
20 the Department of Real Estate; as follows, for the purpose of  
21 settling and disposing of the Accusation filed on May 2, 2000, in  
22 this matter:

23 1. All issues which were to be contested and all  
24 evidence which was to be presented by Complainant and Respondents  
25 at a formal hearing on the Accusation, which hearing was to be  
26 held in accordance with the provisions of the Administrative  
27 Procedure Act ("APA"), shall instead and in place thereof be

1 submitted solely on the basis of the provisions of this  
2 Stipulation and Agreement.

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

7           3. On June 13, 2000, Respondents filed a Notice of  
8 Defense pursuant to Section 11505 of the Government Code for the  
9 purpose of requesting a hearing on the allegations in the  
10 Accusation. Respondents hereby freely and voluntarily withdraw  
11 said Notice of Defense. Respondents acknowledge that they  
12 understand that by withdrawing said Notice of Defense they will  
13 thereby waive their right to require the Commissioner to prove  
14 the allegations in the Accusation at a contested hearing held in  
15 accordance with the provisions of the APA and that they will  
16 waive other rights afforded to them in connection with the  
17 hearing such as the right to present evidence in defense of the  
18 allegations in the Accusation and the right to cross-examine  
19 witnesses.

20           4. This Stipulation is based on the factual allegations  
21 contained in the Accusation. In the interests of expedience and  
22 economy, Respondents choose not to contest these allegations, but  
23 to remain silent and understand that, as a result thereof, these  
24 factual allegations, without being admitted or denied, will serve  
25 as a prima facie basis for the disciplinary action stipulated to  
26 herein. The Real Estate Commissioner shall not be required to  
27 provide further evidence to prove said factual allegations.

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

11           6. The Order or any subsequent Order of the Real Estate  
12 Commissioner made pursuant to this Stipulation and Agreement  
13 shall not 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                           DETERMINATION OF ISSUES

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

22                           I

23           The conduct of Respondent VPM, as described in the  
24 Accusation, is cause for the suspension or revocation of the real  
25 estate license and license rights of Respondent VPM under the  
26 provisions of Section 10177(g) of the Business and Professions  
27 Code ("Code").

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II

The conduct of Respondent GALLEGOS, as described in the Accusation, is cause for the suspension or revocation of the real estate license and license rights of Respondent GALLEGOS under the provisions of Section 10177(h) of the Code.

ORDER

A. All licenses and licensing rights of Respondent VPM under the Real Estate Law are suspended for a period of sixty (60) days from the effective date of this Order; provided, however, that:

1. Thirty (30) days of said suspension shall be stayed for two (2) years upon the following terms and conditions:

(a) Respondent shall obey all laws, rules and regulations governing the rights, duties, and responsibilities of a real estate licensee in the State of California;

(b) No final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within two (2) years from the effective date of this Order. Should such a determination be made, the Commissioner may, in her discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

2. The remaining thirty (30) days of said 60-day suspension shall be stayed upon the condition that Respondent VPM

1 petitions pursuant to Section 10175.2 of the Business and  
2 Professions Code and pays a monetary penalty pursuant to  
3 Section 10175.2 of the Business and Professions Code at a  
4 rate of \$50.00 for each day of the suspension for a total  
5 combined monetary penalty of \$1,500.00:

6 (a) Said payment shall be in the form of a cashier's  
7 check or certified check made payable to the  
8 Recovery Account of the Real Estate Fund. Said  
9 check must be delivered to the Department prior to  
10 the effective date of the Order in this matter.

11 (b) No further cause for disciplinary action against the  
12 real estate license of Respondent VPM occurs within  
13 two (2) years from the effective date of the Order  
14 in this matter.

15 (c) If Respondent VPM fails to pay the monetary penalty  
16 in accordance with the terms and conditions of the  
17 Order, the Commissioner may, without a hearing,  
18 order the immediate execution of all or any part of  
19 the stayed suspension in which event Respondent VPM  
20 shall not be entitled to any repayment nor credit,  
21 prorated or otherwise, for the money paid to the  
22 Department under the terms of this Order.

23 (d) If Respondent VPM pays the monetary penalty and if  
24 no further cause for disciplinary action against the  
25 real estate license of Respondent VPM occurs within  
26 two (2) years from the effective date of the Order,  
27 the stay hereby granted shall become permanent.

1 B. All licenses and licensing rights of Respondent GALLEGOS  
2 under the Real Estate Law are suspended for a period of  
3 sixty (60) days from the effective date of this Order;  
4 provided, however, that:

5 1. Thirty (30) days of said suspension shall be stayed for  
6 two (2) years upon the following terms and conditions:

7 (a) Respondent shall obey all laws, rules and  
8 regulations governing the rights, duties, and  
9 responsibilities of a real estate licensee in the  
10 State of California;

11 (b) No final subsequent determination be made, after  
12 hearing or upon stipulation, that cause for  
13 disciplinary action occurred within two (2) years  
14 from the effective date of this Order. Should such  
15 a determination be made, the Commissioner may, in  
16 her discretion, vacate and set aside the stay order  
17 and reimpose all or a portion of the stayed  
18 suspension. Should no such determination be made,  
19 the stay imposed herein shall become permanent.

20 2. The remaining thirty (30) days of said 60-day suspension  
21 shall be stayed upon the condition that Respondent  
22 GALLEGOS petitions pursuant to Section 10175.2 of the  
23 Business and Professions Code and pays a monetary penalty  
24 pursuant to Section 10175.2 of the Business and  
25 Professions Code at a rate of \$50.00 for each day of the  
26 suspension for a total combined monetary penalty of  
27 \$1,500.00:



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

12 VPM FUNDING COMPANY, Respondent

13 2/3/01

14 DATED

14 By:

14 Frederick A Gallegos  
14 FREDERICK ANTHONY GALLEGOS

15 2/8/01

16 DATED

16 Frederick A Gallegos  
16 FREDERICK ANTHONY GALLEGOS

17 Respondent

18 \* \* \*

19 The foregoing Stipulation and Agreement is hereby  
20 adopted by the Real Estate Commissioner as her Decision and  
21 Order and shall become effective at 12 o'clock noon on

22 MARCH 26, 2001

23 IT IS SO ORDERED

23 February 24, 2001

24 PAULA REDDISH ZINNEMANN  
24 Real Estate Commissioner

25 Paula Reddish Zinnemann  
26  
27



BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

FILED  
SEP - 7 2000

DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of

VPM FUNDING COMPANY, and  
FREDERICK ANTHONY GALLEGOS,

Case No. H-2558 SD

OAH No. L-2000080650

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 the  
Office of Administrative Hearings, 1350 Front Street, Room 6022,  
San Diego, CA 92101

on October 12 & 13, 2000, at the hour of 9:00 AM,  
or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

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 and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: September 7, 2000

By Thomas C. Lasken  
THOMAS C. LASKEN Counsel

1 THOMAS C. LASKEN, Counsel  
2 Department of Real Estate  
3 P. O. Box 187000  
4 Sacramento, CA 95818-7000

5 Telephone: (916) 227-0789

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MAY - 2 2000

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

8 BEFORE THE  
9 DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

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12 In the Matter of the Accusation of )  
13 VPM FUNDING COMPANY, and ) NO. H-2558 SD  
14 FREDERICK ANTHONY GALLEGOS, )  
15 Respondents. ) ACCUSATION

16 The Complainant, J. Chris Graves, a Deputy Real Estate  
17 Commissioner of the State of California, for cause of Accusation  
18 against VPM FUNDING COMPANY and FREDERICK ANTHONY GALLEGOS, is  
19 informed and alleges as follows:

20 I

21 The Complainant, J. Chris Graves, a Deputy Real Estate  
22 Commissioner of the State of California, makes this Accusation in  
23 his official capacity.

24 II

25 At all times herein mentioned, Respondent VPM FUNDING  
26 COMPANY ("VPM") was licensed and/or had license rights under  
27 the Real Estate Law, Part 1 of Division 4 of the Business and

1 Professions Code ("Code") as a real estate brokerage corporation,  
2 by and through Respondent FREDERICK ANTHONY GALLEGOS ("GALLEGOS")  
3 as its Designated Officer.

4 III

5 At the times mentioned herein, Respondent GALLEGOS was  
6 licensed and/or has license rights under the Code, individually  
7 and as Designated Officer of Respondent VPM.

8 IV

9 At all times mentioned herein, Respondent VPM engaged  
10 in the business of, acted in the capacity of, advertised or  
11 assumed to act as a real estate broker within the State of  
12 California, including the operation and conduct of a mortgage  
13 loan brokerage business with the public, wherein lenders and  
14 borrowers were solicited for loans secured directly or  
15 collaterally by liens on real property, wherein such loans  
16 were arranged, negotiated, processed, and consummated, and  
17 loans were serviced and payments were collected thereon, on  
18 behalf of others, for compensation or in expectation of  
19 compensation.

20 V

21 Commencing on August 12, 1999, and continuing through  
22 September 13, 1999, an investigative audit was made by the  
23 Department of Real Estate (hereinafter "Department") of  
24 Respondent VPM's records for the period of January 1, 1999,  
25 through July 1, 1999 (hereinafter "the audit period"), as those  
26 records relate to Respondent VPM's licensed activities in its  
27 real estate mortgage loan brokerage business.

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VI

During the audit period, Respondent VPM, in connection with its mortgage loan brokerage activities, failed to present to all borrowers, before said borrowers became obligated to complete the loan, a statement with the contents set forth in Section 10241 of the Code, in violation of Section 10240(a) of the Code.

VII

During the audit period, Respondent VPM, in connection with its mortgage loan brokerage activities, presented to borrowers statements with the contents set forth in Section 10241 of the Code, which contained inaccurate, false, or misleading information, including the failure to disclose the full amount of Respondent VPM's compensation, and the failure to disclose the payoff of existing liens.

VIII

During the audit period, Respondent VPM failed to notify the Real Estate Commissioner of the termination of employment of salespersons licensed to it, in violation of Section 10161.8 of the Code.

IX

Respondent VPM's acts and omissions alleged above in Paragraphs VI through VIII constitute cause for discipline under the provisions of Section 10177(d) of the Code.

X

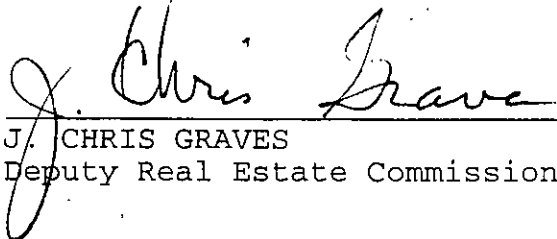
Respondent VPM's acts and omissions alleged above in Paragraph VII constitute the making of substantial misrepresentations, the failure to reveal to its employers the

1 full amount of its compensation, commission, or profit, and are  
2 cause for discipline under the provisions of Section 10176(a),  
3 10176(g), and 10177(g) of the Code.

4 XI

5 During the audit period, Respondent GALLEGOS, as  
6 designated broker-officer for Respondent VPM, failed to exercise  
7 reasonable supervision and control over the licensed activities  
8 of Respondent VPM as required by Section 10159.2 of the Code.  
9 Such failure is cause for the suspension or revocation of  
10 Respondent GALLEGOS' licenses and/or license rights under  
11 Section 10177(h) of the Code.

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

19  
20  
21   
22 J. CHRIS GRAVES  
23 Deputy Real Estate Commissioner  
24

25  
26 Dated at San Diego, California,  
27 this 18<sup>th</sup> day of April, 2000.