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FILED

JUN 21 2008

DEPARTMENT OF REAL ESTATE

By K. Mar

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BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	
ARMANDO LIWANAG DEMESA,)	No. H-2632 SD
Respondent.)	

ORDER DENYING REINSTATEMENT OF LICENSE

On March 28, 2002, in Case No. H-2632 SD, a Decision was rendered revoking the real estate broker license of Respondent effective April 23, 2002, but granting Respondent the right to the issuance of a restricted broker license. A restricted broker license was issued to Respondent on April 23, 2002, and Respondent has operated as a restricted licensee since that time.

On April 18, 2006, Respondent petitioned for reinstatement of said real estate broker license, and the Attorney General of the State of California has been given notice of the filing of said petition.

1 I have considered Respondent's petition and the
2 evidence and arguments in support thereof. Respondent has
3 failed to demonstrate to my satisfaction that Respondent has
4 undergone sufficient rehabilitation to warrant the reinstatement
5 of Respondent's unrestricted real estate broker license.

6 The burden of proving rehabilitation rests with the
7 petitioner (Feinstein v. State Bar (1952) 39 Cal. 2d 541). A
8 petitioner is required to show greater proof of honesty and
9 integrity than an applicant for first time licensure. The proof
10 must be sufficient to overcome the prior adverse judgment on the
11 applicant's character (Tardiff v. State Bar (1980) 27 Cal. 3d
12 395).

13 The Department has developed criteria in Section 2911
14 of Title 10, California Code of Regulations (Regulations) to
15 assist in evaluating the rehabilitation of an applicant for
16 reinstatement of a license. Among the criteria relevant in this
17 proceeding are:

18 Section 2911(k). Correction of business practices
19 resulting in injury to others or with the potential to cause
20 such injury.

21 Respondent's broker license was revoked pursuant to
22 the provisions of Section 10177(h) of the Code on the ground
23 that, as the designated officer-broker of Priority First Funding
24 Inc., Respondent failed to supervise the licensed activities of
25 the corporation's agents and employees as to cause, suffer and
26 permit the corporation to be subject to discipline under Sections
27 10137, 10145, 10148, 10176(e), 10177(d), 10177(f), and 10240 of

1 the Code and Sections 2715, 2742, 2970, and 2972 of the
2 Regulations, resulting in the revocation of the corporate
3 license.

4 Between August 28, 2007 and November 9, 2007, the
5 Department conducted an audit of Respondent's property
6 management and trust fund handling activities during the period
7 between January 1, 2006 and August 31, 2007. The audit
8 disclosed that during the period covered by the audit Respondent
9 and his spouse managed approximately 14 single family residences
10 for others, for compensation, collecting approximately \$13,162
11 rents monthly. The rents were deposited into and disbursed from
12 the "Armando L. Demesa dba Mesalvi Realty" account, number
13 1004242945 maintained by Respondent at the Bonita, California
14 branch of Washington Mutual Bank ("Bank Account #1"). The audit
15 disclosed the following trust fund handling and accounting
16 violations by Respondent:

17 1. There was a \$3,568.20 trust fund shortage as of
18 August 31, 2007, in violation of Section 2832.1 of the
19 Regulations and Section 10145 of the Code.

20 2. As of August 31, 2007, approximately \$4884.20 in
21 undisbursed commissions belonging to Respondent were commingled
22 by Respondent with trust funds in Bank Account No. 1, in
23 violation of Section 10176(e) of the Code.

24 3. Respondent failed during the audit period to
25 maintain the control account and separate records for Bank
26 Account No. 1 required by Sections 2831 and 2831.1 of the
27 Regulations and Section 10145 of the Code.

1 4. Respondent failed during the audit period to
2 perform the monthly trust account reconciliations for Bank
3 Account No. 1 required by Section 2831.2 of the Regulations and
4 Section 10145 of the Code.

5 5. Trust funds were deposited in Bank Account No. 1,
6 and account that was not properly designated as a trust account
7 with Respondent as trustee, in violation of Section 2832(a) of
8 the Regulations and Section 10145 of the Code.

9 6. Respondent caused, suffered and permitted his
10 wife, an unlicensed and unbonded person, to make withdrawals
11 from Bank Account No. 1 in violation of Section 2834 of the
12 Regulations and Section 10145 of the Code.

13 7. Respondent failed to retain a copy of invoices
14 supporting property management disbursements, in violation of
15 Section 10148 of the Code.

16 Respondent has failed to demonstrate correction of the
17 business practices that resulted in the revocation of
18 Respondent's broker license.

19 Section 2911(n). Change in attitude from that which
20 existed at the time of the conduct in question as evidenced by
21 any or all of the following: (1) Testimony of applicant; (2)
22 Evidence from family members, friends or other persons familiar
23 with applicant's previous conduct and with his subsequent
24 attitudes and behavioral patterns. (3) Evidence from probation
25 or parole officers or law enforcement officials competent to
26 testify as to applicant's social adjustments. (4) Evidence from
27 psychiatrists or other persons competent to testify with regard

1 to neuropsychiatric or emotional disturbances. (5) Absence of
2 subsequent felony or misdemeanor convictions that are reflective
3 of an inability to conform to societal rules when considered in
4 light of the conduct in question.

5 In response to item 4 in the petition ("Have you ever
6 been a defendant in any civil court litigation, including small
7 claims court?"), Respondent answered "no". This is not correct.

8 (a) On October 4, 2001, in the Superior Court of the
9 State of California, County of San Diego, Case No. IS006795, a
10 civil judgment in the sum of \$19,853 was entered against
11 Respondent and in favor of Unifund CCR Partners. The judgment
12 was fully satisfied December 9, 2004.

13 (b) On February 6, 2004, in the Superior Court of the
14 State of California, County of San Diego, Case No. IS11967, a
15 civil judgment in the sum of \$21,002.09 was entered against
16 Respondent and in favor of Performance Development, Inc.

17 Respondent's failure to disclose civil actions in
18 which Respondent was a defendant reflects adversely on
19 Respondent's rehabilitation.

20 Consequently, I am not satisfied that Respondent is
21 sufficiently rehabilitated to receive an unrestricted real
22 estate broker license. Additional time and evidence of
23 correction as a restricted real estate broker is necessary to
24 establish that Respondent is rehabilitated.

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1 NOW, THEREFORE, IT IS ORDERED that Respondent's
2 petition for reinstatement of Respondent's real estate broker
3 license is denied.

4 This Order shall become effective at 12 o'clock
5 noon on JUL 14 2008, 2008.

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7 DATED: 6-18, 2008

8 JEFF DAVI
9 Real Estate Commissioner

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1 Examination within six months from the effective date of the
2 Decision. The Commissioner has determined that as of December 16,
3 2003, you have failed to satisfy this condition, and as such,
4 you are in violation of Section 10177(k) of the Business and
5 Professions Code.

6 NOW, THEREFORE, IT IS ORDERED under authority of
7 Section 10156.7 of the Business and Professions Code of the
8 State of California that the restricted real estate salesperson
9 license heretofore issued to Respondent and the exercise of any
10 privileges thereunder is hereby suspended until such time as
11 you provide proof satisfactory to the Department of compliance
12 with the "condition" referred to above, or pending final
13 determination made after hearing (see "Hearing Rights" set
14 forth below). Furthermore, you have no right to renew your
15 restricted license if this "condition" isn't satisfied by the
16 date your restricted license expires.

17 IT IS FURTHER ORDERED that all license certificates and
18 identification cards issued by Department which are in the
19 possession of Respondent be immediately surrendered by personal
20 delivery or by mailing in the enclosed, self-addressed envelope
21 to:

22 DEPARTMENT OF REAL ESTATE
23 ATTN: FLAG SECTION
24 P. O. Box 187000
Sacramento, CA 95818-7000

25 HEARING RIGHTS: Pursuant to the provisions of
26 Section 10156.7 of the Business and Professions Code, you have
27 the right to a hearing to contest the Commissioner's

1 determination that you are in violation of Section 10177(k).
2 If you desire a hearing, you must submit a written request.
3 The request may be in any form, as long as it is in writing and
4 indicates that you want a hearing. Unless a written request
5 for a hearing, signed by or on behalf of you, is delivered or
6 mailed to the Department at 2201 Broadway, P. O. Box 187007,
7 Sacramento, California 95818-7007, within 20 days after the
8 date that this Order was mailed to or served on you, the
9 Department will not be obligated or required to provide you
10 with a hearing.

11 This Order shall be effective immediately.

12 DATED: April 2, 2004.
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14 JOHN R. LIBERATOR
15 Acting Real Estate Commissioner

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FILED

MAR 05 2003

DEPARTMENT OF REAL ESTATE

By Juan Demesa

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-2632 SD
)	
PRIORITY FIRST FUNDING, INC.,)	
ARMANDO LIWANAG DEMESA, AND)	
DELISIAH ANDERSON,)	
)	
Respondents.)	

ORDER STAYING EFFECTIVE DATE

On February 11, 2003, a Decision was rendered in the above-entitled matter as to Respondent DELISIAH ANDERSON to become effective March 14, 2003.

IT IS HEREBY ORDERED that the effective date of the Decision of the Real Estate Commissioner of February 11, 2003 as to Respondent DELISIAH ANDERSON, is stayed for a period of thirty (30) days.

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The Decision of the Real Estate Commissioner of
February 11, 2003 as to Respondent DELISIAH ANDERSON, shall
become effective at 12 o'clock noon on April 14, 2003.

DATED: March 5, 2003

PAULA REDDISH ZINNEMANN
Real Estate Commissioner
by Robin T. Wilson
CHIEF LEGAL OFFICER
Robin T. Wilson

FILED
FEB 22 2003

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE
By *Kathleen Contreras*

* * *

In the Matter of the Accusation of)
)
PRIORITY FIRST FUNDING, INC.,)
ARMANDO LIWANAG DEMESA, and)
DELISIAH ANDERSON,)
)
Respondents.)
_____)

NO. H-2632 SD
OAH NO. L-2001080586

DECISION

The Proposed Decision dated January 22, 2003, 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.

This Decision shall become effective at 12 o'clock noon
on March 14, 2003.

IT IS SO ORDERED February 11, 2003.

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

Paula Reddish Zinnemann

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:

PRIORITY FIRST FUNDING, INC.,
ARMANDO LIWANAG DEMESA, and
DELISIAH ANDERSON,

Respondents.

Case No. H-2632 SD

OAH No. L2001080586

PROPOSED DECISION

On August 21, 2002 and November 15, 2002, in San Diego, California, Alan S. Meth, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter.

Deidre L. Johnson, Counsel, represented complainant.

Frank M. Buda, Attorney at Law, represented respondent Delisiah Anderson.

The matter was submitted on November 22, 2002 following the submission of closing briefs by counsel for the parties.

FACTUAL FINDINGS

1. J. Chris Graves, Deputy Real Estate Commissioner of the State of California (hereafter, "Department") filed Accusation No. H-2632 SD in his official capacity on May 15, 2001. Respondent Delisiah Anderson (hereafter, "respondent") filed a timely Notice of Defense. On November 15, 2001, Charles W. Koenig, Deputy Real Estate Commissioner, filed a First Amended Accusation on November 16, 2001.

Respondent Priority First Funding, Inc. (hereafter, "PFF") did not file a Notice of Defense. On August 9, 2002, the Department filed a Default Decision revoking its corporate real estate license. Prior to the hearing, the Department and respondent Armando Demesa entered into a stipulation in settlement of the accusation against him. Accordingly, neither PFF nor Demesa appeared at the hearing.

2. The Department issued salesperson license number 00954689 to respondent. The license expired on April 29, 1997. Respondent submitted a renewal on February 9, 1999 and the Department renewed her license effective March 5, 1999, but without an employing broker. Her license was activated in the employ of Don Perry & Associates as of March 16, 1999.

The Department issued broker license number 01132838 to Demesa effective September 24, 1996. He was the broker of record of Mesalvi Realty. The Department issued corporate license number 01231331 to PFF effective January 12, 1998, with Demesa as the designated broker. The Department has not issued any license to Dominic Anderson.

On May 14, 2001, the Department issued an Order to Desist and Refrain to PFF and Dominic Anderson ordering them to desist and refrain from performing any and all acts for which a real estate license was required.

3. In December 1997, respondent and her husband, Dominic Anderson (hereafter, "Anderson"), met with Demesa and asked him if he would enter into a real estate business with them. The company, PFF, was created to originate loans secured by real property. Anderson asked Demesa to become the designated broker and officer. He agreed and applied for the license in January 1998. Demesa understood that respondent and Anderson owned the company and Anderson ran it. Their arrangement with him called for PFF to pay him a monthly salary and a fee for each loan.

During 1998, PFF solicited borrowers and negotiated mortgage loans for compensation, and closed eight loans with a total loan amount of \$1,218,650. Toward the end of 1998, PFF stopped its loan activities. Demesa received \$500 from Anderson when they prepared PFF for licensure, and \$400 for his services as the broker.

4. In 1998, Laurie and Robert Cohen wanted to purchase a house they were then renting in San Diego. They were looking for a loan and found an ad for PFF in the yellow pages. Mrs. Cohen called PFF and spoke to respondent. She told respondent she was looking for a loan for a house and had credit problems. She sent respondent a credit report.

The Cohens eventually obtained a loan from Amersco Residential Mortgage in the amount of \$136,950.00. Escrow closed on June 2, 1998. Between the time Mrs. Cohen first called PFF and the time escrow closed, the only person she spoke to was respondent.

On April 14, 1998, the Cohens signed a residential loan application following an interview with respondent. Mrs. Cohen had written out an application and respondent typed a final version of it. Thereafter, Mrs. Cohen spoke to respondent several times regarding the loan application, interest rates and changes in interest rates, fees, and so forth. She never spoke to Demesa or anyone else connected with PFF, or any lender. The Cohens had some credit problems, and at respondent's direction, furnished an explanation to her which she forwarded to the lender.

Amresco issued a conditional loan approval letter on May 5, 1998. Respondent told Mrs. Cohen about the approval. Mrs. Cohen believed respondent dealt with the lender on her behalf.

The Cohens paid to PFF \$2,054.25 as a "mortgage broker fee" and \$650 as a "processing fee." Mrs. Cohen spoke to respondent about the broker fee.

5. David Gee owned property in San Diego and wanted to refinance his existing loan to lower his house payment. He received a solicitation telephone call from Anderson and was interested in obtaining a loan through PFF because he had had difficulty obtaining a loan due to his income level. He discussed his needs with Anderson. At that time, Gee had an adjustable rate loan and he wanted a lower, fixed interest rate.

Gee filled out a residential loan application. Respondent signed it as the interviewer and indicated she took the application by a face-to-face interview. When Gee spoke to Anderson at the outset of the application process, Gee understood he would pay a loan origination fee of one percent. A good faith estimate he received some time after June 16, 1998 indicated the loan origination fee was 1.5%. Gee called Anderson to complain about the amount of the fee, and after some discussion, respondent entered the conversation. Anderson insisted Gee had agreed to the higher amount but Gee insisted he had not. At some point, respondent suggested they go with the lower amount, and Gee agreed.

Western Financial Mortgage funded the loan to Gee on July 22, 1998. Gee paid a one percent "loan origination fee" in the amount of \$900 and a \$650 processing fee to PFF.

6. Alicia and Nicanor Abrenica owned property in San Diego and wanted to refinance their loan. Mrs. Abrenica spoke to respondent several times by phone and in person about a new loan. They discussed interest rates. Respondent was present when Mrs. Abrenica filled out her loan application. Respondent was the only person at PFF with whom she spoke. On September 4, 1998, the Abrenicas obtained a loan in the amount of \$227,000 from ComUnity Lending. They paid an origination fee and processing fee to PFF. Mrs. Abrenica took the loan because respondent recommended it to her. It was the only loan respondent offered to her, and it was the interest rate Mrs. Abrenica wanted.

7. Walter Stewart owned property in Aliso Viejo and wanted to refinance his home to pay off his ex-wife. He saw a newspaper ad for PFF, called PFF, and set up an appointment, drove to San Diego, and met with respondent in her office. They discussed his financial and personal circumstances. She asked him about his assets and income. She told him what documents he needed to produce and indicated there were several different ways to go. She told him she had to get a credit report before she could decide what to do.

On February 20, 1998, Stewart filled out and signed a residential loan application, and respondent signed it as the interviewer. Stewart obtained the documents respondent requested and either brought them or faxed them to her. During his discussions with respondent concerning interest rates, Stewart said he wanted the lowest interest rate he could

get. Respondent said she would do what she could. When respondent offered a loan from Amresco, she recommended he take it. Stewart never talked to anyone from Amresco.

Amresco Residential Mortgage Corp. offered a loan and the transaction closed on July 7, 1998. Stewart paid \$3,762 to PFF as a "mortgage broker fee" a \$650 processing fee to PFF, and \$300 as an "administration fee" to PFF. Stewart talked to respondent about the amount of the origination fee; he tried to talk her down and "they went back and forth" over the numbers. Stewart was happy with the loan. He did not deal with anyone else at PFF except respondent and he relied on her. Stewart believed respondent handled the loan for him.

8. Jennifer Borrromeo is an auditor with the Department. She conducted an audit of the books and records of PFF for the period of January 12, 1998 to February 18, 1999 intermittently between January 20 and April 12, 1999. In addition to the loan documents for the loans described in Findings 4 through 7, she found documents of the following transactions in which PFF acted as the mortgage broker:

a. Bruce and Melinda Dowhan secured a loan in the amount of \$157,500 from Western Financial Bank in July 1998. PFF received a loan origination fee and a mortgage broker fee. Respondent's records contained a handwritten loan application signed by the borrowers on March 19, 1998, and a typed application, which was not signed. The typed application indicated respondent was the interviewer and took the application by mail.

b. Michael and Margaret Johnson secured a loan in the amount of \$130,000 from ComUnity Lending in September 1998. PFF received a loan origination fee in the amount of \$1,787.50. The borrowers signed the loan application on April 9, 1998, and respondent signed it as the interviewer.

Borrromeo found loan documents relating to two other transactions in which PFF acted as the broker but she did not make copies of those documents. In her audit papers, she indicated the loans were to:

c. Sheryl Guynn in the amount of \$61,700. The lender was Western Financial Bank and the date of the loan was October 28, 1998.

d. Hosung and Helen Bae in the amount of \$220,000. The lender was ComUnity Lending and the date of the loan was October 1, 1998.

Based on her review of all the records of the eight transactions, Borrromeo indicated respondent was the loan agent.

9. Both Demesa and respondent testified at the hearing and each claimed the other handled the loans. Demesa testified respondent never showed him any loan documents, never looked at any loan documents, was never paid when a loan closed, and never negotiated the terms of a loan or solicited a loan from any of the borrowers named in

Findings 4 through 8, above. Respondent testified Demesa routinely came to the office, acted as the broker on all loan activities, and her role was limited to that of a loan processor.

If respondent performed acts limited to loan processing within the meaning of Business and Professions Code section 10133.1(c) and Title 10, California Code of Regulations, section 2841, she did not need a license. However, if her activities went beyond that of a loan processor, a license was required, and since her license had expired before then, she violated Business and Professions Code section 10130.

Neither respondent nor Demesa were credible witnesses. Demesa faced serious charges and minimizing his involvement in the activities of PFF obviously benefited him. He gave conflicting statements to the auditor and testified inconsistently at the hearing. Respondent also benefited from limiting her involvement in PFF's activities to "loan processing" yet she never supported any of her testimony with any document or testimony of others. Further, she was evasive and unwilling to reveal any information such as the period of time she was married to Anderson unless the information solicited could be helpful to her.

To determine the extent of respondent's activities, an examination of the testimony of the borrowers and the documents is required. The borrowers all testified they dealt with respondent. None testified they dealt with or even knew or heard of Demesa. None of the documents introduced at the hearing or reviewed by Borromeo gave any indication that Demesa had read them or signed off on them. When Borromeo conducted her audit and asked for information and the files of the transactions, it was respondent, not Demesa, who knew about the transactions, provided the documents, and listed all the transactions which occurred during the audit period. While respondent worked at PFF's office, Demesa had his own office in his home, operated his own business (Mesalvi Realty), and sold homes and condominiums. Demesa was paid only once for being the broker while respondent routinely received \$350 per transaction.

The weight of the evidence established Demesa was the broker of PFF in name only, and in fact, it was respondent who performed the acts set forth in Business and Professions Code section 10131(d) which required a license. The evidence did not establish respondent was exempt from the provisions of section 10131(d) in the following respects:

a. Section 10133.1(c)(1) exempts an employee of a real estate broker who assists the broker in meeting the broker's obligations to its customers in residential mortgage loan transactions provided the employee does not participate in any negotiations occurring between the principals. Respondent did not establish she was an employee. She did not produce any tax or other documents to show withholding of income tax payments, and did not even know if she received a W-2 form. Respondent's failure to produce any documentary evidence and her evasive testimony lead to the conclusion she was not an employee within the statute or within section 2841(c) of the Regulations.

b. Respondent routinely gave advice to potential borrowers. For example, she recommended to Stewart that he accept the loan offered by Amresco. She did more than

discuss information in general terms. She participated in negotiations over such matters as fees. (See Regulation 2841(a)(3), (4) and (5).

10. Respondent was first licensed in 1987 and her work in the field of real estate has centered on loan processing and residential sales. She has worked for several lending institutions and a temporary agency processing loans. She owned her own real estate broker corporation, Consumer Mortgage Inc., with Dan A. Lazam, Sr. as the broker. That company performed loan packaging activities. She is presently licensed with Don Perry where she limited her activities to an occasional sale, but has put her license with another broker in order to do loans as well as sell property.

Respondent is divorced and raises two children, ages five and nine. She is their sole support. She does some work for various charities, including Meals on Wheels.

11. Don Perry submitted a letter in respondent's behalf in which he indicated respondent had worked in his office for about a year, she had performed satisfactorily in selling several properties, and she treated her clients in an honest and forthright manner. He considered her an asset to his company.

Respondent also submitted letters from two clients who were very satisfied with the work she performed for them.

LEGAL CONCLUSIONS

1. Cause to revoke or suspend respondent's real estate salesperson's license was established for violation of Business and Professions Code sections 10130 and 10177(d) by reason of Findings 4 through 9.

2. Business and Professions Code section 10101 provides:

The accusation provided for by Section 11503 of the Government Code shall be filed not later than three years from the occurrence of the alleged grounds for disciplinary action unless the acts or omissions with which the licensee is charged involves fraud, misrepresentation or a false promise in which case the accusation shall be filed within one year after the date of discovery by the aggrieved party of the fraud, misrepresentation or false promise or within three years after the occurrence thereof, whichever is later, except that in no case shall an accusation be filed later than 10 years from the occurrence of the alleged grounds for disciplinary action.

The original accusation was filed on May 15, 2001, and charged respondent with performing acts for which a real estate license was required in violation of section 10130. While not conceding that anything she did required a real estate license, respondent argues that if she did perform any acts that required a license, charges based on those acts are barred by section 10101 because they occurred more than three years before the filing of the accusation.

The evidence established that all of the loans were funded or escrow closed within the three years permitted by section 10101. However, many of the applications were submitted by the borrowers more than three years before the filing of the accusation on May 15, 2001. The question then is what, if any, of respondent's acts or omissions occurred on or after May 15, 1998.

Respondent did not admit she performed any act for which a license was required, and did not describe with any particularity exactly what she did that she felt constituted "loan processing." As set forth in Finding 9, her testimony was not credible and was rejected. Nevertheless, the fact remains the record does not contain any evidence of exactly what respondent did after May 15, 1998. The borrowers described telephone conversations and other contacts with respondent during the period between their applications and the funding of their loans, but none could indicate on precisely what date those contacts occurred.

The absence of evidence establishing precisely what respondent did and when, while troubling, does not end the inquiry. Respondent was in the business of brokering loans for others. As defined by section 10131:

A real estate broker within the meaning of this part is a person who, for a compensation or in expectation of a compensation, regardless of the form or time of payment, does or negotiates to do one or more of the following acts for another or others:

...

(d) Solicits borrowers or lenders for or negotiates loans or collects payments or performs services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

Thus, in a case brought by the Department charging a non-licensed person with performing acts for which a license is required, the Department has to satisfy all of the elements of section 10131 in order to establish grounds for disciplinary action. One of these elements is the loan itself. All of respondent's efforts were directed toward completing the loan because, as she testified, she would be paid when a loan was funded. The last acts necessary to complete the arranging or negotiating of a loan required the borrower to agree to the terms of the loan and sign the loan contract documents. In every transaction in this case, those acts occurred after May 15, 1998 (see Findings 4 through 8). Since respondent performed acts for which a license was required within the limitation period, and she did not have a license at the time she performed those acts, the fact she may have also performed acts requiring a license beyond the limitation period is of no moment.

3. In arriving at an appropriate penalty, several matters must be considered. Respondent had been licensed by the Department for ten years before she let her license lapse in 1997. This is the only disciplinary action taken against her license. There is no evidence to suggest anything prevented her from renewing her license. Respondent testified

vaguely about a Department requirement that a birth certificate had to be provided in order to renew her license, but no evidence of that was presented, and even if there were such a requirement, obtaining a birth certificate is a simple matter and did not require two years. There was no evidence to suggest she had not completed, or could not complete, the required 45 hours of continuing education in order to renew her license.

There was no evidence any of the borrowers were harmed in any way by respondent's activities. Had she renewed her license in 1997, her activities would have been legal. Further, she testified she believed she did not need a license for her activities. While respondent's credibility was suspect, there is some reason to believe that because she performed similar activities while working for lenders, and in those capacities, she did not need a license.

Respondent's untruthful testimony at the hearing cannot be ignored nor can her present insistence that she acted lawfully during 1998. She expressed no remorse and accepted no responsibility. It is clear she has learned nothing from this experience.

The absence of any harm to clients and the ease with which respondent could have avoided this problem point to allowing her to retain her license. However, the other considerations point to a restricted license with significant restrictions, including a suspension, taking and passing the Professional Responsibility Examination, and a limitation on her real estate activities until she has completed two three-semester courses in the field of mortgage loan brokering and lending.

ORDER

All licenses and licensing rights of respondent Delisiah Anderson under the Real Estate Law are revoked; provided, however, a restricted real estate salesperson license shall be issued to respondent pursuant to section 10156.5 of the Business and Professions Code if respondent makes application therefor and pays to the Department of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to the respondent shall be subject to all of the provisions of section 10156.7 of the Business and Professions Code and to the following limitations, conditions, and restrictions imposed under authority of section 10156.6 of said Code:


1. The restricted license issued to respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of respondent's conviction or plea of nolo contendere to a crime which is substantially related to respondent's fitness or capacity as a real estate licensee.
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 this 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 attaching to the restricted license until four years have elapsed from the effective date of this Decision.
4. Respondent shall submit with any application for license under an employing broker, or any application for transfer to a new employing broker, a statement signed by the prospective employing real estate broker, on a form approved by the Department of Real Estate which shall certify:
 - (a) That the employing broker has read the Decision of the Commissioner which granted the right to a restricted license: and
 - (b) That the employing broker will exercise close supervision over the performance by the restricted licensee relating to activities for which a real estate license is required.
5. Respondent shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commission that respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements 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 respondent presents such evidence. The Commissioner shall afford respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.
6. Any restricted real estate license issued to respondent pursuant to this Decision shall be suspended for thirty (30) days from the date of issuance of said restricted license.
7. Respondent shall, within six months from the effective date of this Decision, take and pass the Professional Responsibility Examination administered by the Department including the payment of the appropriate examination fee. If respondent fails to satisfy this condition, the Commissioner may order suspension of respondent's license until respondent passes the examination.

8. Following the issuance of any restricted real estate license to respondent pursuant to this Decision, respondent shall not perform any real estate activities in the area of mortgage loan brokering and lending until such time as she has completed a three-semester unit course, or the quarter equivalent thereof, in both of the following areas: advanced real estate finance and mortgage loan brokering and lending (Bus. & Prof. Code §§ 10153.2(a)(2)(B) and (I)).

DATED: 1/22/03


ALAN S. METH
Administrative Law Judge
Office of Administrative Hearings

**BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA**

FILED
AUG 30 2002

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

In the Matter of the Accusation of

PRIORITY FIRST FUNDING INC.,
ARMANDO LIWANAG DEMESA, and
DELISIAH ANDERSON,

} Case No. H-2632 SD

} OAH No. L-2001080586

Respondent

**(DAY #2 - AS TO DELISIAH ANDERSON ONLY)
NOTICE OF CONTINUED 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 **NOVEMBER 15, 2002**, 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: AUGUST 30, 2002

By Deidre L. Johnson
DEIDRE L. JOHNSON, Counsel

broker officer of record, Betty Jean Bugg. On November 16, 2001, Charles Koenig made the First Amended Accusation in his official capacity as a Deputy Real Estate Commissioner of the State of California. The First Amended Accusation was mailed by certified mail to PFF's last known mailing address of record on file with the Department on November 16, 2001, and thereafter the Department received a signed return receipt card for Respondent PFF from its designated broker officer of record, Betty Jean Bugg.

On August 6, 2002, no Notice of Defense having been filed herein within the time prescribed by Section 11506 of the Government Code, the default of Respondent PRIORITY FIRST FUNDING, INC. was entered herein.

II

Respondent PFF is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code.

III

At all times herein mentioned, Respondent PRIORITY FIRST FUNDING, INC., was and is licensed by the Department of Real Estate (hereafter the Department) as a real estate broker corporation, and the license expired on January 11, 2002, subject to the right of late renewal for two years.

IV

At all times herein mentioned, Respondent ARMANDO LIWANAG DEMESA (hereafter DEMESA) was and is licensed by the Department as a real estate broker, and the license will expire on September 23, 2004. At some times herein mentioned, DEMESA was also licensed by the Department as the designated broker officer of PFF. His designated broker officer license for the company was canceled on February 22, 1999.

V

On or about April 29, 1997, the real estate salesperson license of Respondent DELISIAH ANDERSON (hereafter DELISIAH) expired. At no time herein between April 29, 1997, and March 5, 1999, was DELISIAH licensed by the Department as either a real estate broker or salesperson. On or about March 5, 1999, DELISIAH was licensed by the Department as a real estate salesperson. At all times herein mentioned, DELISIAH was an owner of PFF.

VI

At no time herein was DOMINIC ANDERSON (hereafter DOMINIC) licensed by the Department as either a real estate broker or salesperson. Complainant is informed and believes and thereon alleges that at all times herein mentioned, DOMINIC was an owner of PFF.

VII

At all times herein mentioned, Respondent PFF engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker within the State of California, for or in expectation of compensation as follows:

- (a) Under Section 10131(a) of the Code, PFF sold or offered to sell, bought or offered to buy, solicited prospective sellers or purchasers of, and/or negotiated the purchase, sale or exchange of real property; and
- (b) Under Sections 10131(d) and/or (c), PFF solicited lenders and/or borrowers for loans secured directly or collaterally by liens on real property, and arranged, negotiated, processed, and/or consummated such loans.

FINDINGS ON FIRST CAUSE OF ACTION

VIII

Beginning in or about January of 1999, the Department conducted an audit of the books and records of PFF. During the course of the mortgage loan activities described above, PFF received and disbursed funds in trust on behalf of others, including but not limited to credit report and appraisal fees, and earnest money deposits.

IX

At least within the three years last past, in connection with the collection and disbursement of trust funds, Respondent PFF failed to deposit and maintain some or all trust funds in a trust account or neutral escrow depository, or to deliver them into the

hands of the owners of the funds, as required by Section 10145 of the Code. Respondent PFF deposited into, caused the deposit into, or processed some or all trust funds through a general bank account at Bank of America, Bonita, California, Account No. 1155710719, entitled "PRIORITY FIRST FUNDING INC.", commingled trust funds with the general funds of the company, and/or converted trust funds to purposes not authorized by the owners of the funds, including but not limited to:

DATE	CLIENT	AMOUNT
5/18/98	Wolch	\$ 355
6/1/98	Wolch	\$2,000
6/10/98	Wolch	\$8,000

X

In connection with the audit, Respondent PFF was requested to produce specified documents and records executed or obtained by it in connection with transactions for which a real estate license is required for the audit period, including but not limited to signature cards, bank statements, cancelled checks, and trust fund records for any trust and general accounts of the company. On or about March 18, 1999, PFF was served with a subpoena from the Department for such records.

XI

Beginning in or about March of 1999, Respondent PFF failed to retain and make available for examination and inspection by a designated representative of the Commissioner of the Department some or all of the records requested and described in Paragraph X above.

XII

Respondent PFF failed to prepare and deliver to borrowers, or cause to be delivered, a written borrower disclosure statement as required by Section 10240 containing all of the information required by Section 10241 of the Code, prior to the borrower becoming obligated to complete the loan, and/or failed to retain timely executed copies of such statements with the records of the company, including but not limited to the following:

BORROWER	LOAN AMOUNT	DATE CLOSED
Cohen, Robert	\$136,950	6/2/98
Dowhan Bruce	\$157,500	7/1/98
Stewart, Walter	\$188,100	7/7/98
Gee, David	\$ 90,000	7/22/98
Johnson, Michael	\$130,000	9/3/98
Abrenica, Nicanor	\$227,000	9/4/98
Bae, Hosung	\$220,000	10/1/98
Guynn, Sheryl	\$ 61,700	10/28/98

XIII

In or about October of 1998, Respondent PFF moved its office from 7801 Mission Center Court, Suite 100, San Diego to 591 Camino de la Reina, San Diego. Respondent PFF failed to file a notification of change of address with the Department as required by law until on or about February 22, 1999.

FINDINGS ON SECOND CAUSE OF ACTION

XIV

Subsequent to the expiration of Respondent DELISIAH's real estate salesperson license on April 29, 1998, Respondent DELISIAH was employed by or associated with PFF when DELISIAH was not duly licensed, and DELISIAH performed activities for PFF for which a real estate license is required, for or in expectation of compensation. DELISIAH solicited and/or negotiated loans in various transactions including but not limited to the following:

BORROWER	LOAN AMOUNT	DATE CLOSED
Cohen, Robert	\$136,950	6/2/98
Dowhan Bruce	\$157,500	7/1/98
Stewart, Walter	\$188,100	7/7/98
Gee, David	\$ 90,000	7/22/98
Johnson, Michael	\$130,000	9/3/98
Abrenica, Nicanor	\$227,000	9/4/98
Bae, Hosung	\$220,000	10/1/98
Guynn, Sheryl	\$ 61,700	10/28/98

XV

Beginning at least in May of 1998, PFF employed or associated DOMINIC as a loan agent when he was not duly licensed. DOMINIC performed activities for PFF for which a real estate license is required, for or in expectation of compensation, and solicited and/or negotiated loans to be secured by real property, and/or the sale or purchase of real property, including but not limited to loan and purchase transactions with Bruce Wolf beginning on or about May 18, 1998.

FINDINGS ON THIRD CAUSE OF ACTION

XVI

In or about May of 1998, Bruce Wolch (hereafter Wolch) was in the process of purchasing residential real property, and negotiated with PFF to obtain a purchase money loan. On or about May 18, 1998, Wolch met with DOMINIC as an agent of PFF regarding the above loan.

XVII

In connection with the above loan, PFF also charged or demanded the sum of \$2,000 as an advance deposit for the costs to close escrow on the loan. On or about June 1, 1998, Wolch paid the sum requested of \$2,000 to PFF.

XVIII

The \$2,000 deposit found above is an advance fee as defined under Sections 10026 and/or 10131.2 of the Code. PFF failed to obtain approval from the Department for written agreements and related materials prior to soliciting or negotiating the advance fee agreements, and prior to collecting such advance fees.

FINDINGS ON FIFTH CAUSE OF ACTION

XIX

On or about December 1, 1999, pursuant to the provisions of Section 23302 of the California Revenue and Taxation Code, the corporate powers, rights and privileges of Respondent PRIORITY FIRST FUNDING, INC. were suspended by the California Franchise Tax Board.

DETERMINATION OF ISSUES

I

As to the First Cause of Action, the acts and/or omissions of Respondent PFF as found above constitute grounds for the suspension or revocation of its license and license rights under the following provisions:

- (a) As to Paragraph IX, under Section 10145 of the Code in conjunction with Section 10177(d) of the Code;
- (b) As to Paragraph IX, under Section 10176(e) of the Code;
- (c) As to Paragraph XI, under Section 10148 of the Code in conjunction with Section 10177(d) of the Code;
- (d) As to Paragraph XII, under Section 10240 of the Code in conjunction with Section 10177(d) of the Code; and
- (e) As to Paragraph XIII, under Section 2715 of Title 10, California Code of Regulations (hereafter the Regulations) in conjunction with Section 10177(d) of the Code.

II

As to the Second Cause of Action, the acts and/or omissions of PFF as found in Paragraphs XIV and XV above, in employing and/or compensating DELISIAH and DOMINIC, when each of them was not duly licensed by the Department constitute grounds for disciplinary action against PFF pursuant to Section 10137 of the Code.

III

As to the Third Cause of Action, the acts and/or omissions of PFF found in Paragraphs XVII and XVIII above violate Sections 10085 and 10146 of the Code, and Sections 2970 and 2972, Title 10, California Code of Regulations, and constitute grounds for disciplinary action pursuant to Section 10177(d) of the Code.

IV

As to the Fifth Cause of Action, said corporate suspension as found in Paragraph XIX above would have been grounds for the denial of PFF's real estate license under Section 2742 of the

Regulations, and constitutes grounds for disciplinary action as to PFF under Section 10177(f) of the Code.

V

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

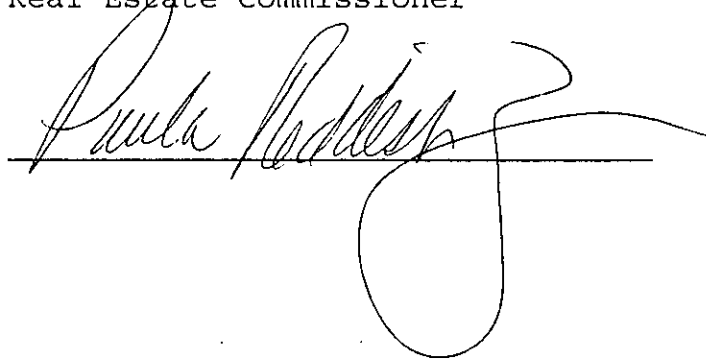
ORDER

The license(s) and license rights of Respondent PRIORITY FIRST FUNDING, INC., under the provisions of Part I of Division 4 of the Business and Professions Code are hereby revoked.

This Decision shall become effective at 12 o'clock noon on September 4, 2002.

DATED: August 9, 2002.

PAULA REDDISH ZINNEBANN
Real Estate Commissioner

A handwritten signature in cursive script, reading "Paula Reddish Zinnemann", is written over a horizontal line. The signature is fluid and extends below the line with a large loop.

1 DEPARTMENT OF REAL ESTATE
2 P. O. Box 187000
3 Sacramento, CA 95818-7000
4
5 Telephone: (916) 227-0789
6
7

FILED
AUG - 6 2002

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

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

11 * * *

12 In the Matter of the Accusation of) No. H-2632 SD
13)
14 PRIORITY FIRST FUNDING, INC.,) DEFAULT ORDER AS TO
15 et al.,) PRIORITY FIRST FUNDING
16 Respondents.) ONLY

17 Respondent, PRIORITY FIRST FUNDING, INC., having failed
18 to file a Notice of Defense within the time required by Section
19 11506 of the Government Code, is now in default. It is,
20 therefore, ordered that a default be entered on the record in
21 this matter.

22 IT IS SO ORDERED August 6, 2002.

23 PAULA REDDISH ZINNEMANN
24 Real Estate Commissioner

25 By:

Steven J. Ellis
26 STEVEN J. ELLIS
27 Regional Manager

FILED
JUN 17 2002

**BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA**

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

In the Matter of the Accusation of

PRIORITY FIRST FUNDING INC.,
ARMANDO LIWANAG DEMESA, and
DELISIAH ANDERSON,



Case No. H-2632 SD

OAH No. L-2001080586

Respondents

**FIRST CONTINUED
(AS TO DELISIAH ANDERSON ONLY)
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 **AUGUST 21, 2002**, 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: JUNE 11, 2002

By


DEIDRE L. JOHNSON, Counsel

1 DEPARTMENT OF REAL ESTATE
2 P. O. Box 187000
3 Sacramento, CA 95818-7000
4
5 Telephone: (916) 227-0789
6
7

FILED
APR - 3 2002

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

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

11 * * *

12 In the Matter of the Accusation of)
13 PRIORITY FIRST FUNDING, INC.,) NO. H-2632 SD
14 ARMANDO LIWANAG DEMESA, and) STIPULATION AND AGREEMENT
15 DELISIAH ANDERSON,) AS TO ARMANDO LIWANAG
16 Respondents.) DEMESA ONLY

17 It is hereby stipulated by and between ARMANDO LIWANAG
18 DEMESA, represented by Robert J. Gaglione, Gaglione, Coleman &
19 Greene, LLP, Attorneys at Law, and the Complainant, acting by and
20 through Deidre L. Johnson, Counsel for the Department of Real
21 Estate, as follows for the purpose of settling and disposing the
22 First Amended Accusation as to him filed on November 16, 2001, in
23 this matter:

24 1. All issues which were to be contested and all
25 evidence which was to be presented by Complainant and Respondent
26 at a formal hearing on the First Amended Accusation, which
27 hearing was to be held in accordance with the provisions of the

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

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

7 3. On July 30, 2001, Respondent filed his Notice of
8 Defense pursuant to Section 11505 of the Government Code for the
9 purpose of requesting a hearing on the allegations in this
10 matter. Respondent hereby freely and voluntarily withdraws said
11 Notice of Defense. Respondent acknowledges that he understands
12 that by withdrawing said Notice of Defense he will thereby waive
13 his right to require the Commissioner to prove the allegations in
14 the First Amended Accusation at a contested hearing held in
15 accordance with the provisions of the APA, and that he will waive
16 other rights afforded to him in connection with the hearing such
17 as the right to present evidence in defense of the allegations in
18 the First Amended Accusation and the right to cross-examine
19 witnesses.

20 4. Respondent, pursuant to the limitations set forth
21 below, hereby admits that the factual allegations pertaining to
22 him in Paragraphs I through VII of the First Amended Accusation
23 filed in this proceeding are true and correct and the Real Estate
24 Commissioner shall not be required to provide further evidence of
25 such allegations.

26 5. Without admitting the truth of the allegations
27 pertaining to him contained in the remaining paragraphs of the

1 First Amended Accusation pertaining to him, in conjunction with
2 Paragraph XXIII of the Fourth Cause of Action, Respondent
3 stipulates that he will not interpose a defense thereto. This
4 Stipulation is based on the factual allegations as to Respondent
5 contained in the First Amended Accusation. In the interests of
6 expedience and economy, Respondent chooses not to contest these
7 allegations, but to remain silent and understands that, as a
8 result thereof, these factual allegations, without being admitted
9 or denied, will serve as the basis for the disciplinary action
10 stipulated to herein. The Real Estate Commissioner shall not be
11 required to provide further evidence to prove said factual
12 allegations.

13 6. It is understood by the parties that the Real
14 Estate Commissioner may adopt the Stipulation and Agreement as
15 her decision in this matter thereby imposing the penalty and
16 sanctions on Respondent's real estate license and license rights
17 as set forth in the below "Order". In the event that the
18 Commissioner in her discretion does not adopt the Stipulation and
19 Agreement, it shall be void and of no effect, and Respondent
20 shall retain the right to a hearing and proceeding on the First
21 Amended Accusation under all the provisions of the APA and shall
22 not be bound by any admission or waiver made herein.

23 7. The Order or any subsequent Order of the Real
24 Estate Commissioner made pursuant to this Stipulation and
25 Agreement shall not constitute an estoppel, merger or bar to any
26 further administrative or civil proceedings by the Department of
27 Real Estate with respect to any matters which were not

1 specifically alleged to be causes for First Amended Accusation in
2 this proceeding.

3 DETERMINATION OF ISSUES

4 By reason of the foregoing stipulations, admissions and
5 waivers, and for the purpose of settlement of the pending First
6 Amended Accusation as to Respondent without a hearing, it is
7 stipulated and agreed that the following determination of issues
8 shall be made:

9 The acts and/or omissions of Respondent ARMANDO LIWANAG
10 DEMESA as stipulated above constitute grounds for disciplinary
11 action against the real estate broker license(s) and license
12 rights of Respondent under the provisions of Section 10177(h) of
13 the California Business and Professions Code.

14 ORDER

15
16 A. All real estate license(s) and license rights of
17 Respondent ARMANDO LIWANAG DEMESA are hereby revoked.

18 B. A restricted real estate broker license shall be
19 issued to Respondent pursuant to Section 10156.6 of the Code if
20 he makes application therefor and pays to the Department of Real
21 Estate the appropriate fee for said license within ninety (90)
22 days from the effective date of the decision.

23 C. The restricted license issued to Respondent shall
24 be subject to all of the provisions of Section 10156.7 of the
25 Business and Professions Code and to the following limitations,
26 conditions, and restrictions imposed under authority of Section
27 10156.6 of that Code:

1 (1) The restricted license issued to Respondent may be
2 suspended prior to hearing by Order of the Real
3 Estate Commissioner in the event of Respondent's
4 conviction or plea of nolo contendere to a crime
5 which is substantially related to Respondent's
6 fitness or capacity as a real estate licensee.

7 (2) The restricted license issued to Respondent may be
8 suspended prior to hearing by Order of the Real
9 estate Commissioner on evidence satisfactory to
10 the Commissioner that Respondent has violated
11 provisions of the California Real Estate Law, the
12 Subdivided Lands Law, Regulations of the Real
13 Estate Commissioner or conditions attaching to
14 the restricted license.

15 (3) Respondent shall not be eligible to apply for the
16 issuance of an unrestricted real estate license,
17 nor the removal of any of the conditions of the
18 restricted license, until two (2) years have
19 elapsed from the effective date of this Decision.

20 (4) Respondent shall, within nine (9) months from the
21 effective date of this Decision, present evidence
22 satisfactory to the Real Estate Commissioner that
23 Respondent has, since the most recent issuance of
24 an original or renewal real estate license,
25 taken and successfully completed the continuing
26 education requirements of Article 2.5 of Chapter 3
27 of the Real Estate Law for renewal of a real

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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 hearing pursuant to the Administrative Procedure Act to present such evidence.

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

December 11, 2001
DATED

Deidre L. Johnson
DEIDRE L. JOHNSON
Counsel for the Complainant

* * *

I have read the Stipulation and Agreement, have discussed it with my counsel, 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, and I willingly, intelligently and voluntarily

1 waive those rights, including the right of requiring the
2 Commissioner to prove the allegations as to me in the First
3 Amended Accusation at a hearing at which I would have the right
4 to cross-examine witnesses against me and to present evidence in
5 defense and mitigation of the charges.

6

7

8

7 December 2001

DATED

Armando Liwanag Demesa

ARMANDO LIWANAG DEMESA
Respondent

9

10

11 Approved as to form:

12

13

14

DATED

Robert J. Gaglione
ROBERT J. GAGLIONE
Attorney for Respondent

15

16

* * *

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18

19

The foregoing Stipulation and Agreement is hereby
adopted as my Decision and shall become effective at 12 o'clock
noon on April 23, 2002.

20

21

IT IS SO ORDERED March 28, 2002.

22

23

PAULA REDDISH ZINNE MANN
Real Estate Commissioner

24

25

26

27

Paula Reddish Zinnemann

1 DEIDRE L. JOHNSON, Counsel
2 State Bar No. 66322
3 Department of Real Estate
4 P. O. Box 187000
5 Sacramento, CA 95818-7000
6
7 Telephone: (916) 227-0789

FILED
NOV 16 2001

DEPARTMENT OF REAL ESTATE

By *Keith Conteras*

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

11 * * *

12 In the Matter of the Accusation of)
13)
14 PRIORITY FIRST FUNDING, INC.,) NO. H-2632 SD
15 ARMANDO LIWANAG DEMESA, and)
16 DELISIAH ANDERSON,) FIRST AMENDED
Respondents.) ACCUSATION

17 The Complainant, Charles W. Koenig, a Deputy Real
18 Estate Commissioner of the State of California, for causes of
19 First Amended Accusation against PRIORITY FIRST FUNDING, INC.,
20 ARMANDO LIWANAG DEMESA, and DELISIAH ANDERSON is informed and
21 alleges as follows:

22 PRELIMINARY ALLEGATIONS

23 I

24 The Complainant, Charles W. Koenig, a Deputy Real
25 Estate Commissioner of the State of California, makes this
26 Accusation against Respondents in his official capacity and not
27 otherwise.

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II

Respondents PRIORITY FIRST FUNDING, INC., ARMANDO LIWANAG DEMESA, and DELISIAH ANDERSON 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 (hereafter the Code).

III

At all times herein mentioned, Respondent PRIORITY FIRST FUNDING, INC. (hereafter PFF) was and is licensed by the Department of Real Estate (hereafter the Department) as a real estate broker corporation.

IV

At all times herein mentioned, Respondent ARMANDO LIWANAG DEMESA (hereafter DEMESA) was and is licensed by the Department as a real estate broker individually and doing business under fictitious business names. At all times herein mentioned until on or about February 22, 1999, DEMESA was also licensed as the designated broker officer of PFF.

V

On or about April 29, 1997, the real estate salesperson license of Respondent DELISIAH ANDERSON (hereafter DELISIAH) expired. At no time herein between April 29, 1997, and March 5, 1999, was DELISIAH licensed by the Department as either a real estate broker or salesperson. On or about March 5, 1999, DELISIAH was licensed by the Department as a real estate salesperson. Complainant is informed and believes and thereon alleges that at all times herein mentioned, DELISIAH was an owner and shareholder of the company.

1 VI

2 At no time herein was DOMINIC ANDERSON (hereafter
3 DOMINIC) licensed by the Department as either a real estate
4 broker or salesperson. Complainant is informed and believes and
5 thereon alleges that at all times herein mentioned, DOMINIC was
6 an owner and shareholder of the company, and directed and
7 controlled its activities.

8 VII

9 At all times herein mentioned, Respondent PFF 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, for or in expectation of compensation as follows:

13 (a) Under Section 10131(a) of the Code, PFF sold or
14 offered to sell, bought or offered to buy,
15 solicited prospective sellers or purchasers of,
16 and/or negotiated the purchase, sale or exchange
17 of real property; and

18 (b) Under Sections 10131(d) and/or (c), PFF solicited
19 lenders and/or borrowers for loans secured
20 directly or collaterally by liens on real
21 property, and arranged, negotiated; processed,
22 and/or consummated such loans.

23 FIRST CAUSE OF ACTION

24 VIII

25 Beginning in or about January of 1999, the Department
26 conducted an audit of the books and records of PFF. During the
27 course of the mortgage loan activities described above, PFF

1 received and disbursed funds in trust on behalf of others,
2 including but not limited to credit report and appraisal fees,
3 and earnest money deposits.

4 IX

5 At least within the three years last past in connection
6 with the collection and disbursement of trust funds, Respondent
7 PFF failed to deposit and maintain some or all trust funds in a
8 trust account or neutral escrow depository, or to deliver them
9 into the hands of the owners of the funds, as required by Section
10 10145 of the Code. Respondent PFF deposited into, caused the
11 deposit into, or processed some or all trust funds through a
12 general bank account at Bank of America, Bonita, California,
13 Account No. 1155710719, entitled "PRIORITY FIRST FUNDING INC.",
14 commingled trust funds with the general funds of the company,
15 and/or converted trust funds to purposes not authorized by the
16 owners of the funds, including but not limited to:

17

18 DATE	CLIENT	AMOUNT
19 5/18/98	Wolch	\$ 355
20 6/1/98	Wolch	\$2,000
21 6/10/98	Wolch	\$8,000

22 X

23 In connection with the audit, Respondent PFF was
24 requested to produce specified documents and records executed or
25 obtained by it in connection with transactions for which a real
26 estate license is required for the audit period, including but
27 not limited to signature cards, bank statements, cancelled

1 checks, and trust fund records for any trust and general accounts
2 of the company.

3 XI

4 Beginning in or about March of 1999, Respondent PFF
5 failed to retain and make available for examination and
6 inspection by a designated representative of the Commissioner of
7 the Department some or all of the records requested and described
8 in Paragraph X above.

9 XII

10 Respondent PFF failed to prepare and deliver to
11 borrowers, or cause to be delivered, a written borrower
12 disclosure statement as required by Section 10240 containing all
13 of the information required by Section 10241 of the Code, prior
14 to the borrower becoming obligated to complete the loan, and/or
15 failed to retain timely executed copies of such statements with
16 the records of the company, including but not limited to the
17 following:

BORROWER	LOAN AMOUNT	DATE CLOSED
Cohen, Robert	\$136,950	6/2/98
Dowhan Bruce	\$157,500	7/1/98
Stewart, Walter	\$188,100	7/7/98
Gee, David	\$ 90,000	7/22/98
Johnson, Michael	\$130,000	9/3/98
Abrenica, Nicanor	\$227,000	9/4/98
Bae, Hosung	\$220,000	10/1/98
Guynn, Sheryl	\$ 61,700	10/28/98

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XIII

In or about October of 1998, Respondent PFF moved its office from 7801 Mission Center Court, Suite 100, San Diego to 591 Camino de la Reina, San Diego. Respondent PFF failed to file a notification of change of address with the Department as required by law until on or about February 22, 1999.

XIV

The acts and/or omissions of Respondent PFF as alleged above constitute grounds for the suspension or revocation of its license and license rights under the following provisions:

- (a) As to Paragraph IX, under Section 10145 of the Code in conjunction with Section 10177(d) of the Code;
 - (b) As to Paragraph IX, under Section 10176(e) of the Code;
 - (c) As to Paragraph XI, under Section 10148 of the Code in conjunction with Section 10177(d) of the Code;
 - (d) As to Paragraph XII, under Section 10240 of the Code in conjunction with Section 10177(d) of the Code;
- and
- (e) As to Paragraph XIII, under Section 2715 of Title 10, California Code of Regulations (hereafter the Regulations) in conjunction with Section 10177(d) of the Code.

SECOND CAUSE OF ACTION

XV

Subsequent to the expiration of Respondent DELISIAH's real estate salesperson license on April 29, 1998, Respondent

1 DELISIAH was employed by or associated with PFF when DELISIAH was
2 not duly licensed, and DELISIAH performed activities for PFF for
3 which a real estate license is required, for or in expectation of
4 compensation. DELISIAH solicited and/or negotiated loans in
5 various transactions including but not limited to the following:

BORROWER	LOAN AMOUNT	DATE CLOSED
Cohen, Robert	\$136,950	6/2/98
Dowhan Bruce	\$157,500	7/1/98
Stewart, Walter	\$188,100	7/7/98
Gee, David	\$ 90,000	7/22/98
Johnson, Michael	\$130,000	9/3/98
Abrenica, Nicanor	\$227,000	9/4/98
Bae, Hosung	\$220,000	10/1/98
Guynn, Sheryl	\$ 61,700	10/28/98

16 XVI

17 Beginning at least in May of 1998, PFF employed or
18 associated DOMINIC as a loan agent when he was not duly licensed.
19 DOMINIC performed activities for PFF for which a real estate
20 license is required, for or in expectation of compensation, and
21 solicited and/or negotiated loans to be secured by real property,
22 and/or the sale or purchase of real property, including but not
23 limited to loan and purchase transactions with Bruce Wolf
24 beginning on or about May 18, 1998.

25 XVII

26 The acts and/or omissions of Respondent DELISIAH as
27 alleged above violate Section 10130 of the Code, and constitute

1 grounds for disciplinary action pursuant to Section 10177(d) of
2 the Code.

3 XVIII

4 The above acts and/or omissions of PFF in employing
5 and/or compensating DELISIAH and/or DOMINIC, when each of them
6 was not duly licensed by the Department constitute grounds for
7 disciplinary action against PFF pursuant to Section 10137 of the
8 Code.

9 THIRD CAUSE OF ACTION

10 XIX

11 In or about May of 1998, Bruce Wolch (hereafter Wolch)
12 was in the process of purchasing residential real property, and
13 negotiated with PFF to obtain a purchase money loan. On or about
14 May 18, 1998, Wolch met with DOMINIC as an agent of PFF regarding
15 the above loan.

16 XX

17 In connection with the above loan, PFF also charged or
18 demanded the sum of \$2,000 as an advance deposit for the costs to
19 close escrow on the loan. On or about June 1, 1998, Wolch paid
20 the sum requested of \$2,000 to PFF.

21 XXI

22 The \$2,000 deposit alleged above is an advance fee as
23 defined under Sections 10026 and/or 10131.2 of the Code. PFF
24 failed to obtain approval from the Department for written
25 agreements and related materials prior to soliciting or
26 negotiating the advance fee agreements, and prior to collecting
27 such advance fees.

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XXII

The acts and/or omissions of PFF alleged above violate Sections 10085 and 10146 of the Code, and Sections 2970 and 2972, Title 10, California Code of Regulations, and constitute grounds for disciplinary action pursuant to Section 10177(d) of the Code.

FOURTH CAUSE OF ACTION

XXIII

Within the three years last past, DEMESA failed to exercise reasonable supervision over the activities of the company PFF, and permitted, ratified and/or caused the conduct described in the above causes of action to occur. DEMESA failed to reasonably or adequately review, oversee, inspect and manage the personnel and activities of the company, and/or to establish reasonable policies, rules, procedures and systems for such review, oversight, inspection and management, including but not limited to the handling of trust funds, the maintenance of trust fund accounts and records, disclosures, and licensing records in compliance with the law.

XXIV

The acts and/or omissions of Respondent DEMESA as alleged above constitute grounds for disciplinary action under the provisions of Section 10177(h) of the Code.

FIFTH CAUSE OF ACTION

XXV

On or about December 1, 1999, pursuant to the provisions of Section 23302 of the California Revenue and Taxation Code, the corporate powers, rights and privileges of

1 Respondent PRIORITY FIRST FUNDING, INC., were suspended by the
2 California Franchise Tax Board.

3 XXVI

4 Said suspension would have been grounds for the denial
5 of PFF's real estate license under Section 2742 of Title 10,
6 California Code of Regulations (hereafter the Regulations), and
7 constitutes grounds for disciplinary action as to PFF under
8 Section 10177(f) of the Code.

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

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19 
20 CHARLES W. KOENIG
21 Deputy Real Estate Commissioner
22

23 Dated at Sacramento, California,
24 this 15th day of November, 2001.
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27

**BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA**

FILED
SEP - 7 2001
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of

PRIORITY FIRST FUNDING, INC.,
ARMANDO LIWANAG DEMESA, and
DELISIAH ANDERSON,

}

Case No. H-2632 SD

OAH No. L-2001080586

Kathleen Contreras

Respondents

NOTICE OF HEARING ON ACCUSATION

To the above named respondents:

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 **DECEMBER 17, 2001; DECEMBER 18, 2001; and, DECEMBER 19, 2001**, 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.

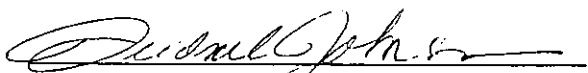
You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented 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, 2001

By 
DEIDRE L. JOHNSON, Counsel

1 DEIDRE L. JOHNSON, Counsel
State Bar No. 66322
2 Department of Real Estate
P. O. Box 187000
3 Sacramento, CA 95818-7000
4 Telephone: (916) 227-0789
5
6
7

FILED
MAY 15 2001

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
12 PRIORITY FIRST FUNDING, INC.,)
13 ARMANDO LIWANAG DEMESA, and) NO. H-2632 SD
13 DELISIAH ANDERSON,)
14)
14 Respondents.)
15)

16 The Complainant, J. Chris Graves, a Deputy Real Estate
17 Commissioner of the State of California, for causes of Accusation
18 against PRIORITY FIRST FUNDING, INC., ARMANDO LIWANAG DEMESA, and
19 DELISIAH ANDERSON is informed and alleges as follows:

20 PRELIMINARY ALLEGATIONS

21 I

22 The Complainant, J. Chris Graves, a Deputy Real Estate
23 Commissioner of the State of California, makes this Accusation
24 against Respondents in his official capacity and not otherwise.

25 II

26 Respondents PRIORITY FIRST FUNDING, INC., ARMANDO
27 LIWANAG DEMESA, and DELISIAH ANDERSON are presently licensed

1 and/or have license rights under the Real Estate Law, Part 1 of
2 Division 4 of the California Business and Professions Code
3 (hereafter the Code).

4 III

5 At all times herein mentioned, Respondent PRIORITY
6 FIRST FUNDING, INC. (hereafter PFF) was and is licensed by the
7 Department of Real Estate (hereafter the Department) as a real
8 estate broker corporation.

9 IV

10 At all times herein mentioned, Respondent ARMANDO
11 LIWANAG DEMESA (hereafter DEMESA) was and is licensed by the
12 Department as a real estate broker individually and doing
13 business under fictitious business names. At all times herein
14 mentioned until on or about February 22, 1999, DEMESA was also
15 licensed as the designated broker officer of PFF.

16 V

17 On or about April 29, 1997, the real estate salesperson
18 license of Respondent DELISIAH ANDERSON (hereafter DELISIAH)
19 expired. At no time herein between April 29, 1997, and March 5,
20 1999, was DELISIAH licensed by the Department as either a real
21 estate broker or salesperson. On or about March 5, 1999,
22 DELISIAH was licensed by the Department as a real estate
23 salesperson. Complainant is informed and believes and thereon
24 alleges that at all times herein mentioned, DELISIAH was an owner
25 and shareholder of the company.

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VI

At no time herein was DOMINIC ANDERSON (hereafter DOMINIC) licensed by the Department as either a real estate broker or salesperson. Complainant is informed and believes and thereon alleges that at all times herein mentioned, DOMINIC was an owner and shareholder of the company, and directed and controlled its activities.

VII

At all times herein mentioned, Respondent PFF engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker within the State of California, for or in expectation of compensation as follows:

(a) Under Section 10131(a) of the Code, PFF sold or offered to sell, bought or offered to buy, solicited prospective sellers or purchasers of, and/or negotiated the purchase, sale or exchange of real property; and

(b) Under Sections 10131(d) and/or (c), PFF solicited lenders and/or borrowers for loans secured directly or collaterally by liens on real property, and arranged, negotiated, processed, and/or consummated such loans.

FIRST CAUSE OF ACTION

VIII

~~Beginning in or about January of 1999, the Department~~
conducted an audit of the books and records of PFF. During the course of the mortgage loan activities described above, PFF

1 received and disbursed funds in trust on behalf of others,
2 including but not limited to credit report and appraisal fees,
3 and earnest money deposits.

4 IX

5 At least within the three years last past, in
6 connection with the collection and disbursement of trust funds,
7 Respondent PFF failed to deposit and maintain some or all trust
8 funds in a trust account or neutral escrow depository, or to
9 deliver them into the hands of the owners of the funds, as
10 required by Section 10145 of the Code. Respondent PFF deposited
11 into, caused the deposit into, or processed some or all trust
12 funds through a general bank account at Bank of America, Bonita,
13 California, Account No. 1155710719, entitled "PRIORITY FIRST
14 FUNDING INC.", commingled trust funds with the general funds of
15 the company, and/or converted trust funds to purposes not
16 authorized by the owners of the funds, including but not limited
17 to:

18

19 DATE	CLIENT	AMOUNT
20 5/18/98	Wolch	\$ 355
21 6/1/98	Wolch	\$2,000
22 6/10/98	Wolch	\$8,000

23 X

24 In connection with the audit, Respondent PFF was
25 requested to produce specified documents and records executed or
26 obtained by it in connection with transactions for which a real
27 estate license is required for the audit period, including but

1 not limited to signature cards, bank statements, cancelled
2 checks, and trust fund records for any trust and general accounts
3 of the company.

4 XI

5 Beginning in or about March of 1999, Respondent PFF
6 failed to retain and make available for examination and
7 inspection by a designated representative of the Commissioner of
8 the Department some or all of the records requested and described
9 in Paragraph X above.

10 XII

11 Respondent PFF failed to prepare and deliver to
12 borrowers, or cause to be delivered, a written borrower
13 disclosure statement as required by Section 10240 containing all
14 of the information required by Section 10241 of the Code, prior
15 to the borrower becoming obligated to complete the loan, and/or
16 failed to retain timely executed copies of such statements with
17 the records of the company, including but not limited to the
18 following:

19

BORROWER	LOAN AMOUNT	DATE CLOSED
Cohen, Robert	\$136,950	6/2/98
Dowhan Bruce	\$157,500	7/1/98
Stewart, Walter	\$188,100	7/7/98
Gee, David	\$ 90,000	7/22/98
Johnson, Michael	\$130,000	9/3/98
Abrenica, Nicanor	\$227,000	9/4/98
Bae, Hosung	\$220,000	10/1/98
Guynn, Sheryl	\$ 61,700	10/28/98

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XIII

In or about October of 1998, Respondent PFF moved its office from 7801 Mission Center Court, Suite 100, San Diego to 591 Camino de la Reina, San Diego. Respondent PFF failed to file a notification of change of address with the Department as required by law until on or about February 22, 1999.

XIV

The acts and/or omissions of Respondent PFF as alleged above constitute grounds for the suspension or revocation of its license and license rights under the following provisions:

- (a) As to Paragraph IX, under Section 10145 of the Code in conjunction with Section 10177(d) of the Code;
- (b) As to Paragraph IX, under Section 10176(e) of the Code;
- (c) As to Paragraph XI, under Section 10148 of the Code in conjunction with Section 10177(d) of the Code;
- (d) As to Paragraph XII, under Section 10240 of the Code in conjunction with Section 10177(d) of the Code;
- and
- (e) As to Paragraph XIII, under Section 2715 of Title 10, California Code of Regulations (hereafter the Regulations) in conjunction with Section 10177(d) of the Code.

SECOND CAUSE OF ACTION

XV

Subsequent to the expiration of Respondent DELISIAH's real estate salesperson license on April 29, 1998, Respondent

1 DELISIAH was employed by or associated with PFF when DELISIAH was
2 not duly licensed, and DELISIAH performed activities for PFF for
3 which a real estate license is required, for or in expectation of
4 compensation. DELISIAH solicited and/or negotiated loans in
5 various transactions including but not limited to the following:

BORROWER	LOAN AMOUNT	DATE CLOSED
Cohen, Robert	\$136,950	6/2/98
Dowhan Bruce	\$157,500	7/1/98
Stewart, Walter	\$188,100	7/7/98
Gee, David	\$ 90,000	7/22/98
Johnson, Michael	\$130,000	9/3/98
Abrenica, Nicanor	\$227,000	9/4/98
Bae, Hosung	\$220,000	10/1/98
Guynn, Sheryl	\$ 61,700	10/28/98

16 XVI

17 Beginning at least in May of 1998, PFF employed or
18 associated DOMINIC as a loan agent when he was not duly licensed.
19 DOMINIC performed activities for PFF for which a real estate
20 license is required, for or in expectation of compensation, and
21 solicited and/or negotiated loans to be secured by real property,
22 and/or the sale or purchase of real property, including but not
23 limited to loan and purchase transactions with Bruce Wolf
24 beginning on or about May 18, 1998.

25 XVII

26 The acts and/or omissions of Respondent DELISIAH as
27 alleged above violate Section 10130 of the Code, and constitute

1 grounds for disciplinary action pursuant to Section 10177(d) of
2 the Code.

3 XVIII

4 The above acts and/or omissions of PFF in employing
5 and/or compensating DELISIAH and/or DOMINIC, when each of them
6 was not duly licensed by the Department constitute grounds for
7 disciplinary action against PFF pursuant to Section 10137 of the
8 Code.

9 THIRD CAUSE OF ACTION

10 XIX

11 In or about May of 1998, Bruce Wolch (hereafter Wolch)
12 was in the process of purchasing residential real property, and
13 negotiated with PFF to obtain a purchase money loan. On or about
14 May 18, 1998, Wolch met with DOMINIC as an agent of PFF regarding
15 the above loan.

16 XX

17 In connection with the above loan, PFF also charged or
18 demanded the sum of \$2,000 as an advance deposit for the costs to
19 close escrow on the loan. On or about June 1, 1998, Wolch paid
20 the sum requested of \$2,000 to PFF.

21 XXI

22 The \$2,000 deposit alleged above is an advance fee as
23 defined under Sections 10026 and/or 10131.2 of the Code. PFF
24 failed to obtain approval from the Department for written
25 ~~agreements and related materials prior to soliciting or~~
26 negotiating the advance fee agreements, and prior to collecting
27 such advance fees.

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XXII

The acts and/or omissions of PFF alleged above violate Sections 10085 and 10146 of the Code, and Sections 2970 and 2972, Title 10, California Code of Regulations, and constitute grounds for disciplinary action pursuant to Section 10177(d) of the Code.

FOURTH CAUSE OF ACTION

XXIII

Within the three years last past, DEMESA failed to exercise reasonable supervision over the activities of the company PFF, and permitted, ratified and/or caused the conduct described in the above causes of action to occur. DEMESA failed to reasonably or adequately review, oversee, inspect and manage the personnel and activities of the company, and/or to establish reasonable policies, rules, procedures and systems for such review, oversight, inspection and management, including but not limited to the handling of trust funds, the maintenance of trust fund accounts and records, disclosures, and licensing records in compliance with the law.

XXIV

The acts and/or omissions of Respondent DEMESA as alleged above constitute grounds for disciplinary action under the provisions of Section 10177(h) of the Code.

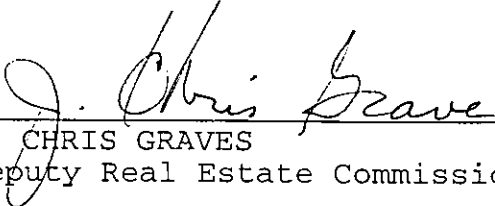
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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof a decision be rendered imposing disciplinary action against all licenses and license rights of Respondents under the Real Estate 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 provisions of law.



J. CHRIS GRAVES
Deputy Real Estate Commissioner

Dated at San Diego, California,
this 27th day of April, 2001.