

FILED

JUL 24 2014

BUREAU OF REAL ESTATE

By *[Signature]*

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8
9 **BEFORE THE BUREAU OF REAL ESTATE**
10 **STATE OF CALIFORNIA**

11 * * * * *

11 In the Matter of the Accusation of)
12)
13 FEDERAL HOME LOANS) No. H- 04662 SD
14 CORPORATION; and)
15) ACCUSATION
16 EVANGELINE MICHAEL SALAS,)
17 individually and as designated officer of)
Federal Home Loan Corporation,)
Respondents.)

18 The Complainant, Veronica Kilpatrick, a Deputy Real Estate Commissioner of
19 the State of California, Bureau of Real Estate ("Bureau") for cause of Accusation against
20 FEDERAL HOME LOANS CORPORATION and EVANGELINE MICHAEL SALAS
21 individually and as designated officer of Federal Home Loan Corporation (collectively
22 "Respondents,") is informed and alleges as follows:

23 1.

24 The Complainant, Veronica Kilpatrick, a Deputy Real Estate Commissioner of
25 the State of California, makes this Accusation in her official capacity.

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All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

Individuals and Entities

3.a

From December 24, 1980, through the present, Respondent FEDERAL HOME LOANS CORPORATION ("FHLC") has been licensed as a corporate real estate broker, and thereafter as a restricted real estate broker pursuant to Paragraphs 3.c, and 14, below. At all times relevant herein, FHLC was acting by and through Respondent EVANGELINE MICHAEL SALAS as its designated officer pursuant to Code Section 10159.2 to be responsible for ensuring compliance with the Real Estate Law.

3.b

Respondent EVANGELINE MICHAEL SALAS ("SALAS") formerly known as Evangeline Michael Tsoucalas is licensed and/or has license rights as a real estate broker. Respondent was originally licensed as a broker on or about April 8, 1993, and thereafter as a restricted real estate broker pursuant to Paragraphs 3.c, 3.d, and 14, below. Previously, Respondent had been licensed as a salesperson. Respondent is the broker and designated officer of corporate real estate broker FHLC, and is responsible for supervising the activities of that corporation to ensure compliance with the Real Estate Law. Respondent has been the designated officer of FHLC since June 11, 2002.

3.c

On May 15, 2002, Respondents FHLC and SALAS have been licensed as restricted real estate brokers pursuant to Case No. 2681 SD, as more fully set forth below in Paragraph 14.

1 3.d

2 In Case Nos. 1652 SD (Desist and Refrain Order), R-5147 (Recovery Action),
3 and H-38466 LA (Accusation, Respondents FHLC and SALAS were disciplined by the Bureau
4 as more fully set forth below in Paragraphs 13, 15 and 16, respectively.
5

6 3.e

7 Table: FHLC Management Structure and Ownership

8

Name	Licensee	Ownership/Title
Evangeline Michael Salas	Broker	Designated Officer; 100% owner

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11 4.

12 Whenever reference is made in an allegation in this Accusation to an act or
13 omission of "Respondents" such allegation shall be deemed to mean that the officers, directors,
14 employees, agents and real estate licensees employed by or associated with Respondents
15 committed such act or omission while engaged in the furtherance of the business or operations
16 of Respondents and while acting within the course and scope of their corporate authority and
17 employment, including SALAS.
18

19 FIRST CAUSE OF ACCUSATION
20 (Mortgage Loan Brokerage Audit)

21 5.

22 A. Code Section 10131(d). At all times mentioned, in the State of California,
23 County of San Diego, Respondents FHLC and SALAS engaged in conduct for which a real
24 estate license was required pursuant to Code Section 10131(d). Respondents operated a
25 mortgage and loan brokerage engaging in activities with the public wherein institutional and
26 private hard money lenders and borrowers were solicited for loans secured directly or

1 collaterally by liens on real property, wherein such loans were arranged, negotiated, processed,
2 consummated and serviced on behalf of others for compensation or in expectation of
3 compensation and for fees often collected in advance. Respondents activities included
4 representing borrowers seeking loans on real property and providing services in connection
5 therewith; and
6

7 B. Financial Code Section 17006(a)(4). In addition, FHLC conducted broker-
8 controlled escrows through its escrow division under the exemption set forth in Financial Code
9 Section 17006(a)(4) for real estate brokers performing escrows incidental to a real estate
10 transaction where the broker is a party and where the broker is performing acts for which a real
11 estate license is required.

12 Audit Examination

13 6.

14 On May 3, 2013, the Bureau completed an audit examination of the books and
15 records of Respondent FHLC pertaining to property management activities described in
16 Paragraph 5, which require a real estate license. The audit examination covered a period of time
17 beginning on January 1, 2010 and ending on October 31, 2012. The audit examination revealed
18 violations of the Code and Regulations as alleged in the following paragraphs and more fully set
19 forth in the Bureau's Audit Report SD 120016 & SD 120020 and the exhibits and work papers
20 attached thereto.

21 Trust Accounts

22 7.

23 At all times mentioned, in connection with the activities described in Paragraph
24 6, above, FHLC accepted or received funds including funds in trust ("trust funds") from or on
25 behalf of property owners and tenants handled by FHLC and thereafter made deposits and
26 disbursements of such funds. From time to time herein mentioned, during the audit period and

1 thereafter, said trust funds were deposited and/or maintained by FHLC in the trust accounts
2 described below:

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4 Trust Account (TA1)

5 Bank: Citi National Bank
6 Inland North County Office
7 13520 Evening Creek Dr. North Site 100
8 San Diego, CA 92128

9 Account Name: Federal Home Loan Corp
10 Client Loan Servicing Trust Account #2

11 Account Number: xxxx-xxxx-1616

12
13 Trust Account (TA2)

14 Bank: Citi National Bank
15 Inland North County Office
16 13520 Evening Creek Dr. North Site 100
17 San Diego, CA 92128

18 Account Name: Federal Home Loan Corp
19 Client Disbursement Trust Account

20 Account Number: xxxx-xxxx-0385

21 Trust Account (TA3)

22 Bank: Citi National Bank
23 Inland North County Office
24 13520 Evening Creek Dr. North Site 100
25 San Diego, CA 92128

26 Account Name: Federal Home Loan Corp
Client Loan Servicing Trust Account

Account Number: xxxx-xxxx-0369

1 (b) Notice of Loan Activity. FHLC failed to file Form 886 notifying the Bureau
2 of its mortgage loan activity by January 31, 2010, or within thirty (30) days of commencing the
3 mortgage loan activity, whichever is later, in violation of Code Section 10166.02(a);

4 (c) Mortgage Loan Originator Endorsement License. FHLC negotiated mortgage
5 loans and was operating as a residential mortgage loan originator without maintaining a real
6 estate license endorsement as a MLO;

7 (d) Failed to maintain an accurate and complete separate record for each
8 beneficiary or transaction, thereby failing to account for all trust funds received, deposited and
9 disbursed for Trust 1, in violation of Code Section 10145 and Regulation 2831.1.
10

11 9.

12 The conduct of Respondents FHLC, SALAS and REYNOSO, as the case may
13 be, described in Paragraph 8, above, violated the Code and the Regulations as set forth below:
14

15 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
16 8(a)	Code Section 10166.02(a) & (b)
17 8(b)	Code Section 10145 Code Section 10166.02(a)
18 8(c)	Code Section 10145 Code Section 10166.02(b)
19 8(d)	Code Section 10145 and Regulation 2831.1

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22 The foregoing violations constitute cause for the discipline of the real estate licenses and license
23 rights of Respondents FHLC and SALAS under the provisions of Code Sections 10145,
24 10177(d), and/or 10177(g).

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1 PRIOR BUREAU ACTION

2 13.

3 On February 23, 1989, in Case No. H-1652 SD, an ORDER TO DESIST AND
4 REFRAIN was filed against Respondent FHLC under Code Section 10086 (Engaging in
5 Prohibited Activity, Order to Desist and Refrain) for violations of Section 10233 of the Code
6 and Regulations 2725(c), 2830, 2831, 2832.1 and 2950(h).
7

8 PRIOR BUREAU ACTION

9 14.

10 On December 06, 2001 in Case No. H-2681 SD, an Accusation was filed against
11 Respondents FHLC and SALAS, which resulted in discipline by revocation with right to
12 restricted broker licenses and other terms and conditions, for a violations of Code Sections
13 10145, 10159.2, 10176(e), 10229(j)(3), 10229(n), 10232.2(a), 10232.25(a), 10232.2(c), 10232.4,
14 10236.4, 10177(d), and 10177(h) and Regulations 2831.1, 2831.2, effective May 15, 2002. On
15 May 15, 2002, Respondents FHLC and SALAS were issued restricted broker licenses.
16

17 PRIOR BUREAU ACTION

18 15.

19 On September 30, 2013, in Case No. R-5147, Respondents real estate licenses
20 were suspended pursuant to this Bureau of Real Estate Recovery action. On October 14, 2013,
21 said suspension was released.
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1 WHEREFORE, Complainant prays that a hearing be conducted on the allegations
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary
3 action against all licenses and/or license rights of Respondents FEDERAL HOME LOANS
4 CORPORATION and EVANGELINE MICHAEL SALAS, individually and as designated
5 officer of Federal Home Loan Corporation under the Real Estate Law (Part 1 of Division 4 of
6 the California Business and Professions Code) and for such other and further relief as may be
7 proper under other applicable provisions of law, including but not limited to repatriation of trust
8 fund costs of investigation, enforcement and audit.
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10 Dated at Los Angeles, California

11 This 22 day of July, 2014.

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14 VERONICA KILPATRICK
15 Deputy Real Estate Commissioner
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22 cc: Federal Home Loan Corporation
23 Evangeline Michael Salas
24 Veronica Kilpatrick
25 Daryl M. Thomas - Audits
26 Sacto