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FILED

SEP 14 2010

DEPARTMENT OF REAL ESTATE

By R. Henry

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

12 \* \* \*

13 In the Matter of the Accusation of )  
14 MILO LEWIS, ) H-5468 SAC  
15 Respondent. ) ACCUSATION

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17 The Complainant, TRICIA D. SOMMERS, in her official capacity as a Deputy  
18 Real Estate Commissioner of the State of California, for cause of Accusation against MILO  
19 LEWIS (hereinafter "LEWIS"), is informed and alleges as follows:

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21 At all times herein mentioned, LEWIS was and now is licensed and/or has license  
22 rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code)  
23 (herein "the Code") as a real estate broker.

24 2

25 Whenever reference is made in an allegation in this Accusation to an act or  
26 omission of LEWIS, such allegation shall be deemed to include the acts of employees, agents  
27 and/or real estate licensees employed by or associated with LEWIS while engaged in the

1 furtherance of the business or operations of LEWIS and while acting within the course and scope  
2 of their authority and employment.

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4 At all times herein mentioned, LEWIS, individually and doing business under the  
5 registered fictitious business name, Cloud 10 Financial Services Group, and the unregistered  
6 fictitious business names, Cloud 10 Financial.com and/or, Realty 10 and/or the unlicensed  
7 corporation, Cloud 10 Financial Inc., engaged in the business of, acted in the capacity of,  
8 advertised, or assumed to act as a real estate broker within the State of California within the  
9 meaning of Sections 10131(a) and 10131(b) of the Code, including: the operation and conduct of  
10 a mortgage loan brokerage with the public wherein, on behalf of others, for compensation or in  
11 expectation of compensation, LEWIS solicited lenders and borrowers for loans secured directly  
12 or collaterally by liens on real property, and wherein Respondent arranged, negotiated, processed,  
13 and consummated such loans.

14 FIRST CAUSE OF ACTION

15 Audit Violations

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17 Each and every allegation in Paragraphs 1 through 3, inclusive, above, is  
18 incorporated by this reference as if fully set forth herein.

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20 On January 26, 2010, after LEWIS failed to appear on the prearranged date of  
21 January 19, 2010, and continuing on January 27, 2010 and February 11, 2010, an audit was  
22 conducted at LEWIS' main office located at 640 Tracey Jean Court, Tracy, California, wherein  
23 the auditor examined records for the period January 1, 2008 through November 30, 2009 ("the  
24 audit period").

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26 In so acting as a real estate broker, LEWIS accepted or received funds in trust  
27 (herein "trust funds") from or on behalf of lenders, investors, borrowers and others in connection

1 with the mortgage loan brokerage activities described in Paragraph 3, above, and thereafter from  
2 time to time made disbursements of the trust funds.

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4 The aforementioned trust funds accepted or received by Respondents were  
5 deposited or caused to be deposited by Respondents into one or more bank accounts (herein  
6 "trust fund accounts") maintained by Respondents, including but not necessarily limited to, the  
7 following account maintained by LEWIS at the Bank of America, 3120 West Grant Line Rd.,  
8 Tracy, CA 95661, entitled Cloud 10 Financial Group, Account number 05751-43633 ("Bank  
9 #1").

10 8

11 In the course of the activities described in Paragraph 5, above, for the audit  
12 period:

13 (a) Bank #1 was not designated as trust account and was not under the name  
14 of LEWIS or his dba, Cloud 10 Financial Services Group as trustee in violation of Sections  
15 10145 and 10146 of the Code and Section 2832 of the Commissioner's Regulations;<sup>1</sup>

16 (b) The Auditors' attempts to prepare bank account reconciliation for Bank  
17 #1 were unsuccessful as LEWIS did not maintain control records, separate beneficiary records  
18 or trust fund reconciliations. Therefore, trust fund accountability and the adjusted balance for  
19 Bank #1 could not be determined in violation of Section 10145(g) of the Code and Sections  
20 2831, 2831.1 and 2831.2 of the Commissioner's Regulations.

21 (c) Per bank statements as of October 21, 2009, Bank #1 was overdrawn with  
22 a negative balance of \$70.29.

23 (d) LEWIS collected advance fees from at least the following borrowers  
24 before LEWIS had not received a "no objection letter" from the Department in violation of  
25 Section 10085 of the Code and Section 2970 of the Commissioner's Regulations:

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27 <sup>1</sup> California Code of Regulations, Title 10, Chapter 6 (The "Commissioner's Regulations")

Borrower Name	Property Address	Date of Contract Signed	Date of Advance Fee Collected	Amount of Advance Fee Collected
Tom V. and Vanna N.	3462 Costantino Cr. Stockton, CA	11/20/2008	11/20/2008	\$ 595.00
	3915 Montaro Ln. Stockton, CA	08/26/2008	08/26/2008	\$ 595.00
Bonifacio Gobeia	2034 S. Olive Ave. Stockton, CA	12/09/2008	12/09/2008	\$1,420.00

(e) LEWIS collected advance fees from at least the following borrowers after LEWIS had received a "no objection letter" from the Department but failed to use the forms upon which the letter was based in violation of Section 10085 of the Code and Section 2970 of the Commissioner's Regulations:

Borrower Name	Property Address	Date of Contract Signed	Date of Advance Fee Collected	Amount of Advance Fee Collected
George Brown	2021 Wild Rose Court Vacaville, CA	6/5/09	6/19/09	\$795.00
Joseph Cannon	1957 Grove Court Tracy CA	9/10/09	9/10/09	\$595.00
Jamiela Nutt	2737 Owens St. Fairfield, CA	6/9/09	6/9/09	\$795.00
Tess Padron	336 View Point Pacifica, CA	9/2/09	9/2/09	\$1,295.00

(f) Failed to provide a quarterly verified accounting to those borrowers from whom an advanced fee was collected in violation of Section 10146 of the Code and Section 2972 of the Commissioner's Regulations.

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1 (g) In violation of Section 10130 of the Code, LEWIS conducted real estate  
2 services for which a real estate license is required under the corporate business name Cloud 10  
3 Financial, Inc., a business entity which is not licensed by the Department.

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5 The acts and/or omissions of LEWIS as alleged above violated Sections, 2831,  
6 2831.1, 2831.2, 2832, 2970, and 2972 of the Commissioner's Regulations, and Sections 10085,  
7 10085.5, 10130, 10145, 10146 of the Code and are grounds for discipline under Sections 10176  
8 and 10177(d) of the Code.

9 SECOND CAUSE OF ACTION

10 Multiple Beneficiaries Trust Fund Mishandling

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12 Each and every allegation in Paragraphs 1 through 3, and 8(c) above, is  
13 incorporated by this reference as if fully set forth herein.

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15 Lewis failed to obtain written consent of each of the owners of funds in Bank #1  
16 prior to making the disbursement(s) that lead to the negative balance in Bank #1 all in violation  
17 of Section 2832.1 of the Commissioner's Regulation and is grounds for discipline under Sections  
18 10176 and 10177(d) of the Code.

19 THIRD CAUSE OF ACTION

20 Unlicensed fictitious business names

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22 Each and every allegation contained in Paragraphs 1 through 3 above, are  
23 incorporated by this reference as if fully set forth herein.

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25 At all times relevant herein LEWIS used the fictitious business names *Cloud 10*  
26 *Financial.com* and *Realty 10*. These fictitious business names are not registered with the  
27 Department as required under Section 2731 of the Commissioner's Regulation and is grounds for  
discipline under Sections 10176 and 10177(d) of the Code.



1  
2 The acts and omissions of LEWIS described in Paragraphs 5 through 14, above,  
3 in the alternative, constitute negligence or incompetence in performing acts requiring a real  
4 estate license, and is cause under Section 10177(g) of the Code for suspension or revocation of  
5 all licenses and license rights of LEWIS.

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

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13 TRICIA D. SOMMERS  
14 Deputy Real Estate Commissioner

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16 Dated at Sacramento, California  
17 this 19th day of August, 2010.