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**FILED**  
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DEPARTMENT OF REAL ESTATE  
By *[Signature]*

9 BEFORE THE DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \*\*\*

12 In the Matter of the Application of )  
13 LINDA KAY CAMPBELL, ) NO. H-5825 SAC  
14 Respondent. ) STATEMENT OF ISSUES  
15 )

16 The Complainant, SYLVIA YRIGOLLEN, acting in her official capacity as a  
17 Deputy Real Estate Commissioner of the State of California, for Statement of Issues against  
18 LINDA KAY. CAMPBELL (hereinafter "Respondent"), is informed and alleges as follows:

19 1.

20 On or about August 26, 2010, Respondent made application to the Department for  
21 a mortgage loan originator license endorsement (hereinafter "License Endorsement").

22 2.

23 On or about 1986, Respondent became licensed by the State of California  
24 Department of Real Estate (hereinafter "the Department") under the Real Estate Law, Part 1 of  
25 Division 4 of the Code (herein "the Real Estate Law") as a real estate broker. Respondent is  
26 presently licensed and/or has license rights under Part 1 of Division 4 of the Business and  
27 Professions Code (hereinafter "the Code") as a restricted real estate salesperson.

1 3.

2 In 1989, the Department issued a real estate broker corporation license to Ed  
3 Veronick Mortgage Loan, Inc. (hereinafter "EVML"). On or about July 26, 1989, Respondent  
4 became the designated officer/broker of EVML and was responsible for supervising the activities  
5 of the officers, real estate licensees and employees of EVML for which a real estate license is  
6 required.

7 4.

8 At all times herein mentioned, EVML engaged in the business of, acted in the  
9 capacity of, advertised, or assumed to act as a real estate broker within the State of California for  
10 or in expectation of compensation, for which a real estate license is required under section  
11 10131(b) of the Code, including, but not limited to, the operation and conduct of a mortgage loan  
12 brokerage with the public wherein, on behalf of others, for compensation or in expectation of  
13 compensation, Respondent solicited lenders and borrowers for loans secured directly or  
14 collaterally by liens on real property, and wherein Respondent arranged, negotiated, processed  
15 and consummated such loans.

16 **CORRECTIVE ACTION LETTER**

17 5.

18 On or about November 4, 2005, the Department issued a Corrective Action  
19 Letter to Respondent and EVML for the unlawful employment and payment of compensation to  
20 unlicensed individuals conducting real estate activities for which a valid real estate license was  
21 required and for failing to provide proper and complete Good-Faith Estimates for loans secured  
22 by real property brokered by EVML.

23 **REAL ESTATE LICENSE DISCIPLINE**

24 6.

25 On or about September 29, 2010, after an administrative hearing before an  
26 Administrative Law Judge (hereinafter "ALJ") of the California Office of Administrative  
27

1 Hearings, in Case No. H-2480 FR, the ALJ issued a Proposed Decision which revoked  
2 Respondent's real estate broker license and provided for the issuance of a restricted real estate  
3 salesperson license to Respondent. The ALJ's conclusions were based upon findings that  
4 Respondent: (a) failed to deposit trust funds into a trust account in violation of section 10177(d)  
5 of the Code (willful disregard or violation of the Real Estate Law); (b) commingled appraisal  
6 fee trust funds with broker funds in violation of section 10177(d) of the Code; (c) failed to  
7 maintain a separate record for each beneficiary or transaction in violation of section 10177(d) of  
8 the Code; (d) failed to supervise and control the licensed activities of EVML's officers and  
9 employees as necessary to secure full compliance with the Real Estate Law in violation of  
10 section 10159.2(a) of the Code and (e) failed to exercise reasonable supervision over  
11 Respondent's salespersons as required under California Code of Regulations, title 10, section  
12 2725.

### 13 **MATTER IN AGGRAVATION**

#### 14 Civil Judgment

15 7.

16 On October 31, 2008, the Monterey County District Attorney filed a civil  
17 complaint for injunction, civil penalties and equitable relief for the unfair and deceptive business  
18 practices of, among others, Respondent and EVML. Specifically, the District Attorney alleged  
19 that in connection with their mortgage loan brokerage business, Respondent: (1) made false and  
20 misleading representations with the intent to induce members of the public to enter into  
21 obligations related to EVML's loan brokerage services; and (2) engaged in unlawful, fraudulent  
22 or unfair acts or practices constituting unfair competition.

23 8.

24 Effective March 2, 2010, in the Superior Court of the State of California, County  
25 of Monterey, Case No. M94799, Respondent and the Office of the Monterey County District  
26 Attorney agreed to a no contest Stipulation for Entry of Final Judgment wherein Respondent  
27 agreed to pay a civil penalty of \$50,000 due in full at entry of final judgment. In lieu of full

1 payment at entry of Final Judgment, Respondent was permitted to make scheduled payments of  
2 \$5,000 each. To date, that Civil Judgment has not been satisfied by Respondent.

3 **GROUND FOR DENIAL OF MLO ENDORSEMENT**

4  
5 9.

6 The facts alleged above in Paragraphs 4 through 5 constitute grounds for denial of  
7 Respondent's application for a License Endorsement under sections 480(a) and 10166.05(c) of  
8 the Business and Professions Code.

9 WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
10 of this Statement of Issues, and that upon proof thereof, a decision be rendered that the  
11 Commissioner refuse to authorize the issuance of, and deny the issuance of, a License  
12 Endorsement to Respondent, and for such other and further relief as may be proper under the  
13 provisions of law.

14  
15   
16 SYLVIA YRIGOLLEN  
17 Deputy Real Estate Commissioner

18 Dated at Sacramento, California,  
19 this 8<sup>th</sup> day of June, 2012.