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FILED

NOV 28 2016

BUREAU OF REAL ESTATE

By B. Nicholas

9 BEFORE THE BUREAU OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of)

13 KAWEAH FINANCIAL GROUP INC., and)
14 MARCIA JOLEEN PALMER,)

15 Respondents.)

No. H-6446 SAC

ACCUSATION

16 The Complainant, CHIKA SUNQUIST, a Supervising Special Investigator of the
17 State of California, for cause of Accusation against KAWEAH FINANCIAL GROUP INC., and
18 MARCIA JOLEEN PALMER, (Respondents), is informed and alleges as follows:

19 PRELIMINARY ALLEGATIONS

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21 The Complainant, CHIKA SUNQUIST, a Supervising Special Investigator of the
22 State of California, makes this Accusation in her official capacity.

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24 Respondents are presently licensed and/or have license rights under the Real
25 Estate Law, Part 1 of Division 4 of the Business and Professions Code (Code).

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At all times mentioned, Respondent KAWEAH FINANCIAL GROUP INC. (KAWEAH) was and is licensed by the State of California Bureau of Real Estate (Bureau) as a real estate broker corporation.

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At all times mentioned, Respondent MARCIA JOLEEN PALMER (PALMER) was and is licensed by the Bureau individually as a real estate broker, and as the designated broker-officer of KAWEAH. As said designated officer-broker, PALMER was responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees and employees of KAWEAH for which a license is required.

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Whenever reference is made in an allegation in this Accusation to an act or omission of KAWEAH, such allegation shall be deemed to mean that the officers, directors, employees, agents and real estate licensees employed by or associated with KAWEAH committed such acts or omissions while engaged in furtherance of the business or operation of KAWEAH and while acting within the course and scope of their corporate authority and employment.

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At all times mentioned, Respondents engaged in the business of, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Sections 10131(d) and 10131(e) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Respondent solicited lenders and borrowers for loans secured directly or collaterally by liens on real property or a business opportunity, and wherein such loans were arranged, negotiated, processed, and consummated by Respondents on behalf of others and wherein promissory notes or interests therein were sold or purchased on behalf of another or others for compensation or in expectation of a compensation.

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From on or about January 19, 2016, to January 20, 2016, the Bureau conducted an audit of the records of KAWEAH. The auditor examined the records for the period of January 1, 2014, through December 31, 2015.

FIRST CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 7, inclusive, above are incorporated by this reference as if fully set forth herein.

9

In acting as real estate brokers, as described in Paragraph 6, Respondents accepted or received funds in trust (trust funds) from or on behalf of lenders, investors, note purchasers, borrowers, and others in connection with the servicing, solicitation, negotiation, processing, and consummation of mortgage loan investments by Respondents.

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The aforesaid trust funds accepted or received by Respondents were deposited or caused to be deposited by Respondents into one or more bank accounts (trust accounts) maintained by Respondents for the handling of trust funds, including but not limited to the following:

ACCOUNT # 1	
Bank Name and Location:	Valley Business Bank 701 W. Main Street, Visalia, CA 93291
Account No.:	XXX3374
Entitled:	Kaweah Financial Group Inc. Kaweah Mortgage Trust Account

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ACCOUNT # 2	
Bank Name and Location:	Valley Business Bank 701 W. Main Street, Visalia, CA 93291
Account No.:	XXX3390
Entitled:	Kaweah Financial Group Inc. Trust Account

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In the course of activities described in Paragraph 6, Respondents:

(a) Caused, suffered, or permitted the balance of funds in Account #2 to be reduced to an amount which, as of December 31, 2015, was approximately \$13,655.13 less than the aggregate liability of Account #2 to all owners of such funds in violation of Section 10145 of the Code and Section 2832.1 of Title 10 of the California Code of Regulations (Regulations);

(b) Failed to keep accurate separate records for each beneficiary or transaction, accounting therein for all funds which were deposited into Account #2, containing all of the information required by Section 2831.1 of the Regulations;

(c) Failed to submit to the Bureau in a timely manner the Trust Account Review Report (TAR) for the years 2014 and 2015 as required under Sections 10232.2(a) and/or 10238(o) of the Code;

(d) Failed to submit to the Bureau in a timely manner the Quarterly Trust Account Reports (Multi-Lender Transactions) (RE 852) including, but not limited to the 2nd quarter of 2015, 1st quarter of 2016, and 2nd quarter of 2016, in violation of Sections 10238(k)(3) and/or 10238(j)(4) of the Code;

(e) Failed to submit to the Bureau in a timely manner the Quarterly Trust Fund Status Reports (Threshold Reports) (RE 855 and 856) including, but not limited to the 2nd quarter of 2015 and 2nd quarter of 2016, in violation of Sections 10232.25(a) and/or 10232.25(b) of the Code;

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1 (f) Failed to provide a Lender/Purchaser Disclosure Statement to investor Bill
2 Maddox on behalf of the Maddox Living Trust, for a loan secured by a property located at 4704
3 Modic Court, Visalia, California, for borrowers Cesar and Esther O., in violation of Section
4 10232.4 of the Code;

5 (g) Did not maintain the loan funds for the loan secured by a property located
6 at 4704 Modic Court, Visalia, California, which is a construction and rehabilitation loan, in an
7 escrow account, as required by Section 10232.3(a)(4) of the Code; and

8 (h) Failed to disclose to lender, Bill Maddox, for the loan secured by the
9 property located at 4704 Modic Court, Visalia, California, the required investment qualification
10 disclosure as required by Section 10232.3(b) of the Code.

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12 The facts alleged in the First Cause of Action are grounds for the suspension or
13 revocation of Respondents' licenses and license rights under the following sections of the Code
14 and Regulations:

15 As to Paragraph 11(a), under Section 10177(d) and/or 10177(g) of the Code in
16 conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations;

17 As to Paragraph 11(b), under Section 10177(d) and/or 10177(g) of the Code in
18 conjunction with Section 2831.1 of the Regulations;

19 As to Paragraph 11(c), under Section 10177(d) and/or 10177(g) of the Code in
20 conjunction with Sections 10232.2(a) and/or 10238(o) of the Code;

21 As to Paragraph 11(d), under Section 10177(d) and/or 10177(g) of the Code in
22 conjunction with Sections 10238(k)(3) and/or 10238(j)(4) of the Code;

23 As to Paragraph 11(e), under Section 10177(d) and/or 10177(g) of the Code in
24 conjunction with Sections 10232.25(a) and/or 10232.25(b) of the Code;

25 As to Paragraph 11(f), under Section 10177(d) and/or 10177(g) of the Code in
26 conjunction with Section 10232.4 of the Code;

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1 As to Paragraph 11(g), under Section 10177(d) and/or 10177(g) of the Code in
2 conjunction with Section 10232.3(a)(4) of the Code; and

3 As to Paragraph 11(h), under Section 10177(d) and/or 10177(g) of the Code in
4 conjunction with Section 10232.3(b) of the Code.

5 SECOND CAUSE OF ACTION

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7 Each and every allegation in Paragraphs 1 through 12, inclusive, is incorporated
8 by this reference as if fully set forth herein.

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10 Respondent PALMER failed to exercise reasonable supervision over the acts of
11 KAWEAH in such a manner as to allow the acts and events described above to occur.

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13 The acts and/or omissions of PALMER as described in Paragraph 14, constitutes
14 failure on the part of PALMER, as designated broker-officer for KAWEAH, to exercise
15 reasonable supervision and control over the licensed activities of KAWEAH as required by
16 Section 10159.2 of the Code and Section 2725 of the Regulations.

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18 The facts described above as to the Second Cause of Action constitute cause for
19 the suspension or revocation of the licenses and license rights of Respondent PALMER under
20 Section 10177(g) and/or Section 10177(h) of the Code, and Section 10159.2 of the Code in
21 conjunction with Section 10177(d) of the Code.

22 COST RECOVERY

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24 The acts and/or omissions of Respondents as alleged above, entitle the Bureau to
25 reimbursement of the costs of its audit pursuant to Section 10148(b) (audit costs for trust fund
26 handling violation) of the Code.

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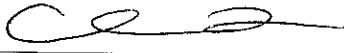
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Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Bureau, the Commissioner may request the Administrative Law Judge to direct a licensee found to have committed a violation of this part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

PREVIOUS ADMINISTRATIVE PROCEEDING

Effective October 1, 2012, in Case No. H-2683 FR, the Real Estate Commissioner issued an Order which suspended the real estate broker license of KAWEAH for thirty (30) days, stayed upon terms and conditions, for violation of Section 10177(g) of the Code.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing discipline on all licenses and license rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), for the cost of the investigation and enforcement of this case as permitted by law, for the cost of the Bureau's audit as permitted by law, and for such other and further relief as may be proper under the provisions of law.



CHIKA SUNQUIST
Supervising Special Investigator

Dated at Sacramento, California,
this 21st day of November, 2016