

FILED

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DEPARTMENT OF REAL ESTATE

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8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 IRON OAK HOME LOANS, INC. and)
13 R. LEWIS JEPSON,)
14 Respondents.)

No. H-6688 SAC

ACCUSATION

15 The Complainant, CHIKA SUNQUIST, acting in her official capacity as a
16 Supervising Special Investigator of the State of California, for cause of Accusation against
17 Respondents IRON OAK HOME LOANS INC (IOHLI) and R. LEWIS JEPSON(JEPSON),
18 sometimes collectively referred to as Respondents, is informed and alleges as follows:

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

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23 At all times herein mentioned, IOHLI was and is licensed by the State of
24 California Department of Real Estate (Department) as a real estate broker corporation and holds
25 a Mortgage Loan Originator Endorsement (MLO Endorsement).

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2 At all times herein mentioned, JEPSON was and is presently licensed and/or has
3 license rights as a real estate broker and holds an MLO Endorsement.

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5 At all times mentioned herein, JEPSON was and is licensed by the Department as
6 the designated broker officer of IOHLI. As the designated broker officer, JEPSON was
7 responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of
8 officers, agents, real estate licensees and employees of IOHLI for which a real estate license is
9 required to ensure the compliance of the corporation with the Real Estate Law and Regulations.

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

16 6

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

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1 FIRST CAUSE OF ACTION

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3 Each and every allegation in Paragraphs 1 through 6, inclusive, is incorporated by
4 this reference as if fully set forth herein.

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6 On or about July 20, 2016, through July 27, 2016, an audit was conducted of
7 IOHLI. The auditor examined records for the period of June 1, 2015, through June 30, 2016 (the
8 audit period).

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10 While acting as a real estate broker as described in Paragraph 6, above, and
11 within the audit period, Respondents accepted or received funds in trust (trust funds) from or on
12 behalf of lenders, investors, note purchasers, borrowers, and others in connection with the
13 servicing, solicitation, negotiation, processing, and consummation of mortgage loan investments
14 by Respondents, and deposited or caused to be deposited those funds into bank accounts
15 maintained by Respondents, at Bank of the West, P.O. Box 2830, Omaha, Nebraska 68103-
16 2830, including but not limited to the following:

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18 TRUST ACCOUNT #1	
19 Account No.:	XXXXXX5854
20 Entitled:	IRON OAK HOME LOANS INC TRUST ACCOUNT

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23 TRUST ACCOUNT #2	
24 Account No.:	XXXXXX5649
25 Entitled:	IRON OAK HOME LOANS INC TRUST ACCOUNT

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

- (a) Caused, suffered, or permitted the balance of funds in Trust Account #2 to be reduced to an amount which, as of December 31, 2015, was approximately \$6,488.33 less than the aggregate liability of Trust 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); and
- (b) Caused, suffered, or permitted the balance of funds in Trust Account #2 to be reduced to an amount which, as of June 30, 2016, was approximately \$127.60 less than the aggregate liability of Trust Account #2 to all owners of such funds in violation of Section 10145 of the Code and Section 2832.1 of the Regulations.
- (c) Failed to disclose its mortgage loan originator's unique identifier on the Lender Purchaser Disclosure Statement (LPDS) in violation of Section 10236.4 (b) of the Code.

The acts and/or omissions described above constitute violations of Sections 2832.1 (Written Permission for Balance Below Accountability) of the Regulations and of Sections 10145 (Trust Fund Handling) and 10236.4 (b) (MLO Identifier in Disclosure Statement) and are grounds for discipline under Sections 10177(d) (Willful Disregard of Real Estate Laws) and/or 10177(g) (Negligence/Incompetence Licensee) of the Code.

SECOND CAUSE OF ACTION

Each and every allegation in Paragraphs 1 through 11, inclusive, is incorporated by this reference as if fully set forth herein.

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Respondent JEPSON failed to exercise reasonable supervision and control over the licensed activities of IOHLI in such a manner as to allow the acts and events described above to occur.

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

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The above acts and/or omissions of JEPSON violate Section 2725 (Broker Supervision) of the Regulations and Section 10159.2 (Responsibility/Designated Officer) of the Code and constitute grounds for disciplinary action under the provisions of Sections 10177(d), 10177(g) and/or 10177(h) (Broker Supervision) of the Code.

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Audit Costs

The acts and/or omissions of Respondents, as alleged above, entitle the Department to reimbursement of the costs of its audits pursuant to Section 10148(b) (Audit Costs for Trust Fund Handling Violations) of the Code.


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Costs of Investigation and Enforcement

Section 10106 of the Code provides, in pertinent part, that in any order issued in resolution of a disciplinary proceeding before the Department, 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.

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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 license rights of Respondents under the Real Estate
4 Law, for the cost of the investigation and enforcement as permitted by law, for the cost of the
5 audit as permitted by law, and for such other and further relief as may be proper under other
6 provisions of law.

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10 CHIKA SUNQUIST
11 Supervising Special Investigator

12 Dated at Sacramento, California,
13 this 24th day of July, 2018.

14 DISCOVERY DEMAND

15 Pursuant to Sections 11507.6, *et seq.* of the *Administrative Procedure Act*, the
16 Department of Real Estate hereby makes demand for discovery pursuant to the guidelines set
17 forth in the *Administrative Procedure Act*. Failure to provide Discovery to the Department of
18 Real Estate may result in the exclusion of witnesses and documents at the hearing or other
19 sanctions that the Office of Administrative Hearings deems appropriate.
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