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JUL 23 2019

DEPARTMENT OF REAL ESTATE

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7
8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)

NO. H-6860 SAC

12 CROWN POINT FINANCIAL GROUP, INC.,)

13 and REGINALD R. LAL,)

ACCUSATION

14 Respondents.)

15
16 The Complainant, CHIKA SUNQUIST, a Supervising Special Investigator of
17 the State of California, for Accusation against Respondents CROWN POINT FINANCIAL
18 GROUP, INC. (CPFG) and REGINALD R. LAL (LAL), hereinafter collectively
19 RESPONDENTS, is informed and alleges as follows:

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21 The Complainant makes this Accusation against RESPONDENTS in her
22 official capacity.

23 2

24 At all times herein mentioned, CPFG was and is presently licensed and/or has
25 license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and
26 Professions Code (the Code) by the Department of Real Estate (the Department) as a corporate
27 real estate broker.

1 3

2 LAL is presently licensed and/or has license rights under the Real Estate Law,
3 Part 1 of Division 4 of the Code as a real estate broker and as the designated officer of CPFG.

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5 At no time mentioned herein, did CPFG hold an MLO Endorsement.

6 5

7 At no time mentioned herein, did LAL hold an MLO Endorsement.

8 6

9 As the designated officer, LAL was responsible, pursuant to Section 10159.2
10 of the Code, for the supervision of the activities of the officers, agents, real estate licensees and
11 employees of CPFG for which a real estate license is required.

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

18 8

19 At all times mentioned herein, RESPONDENTS engaged in the business of,
20 acted in the capacity of, or assumed to act as a real estate broker within the State of California
21 within the meaning of Section 10131(d) of the Code, including solicitation of borrowers for or
22 negotiation of loans or performance of services for borrowers or lenders or note owners in
23 connection with loans secured directly or collaterally by liens on real property, including but
24 not limited to direct solicitation as described above of individual mortgage borrowers whose
25 names are set forth below.

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1 FIRST CAUSE OF ACTION

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3 Complainant refers to Paragraphs 1 through 8, above, and incorporates the same
4 herein by reference.

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6 An investigation by the Department Special Investigator revealed that
7 Respondents performed mortgage loan activities on behalf of borrower Minerva Properties,
8 Inc., to purchase certain real property commonly known as 652 54th Street, Sacramento,
9 California and 2016 Bidwell Way, Sacramento, California.

10 11

11 An examination of the transaction files and other documents revealed:

- 12 (a) Respondents failed to indicate under which authority the transactions were
13 being made as required by Section 10236.7 of the Code;
14 (b) Respondents failed to provide Investor Qualification Statements as required
15 by Section 10238(f) (1) of the Code;
16 (c) Respondents failed to provide an appraisal report for borrowers as required
17 by Section 10238(h)(3) of the Code;
18 (d) Respondents provided a Loan Profile-Market Valuation that was based on
19 estimated remodeled fair market value, while the loan was not a construction
20 loan, in violation of Section 10238(h)(4) of the Code;
21 (e) The Loan to Value for each loan were 90 percent and 91 percent, which
22 exceeded the maximum set forth in Section 10238(h)(1)(B) of the Code;
23 (f) Respondents did not provide Servicing Agreements for either loan as
24 required by Section 10238(k) of the Code;
25 (g) Respondents failed to provide Lender/Purchase Disclosure Statements for
26 either loan as required by Section 10232.4 of the Code;

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- 1 (h) Respondents failed to provide Investor Questionnaire/Suitability forms for
2 either loan, as required by Section 10232.45 of the Code;
- 3 (i) Respondents failed to provide Mortgage Loan Disclosure Statements for
4 Non-Traditional Loans for either loan as required by Section 2842 of the
5 Regulations or Section 10240 of the Code;
- 6 (j) Respondents failed to file Multi-Lender Notifications for either loan, as
7 required by Section 10238 of the Code;
- 8 (k) Respondents failed to file Mortgage Loan Activity Notifications as required
9 by Section 10166.02(a) of the Code;
- 10 (l) Respondents listed themselves as the trustee/beneficiary on the recorded
11 Deeds of Trust in violation of Section 10234(a) of the Code.

12 12

13 The acts of RESPONDENTS, described above, constitute violations of Sections
14 10166.02(a), 10232.4, 10232.45, 10234, 10236.7, 10238, and 10240 and are grounds for
15 discipline under Sections 10177(d) (violate real estate law) and 10177(g)
16 (negligence/incompetence real estate licensee) of the Code.

17 SECOND CAUSE OF ACTION

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19 Complainant refers to Paragraphs 1 through 12, above, and incorporates the
20 same, herein, by reference.

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22 A review of the files for the above referenced loans reveals that:

- 23 (a) Documents were not signed on behalf of CPFPG.
- 24 (b) CPFPG is listed as the lender on five documents in each loan transaction file,
25 when in fact it was not a lender;
- 26 (c) The percentage ownership on Exhibit A to the Promissory Note and Exhibit
27 A to the Deed of Trust were inconsistent;

1 (d) On the CA Finance Lenders Law Statement of Loan Finance Lenders form,
2 Respondents did not identify a license number, erroneously checked the box
3 to indicate that "no person has performed any act as a loan broker," and
4 indicated that the loan term was for one year for both loans, when that was
5 not the case for either loan.

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7 The acts of omissions of RESPONDENTS, described above are grounds for
8 discipline under Section 10177(d) and 10177(g) of the Code.

9 THIRD CAUSE OF ACTION

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11 Complainant refers to Paragraphs 1 through 15, above, and incorporates the
12 same, herein, by reference.

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14 At all times herein above mentioned, LAL, was responsible as the supervising
15 broker for CPFG, for the supervision and control of the activities conducted on behalf of
16 CPFG's business by its employees. LAL failed to exercise reasonable supervision and control
17 over the property management activities of CPFG. In particular, LAL permitted, ratified,
18 and/or caused the conduct described above, to occur, and failed to take reasonable steps,
19 including but not limited to handling of trust funds, supervision of employees, and the
20 implementation of policies, rules, and systems to ensure the compliance of the business with
21 the Real Estate Law and the Regulations.

22 18

23 The above acts and/or omissions of LAL violate Section 10159.2
24 of the Code and Section 2725 of the Regulations and constitute grounds for disciplinary action
25 under the provisions of Sections 10177(d), 10177(g) and 10177(h) of the Code.

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1 COSTS

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

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

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16 CHIKA SUNQUIST
17 Supervising Special Investigator

18 Dated at Sacramento, California,
19 this 17th day of July, 2019.

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22 DISCOVERY DEMAND

23 The Department of Real Estate hereby requests discovery pursuant to Section
24 11507.6 of the California Government Code. Failure to provide discovery to the Department
25 may result in the exclusion of witnesses and/or documents at the hearing, and other sanctions as
26 the Administrative Law Judge deems appropriate.