

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

FILED  
APR - 2 2003

DEPARTMENT OF REAL ESTATE

By *Kathleen Contreras*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of	)	
	)	
PACIFIC INLAND FINANCIAL, INC.,	)	NO. H-7563 SF
and JAMES CLEMENT CHUBB,	)	
	)	
Respondents.	)	

ORDER GRANTING REINSTATEMENT OF LICENSE

On December 3, 1998, an Order was rendered herein revoking the real estate broker licenses of Respondents but granting Respondents the right to apply for restricted real estate broker licenses upon terms and conditions. Restricted real estate broker licenses were issued to Respondents on December 23, 1998, and Respondents have operated as restricted licensees since that time.

On May 30, 2002, Respondents petitioned for reinstatement of their broker real estate broker licenses and the Attorney General of the State of California has been given notice of the filing of said petitions.

1 I have considered the petitions of Respondents and the  
2 evidence and arguments in support thereof including Respondents'  
3 records as restricted licensees. Respondents have demonstrated  
4 to my satisfaction that Respondents meet the requirements of law  
5 for the issuance to Respondents of unrestricted real estate  
6 broker licenses and that it would not be against the public  
7 interest to issue said licenses to Respondents.

8 NOW, THEREFORE, IT IS ORDERED that Respondents' petition  
9 for reinstatement is granted and that real estate broker licenses  
10 be issued to Respondents, if Respondents satisfy the following  
11 condition within nine months from the date of this Order:

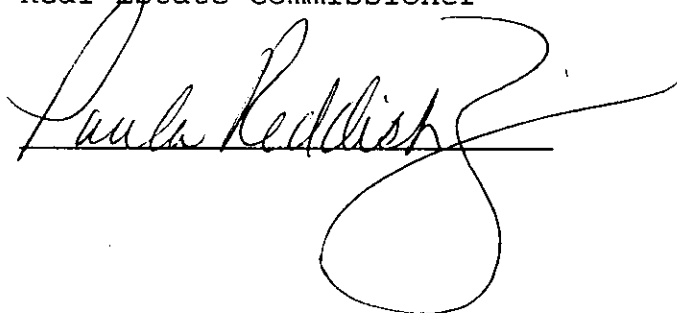
12 1. Submittal of completed applications and payment of  
13 the fees for real estate broker licenses.

14 2. Submittal of proof satisfactory to the Commissioner  
15 of Respondent JAMES CLEMENT CHUBB having taken and completed the  
16 trust fund accounting and handling course specified in paragraph  
17 (3), subdivision (a) of Section 10170.5 of the Business and  
18 Professions Code.

19 This Order shall be effective immediately.

20 DATED: February 25, 2003.  
21

22 PAULA REDDISH ZINNEMANN  
23 Real Estate Commissioner

24   
25  
26  
27

1 DEPARTMENT OF REAL ESTATE  
2 P. O. Box 187000  
3 Sacramento, CA 95818-7000  
4 Telephone: (916) 227-0789

FILED  
NOV 13 1998  
DEPARTMENT OF REAL ESTATE

By *Kathleen Contreras*

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 )  
13 PACIFIC INLAND FINANCIAL, INC., )  
14 and JAMES CLEMENT CHUBB, )  
15 )  
16 Respondents. )

NO. H-7563 SF  
STIPULATION AND AGREEMENT

16 It is hereby stipulated by and between PACIFIC INLAND  
17 FINANCIAL, INC. ("Respondent PIF"), and JAMES CLEMENT CHUBB  
18 ("Respondent CHUBB"), (collectively "Respondents"), as follows for  
19 the purpose of settling and disposing of the Accusation filed on  
20 March 31, 1998, in this matter:

21 1. All issues which were to be contested and all  
22 evidence which was to be presented by Complainant and Respondents  
23 at a formal hearing on the Accusation, which hearing was to be  
24 held in accordance with the provisions of the Administrative  
25 Procedure Act ("APA"), shall instead and in place thereof be  
26 submitted solely on the basis of the provisions of this  
27 Stipulation and Agreement.



1           2. Respondents have received, read and understand the  
2 Statement to Respondent, the Discovery Provisions of the APA and  
3 the Accusation filed by the Department of Real Estate in this  
4 proceeding.

5           3. On April 24, 1998, Respondents filed a Notice of  
6 Defense pursuant to Section 11505 of the Government Code for the  
7 purpose of requesting a hearing on the allegations in the  
8 Accusation. Respondents hereby freely and voluntarily withdraw  
9 said Notice of Defense. Respondents acknowledge that they  
10 understand that by withdrawing said Notice of Defense they will  
11 thereby waive their right to require the Commissioner to prove the  
12 allegations in the Accusation at a contested hearing held in  
13 accordance with the provisions of the APA and that they will waive  
14 other rights afforded to them in connection with the hearing such  
15 as the right to present evidence in defense of the allegations in  
16 the Accusation and the right to cross-examine witnesses.

17           4. Respondents, pursuant to the limitations set forth  
18 below, hereby admit that the factual allegations or findings of  
19 fact as set forth in the Accusation filed in this proceeding are  
20 true and correct and the Real Estate Commissioner shall not be  
21 required to provide further evidence of such allegations.

22           5. It is understood by the parties that the Real Estate  
23 Commissioner may adopt the Stipulation and Agreement as his  
24 Decision in this matter, thereby imposing the penalty and  
25 sanctions on Respondents' real estate licenses and license rights  
26 as set forth in the below "Order". In the event that the  
27 Commissioner in his discretion does not adopt the Stipulation and





1 estate license and license rights of Respondent PIF under the  
2 provisions of Sections 10137, and 10138 of the Business and  
3 Professions Code ("Code"); Section 10177(d) of the Code in  
4 conjunction with Section 10145 of the Code and Section 2832.1 of  
5 Title 10, California Code of Regulations ("Regulations"); and  
6 Section 10145 of the Code in conjunction with Sections 10232.25(e)  
7 and 10240 of the Code and Sections 2831.1, 2831.2, and 2834 of the  
8 Regulations.

9 II

10 The conduct of Respondent CHUBB, as described in the  
11 Accusation, is cause for the suspension or revocation of the real  
12 estate license and license rights of Respondent CHUBB under the  
13 provisions of Section 10177(h) of the Code.

14 ORDER

- 15
- 16 A. The real estate broker licenses and all license rights of  
17 Respondents under the Real Estate Law are revoked.
- 18 B. A restricted real estate broker license shall be issued to  
19 Respondents pursuant to Business and Professions Code  
20 Section 10156.5, if Respondents make application therefor and  
21 pay to the Department the appropriate fee for said license  
22 within ninety (90) days from the effective date of this ORDER.
- 23 C. The restricted license issued to Respondents shall be subject  
24 to all the provisions of Section 10156.7 of the Business and  
25 Professions Code and to the following limitations, conditions  
26 and restrictions imposed under authority of Section 10156.6 of  
27 said Code:



1       (1) The license shall not confer any property right in the  
2           privileges to be exercised, and the Real Estate  
3           Commissioner may by appropriate order suspend the right  
4           to exercise any privileges granted under the restricted  
5           license in the event of:

6           (a) The conviction of Respondents (including a plea of  
7                   nolo contendere) to a crime which bears a  
8                   significant relation to Respondents' fitness or  
9                   capacity as a real estate licensee; or,

10          (b) The receipt of evidence that Respondents have  
11                   violated provisions of the California Real Estate  
12                   Law, Subdivided Lands Law, Regulations of the Real  
13                   Estate Commissioner or conditions attaching to the  
14                   restricted license.

15       (2) Respondents shall not be eligible to apply for issuance  
16           of an unrestricted real estate license nor the removal of  
17           any of the conditions, limitations or restrictions  
18           attaching to the restricted license until one (1) year  
19           has elapsed from the date of issuance of a restricted  
20           license to Respondent.

21       D. Respondents shall pay, pursuant to Section 10148 of the  
22           Business and Professions Code, the Commissioner's reasonable  
23           cost for an audit to determine if Respondents have corrected  
24           the trust fund violations as set forth in the Determination of  
25           Issues above. Respondents shall be jointly and severally  
26           liable for the cost of said audit. In calculating the amount  
27           of the Commissioner's reasonable costs, the Commissioner may



1 use the estimated average hourly salary for all persons  
2 performing audits of real estate brokers, and shall include an  
3 allocation for travel costs, including mileage, time to and  
4 from the auditor's place of work, and per diem. The  
5 Commissioner's reasonable costs shall in no event exceed  
6 \$3,313.20.

7 (1) Respondents shall pay such cost within 45 days of receipt  
8 of an invoice from the Commissioner detailing the  
9 activities performed during the audit and the amount of  
10 time spent performing those activities;

11 (2) If Respondents fail to pay, within 45 days from receipt  
12 of the invoice specified above, the Commissioner's  
13 reasonable costs for an audit to determine if Respondents  
14 have corrected the violations found as set forth in the  
15 Determination of Issues above, the Commissioner may order  
16 the indefinite suspension of Respondents' real estate  
17 licenses and license rights. The suspension shall remain  
18 in effect until payment is made in full, or until  
19 Respondents enter into an agreement satisfactory to the  
20 Commissioner to provide for such payment. The  
21 Commissioner may impose further reasonable disciplinary  
22 terms and conditions upon Respondents' real estate  
23 license and license rights as part of any such agreement.

24 E. Respondents shall pay a fine of \$2,500.00 pursuant to  
25 Section 10139.5 of the Business and Professions Code. The fine  
26 of \$2,500.00 is the total for both Respondents, and both  
27 Respondents shall be jointly and severally liable for payment



1 of the entire amount of said fine. Respondents shall pay the  
2 sum of \$2,500.00 in the form of a cashier's check or certified  
3 check made payable to the Recovery Account of the Real Estate  
4 Fund. Said check must be delivered to the Department prior to  
5 the effective date of the Order in this matter. If Respondents  
6 fail to pay said monetary penalty when due, the Commissioner  
7 may order the indefinite suspension of Respondents' real estate  
8 licenses and license rights. The suspension shall remain in  
9 effect until payment is made in full, or until Respondents  
10 enter into an agreement satisfactory to the Commissioner to  
11 provide for such payment. The Commissioner may impose further  
12 reasonable disciplinary terms and conditions upon Respondents'  
13 real estate license and license rights as part of any such  
14 agreement.

15 F. Respondent CHUBB shall, within six (6) months from the  
16 effective date of the restricted license, take and pass the  
17 Professional Responsibility Examination administered by the  
18 Department including the payment of the appropriate examination  
19 fee. If Respondent CHUBB fails to satisfy this condition, the  
20 Commissioner may order the suspension of the restricted license  
21 until Respondent passes the examination.

22 G. Respondent CHUBB shall, within nine (9) months from the  
23 effective date of this ORDER, present evidence satisfactory to  
24 the Real Estate Commissioner that he has, since the most recent  
25 issuance of an original or renewal real estate license, taken  
26 and successfully completed the continuing education  
27 requirements of Article 2.5 of Chapter 3 of the Real Estate Law



1 for renewal of a real estate license. If Respondent CHUBB  
2 fails to satisfy this condition, the Commissioner may order the  
3 suspension of the restricted license until Respondent presents  
4 such evidence. The Commissioner shall afford Respondent the  
5 opportunity for a hearing pursuant to the Administrative  
6 Procedure Act to present such evidence.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

September 9, 1998  
DATED

Thomas C. Lasken  
THOMAS C. LASKEN, Counsel  
DEPARTMENT OF REAL ESTATE

\* \* \*

I have read the Stipulation and Agreement, and its terms  
are understood by me and are agreeable and acceptable to me. I  
understand that I am waiving rights given to me by the California  
Administrative Procedure Act (including but not limited to  
Sections 11506, 11508, 11509, and 11513 of the Government Code),  
and I willingly, intelligently, and voluntarily waive those  
rights, including the right of requiring the Commissioner to prove  
the allegations in the Accusation at a hearing at which I would  
have the right to cross-examine witnesses against me and to  
present evidence in defense and mitigation of the charges.

PACIFIC INLAND FINANCIAL, INC.  
Respondent

8-21-98  
DATED

By: James Clement Chubb  
JAMES CLEMENT CHUBB  
President

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

8-10-98

DATED

By: *Jas Clement Chubb*  
JAMES CLEMENT CHUBB  
Respondent

\* \* \*

The foregoing Stipulation and Agreement is hereby  
adopted by the Real Estate Commissioner as his Decision and  
Order and shall become effective at 12 o'clock noon on  
December 3, 1998.

IT IS SO ORDERED 10/9, 1998.

JIM ANTT, JR.  
Real Estate Commissioner

*Jm Antt Jr*

FILED  
MAY 12 1998

BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA  
DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

In the Matter of the Accusation of

PACIFIC INLAND FINANCIAL,  
INC., and  
JAMES CLEMENT CHUBB,

Case No. H-7563 SF

OAH No. N-1998050017

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at \_\_\_\_\_

The Office of Administrative Hearings, World Savings Tower,

1970 Broadway, Second Floor, Oakland, California 94612

on July 21, 1998, at the hour of 10:00 AM,  
or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: May 12, 1998

By Thomas C. Lasken  
THOMAS C. LASKEN Counsel

1 THOMAS C. LASKEN, Counsel  
2 Department of Real Estate  
3 P. O. Box 187000  
4 Sacramento, CA 95818-7000

5 Telephone: (916) 227-0789

FILED  
MAR 31 1998  
DEPARTMENT OF REAL ESTATE

By *Kathleen Contreras*

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

\* \* \*

10 In the Matter of the Accusation of )  
11 )  
11 PACIFIC INLAND FINANCIAL, ) NO. H-7563 SF  
12 INC.; and )  
12 JAMES CLEMENT CHUBB; ) ACCUSATION  
13 )  
13 \_\_\_\_\_ Respondents. )

14 The Complainant, Les R. Bettencourt, a Deputy Real  
15 Estate Commissioner of the State of California, for cause of  
16 Accusation against PACIFIC INLAND FINANCIAL, INC., and against  
17 JAMES CLEMENT CHUBB, individually and as Designated Officer of  
18 PACIFIC INLAND FINANCIAL, INC. is informed and alleges as follows:

19 I

20 The Complainant, Les R. Bettencourt, a Deputy Real  
21 Estate Commissioner of the State of California, makes this  
22 Accusation in his official capacity.

23 II

24 At all times herein mentioned, Respondent PACIFIC INLAND  
25 FINANCIAL, INC. (hereinafter "Respondent PIF") was licensed and/or  
26 had license rights under the Real Estate Law, Part 1 of Division 4  
27 of the Business and Professions Code (hereinafter "Code") as a



1 real estate brokerage corporation, by and through Respondent JAMES  
2 CLEMENT CHUBB (hereinafter Respondent "CHUBB") as its Designated  
3 Officer.

4 III

5 At all times herein mentioned, Respondent CHUBB was  
6 licensed, and/or had license rights under the Code, individually  
7 and as Designated Officer of Respondent PIF.

8 IV

9 Whenever reference is made in an allegation in this  
10 Accusation to an act or omission of "Respondents", such allegation  
11 shall be deemed to mean the act or omission of each of the  
12 Respondents named in the caption hereof, acting individually,  
13 jointly, and severally, and as agents of each other.

14 V

15 At all times mentioned herein, Respondents engaged in  
16 the business of, acted in the capacity of, advertised or assumed  
17 to act as real estate brokers within the State of California,  
18 including the operation and conduct of a mortgage loan brokerage  
19 business with the public wherein lenders and borrowers were  
20 solicited for loans secured directly or collaterally by liens on  
21 real property, wherein such loans were arranged, negotiated,  
22 processed, and consummated on behalf of others for compensation or  
23 in expectation of compensation.

24 VI

25 During the course of the mortgage loan brokerage  
26 activities described in Paragraph V above, Respondents received  
27 and disbursed funds held in trust on behalf of another or others.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

VII

Within the three-year period immediately preceding the filing of this Accusation, Respondents maintained the following trust account for their mortgage loan business:

Comerica Bank  
Dolores Street Between 7th and 8th  
Carmel, CA 93921-4320  
Title: Pacific Inland Financial TRT  
Account Number: 8891000385.

VIII

Commencing on April 10, 1997, and continuing through May 1, 1997, an investigative audit was made by the Department of Real Estate (hereinafter "Department") of Respondent PIF's records for the period of December 1, 1995, through March 31, 1997, as those records relate to Respondent PIF's licensed activities in its mortgage loan business.

IX

In connection with the collection and disbursement of trust funds, Respondent PIF failed to deposit and maintain trust funds in its trust account in such manner that as of March 31, 1997, there was a shortage of \$168.36 of trust funds.

X

As of March 31, 1997, Respondent PIF disbursed, or caused or permitted the disbursement of, trust funds from its trust account, without the prior written consent of every principal who was an owner of the funds in the account, where the disbursement reduced the balance of funds in the accounts to an amount which was \$168.36 less than the existing aggregate trust fund liability of Respondent PIF to all owners of said funds, in



1 violation of Section 2832.1 of Title 10, California Code of  
2 Regulations (hereinafter "Regulations").

3 XI

4 During the period from December 1, 1995, through  
5 March 31, 1997, Respondent PIF failed to maintain separate records  
6 for each beneficiary or transaction, accounting for all trust  
7 funds received, deposited, and disbursed, in conformance with  
8 Section 2831.1 of the Regulations.

9 XII

10 During the period from December 1, 1995, through  
11 March 31, 1997, Respondent PIF failed to reconcile the balances of  
12 all separate beneficiary or transaction records maintained with  
13 the record of all trust funds received and disbursed at least once  
14 a month, in violation of Section 2831.2 of the Regulations.

15 XIII

16 During the period from December 1, 1995, through  
17 March 31, 1997, Respondent PIF allowed withdrawals from its  
18 trust account by an unlicensed person who did not have fidelity  
19 bond coverage, and by a salesperson not specifically authorized  
20 in writing to do so, in violation of Section 2834 of the  
21 Regulations.

22 XIV

23 During the period from December 1, 1995, through  
24 March 31, 1997, in connection with the Trust Account, Respondent  
25 PIF failed to complete and maintain a trust fund status report  
26 on the Trust Account as required by Section 10232.25(e) of the  
27 Code.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

XV

Within the three-year period immediately preceding the filing of this Accusation, Respondent PIF, in connection with the mortgage loan brokerage activities described in Paragraph V above, failed to maintain on file true and correct signed copies of statements with the contents set forth in Section 10241 of the Code, in violation of Section 10240(a) of the Code.

XVI

Within the three-year period immediately preceding the filing of this Accusation, Respondent PIF employed and compensated an unlicensed person to perform acts for which a real estate license is required including, but not limited to, the acts described in Paragraph V above, in violation of Sections 10137 and 10138 of the Code.

XVII

Respondent PIF's acts and omissions alleged above in Paragraphs IX and X constitute cause for discipline under Section 10177(d) of the Code in conjunction with Section 10145 of the Code and Section 2832.1 of the Regulations.

XVIII

Respondent PIF's acts and omissions alleged above in Paragraphs XI through XV constitute cause for discipline under the provisions of Section 10177(d) of the Code.

XIX

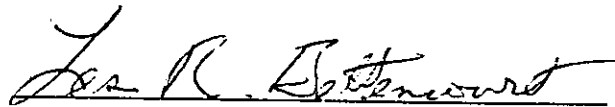
Respondent PIF's acts and omissions alleged above in Paragraph XVI constitute cause for discipline under the provisions of Sections 10137 and 10138 of the Code.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

XX

Within the three-year period immediately preceding the filing of this Accusation, Respondent CHUBB, as designated broker-officer for Respondent PIF, failed to exercise reasonable supervision and control over the licensed activities of Respondent PIF as required by Section 10159.2 of the Code. Such failure is cause for the suspension or revocation of Respondent CHUBB's licenses and/or license rights under Section 10177(h) 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 disciplinary action against all licenses and license rights of Respondents, under the Real Estate Law (Part 1 of Division 4 of the Code), and for such other and further relief as may be proper under other applicable provisions of law, including the imposition of a fine of up to \$10,000 pursuant to the provisions of Section 10139.5 of the Code.

  
LES R. BETTENCOURT  
Deputy Real Estate Commissioner

Dated at San Francisco, California,  
this 16<sup>th</sup> day of March, 1998.

