

1 I have considered the petition of Respondent and the
2 evidence submitted in support thereof. Respondent has failed to
3 demonstrate to my satisfaction that he has undergone sufficient
4 rehabilitation to warrant the reinstatement of Respondent's
5 unrestricted real estate salesperson license at this time.

6 The burden of proving rehabilitation rests with the
7 petitioner (Feinstein v. State Bar (1952) 39 Cal. 2d 541). A
8 petitioner is required to show greater proof of honesty and
9 integrity than an applicant for first time licensure. The proof
10 must be sufficient to overcome the prior adverse judgment on the
11 applicant's character (Tardiff v. State Bar (1980) 27 Cal. 3d
12 395).

13 The Department has developed criteria in Section 2911
14 of Title 10, California Code of Regulations (Regulations) to
15 assist in evaluating the rehabilitation of an applicant for
16 reinstatement of a license. Among the criteria relevant in this
17 proceeding are:

18 Section 2911(k). Correction of business practices
19 resulting in injury to others or with the potential to cause such
20 injury.

21 The Decision of December 18, 2001 disciplined
22 Respondent's real estate salesperson licenses pursuant to the
23 provisions of Sections 10176(a), 10176(i) and 10177(g) of the
24 Code on the ground that, in five separate transactions, in the
25 course of Respondent's employment as a real estate salesperson,
26 Respondent participated in a fraudulent common plan or scheme to
27 induce lenders to make mortgage loans based on false

1 representations concerning the qualifications of the borrowers to
2 obtain the loans.

3 In response to Item 4 of the Petition ("Civil Court -
4 Have you ever been a defendant in any civil court litigation,
5 including small claims court?) Respondent answered "No". This
6 was not accurate. An examination of public records disclosed:

7 (a) On October 15, 1993, in the Municipal Court of the
8 State of California, County of Alameda, Case No. FSC0085614, a
9 small claims judgment in the sum of \$500.00 was obtained by
10 Manuel Alvarez against Respondent; and

11 (b) On January 27, 1994, in the Municipal Court of the
12 State of California, County of Alameda, Case No. HSC0461798, a
13 small claims judgment in the sum of \$1,841.00 was obtained by
14 Theresa M. Venegas against Respondent.

15 In response to item 4A of the Petition ("Do you have
16 any past debts, outstanding judgments or have you filed
17 bankruptcy?"), Respondent answered "No". This was not accurate.
18 An examination of Respondent by the Deputy Commissioner assigned
19 to review Respondent's Petition disclosed that Respondent has
20 previously filed bankruptcy.

21 In view of Respondent's record of fraudulent business
22 dealings and the inaccurate statements in Respondent's Petition,
23 it is concluded that Respondent has failed to demonstrate
24 correction of business practices causing injury to others or with
25 the potential to cause such injury.

26 Given the violations found and the fact that Respondent
27 has not established that he has complied with Section 2911(k) of

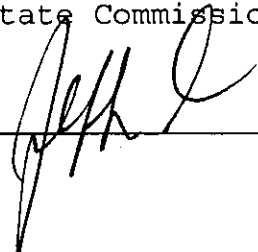
1 the Regulations, I am not satisfied that Respondent is
2 sufficiently rehabilitated to receive an unrestricted real estate
3 salesperson license.

4 NOW, THEREFORE, IT IS ORDERED that Respondent's
5 petition for reinstatement of Respondent's unrestricted real
6 estate salesperson license is denied.

7 ~~This~~ Order shall become effective at 12 o'clock
8 noon AUG 03 2007, 2007.

9 IT IS SO ORDERED 7-9, 2007.

10 JEFF DAVI
11 Real Estate Commissioner

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FILED
JAN 11 2002

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	
)	
PRIME GROUP LTD.,)	
ALBERT A. GRENIER,)	
GUILLERMO IGNACIO GONZALEZ,)	NO. H-7961 SF
J&R MORTGAGE INC., and,)	
CHRIS LEE RATTRAY,)	
)	
<u>Respondents.</u>)	

ORDER ACCEPTING VOLUNTARY SURRENDER
OF J&R MORTGAGE INC.

On June 7, 2001, an Accusation was filed in this matter.

By Declaration signed November 5, 2001, Respondent J&R MORTGAGE INC., petitioned the Commissioner to voluntarily surrender its real estate license(s) pursuant to Section 10100.2 of the Business and Professions Code.

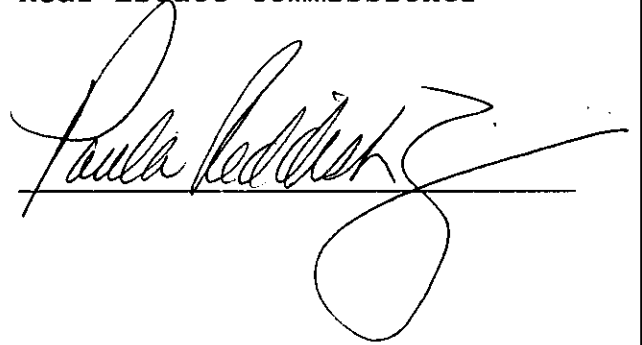
IT IS HEREBY ORDERED that the petition of Respondent J&R MORTGAGE INC., for the voluntary surrender of its real estate license(s) is accepted as of the effective date of this

1 Order as set forth below, based upon the understanding and
2 agreement expressed in the Declaration of J&R MORTGAGE INC.,
3 dated November 5, 2001 (attached hereto as Exhibit "A").

4 This Order shall become effective at 12 o'clock noon
5 on January 31, 2002.

6 DATED: December 18, 2001.

8 PAULA REDDISH ZINNEMANN
9 Real Estate Commissioner

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BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

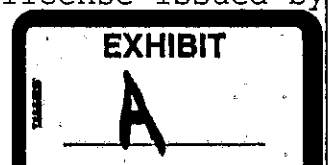
* * *

In the Matter of:)
)
PRIME GROUP LTD., et al.,)
and J&R MORTGAGE INC.,) NO. H-7961 SF
)
Respondents.)
)

DECLARATION

My name is Donald L. Junkin III. I am an officer and
shareholder of J&R MORTGAGE INC., which is licensed as a real
estate broker corporation and/or has license rights with respect
to said license. I am authorized to sign this declaration on
behalf of J&R MORTGAGE INC. I am acting on behalf of J&R
MORTGAGE Inc. in this matter.

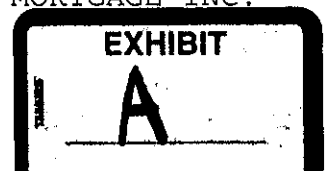
In lieu of proceeding in this matter in accordance with
the provisions of the Administrative Procedure Act (Section 11400
et seq., of the California Government Code), J&R MORTGAGE INC.
wishes to voluntarily surrender its real estate license issued by



1 the Department pursuant to Business and Professions Code Section
2 10100.2.

3 We understand that J&R MORTGAGE INC., by so voluntarily
4 surrendering its license, can only have it reinstated in
5 accordance with the provisions of Section 11522 of the Government
6 Code. We also understand that by so voluntarily surrendering its
7 license J&R MORTGAGE INC. agrees to the following:

8 The filing of this Declaration shall be deemed to be
9 the petition of J&R MORTGAGE INC. to voluntarily surrender its
10 real estate license. It shall also be deemed to be an
11 understanding and agreement by J&R MORTGAGE INC. that it waives
12 all rights it has to require the Commissioner to prove the
13 allegations contained in the Accusation filed in this matter at a
14 hearing held in accordance with the provisions of the
15 Administrative Procedures Act (Government Code Section 11400 et
16 seq.), and that it also waives other rights afforded to it in
17 connection with the hearing such as the right to discovery, the
18 right to present evidence in defense of the allegations in the
19 Accusation, and the right to cross examine witnesses. We further
20 agree that upon acceptance by the Commissioner, as evidenced by
21 an appropriate order, all affidavits and all other relevant
22 statements, declarations and evidence obtained in this matter
23 prior to the Commissioner's acceptance, and all allegations
24 contained in the Accusation filed in the Department Case No.
25 H-7961 SF, may be considered by the Department to be true and
26 correct for the purpose of deciding whether or not to grant
27 reinstatement of the real estate license of J&R MORTGAGE INC.




1 pursuant to the provisions of Government Code Section 11522.
2 This understanding and agreement is made without admitting or
3 denying the truth or contents of the aforementioned documents.

4 I declare under penalty of perjury under the laws of
5 the State of California that the above is true and correct and
6 that I am acting freely and voluntarily on behalf of J&R MORTGAGE
7 INC. to surrender its real estate license and all license rights
8 attached thereto.

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DATED: 11/5/01



J&R MORTGAGE INC.
By DONALD L. JUNKIN III,
President



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FILED
JAN 11 2002

DEPARTMENT OF REAL ESTATE

By *Kathleen Contreras*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
)
PRIME GROUP LTD.,)
ALBERT A. GRENIER,)
GUILLERMO IGNACIO GONZALEZ,) NO. H-7961 SF
J&R MORTGAGE INC., and,)
CHRIS LEE RATTRAY,)
)
Respondents.)

ORDER ACCEPTING VOLUNTARY SURRENDER
OF CHRIS LEE RATTRAY

On June 7, 2001, an Accusation was filed in this matter.

By Declaration signed August 9, 2001, Respondent CHRIS LEE RATTRAY petitioned the Commissioner to voluntarily surrender his real estate license(s) pursuant to Section 10100.2 of the Business and Professions Code.

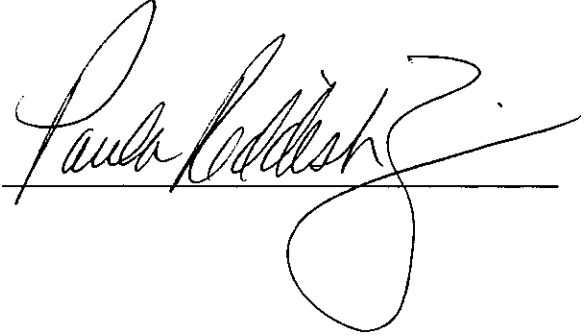
IT IS HEREBY ORDERED that the petition of Respondent CHRIS LEE RATTRAY for the voluntary surrender of his real estate license(s) is accepted as of the effective date of this

1 Order as set forth below, based upon the understanding and
2 agreement expressed in the Declaration of CHRIS LEE RATTRAY
3 dated August 9, 2001 (attached hereto as Exhibit "A").

4 This Order shall become effective at 12 o'clock noon
5 on January 31, 2002.

6 DATED: December 18, 2001.
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8 PAULA REDDISH ZINNEMANN
9 Real Estate Commissioner

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

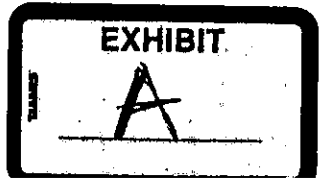
* * *

In the Matter of the Accusation of) No. H-7961 SF
PRIME GROUP, LTD., et al.,)
and CHRIS LEE RATTRAY,)
Respondents.)

DECLARATION

My name is CHRIS LEE RATTRAY and I am currently licensed as a real estate broker, and as a designated officer, and/or have license rights with respect to said license(s). I am represented by Jeffery K. Perkins, Attorney at Law. I am one of the Respondents in the above entitled matter.

In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedure Act (Sections 11400 et seq., of the Business and Professions Code) I wish to voluntarily surrender my real estate license(s) issued by the



1 Department of Real Estate ("Department"), pursuant to Business
2 and Professions Code Section 10100.2.

3 I understand that, by so voluntarily surrendering my
4 license(s), it can only be reinstated in accordance with the
5 provisions of Section 11522 of the Government Code. I also
6 understand that by so voluntarily surrendering my license(s), I
7 agree to the following:

8 The filing of this Declaration shall be deemed as my
9 petition for voluntary surrender. It shall also be deemed to be
10 an understanding and agreement by me that I waive all rights I
11 have to require the Commissioner to prove the allegations
12 contained in the Accusation filed in this matter at a hearing
13 held in accordance with the provisions of the Administrative
14 Procedures Act (Government Code Sections 11400 et seq.), and that
15 I also waive other rights afforded to me in connection with the
16 hearing such as the right to discovery, the right to present
17 evidence in defense of the allegations in the Accusation, and the
18 right to cross examine witnesses. I further agree that upon
19 acceptance by the Commissioner, as evidenced by an appropriate
20 order, all affidavits and all relevant evidence obtained by the
21 Department in this matter prior to the Commissioner's acceptance,
22 and all allegations contained in the Accusation filed in the
23 Department Case No. H-7961 SF may be considered by the Department
24 to be true and correct for the purpose of deciding whether or not
25 to grant reinstatement of my license pursuant to Government Code
26 Section 11522.

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I declare under penalty of perjury under the laws of the State of California that the above is true and correct, and that I freely and voluntarily surrender my license(s) and all license rights attached thereto.

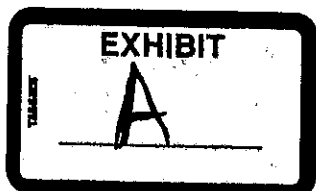
DATED: 8.09.01

Chris Lee Rattray
CHRIS LEE RATTRAY
Respondent

APPROVED AS TO FORM:

DATED: 8-09-01

Jefferey R. Perkins
JEFFEREY R. PERKINS
Counsel for Respondent



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FILED
JAN 11 2002

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
)
PRIME GROUP LTD.,)
ALBERT A. GRENIER, et al,) NO. H-7961 SF
)
Respondents.)
)

ORDER ACCEPTING VOLUNTARY SURRENDER
OF PRIME GROUP LTD., AND ALBERT A. GRENIER

On June 7, 2001, an Accusation was filed in this matter against Respondents PRIME GROUP LTD., and ALBERT A. GRENIER, et al.

By Declaration signed November 2, 2001, Respondents PRIME GROUP LTD., and ALBERT A. GRENIER petitioned the Commissioner to voluntarily surrender their real estate license(s) pursuant to Section 10100.2 of the Business and Professions Code.

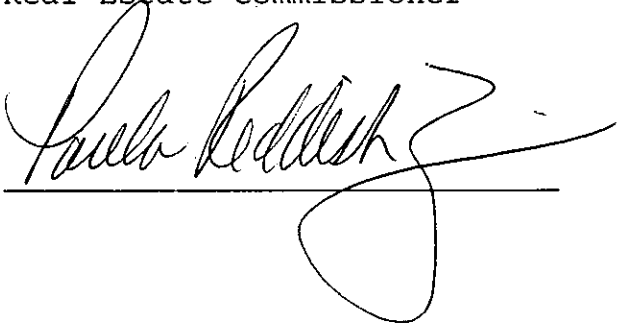
IT IS HEREBY ORDERED that the petition of Respondents PRIME GROUP LTD., and ALBERT A. GRENIER for the voluntary

1 surrender of their real estate license(s) is accepted as of the
2 effective date of this Order as set forth below, based upon the
3 understanding and agreement expressed in the Declaration of
4 Respondents PRIME GROUP LTD., and ALBERT A. GRENIER, dated
5 November 2, 2001 (attached hereto as Exhibit "A").

6 This Order shall become effective at 12 o'clock noon
7 on January 31, 2002.

8 DATED: December 18, 2001.
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10 PAULA REDDISH ZINNEMANN
11 Real Estate Commissioner

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

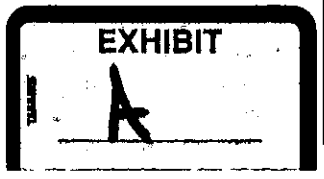
In the Matter of:)
) H-7961 SF
)
)
 PRIME GROUP LTD,)
 ALBERT A. GRENIER, et al.)
)
)

Respondents.

DECLARATION

My name is ALBERT A. GRENIER. I am licensed as a California real estate broker and as a broker officer of PRIME GROUP LTD, a licensed California real estate broker corporation, and we each have license rights as to our respective licenses. I am authorized to sign this declaration individually and on behalf of PRIME GROUP LTD, and am acting on behalf of myself and PRIME GROUP LTD. in this matter.

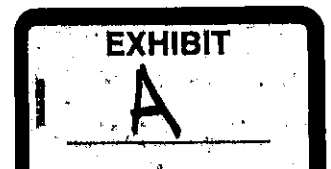
In lieu of proceeding in this matter in accordance with the provisions of the Administrative Procedure Act (Section 11400 et seq. of the California Government Code), PRIME GROUP LTD and I



1 each wish to voluntarily surrender our respective real estate
2 licenses issued by the Department pursuant to Business and
3 Professions Code Section 10100.2.

4 We understand that PRIME GROUP LTD and I, by so
5 voluntarily surrendering our respective licenses, can only have
6 each or either of them reinstated in accordance with the
7 provisions of Section 11522 of the Government Code. We also
8 understand that by so voluntarily surrendering our respective
9 licenses, PRIME GROUP LTD and I each agree to the following:

10 The filing of this Declaration shall be deemed to be my
11 petition and the petition of PRIME GROUP LTD to voluntarily
12 surrender our respective real estate licenses. It shall also be
13 deemed to be an understanding and agreement by PRIME GROUP LTD
14 and me that each of us waives all rights we have to require the
15 Commissioner to prove the allegations contained in the Accusation
16 filed in this matter at a hearing held in accordance with the
17 provisions of the Administrative Procedure Act (Government Code
18 Section 11400 et seq.), and that we each also waive other rights
19 afforded to us in connection with the hearing such as the right
20 to discovery, the right to present evidence in defense of the
21 allegations in the Accusation and the right to cross examine
22 witnesses. We further each agree that upon acceptance by the
23 Commissioner, as evidenced by an appropriate order, all
24 affidavits and all other relevant statements, declarations and
25 evidence obtained in this matter prior to the Commissioner's
26 acceptance, and all allegations as to us contained in the
27 Accusation filed in the Department Case No. H-7961 SF, may be



M

1 considered by the Department to be true and correct for the
2 purpose of deciding whether or not to grant reinstatement of
3 either of our respective licenses, pursuant to the provisions of
4 Government Code Section 11522.

5 I declare under penalty of perjury under the laws of
6 the State of California that the above is true and correct and
7 that I am acting freely and voluntarily, individually and on
8 behalf of PRIME GROUP LTD, to surrender our respective real
9 estate licenses and all license rights attached thereto.

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DATED:

Nov 2, 2001

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DATED:

Nov 2 2001

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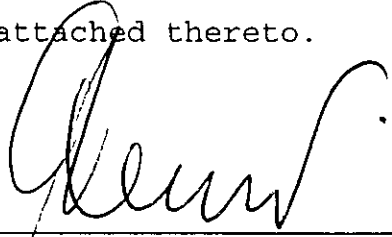
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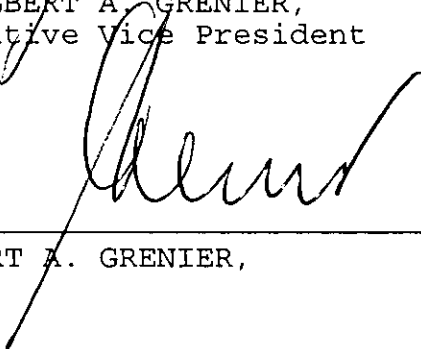
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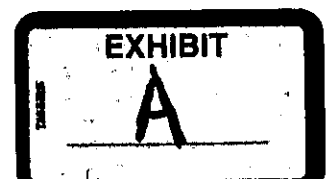
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PRIME GROUP LTD
By ALBERT A. GRENIER,
Executive Vice President


ALBERT A. GRENIER,



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

FILED
JAN 11 2002

DEPARTMENT OF REAL ESTATE

By Kathleen Galinas

8 BEFORE THE
9 DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of) NO. H-7961 SF
13)
14 PRIME GROUP LTD., ALBERT A.)
15 GRENIER, GUILLERMO IGNACIO) STIPULATION AND AGREEMENT
16 GONZALEZ, J&R MORTGAGE INC.,) AS TO
and CHRIS LEE RATTRAY,) GUILLERMO IGNACIO GONZALEZ
Respondents.)

17 It is hereby stipulated by and between GUILLERMO
18 IGNACIO GONZALEZ, represented by Thomas Bloxham, Attorney at Law,
19 and the Complainant, acting by and through Deidre L. Johnson,
20 Counsel for the Department of Real Estate, as follows for the
21 purpose of settling and disposing the Accusation as to him filed
22 on June 7, 2001, in this matter:

23 1. All issues which were to be contested and all
24 evidence which was to be presented by Complainant and Respondent
25 at a formal hearing on the Accusation, which hearing was to be
26 held in accordance with the provisions of the Administrative
27 Procedures Act (APA), shall instead and in place thereof be

1 submitted solely on the basis of the provisions of this
2 Stipulation and Agreement.

3 2. Respondent has received, read and understands
4 the Statement to Respondent, and the Discovery Provisions of the
5 APA filed by the Department of Real Estate in this proceeding.

6 3. On June 25, 2001, Respondent filed his Notice of
7 Defense pursuant to Section 11505 of the Government Code for the
8 purpose of requesting a hearing on the allegations in the
9 Accusation. Respondent hereby freely and voluntarily withdraws
10 said Notice of Defense. Respondent acknowledges that he
11 understands that by withdrawing said Notice of Defense he will
12 thereby waive his right to require the Commissioner to prove the
13 allegations in the Accusation at a contested hearing held in
14 accordance with the provisions of the APA, and that he will waive
15 other rights afforded to him in connection with the hearing such
16 as the right to present evidence in defense of the allegations in
17 the Accusation and the right to cross-examine witnesses.

18 4. Respondent, pursuant to the limitations set forth
19 below, hereby admits that the factual allegations pertaining to
20 him in Paragraphs 1 through 6 of the Accusation filed in this
21 proceeding are true and correct and the Real Estate Commissioner
22 shall not be required to provide further evidence of such
23 allegations.

24 5. Without admitting the truth of the allegations
25 pertaining to him contained in the remaining paragraphs of the
26 Accusation, Respondent stipulates that he will not interpose a
27 defense thereto. This Stipulation is based on the factual

1 Accusation as to Respondent without a hearing, it is stipulated
2 and agreed that the following determination of issues shall be
3 made:

4 The acts and/or omissions of Respondent GUILLERMO
5 IGNACIO GONZALEZ as stipulated above constitute grounds for
6 disciplinary action against the real estate salesperson license
7 and license rights of Respondent under the provisions of
8 Sections 10176(a), 10176(i), and 10177(g) of the California
9 Business and Professions Code.

10 ORDER

11
12 A. All real estate license(s) and license rights of
13 Respondent GUILLERMO IGNACIO GONZALEZ are hereby revoked.

14 B. A restricted real estate salesperson license shall
15 be issued to Respondent pursuant to Section 10156.6 of the Code
16 if he makes application therefor and pays to the Department of
17 Real Estate the appropriate fee for said license within ninety
18 (90) days from the effective date of the decision.

19 C. The restricted license issued to Respondent shall
20 be subject to all of the provisions of Section 10156.7 of the
21 Business and Professions Code and to the following limitations,
22 conditions, and restrictions imposed under authority of Section
23 10156.6 of that Code:

- 24 (1) The restricted license issued to Respondent
25 may be suspended prior to hearing by Order of
26 the Real Estate Commissioner in the event of
27 Respondent's conviction or plea of nolo

1 contendere to a crime which is substantial
2 related to Respondent's fitness or capacity as
3 a real estate licensee.

4 (2) The restricted license issued to Respondent
5 may be suspended prior to hearing by Order of
6 the Real estate Commissioner on evidence
7 satisfactory to the Commissioner that
8 Respondent has violated provisions of the
9 California Real Estate Law, the Subdivided
10 Lands Law, Regulations of the Real Estate
11 Commissioner or conditions attaching to the
12 restricted license.

13 (3) Respondent shall not be eligible to apply for
14 the issuance of an unrestricted real estate
15 license, nor the removal of any of the
16 conditions of the restricted license, until
17 two (2) years have elapsed from the effective
18 date of this Decision.

19 (4) Respondent shall submit with any application
20 for license under an employing broker, or any
21 application for transfer to a new employing
22 broker, a statement signed by the prospective
23 employing real estate broker on a form
24 approved by the Department of Real Estate
25 which shall certify:

26 (a) That the employing broker has read the
27 Decision of the Commissioner which

1 granted the right to a restricted
2 license; and

3 (b) That the employing broker will exercise
4 close supervision over the performance by
5 the restricted licensee relating to
6 activities for which a real estate
7 license is required.

8 (5) Respondent shall, within nine (9) months from
9 the effective date of this Decision, present
10 evidence satisfactory to the Real Estate
11 Commissioner that Respondent has, since the
12 most recent issuance of an original or renewal
13 real estate license, taken and successfully
14 completed the continuing education
15 requirements of Article 2.5 of Chapter 3 of
16 the Real Estate Law for renewal of a real
17 estate license. If Respondent fails to
18 satisfy this condition, the Commissioner may
19 order the suspension of the restricted license
20 until the Respondent presents such evidence.
21 The Commissioner shall afford Respondent the
22 opportunity for hearing pursuant to the
23 Administrative Procedure Act to present such
24 evidence.

25 (6) Respondent shall, within six (6) months from
26 the effective date of this Decision, take and
27 pass the Professional Responsibility

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Examination administered by the Department including the payment of the appropriate examination fee. If Respondent fails to satisfy this condition, the Commissioner may order suspension of the restricted license until Respondent passes the examination.

November 30, 2001
DATED


BEIDRE L. JOHNSON
Counsel for the Complainant

* * *

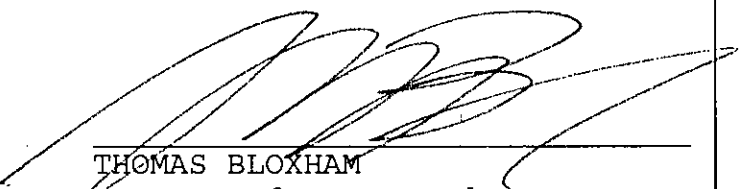
I have read the Stipulation and Agreement, have discussed it with my counsel, and its terms are understood by me and are agreeable and acceptable to me. I understand that I am waiving rights given to me by the California Administrative Procedure Act, and I willingly, intelligently and voluntarily waive those rights, including the right of requiring the Commissioner to prove the allegations as to me 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.

11-21-01
DATED


GUILLERMO IGNACIO GONZALEZ
Respondent

Approved as to form:

11/21/01
DATED


THOMAS BLOXHAM
Attorney for Respondent

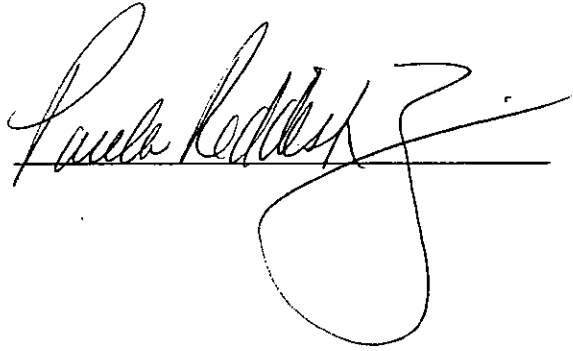
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* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision and shall become effective at 12 o'clock
noon on January 31, 2002.

IT IS SO ORDERED December 18, 2001.

PAULA REDDISH ZINNE MANN
Real Estate Commissioner



FILED
AUG 14 2001

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

In the Matter of the Accusation of
PRIME GROUP LTD.,
ALBERT A. GRENIER,
GUILLERMO IGNACIO GONZALEZ,
J&R MORTGAGE INC., and
CHRIS LEE RATTRAY,
Respondent

}

Case No. H-7961 SF

OAH No. N-2001080088

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, the Elihu Harris State

Building, 1515 Clay Street, Suite 206, Oakland, California 94612

on November 26, 27, 28 & 29 (at 9:00 AM) & November 30, 2001 (at 1:00 PM)
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: August 10, 2001

By Deidre L. Johnson
DEIDRE L. JOHNSON Counsel

1 DEIDRE L. JOHNSON
2 State Bar No. 66322
3 Department of Real Estate
4 P. O. Box 187000
5 Sacramento, CA 95818-7000
6
7 Telephone: (916) 227-0789
8

FILED
JUN - 7 2001

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

9 BEFORE THE DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * *

12 In the Matter of the Accusation of)
13 PRIME GROUP LTD.,) NO. H-7961 SF
14 ALBERT A. GRENIER,)
15 GUILLERMO IGNACIO GONZALEZ,) ACCUSATION
16 J&R MORTGAGE INC., and)
17 CHRIS LEE RATTRAY,)
18 Respondents:)

18 The Complainant, STEVE ELLIS, a Deputy Real Estate
19 Commissioner of the State of California, for causes of Accusation
20 against PRIME GROUP LTD., ALBERT A. GRENIER, GUILLERMO IGNACIO
21 GONZALEZ, J&R MORTGAGE INC., and CHRIS LEE RATTRAY, is informed
22 and alleges as follows:

23 PRELIMINARY ALLEGATIONS

24 1

25 The Complainant, STEVE ELLIS, a Deputy Real Estate
26 Commissioner of the State of California, makes this Accusation
27 against Respondents in his official capacity and not otherwise.

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Respondents PRIME GROUP LTD., ALBERT A. GRENIER, GUILLERMO IGNACIO GONZALEZ, J&R MORTGAGE INC., and CHRIS LEE RATTRAY are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code) (hereinafter the Code).

3

At all times herein mentioned, Respondent PRIME GROUP LTD. (hereafter PRIME GROUP) was and is licensed by the State of California Department of Real Estate (hereafter the Department) as a real estate broker corporation.

4

At all times herein mentioned, Respondent ALBERT A. GRENIER (hereafter GRENIER) was and is licensed by the Department as an individual real estate broker, and as the designated officer of PRIME GROUP.

5

At all times herein mentioned, Respondent GUILLERMO IGNACIO GONZALEZ (hereafter GONZALEZ) was and is licensed by the Department as a real estate salesperson, and was employed by or associated with PRIME GROUP. At no time herein was GONZALEZ employed by or associated with J&R Mortgage.

6

At all times herein mentioned Respondent J&R MORTGAGE INC. (hereafter J&R MORTGAGE) was and is licensed as a real estate broker corporation.

///

1
2 At all times herein mentioned Respondent CHRIS LEE
3 RATTRAY (hereafter RATTRAY) was and is licensed by the Department
4 as an individual real estate broker, and as the designated
5 officer of J&R MORTGAGE.

6
7 Whenever reference is made in an allegation in this
8 Accusation to an act or omission of "Respondents", such
9 allegations shall be deemed to mean the act or omission of each
10 of the Respondents named in the caption hereof, acting
11 individually, jointly and/or severally.

12
13 At all times herein mentioned, Respondent PRIME GROUP
14 engaged in the business of, acted in the capacity of, advertised
15 or assumed to act as a real estate broker on behalf of others,
16 for or in expectation of compensation, as follows:

- 17 (a) As a sales broker under Section 10131(a) of the Code, PRIME
18 GROUP sold or offered to sell, bought or offered to buy,
19 solicited prospective sellers or purchasers of, and/or
20 negotiated the purchase, sale or exchange of real property;
21 and
22 (b) As a mortgage loan broker under Sections 10131(d) of the
23 Code, PRIME GROUP solicited lenders and/or borrowers for
24 loans secured directly or collaterally by liens on real
25 property, and arranged, negotiated, processed, and/or
26 consummated such loans.

27 ///

1
2 At all times herein mentioned, Respondent J&R MORTGAGE
3 engaged in the business of, acted in the capacity of, advertised
4 or assumed to act as a mortgage loan broker on behalf of others,
5 for or in expectation of compensation, under Section 10131(d) of
6 the Code, and solicited lenders and/or borrowers for loans
7 secured directly or collaterally by liens on real property, and
8 arranged, negotiated, processed, and consummated such loans.

9
10 FIRST CAUSE OF ACCUSATION
(Fraudulent Plans and Schemes)

12 At various times herein mentioned, Respondents engaged
13 in purchase and/or loan transactions with buyers of residential
14 real property wherein such buyers needed or desired special
15 financial assistance to qualify to borrow purchase money
16 financing to buy their homes, including federal reduced down
17 payment programs and reduced financial eligibility programs
18 sponsored by the United States Department of Housing and Urban
19 Development (hereafter HUD), wherein HUD and the Federal Housing
20 Administration (hereafter FHA) would insure qualifying purchase
21 money mortgage loans brokered by HUD-approved brokers and lenders
22 (hereafter FHA loans).

24 In connection with negotiating the above types of FHA
25 loans, Respondents PRIME GROUP and ALBERT GRENIER were brokers,
26 and J&R MORTGAGE and CHRIS RATTRAY were both brokers and lenders
27 approved to do business with HUD in FHA insured loan programs,

1 wherein they, and each of them, were charged with knowledge of,
2 and obligated to comply with HUD regulations, rules, and
3 guidelines to qualify buyers and borrowers for the available
4 programs, including but not limited to underwriting, credit, and
5 minimum cash down payment requirements.

6 13

7 Within the three-year period immediately preceding the
8 filing of this Accusation, Respondents entered into plans and
9 schemes, and engaged in conduct in furtherance of such plans and
10 schemes with reference to certain purchase and loan transactions
11 with the intent to induce lenders to qualify buyers/borrowers for
12 HUD FHA loans where such buyers/borrowers might not otherwise
13 meet the above HUD program criteria, and with the intent to
14 successfully consummate and profit in the transactions, without
15 disclosing the true facts and their true intentions to the
16 participating lenders, including WAUSAU MORTGAGE, a HUD-approved
17 lender (hereafter WAUSAU MORTGAGE).

18 14

19 In connection with such transactions, Respondents
20 participated in plans and schemes, and engaged in conduct in
21 furtherance of such plans and schemes, to: (1) loan
22 buyers/borrowers additional cash sums for their earnest money
23 deposits, down payments, closing costs, and total cash to close
24 escrow in order to meet minimum HUD financial investment
25 requirements for each buyer/borrower; (2) conceal or entice
26 buyers/borrowers to conceal such loans from lenders, including
27 WAUSAU MORTGAGE, in the guise of false or misleading "gift

1 letters" purporting to document gifts of money to
2 buyers/borrowers from friends or relatives; (3) package and
3 submit loan applications from buyers/borrowers with such gift
4 letters and related documentation to lenders, including WAUSAU
5 MORTGAGE; (4) intend lenders, including WAUSAU MORTGAGE, to rely
6 on the loan packages so submitted, and to fund such loans under
7 HUD FHA insured loan programs; and, (5) intend HUD to so insure
8 the loans.

9 15

10 The purchase and loan transactions referred to above
11 include but are not limited to the transactions alleged in the
12 Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Causes
13 of Accusation herein set forth below, and incorporated herein by
14 this reference.

15 16

16 The acts and/or omissions of Respondents as set forth
17 above constitute fraud and dishonest dealing, and constitute
18 cause under Sections 10176(c), 10176(i) and/or 10177(j) of the
19 Code for suspension or revocation of all licenses and/or license
20 rights of Respondents PRIME GROUP, GRENIER, GONZALEZ,
21 J&R MORTGAGE, and RATTRAY under the Real Estate Law.

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2 Prior to close of escrow, Respondents J&R MORTGAGE and
3 RATTRAY submitted or caused the submittal of CHARRIEZ's loan
4 application package, containing the above loan application, gift
5 letter and other documentation, to WAUSAU MORTGAGE. Respondents
6 and each of them knew or should have known that said application
7 package was false and untrue in material respects, that CHARRIEZ
8 did not have sufficient funds to close escrow, that some or all
9 Respondents intended to and did loan CHARRIEZ money to close
10 escrow, and that the above gift letter was false. Respondents
11 failed to disclose the true facts to WAUSAU MORTGAGE or HUD.

12
13 Prior to close of escrow, Respondents PRIME GROUP and
14 GRENIER agreed to and did loan CHARRIEZ the sum of \$3,750.00 to
15 close escrow, evidenced by an unsecured promissory note.
16 Thereafter PRIME GROUP and GRENIER combined said loan with other
17 sums actually paid by CHARRIEZ, purchased a cashier's check
18 purportedly from the uncle in the total sum of \$6,116.00, and
19 deposited said check to close the escrow for CHARRIEZ at North
20 American Title Company. On or about June 9, 1998, WAUSAU
21 MORTGAGE funded a FHA loan insured by HUD in reliance on the
22 false CHARRIEZ application package and escrow closed.

24 Prior to close of escrow, Respondents J&R MORTGAGE and
25 RATTRAY failed to verify the source of all funds from or on
26 behalf of CHARRIEZ and failed to ensure that she met the minimum
27 HUD financial requirements for FHA loans at any time prior to

1 submitting the loan package to WAUSAU MORTGAGE or prior to close
2 of escrow.

3 24

4 The above acts and/or omissions of Respondents PRIME
5 GROUP, GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute
6 cause for suspension or revocation of all licenses and/or license
7 rights under Sections 10176(a), 10176(i), 10177(g), and/or
8 10177(j) of the Code under the Real Estate Law.

9
10 THIRD CAUSE OF ACCUSATION
11 (Zepeda Loan)

12 25

13 In or about June of 1998, Respondents GONZALEZ and
14 PRIME GROUP negotiated a contract on behalf of buyer Francisco
15 ZEPEDA and others (hereafter ZEPEDA) for the purchase of
16 residential real property known as and located at 2025 E. 25th
Street, Oakland, California, for the sum of \$158,000.00.

17 26

18 Respondents PRIME GROUP, GRENIER, and GONZALEZ
19 thereafter participated to qualify ZEPEDA for a purchase money
20 loan and referred them to Respondents J&R MORTGAGE and RATTRAY,
21 wherein GONZALEZ took the ZEPEDA loan applications.

22 27

23 RATTRAY, on behalf of J&R MORTGAGE, thereafter executed
24 the loan applications as though he had taken the application in a
25 "face-to-face" meeting with ZEPEDA when in fact he had never met
26 them.

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Prior to close of escrow, Respondents determined that ZEPEDA would apply for an FHA first loan in the approximate sum of \$154,970.00. Respondents caused a gift letter or induced ZEPEDA to submit a gift letter dated June 27, 1998, in the purported sum of \$12,000.00 from an uncle to show a source of funds to purchase the property.

Prior to close of escrow, Respondents J&R MORTGAGE and RATTRAY submitted or caused the submittal of the ZEPEDA loan application package, containing the above loan applications, gift letter and other documentation, to WAUSAU MORTGAGE. Respondents knew or should have known that said application package was false and untrue in material respects, that ZEPEDA did not have sufficient funds to close escrow, that some or all Respondents intended to and did loan ZEPEDAS money to close escrow, and that the above gift letter was false. Respondents failed to disclose the true facts to WAUSAU MORTGAGE or HUD.

Prior to close of escrow, Respondents PRIME GROUP and GRENIER agreed to and did loan ZEPEDA the sum of \$8,340.00 to close escrow, evidenced by a promissory note and unrecorded deed of trust dated July 27, 1998. Thereafter PRIME GROUP and GRENIER combined said loan with other sums actually paid by ZEPEDA, purchased a cashier's check purportedly from the uncle in the total sum of \$11,840.00, and deposited said check to close the escrow for ZEPEDA at North American Title Company. On or about

1 August 4, 1998, WAUSAU MORTGAGE funded an FHA loan insured by HUD
2 in reliance on the false ZEPEDA application package and escrow
3 closed.

4 31

5 Prior to close of escrow, Respondents J&R MORTGAGE and
6 RATTRAY failed to verify the source of all funds from or on
7 behalf of the ZEPEDAS and failed to ensure that they met the
8 minimum HUD financial requirements for FHA loans at any time
9 prior to submitting the loan package to WAUSAU MORTGAGE or prior
10 to close of escrow.

11 32

12 The above acts and/or omissions of Respondents PRIME
13 GROUP, GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute
14 cause for suspension or revocation of all licenses and/or license
15 rights under Sections 10176(a), 10176(i), 10177(g), and/or
16 10177(j) of the Code.

17 FOURTH CAUSE OF ACCUSATION
18 (Ramos Loan)

19 33

20 In or about September of 1998, Respondents GONZALEZ and
21 PRIME GROUP negotiated a contract on behalf of buyers Martin and
22 Victor RAMOS (hereafter RAMOS) for the purchase of residential
23 real property known as and located at 1228 61ST Avenue, Oakland,
24 California, for the sum of \$121,000.00.

25 34

26 Respondents PRIME GROUP, GRENIER, and GONZALEZ
27 thereafter participated to qualify RAMOS for a purchase money

1 loan and referred them to Respondents J&R MORTGAGE and RATTRAY,
2 wherein GONZALEZ took the RAMOS loan applications.

3 35

4 RATTRAY, on behalf of J&R MORTGAGE, thereafter executed
5 the loan applications as though he had taken the applications in
6 "face-to-face" meetings with RAMOS when in fact he had never met
7 them.

8 36

9 Prior to close of escrow, Respondents determined that
10 RAMOS would apply for a FHA first loan in the approximate sum of
11 \$120,702.00. Respondents caused a gift letter or induced RAMOS
12 to submit a gift letter dated October 27, 1998, in the purported
13 sum of \$9,500.00 from Martin Ramos' father to show a source of
14 funds to purchase the property.

15 37

16 Prior to close of escrow, Respondents J&R MORTGAGE and
17 RATTRAY submitted or caused the submittal of the RAMOS loan
18 application package, containing the above loan applications and
19 gift letter and other documentation, to WAUSAU MORTGAGE.
20 Respondents knew or should have known that said application
21 package was false and untrue in material respects, that RAMOS did
22 not have sufficient funds to close escrow, that some or all
23 Respondents intended to and did loan RAMOS money to close escrow,
24 and that the above gift letter was false. Respondents failed to
25 disclose the true facts to WAUSAU MORTGAGE or HUD.

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Prior to close of escrow, Respondents PRIME GROUP and GRENIER agreed to and did loan RAMOS the sum of \$6,300.00 to close escrow, evidenced by a promissory note and unrecorded deed of trust dated November 12, 1998. Thereafter PRIME GROUP and GRENIER combined said loan with other sums actually paid by RAMOS, purchases a cashier's check in the total sum of \$9,500.00 purported from the father, and deposited said check to close the escrow for RAMOS at North American Title Company. On or about November 17, 1998, WAUSAU MORTGAGE funded an FHA loan insured by HUD in reliance on the false RAMOS application package and escrow closed.

Prior to close of escrow, Respondents J&R MORTGAGE and RATTRAY failed to verify the source of all funds from or on behalf of RAMOS and failed to ensure that they met the minimum HUD financial requirements for FHA loans at any time prior to submitting the loan package to WAUSAU MORTGAGE or prior to close of escrow.

The acts and/or omissions of Respondents PRIME GROUP, GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute cause for suspension or revocation of all licenses and/or license rights under Sections 10176(a), 10176(i), 10177(g), and/or 10177(j) of the Code under the Real Estate Law.

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1 FIFTH CAUSE OF ACCUSATION

2 (Ochoa Loan)

3 41

4 In or about October of 1998, Respondents GONZALEZ and
5 PRIME GROUP negotiated a contract on behalf of buyer Antonio
6 OCHOA and others (hereafter OCHOA) for the purchase of
7 residential real property known as and located at 3905 Mera
8 Street, Oakland, California, for the sum of \$149,500.00.

9 42

10 Respondents PRIME GROUP, GRENIER, and GONZALEZ
11 thereafter participated to qualify OCHOA for a purchase money
12 loan and referred them to Respondents J&R MORTGAGE and RATTRAY,
13 wherein GONZALEZ or GRENIER took the OCHOA loan applications.

14 43

15 RATTRAY, on behalf of J&R MORTGAGE, thereafter executed
16 the loan applications as though he had taken the applications in
17 "face-to-face" meetings with the OCHOAS when in fact he had never
18 met them.

19 44

20 Prior to close of escrow, Respondents determined that
21 OCHOA would apply for an FHA first loan in the approximate sum of
22 \$145,332.00. Respondents caused a gift letter or induced OCHOA
23 to submit a gift letter dated November 15, 1998, in the purported
24 sum of \$15,000.00 from a brother to show a source of funds to
25 purchase the property.

26 ///

27 ///

Prior to close of escrow, Respondents J&R MORTGAGE and RATTRAY submitted or caused the submittal of the OCHOA loan application package, containing the above loan applications and gift letter and other documentation, to HUD-approved mortgagee WAUSAU MORTGAGE. Respondents knew or should have known that said application package was false and untrue in material respects, that the OCHOAS did not have sufficient funds to close escrow, that some or all Respondents intended to and did loan OCHOA money to close escrow, and that the above gift letter was false. Respondents failed to disclose the true facts to WAUSAU MORTGAGE or HUD.

Prior to close of escrow, Respondents PRIME GROUP and GRENIER agreed to and did loan OCHOA the sum of \$7,900.00 to close escrow, evidenced by a promissory note and unrecorded deed of trust dated December 29, 1998. Thereafter PRIME GROUP and GRENIER combined said loan with other sums actually paid by OCHOA, purchased two cashier's checks in the sums of \$6,400.00 and \$8,500.00, and deposited said checks to close the escrow for OCHOA at North American Title Company. On or about December 31, 1998, WAUSAU MORTGAGE funded an FHA loan insured by HUD in reliance on the false OCHOA application package and escrow closed.

Prior to close of escrow, Respondents J&R MORTGAGE and RATTRAY failed to verify the source of all funds from or on

1 behalf of OCHOA and failed to ensure that they met the minimum
2 HUD financial requirements for FHA loans at any time prior to
3 submitting the loan package to WAUSAU MORTGAGE or prior to close
4 of escrow.

5 48

6 The above acts and/or omissions of Respondents PRIME
7 GROUP, GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute
8 cause for suspension or revocation of all licenses and/or license
9 rights under Sections 10176(a), 10176(i), 10177(g), and/or
10 10177(j) of the Code under the Real Estate Law.

11 SIXTH CAUSE OF ACCUSATION
12 (Martinez Loan)

13 49

14 In or about January of 1999, Respondent GONZALEZ and
15 PRIME GROUP negotiated a contract on behalf of buyer Jose
16 MARTINEZ (hereafter MARTINEZ) for the purchase of residential
17 real property known as and located at 1327 60th Avenue, Oakland,
18 California, for the sum of \$115,000.00.

19 50

20 Respondents PRIME GROUP, GRENIER, and GONZALEZ
21 thereafter participated to qualify MARTINEZ for a purchase money
22 loan and referred them to Respondents J&R MORTGAGE and RATTRAY,
23 wherein GONZALEZ or GRENIER took the MARTINEZ loan applications.

24 51

25 RATTRAY, on behalf of J&R MORTGAGE, thereafter executed
26 the loan applications as though he had taken the applications in
27 "face-to-face" meetings with MARTINEZ when in fact he had never
met him.

Prior to close of escrow, Respondents determined that MARTINEZ would apply for an FHA first loan in the approximate sum of \$114,823.00. Respondents caused a gift letter or induced MARTINEZ to submit a gift letter dated January 29, 1999, in the purported sum of \$9,000.00 from a nephew to show a source of funds to purchase the property.

Prior to close of escrow, Respondents J&R MORTGAGE and RATTRAY submitted or caused the submittal of the MARTINEZ loan application package, containing the above loan applications, gift letter and other documentation, to WAUSAU MORTGAGE. Respondents knew or should have known that said application package was false and untrue in material respects, that MARTINEZ did not have sufficient funds to close escrow, that some or all Respondents intended to and did loan MARTINEZ money to close escrow, and that the above gift letter was false. Respondents failed to disclose the true facts to WAUSAU MORTGAGE or HUD.

Prior to close of escrow, Respondents PRIME GROUP and GRENIER agreed to and did loan MARTINEZ the sum of \$6,560.12 to close escrow, evidenced by a promissory note and unrecorded deed of trust dated February 20, 1999. Thereafter PRIME GROUP and GRENIER combined said loan with other sums actually paid by MARTINEZ, purchased a cashier's check in the sum of \$9,000.00, and deposited said check to close the escrow for MARTINEZ at Fidelity National Title Company. On or about February 23, 1999,

1 WAUSAU MORTGAGE funded an FHA loan insured by HUD in reliance on
2 the false MARTINEZ application package and escrow closed.

3 55

4 Prior to close of escrow, Respondents J&R MORTGAGE and
5 RATTRAY failed to verify the source of all funds from or on
6 behalf of MARTINEZ and failed to ensure that they met the minimum
7 HUD financial requirements for FHA loans at any time prior to
8 submitting the loan package to WAUSAU MORTGAGE or prior to close
9 of escrow.

10 56

11 The above acts and/or omissions of Respondents PRIME
12 GROUP, GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute
13 cause for suspension or revocation of all licenses and/or license
14 rights under Sections 10176(a), 10176(i), 10177(g), and/or
15 10177(j) of the Code under the Real Estate Law.

16 SEVENTH CAUSE OF ACCUSATION
17 (Oscar Gonzales Loan)

18 57

19 In or about October of 1998, Respondent GONZALEZ and
20 PRIME GROUP negotiated a contract on behalf of buyer OSCAR
21 GONZALES and others (hereafter OSCAR) for the purchase of
22 residential real property known as and located at 2415 High
23 Street, Oakland, California, for the sum of \$124,000.00.

24 58

25 Respondents PRIME GROUP, GRENIER, and GONZALEZ
26 thereafter participated to conceal the above purchase price from
27 the lender, and to create documents to show the purported

1 purchase price to be \$118,000.00, and to qualify OSCAR for a
2 purchase money loan by referring them to Respondents J&R MORTGAGE
3 and RATTRAY, wherein Respondent GONZALEZ took the OSCAR loan
4 applications.

5 59

6 RATTRAY, on behalf of J&R MORTGAGE, thereafter executed
7 the loan applications as though he had taken the applications in
8 "face-to-face" meetings with OSCAR when in fact he had never met
9 them.

10 60

11 Prior to close of escrow, Respondents determined that
12 OSCAR would apply for an FHA first loan in the approximate sum of
13 \$117,819.00. Respondents caused a gift letter or induced OSCAR
14 to submit a gift letter dated December 11, 1998, in the purported
15 sum of \$15,000.00 from a cousin to show a source of funds to
16 purchase the property.

17 61

18 Prior to close of escrow, Respondents submitted or
19 caused the submittal of the OSCAR loan application package,
20 containing the above loan applications, gift letter and other
21 documentation, to WAUSAU MORTGAGE. Respondents knew or should
22 have known that said application package was false and untrue in
23 material respects, that OSCAR did not have sufficient funds to
24 close escrow, that some or all Respondents intended to and did
25 loan OSCAR money to close escrow, and that the above gift letter
26 was false. Respondents failed to disclose the true facts to
27 WAUSAU MORTGAGE or HUD.

1
2 Prior to close of escrow, Respondents PRIME GROUP and
3 GRENIER actually loaned OSCAR a sum of approximately \$3,500.00 to
4 close escrow, but represented to OSCAR that they agreed to and
5 did loan OSCAR \$11,662.00, evidenced by a promissory note dated
6 February 11, 1999, and signed by OSCAR in reliance on those
7 representations. Thereafter PRIME GROUP and GRENIER combined the
8 actual loan with other sums actually paid by OSCAR, purchased two
9 cashier's checks in the sums of \$3,500.00 and \$5,442.00, and
10 deposited said checks to close the escrow for OSCAR at North
11 American Title Company. On or about February 25, 1999, WAUSAU
12 MORTGAGE funded an FHA loan insured by HUD in reliance on the
13 false OSCAR application package and escrow closed.

14
15 Prior to close of escrow, Respondents J&R MORTGAGE and
16 RATTRAY failed to verify the source of all funds from or on
17 behalf of OSCAR and failed to ensure that they met the minimum
18 HUD financial requirements for FHA loans at any time prior to
19 submitting the loan package to WAUSAU MORTGAGE or prior to close
20 of escrow.

21
22 The above acts and/or omissions of Respondents PRIME
23 GROUP, GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute
24 cause for suspension or revocation of all licenses and/or license
25 rights under Sections 10176(a), 10176(i), 10177(g), and/or
26 10177(j) of the Code under the Real Estate Law.

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EIGHTH CAUSE OF ACCUSATION
(Perez Loan)

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In or about January of 1999, Respondents GONZALEZ and PRIME GROUP negotiated a contract on behalf of buyer Angel PEREZ and others (hereafter PEREZ) for the purchase of residential real property owned by GRENIER, and known as and located at 2466 64th Avenue, Oakland, California, for the sum of \$127,500.00.

66

Respondents PRIME GROUP, GRENIER, and GONZALEZ thereafter participated to qualify PEREZ for a purchase money loan from WAUSAU MORTGAGE and referred them to Respondents J&R MORTGAGE and RATTRAY, wherein GONZALEZ took the PEREZ loan applications.

67

RATTRAY, on behalf of J&R MORTGAGE, thereafter executed the loan applications as though he had taken the applications in "face-to-face" meetings with the PEREZES when in fact he had never met them.

68

Prior to close of escrow, Respondents determined that PEREZ would apply for an FHA first loan in the approximate sum of \$126,652.00. Respondents caused a gift letter or induced PEREZ to submit a gift letter dated February 16, 1999, in the purported sum of \$8,500.00 from a sister-in-law to show a source of funds to purchase the property.

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2 Prior to close of escrow, Respondents J&R MORTGAGE and
3 RATTRAY submitted or caused the submittal of the PEREZ loan
4 application package, containing the above loan applications, gift
5 letter and other documentation, to WAUSAU MORTGAGE. Respondents
6 knew or should have known that said application package was false
7 and untrue in material respects, that PEREZ did not have
8 sufficient funds to close escrow, that some or all Respondents
9 intended to and did loan PEREZ money to close escrow, and that
10 the above gift letter was false. Respondents failed to disclose
11 the true facts to WAUSAU MORTGAGE or HUD.

12
13 Prior to close of escrow, Respondents PRIME GROUP and
14 GRENIER agreed to and did loan PEREZ the sum of \$6,175.00 to
15 close escrow, evidenced by a promissory note and unrecorded deed
16 of trust dated March 2, 1999. Thereafter PRIME GROUP and GRENIER
17 combined said loan with other sums actually paid by PEREZ,
18 purchased a cashier's check in the sum of \$7,500.00, and
19 deposited said check to close the escrow for PEREZ at North
20 American Title Company. On or about March 5, 1999, WAUSAU
21 MORTGAGE funded an FHA loan insured by HUD in reliance on the
22 false PEREZ application package and escrow closed.

23
24 Prior to close of escrow, Respondents J&R MORTGAGE and
25 RATTRAY failed to verify the source of all funds from or on
26 behalf of PEREZ and failed to ensure that they met the minimum
27 HUD financial requirements for FHA loans at any time prior to

1 submitting the loan package to WAUSAU MORTGAGE or prior to close
2 of escrow.

3 72

4 The acts and/or omissions of Respondents PRIME GROUP,
5 GRENIER, GONZALEZ, J&R MORTGAGE, and RATTRAY constitute cause
6 for suspension or revocation of all licenses and/or license
7 rights under Sections 10176(a), 10176(i), 10177(g), and/or
8 10177(j) of the Code under the Real Estate Law.

9
10 NINTH CAUSE OF ACCUSATION
(Prime Group Audit)

11 73

12 Beginning in or about November of 1999, the Department
13 conducted an audit of the books and records of Respondent PRIME
14 GROUP. In acting as a mortgage loan broker as alleged above,
15 Respondent accepted or received funds in trust from or on behalf
16 of buyers and borrowers. The trust funds accepted or received by
17 Respondent PRIME GROUP were deposited or caused to be deposited
18 from time to time into a bank account maintained by Respondent at
19 Bank of America in San Mateo, California, entitled "PRIME GROUP
20 LTD.," Account No. 04278-14223, a general checking account.

21 74

22 In connection with the collection and disbursement of
23 the trust funds, Respondent PRIME GROUP failed to deposit some or
24 all trust funds into a trust fund bank account in the name of the
25 licensed real estate broker as trustee in conformance with
26 Section 2830 of Title 10, California Code of Regulations
27 (hereafter the Regulations), including the following: amounts

1 received as earnest money and/or down payment money from buyers,
2 and amounts received as appraisal and/or credit report fees as
3 found in Audit No. OK-990062/OK-990073, dated January 3, 2000,
4 and supporting working papers and exhibits.

5 75

6 In connection with the collection and disbursement of
7 the trust funds, Respondent PRIME GROUP failed to deposit some or
8 all trust funds into a trust fund account, into the hands of the
9 principal owners of the funds, or into a neutral escrow
10 depository within three business days following receipt as
11 required by Section 2832 of the Regulations, including the
12 following: amounts received as earnest money and/or down payment
13 money from buyers as found in Audit No. OK-990062/OK-990073,
14 dated January 3, 2000, and supporting working papers and
15 exhibits.

16 76

17 The acts and/or omissions alleged above are grounds for
18 the suspension or revocation of the licenses and licenses rights
19 of Respondent PRIME GROUP under the following provisions:

20 (a) As to Paragraph 74, under Section 10145 of the
21 Code and Section 2830 of the Regulations in
22 conjunction with Section 10177(d) of the Code.

23 (b) As to Paragraph 75, under Section 2832 of the
24 Regulations in conjunction with Section 10177(d)
25 of the Code.

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