

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

FILED  
APR 9 2003

DEPARTMENT OF REAL ESTATE

By Jean Luroh

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9  
10 BEFORE THE  
11 DEPARTMENT OF REAL ESTATE  
12 STATE OF CALIFORNIA

13 \* \* \*

14 In the Matter of the Accusation of )  
15 MARIN MORTGAGE BANKERS ) NO. H-8120 SF  
16 CORPORATION and, ) STIPULATION AND AGREEMENT  
17 GLEN HARVEY LARSEN, )  
18 Respondents. )

19 It is hereby stipulated by and between MARIN MORTGAGE  
20 BANKERS CORPORATION and GLEN HARVEY LARSEN (hereafter  
21 Respondents), represented by Michael J. Flynn, Attorney at Law,  
22 Flynn & Phillips, LLP, and the Complainant, acting by and  
23 through Deidre L. Johnson, Counsel for the Department of Real  
24 Estate, as follows for the purpose of settling and disposing  
25 the Accusation filed on May 30, 2002 in this matter:

26 1. All issues which were to be contested and all  
27 evidence which was to be presented by Complainant and Respondents  
at a formal hearing on the Accusation, which hearing was to be

1 held in accordance with the provisions of the Administrative  
2 Procedure Act (APA), shall instead and in place thereof be  
3 submitted solely on the basis of the provisions of this  
4 Stipulation and Agreement.

5           2. Respondents have each received, read and understand  
6 the Statement to Respondent, and the Discovery Provisions of the  
7 APA filed by the Department of Real Estate in this proceeding.

8           3. On June 27, 2002, Respondents filed their Notice of  
9 Defense pursuant to Section 11505 of the Government Code for the  
10 purpose of requesting a hearing on the allegations in the  
11 Accusation. Respondents hereby freely and voluntarily withdraw  
12 said Notice of Defense. Respondents acknowledge that they each  
13 understand that by withdrawing said Notices of Defense they will  
14 thereby waive their rights to require the Commissioner to prove  
15 the allegations in the Accusation at a contested hearing held in  
16 accordance with the provisions of the APA, and that they will  
17 waive other rights afforded to them in connection with the  
18 hearing such as the right to present evidence in defense of the  
19 allegations in the Accusation and the right to cross-examine  
20 witnesses.

21           4. Respondents, pursuant to the limitations set forth  
22 below, hereby admit that the factual allegations pertaining to  
23 them in Paragraphs I through V of the Accusation filed in this  
24 proceeding are true and correct and the Real Estate Commissioner  
25 shall not be required to provide further evidence of such  
26 allegations.

1           5. Without admitting the truth of the allegations  
2 contained in the rest of the Accusation as to each Respondent,  
3 Respondents stipulate that they will not interpose a defense  
4 thereto. This Stipulation is based on the factual allegations  
5 contained in the Accusation as found below. In the interests of  
6 expedience and economy, Respondents each choose not to contest  
7 the allegations that pertain to them, but to remain silent, and  
8 understand that, as a result thereof, these factual allegations,  
9 without being admitted or denied, will serve as a basis for the  
10 disciplinary action stipulated to herein. The Real Estate  
11 Commissioner shall not be required to provide further evidence to  
12 prove said factual allegations.

13           6. Respondents have received, read and understand the  
14 "Notice Concerning Costs of Audits." Respondents MARIN MORTGAGE  
15 BANKERS CORPORATION and GLEN HARVEY LARSEN understand, by  
16 agreeing to this Stipulation and Agreement, and after the  
17 findings set forth below in the "Determination of Issues" become  
18 final, that the Commissioner may charge Respondents MARIN  
19 MORTGAGE BANKERS CORPORATION and GLEN HARVEY LARSEN, jointly and  
20 severally, for the costs of the following audits that have been  
21 and may be conducted pursuant to Section 10148 of the Business  
22 and Professions Code:

- 23                   (a) Audit #OKOO-0082 dated December 3, 2001:  
24                               Not more than \$8,366.02;
- 25                   (b) Future follow-up audit: Not more than  
26                               \$9,300.00.

27



1 10145(b), 10229(e), 10229(g), 10232.25, 10232.4, 10234, and  
2 10240 of the California Business and Professions Code (hereafter  
3 the Code), and Sections 2832 and 2834 of Title 10, California  
4 Code of Regulations, and constitute grounds for disciplinary  
5 action under the provisions of Sections 10176(e) and 10177(d) of  
6 the Code.

7 II

8 The acts and/or omissions of Respondent GLEN HARVEY  
9 LARSEN as stipulated above constitute grounds for disciplinary  
10 action under the provisions of Section 10177(h) of the Code.

11 \* \* \*

12 ORDER

13 I

14 A. All real estate license(s) and license rights of Respondents  
15 MARIN MORTGAGE BANKERS CORPORATION and GLEN HARVEY LARSEN are  
16 revoked.

17 B. A restricted real estate broker corporation license shall be  
18 issued to Respondent MARIN MORTGAGE BANKERS CORPORATION and  
19 GLEN HARVEY LARSEN and a restricted real estate broker  
20 license shall be issued to Respondent GLEN HARVEY LARSEN  
21 pursuant to Section 10156.6 of the Code if they each make  
22 application therefor and pay to the Department the  
23 appropriate fee for each license within ninety (90) days of  
24 the effective date of the Order.

25 C. The restricted licenses issued to Respondents shall be  
26 subject to all of the provisions of Section 10156.7 of the  
27 Business and Professions Code and to the following conditions

1 and limitations imposed under authority of Section 10156.6 of  
2 said Code:

- 3 1) Respondent GLEN HARVEY LARSEN shall, prior to and as a  
4 condition of the issuance of said restricted license,  
5 submit proof satisfactory to the Commissioner of having  
6 taken and completed the continuing education course on  
7 trust fund accounting and handling specified in  
8 paragraph (3) of subdivision (a) of Section 10170.5 of  
9 the Business and Professions Code from an approved  
10 continuing education course provider. Said course may  
11 have been completed within one hundred and twenty (120)  
12 days prior to the effective date of the order herein.
- 13 2) The restricted licenses issued to Respondents may each be  
14 suspended prior to hearing by order of the Real Estate  
15 Commissioner in the event of each Respondent's conviction  
16 or plea of nolo contendere to a crime which bears a  
17 substantial relationship to that Respondent's fitness or  
18 capacity as a real estate licensee.
- 19 3) The restricted licenses may be suspended prior to hearing  
20 by Order of the Real estate Commissioner on evidence  
21 satisfactory to the Commissioner that Respondents have  
22 violated provisions of the California Real Estate Law,  
23 the Subdivided Lands Law, Regulations of the Real Estate  
24 Commissioner or conditions attaching to the restricted  
25 license.
- 26 4) Respondents shall not be eligible to apply for the  
27 issuance of an unrestricted real estate license, nor the

1 removal of any of the conditions of the restricted  
2 license, until two (2) years have elapsed from the  
3 effective date of this Order.

4 5) Pursuant to Section 10148 of the Business and Professions  
5 Code, Respondents, jointly and severally, shall pay the  
6 Commissioner's reasonable cost for the following audits  
7 as a result of the above found violations:

8 (a) Audit #OKOO-0082 dated December 3, 2001:  
9 Not more than \$8,366.02;

10 (b) Future follow-up audit: Not more than  
11 \$9,300.00.

12 In calculating the amount of the Commissioner's  
13 reasonable costs for each audit, the Commissioner may use  
14 the estimated average hourly salary for all Department  
15 Audit Section personnel performing audits of real estate  
16 brokers, and shall include an allocation for travel time  
17 to and from the auditor's place of work. Respondents  
18 MARIN MORTGAGE BANKERS CORPORATION and GLEN HARVEY  
19 LARSEN, jointly and severally, shall pay such costs  
20 within sixty (60) days of receiving an invoice from the  
21 Commissioner detailing the activities performed during  
22 each audit and the amount of time spent performing those  
23 activities. The Commissioner may suspend the restricted  
24 license issued to Respondents pending a hearing held in  
25 accordance with Section 11500, et seq., of the Government  
26 Code, if payment is not timely made as provided for  
27 herein, or as provided for in a subsequent agreement

1 between Respondent and the Commissioner. The suspensions  
2 shall remain in effect until payment is made in full for  
3 each audit or until Respondents enter into an agreement  
4 satisfactory to the Commissioner to provide for payment,  
5 or until a decision providing otherwise is adopted  
6 following a hearing held pursuant to this condition.

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

21 7) Respondent GLEN HARVEY LARSEN shall, within six (6)  
22 months from the effective date of this Decision, take and  
23 pass the Professional Responsibility Examination  
24 administered by the Department including the payment of  
25 the appropriate examination fee. If Respondent fails to  
26 satisfy this condition, the Commissioner may order  
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suspension of the restricted license until Respondent passes the examination.

*January 27, 2003*  
DATED

*Deidre L. Johnson*  
DEIDRE L. JOHNSON  
Counsel for 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 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.

*1/24/03*  
DATED

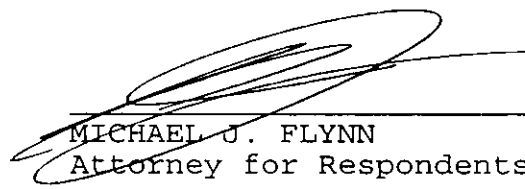
*[Signature]* president  
MARIN MORTGAGE BANKERS CORPORATION  
Respondent

*1/24/03*  
DATED

*[Signature]*  
GLEN HARVEY LARSEN  
Respondent

1 APPROVED AS TO FORM:

2  
3 Jan 24 2003  
4 DATED

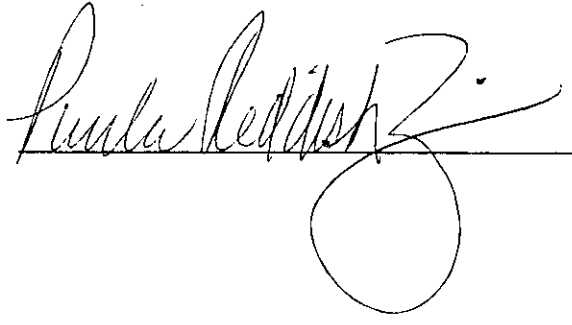
  
MICHAEL J. FLYNN  
Attorney for Respondents

5 \* \* \*

6  
7 The foregoing Stipulation and Agreement is hereby  
8 adopted as my Decision and shall become effective at 12 o'clock  
9 noon on APR 30 2003, 2003.

10 IT IS SO ORDERED February 12, 2003.

11 PAULA REDDISH ZINNEMANN  
12 Real Estate Commissioner

13 

FILED  
OCT 25 2002

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

DEPARTMENT OF REAL ESTATE

By Kathleen Conteras

*In the Matter of the Accusation of*

MARIN MORTGAGE BANKERS  
CORPORATION, and  
GLENN HARVEY LARSEN,

} Case No. H-8120 SF

} OAH No. N-2002070770

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*Respondents*

**FIRST CONTINUED  
NOTICE OF HEARING ON ACCUSATION**

***To the above named respondents:***

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

**OFFICE OF ADMINISTRATIVE HEARING, THE ELIHU HARRIS STATE BUILDING,  
1515 CLAY STREET, SUITE 206, OAKLAND, CALIFORNIA 94612**

on **JANUARY 28, 2003, and JANUARY 29, 2003**, at the hour of **9:00 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: OCTOBER 10, 2002

By Deidre L. Johnson  
DEIDRE L. JOHNSON, Counsel

FILED  
SEP 20 2002

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

DEPARTMENT OF REAL ESTATE

By Kathleen Contreras

*In the Matter of the Accusation of*

MARIN MORTGAGE BANKERS  
CORPORATION, and  
GLENN HARVEY LARSEN

}

Case No. H-8120 SF  
OAH No. N-2002070770

*Respondents*

**NOTICE OF HEARING ON ACCUSATION**

*To the above named respondents:*

*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 **DECEMBER 11, 2002, and DECEMBER 12, 2002**, at the hour of **9:00 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:* SEPTEMBER 20, 2002

By Deidre L. Johnson  
DEIDRE L. JOHNSON, Counsel (K)

*flag*

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

FILED  
MAY 30 2002

DEPARTMENT OF REAL ESTATE

By *John Arnold*

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BEFORE THE  
DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of )  
MARIN MORTGAGE BANKERS ) NO. H-8120 SF  
CORPORATION, and )  
GLENN HARVEY LARSEN, ) ACCUSATION  
Respondents. )

The Complainant, LES R. BETTENCOURT, a Deputy Real Estate Commissioner of the State of California, for causes of Accusation against MARIN MORTGAGE BANKERS CORPORATION and GLENN HARVEY LARSEN, is informed and alleges as follows:

PRELIMINARY ALLEGATIONS

I

Respondents MARIN MORTGAGE BANKERS CORPORATION and GLENN HARVEY LARSEN 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 (hereafter the Code).

1 II

2 The Complainant, LES R. BETTENCOURT, a Deputy Real  
3 Estate Commissioner of the State of California, makes this  
4 Accusation against Respondents in his official capacity and not  
5 otherwise.

6 III

7 At all times herein mentioned, Respondent MARIN  
8 MORTGAGE BANKERS CORPORATION (hereafter MMBC) was and is licensed  
9 by the State of California Department of Real Estate (hereafter  
10 Department) as a real estate broker corporation.

11 IV

12 At all times herein mentioned, Respondent GLENN HARVEY  
13 LARSEN (hereafter LARSEN) was and is licensed by the Department  
14 as an individual real estate broker and as the designated broker  
15 officer of MMBC. At all times herein mentioned, LARSEN was and  
16 is the President and one hundred percent shareholder of MMBC, and  
17 directed and controlled its activities for which a real estate  
18 license is required.

19 V

20 Within the last three years, MMBC engaged in the  
21 business of, acted in the capacity of, advertised, or assumed to  
22 act as a real estate broker within the State of California,  
23 including the operation and conduct of a mortgage loan banking  
24 and brokerage business with the public wherein borrowers and  
25 lenders were solicited for loans secured directly or collaterally  
26 by liens on real property, wherein MMBC either brokered or funded  
27 such loans, wherein MMBC sold existing secured promissory notes,

1 or undivided interests in secured promissory notes, to investors,  
2 and wherein MMBC serviced loans on behalf of others, for or in  
3 expectation of compensation.

4  
5 FIRST CAUSE OF ACTION

6 VI

7 Beginning in or about August of 2001, the Department  
8 conducted an audit of the books and records of Respondent MMBC  
9 for the time period of January 1, 2000 to June 30, 2001  
10 (hereafter the audit period), as set forth in more detail in  
11 Department Audit Report No. OK00-0082, dated December 3, 2001,  
12 and accompanying working papers and exhibits. During the audit  
13 period, Respondent MMBC was a threshold broker, and also was a  
14 multi-lender broker that sold undivided interests in secured  
15 loans to multiple third party investors per loan. In acting as a  
16 mortgage loan broker and banker as alleged above, Respondent MMBC  
17 accepted or received funds in trust from or on behalf of lenders  
18 and/or borrowers.

19 VII

20 The trust funds accepted or received by Respondent MMBC  
21 during the audit period were deposited or caused to be deposited  
22 from time to time into approximately 25 bank accounts, including  
23 but not limited to the following six (6) accounts:

- 24 (a) Bank Account #1: Imperial Bank Account No. 0018-064-  
25 421, in Walnut Creek, California, entitled "Marin  
26 Mortgage Bankers Corporation Escrow Account," used  
27 for new funds from investors to either fund loans,

1 or, primarily, to purchase portions of existing  
2 secured notes;

3 (b) Bank Account #2: Imperial Bank Account No. 0018-064-  
4 413, entitled "Marin Mortgage Bankers Corporation  
5 Servicing Account," used for loan servicing of  
6 borrower monthly payments and payoffs on private  
7 investor loans;

8 (c) Trust #1: Imperial Bank Account No. 0018-064-448  
9 entitled "Marin Mortgage Bankers Corporation  
10 Appraisal and Credit Account/Brokered Trust  
11 Account," used for credit and appraisal fees on  
12 mortgage loans;

13 (d) Trust #2: Imperial Bank Account No. 0018-501-848  
14 entitled "Marin Mortgage Bankers Corporation ITF  
15 Regency Place Partners LLC Account," used for  
16 construction funds for one borrower;

17 (e) Trust #3: Metro Commerce Bank Account No. 1439769, in  
18 San Rafael, California, entitled "Diane Green c/o  
19 MMBC as TTEE," used for impounded interest payments  
20 for one borrower; and

21 (f) Trust #4: Metro Commerce Bank Account No. 1440304  
22 entitled "Michael J. Guglielmino c/o MMBC as TTEE,"  
23 used for impounded interest payments for one  
24 borrower.

25 VIII

26 In connection with the receipt and disbursement of  
27 trust funds as above alleged, Respondent MMBC:

- 1 (a) As to Bank Account #1 and Bank Account #2, failed to  
2 deposit trust funds into one or more trust accounts  
3 in the name of Respondent as trustee at a bank or  
4 other financial institution pursuant to Section 10145  
5 of the Code and Section 2832 of Title 10, California  
6 Code of Regulations (hereafter the Regulations);
- 7 (b) Authorized or permitted withdrawals to be made from  
8 Bank Account #1, Bank Account #2, Trust #1, and  
9 Trust #2 upon the signatures of Holly Larsen, Karen  
10 Doiron, and Michele Larson, non-licensed employees of  
11 MMBC, without being duly bonded with the requisite  
12 fidelity bond insurance coverage to have such  
13 authorization, pursuant to Section 2834 of the  
14 Regulations;
- 15 (c) Authorized or permitted withdrawals to be made from  
16 Trust #3, and Trust #4 upon the signatures of Holly  
17 Larsen and Karen Doiron, non-licensed employees of  
18 MMBC, without being duly bonded with the requisite  
19 fidelity bond insurance coverage to have such  
20 authorization, pursuant to Section 2834 of the  
21 Regulations; and
- 22 (d) When selling secured notes funded by MMBC or  
23 otherwise owned by it, failed to place trust funds  
24 received from investors to purchase the notes, or  
25 undivided interests in the notes, into a neutral  
26 escrow depository pursuant to Section 10145(b) of  
27 the Code.

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IX

During the audit period, as to brokered loan transactions, Respondent MMBC failed to prepare and deliver to borrowers, or cause to be delivered, a written borrower disclosure statement as required by Section 10240 of the Code prior to each borrower becoming obligated to complete the loan, and/or failed to retain executed copies of such statements with the records of the company.

X

During the audit period, MMBC failed to timely prepare and deliver to investors, or cause to be delivered, a written lender/purchaser disclosure statement as required by Section 10232.4 of the Code, prior to each investor becoming obligated to make the loan or purchase the note, prior to MMBC's receipt of funds from each investor, and/or prior to disbursement of the investor's funds for the loan or purchase.

XI

On or about April 2, 2001, MMBC funded and brokered Loan #103571 in the sum of \$433,000.00, secured by real property in Oakland, California. Private investors contributed 57.79 percent of the loan funds, and MMBC contributed 42.21 percent of the loan funds. Upon disbursement of the loan to the borrower, MMBC recorded or caused to be recorded the deed of trust securing the loan in the name of MMBC only. MMBC failed to record or cause to be recorded a deed of trust or assignment of deed of trust naming as the beneficiaries only the lenders or

1 lender nominees other than the real estate licensee, as required  
2 by Section 10234 of the Code.

3 XII

4 During the audit period, as to sales of existing notes,  
5 MMBC funded loans as the lender and became the named beneficiary  
6 on the notes and deeds of trust securing the loans. Upon resale  
7 to the public of the secured notes, or of undivided interests in  
8 such notes, Respondent MMBC failed to timely record or cause to  
9 be recorded assignments of deeds of trust in the names of the  
10 investors within 10 working days after MMBC received each  
11 investor's funds or after close of escrow, as required by  
12 Section 10234 of the Code.

13 XIII

14 During the audit period, as to multi-lender loans,  
15 Respondent MMBC failed to obtain, and/or to retain in its  
16 records, signed statements or completed statements from each  
17 investor as to each investor's qualifications of income or net  
18 worth for the loan, indicating that the investment in each  
19 transaction did not exceed either 10% of his or her net worth,  
20 or 10% of his or her adjusted gross income, as required by  
21 Section 10229(e) of the Code.

22 XIV

23 During the audit period, as to multi-lender  
24 Loan #0103569, a construction loan in the sum of \$870,000.00 for  
25 new homes in Sacramento, California, Respondent MMBC based the  
26 loan-to-value ratio of approximately 65% on the projected future  
27 market value of the improved property following construction, and

1 failed to limit the aggregate principal amount of the loan plus  
2 any unpaid principal amount of any encumbrance upon the real  
3 property senior thereto, to not more than 65% of the then-current  
4 market value of the unimproved real property, pursuant to Section  
5 10229(g) of the Code.

6 XV

7 During the audit period, as to multi-lender loans,  
8 Respondent MMBC sometimes failed to transmit pro rata payments  
9 received on the notes to the purchasers or lenders within 25 days  
10 after receipt of the payments by MMBC pursuant to  
11 Section 10229(j) (2), and held such payments in impound accounts.

12 XVI

13 During the audit period, as to threshold status,  
14 Respondent MMBC was and is required to file with the Department  
15 quarterly trust funds status reports regarding all trust funds in  
16 the broker's custody, pursuant to Section 10232.25 of the Code,  
17 including but not limited to aggregate accountability, bank  
18 statements, and reconciliations adjusting each account used for  
19 trust funds to its true balance as of the end of the quarter.

20 XVII

21 For the year 2001, MMBC filed its second quarterly  
22 Trust Fund Status Reports (RE 855) and Trust Fund Bank  
23 Reconciliations (RE 856) referred to above on or about June 29,  
24 2001. MMBC filed its third quarterly Trust Fund Status Reports  
25 (RE 855) and Trust Fund Bank Reconciliations (RE 856) on or about  
26 October 1, 2001. For both quarters, MMBC filed the above reports  
27 only with respect to Bank Account #1, Bank Account #2, and

1 Trust #1. MMBC failed to include all bank accounts used to  
2 handle trust funds in said reports, including but not limited to  
3 the other approximately 22 bank accounts described in  
4 Paragraph VII above, including Trust #2, Trust #3, and Trust #4.

5 XVIII

6 The acts and/or omissions of Respondent MMBC as alleged  
7 above constitute grounds for disciplinary action under the  
8 following provisions:

- 9 (a) As to Paragraphs VII and VIII(a), under Section  
10 10145 of the Code and Section 2832 of the  
11 Regulations in conjunction with Section 10177(d)  
12 of the Code.
- 13 (b) As to Paragraph VIII(b), under Section 2834 of the  
14 Regulations in conjunction with Section 10177(d)  
15 of the Code.
- 16 (c) As to Paragraph VIII(c), under Section 2834 of the  
17 Regulations in conjunction with Section 10177(d)  
18 of the Code.
- 19 (d) As to Paragraph VIII(d), under Section 10145(b)  
20 of the Code in conjunction with Section 10177(d)  
21 of the Code.
- 22 (e) As to Paragraph IX, under Section 10240 of the  
23 Code in conjunction with Section 10177(d) of the  
24 Code.
- 25 (f) As to Paragraph X, under Section 10232.4 of the  
26 Code in conjunction with Section 10177(d) of the  
27 Code.

- 1 (g) As to Paragraph XI, under Section 10234 of the  
2 Code in conjunction with Section 10177(d) of the  
3 Code.
- 4 (h) As to Paragraph XII, under Section 10234 of the  
5 Code in conjunction with 10177(d) of the Code, and  
6 Section 10176(e) of the Code.
- 7 (i) As to Paragraph XIII, under Section 10229(e)  
8 of the Code in conjunction with Section 10177(d)  
9 of the Code.
- 10 (j) As to Paragraph XIV, under Section 10229(g) of the  
11 Code in conjunction with Section 10177(d) of the  
12 Code.
- 13 (k) As to Paragraph XV, under Section 10229(j) (2) of  
14 the Code in conjunction with Section 10177(d) of  
15 the Code.
- 16 (l) As to Paragraphs XVI and XVII, under Section  
17 10232.25 of the Code in conjunction with Section  
18 10177(d) of the Code.

19 SECOND CAUSE OF ACTION

20 XXI

21 At all times mentioned herein, Respondent LARSEN failed  
22 to exercise reasonable supervision and control of the activities  
23 of MMBC for which a real estate license is required. In  
24 particular, LARSEN caused, permitted, and/or ratified the conduct  
25 described above, and/or failed to take reasonable steps to  
26 implement effective supervision that would have prevented it,  
27 including but not limited to: (a) the establishment of policies,

1 rules, procedures, and systems to review, oversee, inspect and  
2 manage matters including but not limited to trust fund accounts,  
3 neutral escrow depositories, borrower and lender/purchaser  
4 disclosures, multi-lender loans, recordation of deeds of trust  
5 and assignments, and statutory reports; and (b) the establishment  
6 of systems for monitoring compliance with such policies, rules,  
7 procedures, and systems, to ensure compliance by the company with  
8 the Real Estate Law.

9 XXII

10 The acts and/or omissions of LARSEN as alleged above  
11 constitute grounds for disciplinary action under the provisions  
12 of Section 10177(h) of the Code.

13 WHEREFORE, Complainant prays that a hearing be  
14 conducted on the allegations of this Accusation and that upon  
15 proof thereof a decision be rendered imposing disciplinary action  
16 against all licenses and license rights of Respondents under the  
17 Real Estate Law (Part 1 of Division 4 of the Business and  
18 Professions Code), and for such other and further relief as may  
19 be proper under other provisions of law.

20  
21  
22  
23   
24 LES R. BETTENCOURT  
25 Deputy Real Estate Commissioner

26 Dated at Oakland, California,  
27 this 21<sup>st</sup> day of May, 2002.