

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
6
7 Telephone: (916) 227-0789

FILED
JUN 10 2003

DEPARTMENT OF REAL ESTATE

By *Kathleen Contreras*

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 To:)
12)
13 FIRST BLACKHAWK FINANCIAL) NO. H-8340 SF
14 CORPORATION,)
15 LINDA SUZANNE APPLETON, and) FIRST AMENDED
16 ARTHUR APPLETON, JR.) ORDER TO DESIST AND REFRAIN

17 The Real Estate Commissioner of the State of California
18 has determined from the findings herein set forth below that you,
19 FIRST BLACKHAWK FINANCIAL CORPORATION and LINDA SUZANNE APPLETON,
20 have violated Sections 10229 and 10232.25 of the California
21 Business and Professions Code (hereafter the Code), and Section
22 2849.01 of Title 10, California Code of Regulations (hereafter
23 the Regulations), for the violations found below.

24 I

25 You, FIRST BLACKHAWK FINANCIAL CORPORATION and LINDA
26 SUZANNE APPLETON, are presently licensed and/or have license
27 rights under the Real Estate Law, Part 1 of Division 4 of the
California Business and Professions Code (hereafter the Code).

1 II

2 At all times herein mentioned, you, FIRST BLACKHAWK
3 FINANCIAL CORPORATION (hereafter BLACKHAWK) were and are licensed
4 by the State of California Department of Real Estate (hereafter
5 Department) as a real estate broker corporation.

6 III

7 At all times herein mentioned, you, LINDA SUZANNE
8 APPLETON (hereafter broker-APPLETON) were and are licensed by
9 the Department as an individual real estate broker and as the
10 designated broker officer of BLACKHAWK.

11 IV

12 At all times herein mentioned, you, ARTHUR APPLETON,
13 JR. (hereafter CEO-APPLETON), were licensed by the Department as
14 a real estate salesperson. At no time herein were you licensed
15 as a real estate broker or as the designated broker officer of
16 BLACKHAWK. At all times herein mentioned, you were and are an
17 owner, shareholder, and the chief executive officer of BLACKHAWK.

18 V

19 Within the three years last past, you, BLACKHAWK,
20 engaged in the business of, acted in the capacity of, advertised
21 or assumed to act as a real estate broker within the State of
22 California, including the operation and conduct of a mortgage
23 loan brokerage business with the public wherein lenders and/or
24 borrowers were solicited for loans secured directly or
25 collaterally by liens on real property, and wherein such loans
26 were arranged, negotiated, processed, consummated on behalf of
27 others, and serviced, for or in expectation of compensation.

1 VI

2 Within the last three years, you, BLACKHAWK, were and
3 are a threshold broker subject to the requirements of Section
4 10232 of the Code, including the requirement to file certain
5 annual and quarterly reports regarding its business activity and
6 trust accounts with the Department pursuant to Sections 10232.2
7 and 10232.25 of the Code.

8 VII

9 Within the last three years, you, BLACKHAWK, also were
10 and are a multi-lender broker subject to the requirements of
11 Section 10229 of the Code.

12 VIII

13 With respect to the reports referred to in Paragraph VI
14 above, you, broker-APPLETON, failed to sign and certify the truth
15 of such reports at least for the years 2000 and 2001, and through
16 the third quarter of 2002, as the designated broker officer of
17 BLACKHAWK, and, instead, permitted or authorized CEO-APPLETON to
18 sign and certify the truth of such reports in violation of
19 Sections 10232.2, 10232.25 of the Code, and Section 2849.01 of
20 the Regulations.

21 IX

22 With respect to the multi-lender loans referred to in
23 Paragraph VII above, you, BLACKHAWK, broker-APPLETON, and CEO-
24 APPLETON, arranged, negotiated, and sold series of notes or
25 undivided interests in notes secured by real property to more
26 than ten persons in violation of Section 10229 of the Code,
27 including but not limited to the following:

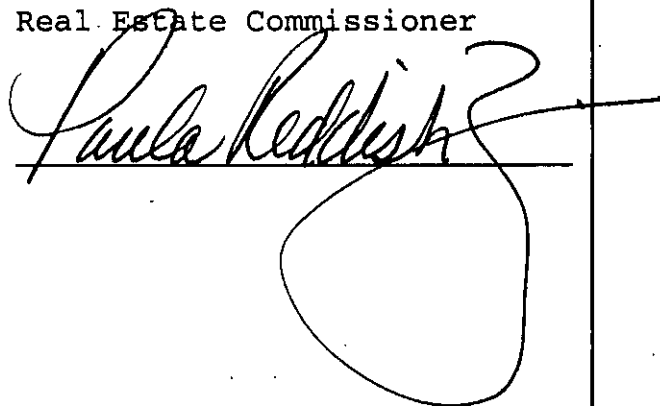
1 (a) LOAN #91215a, January 21, 2000, to 34 investors;

2 (b) LOAN #00417A, June 12, 2000, to 48 investors.

3 NOW, THEREFORE, YOU, FIRST BLACKHAWK FINANCIAL
4 CORPORATION, LINDA SUZANNE APPLETON, AND ARTHUR APPLETON, JR.,
5 AND YOUR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSORS AND
6 ASSIGNS, ARE HEREBY ORDERED TO DESIST AND REFRAIN from arranging,
7 negotiating, and selling any series of notes or undivided
8 interests in notes secured by real property to more than ten
9 persons in violation of Section 10229 of the Code; and from
10 having anyone other than the licensed designated broker officer
11 of record sign and certify the truth of the annual and quarterly
12 reports required to be filed with the Department under Sections
13 10232, 10232.25 of the Code, and Section 2849.01 of the
14 Regulations.

15 DATED: April 21, 2003.

16 PAULA REDDISH ZINNEMANN
17 Real Estate Commissioner

18 
19
20

21 cc: FIRST BLACKHAWK
22 FINANCIAL CORP.
23 Attn: Linda Suzanne Appleton
24 4145 Blackhawk Plaza Circle
25 Suite 201
26 Danville, CA 94506

27 LINDA SUZANNE APPLETON
ARTHUR APPLETON, JR.
4145 Blackhawk Plaza Circle
Suite 201
Danville, CA 94506

ATTY/DLJ

1 DEIDRE L. JOHNSON, Counsel
2 Department of Real Estate
2201 Broadway
3 P. O. Box 187000
Sacramento, CA 95818-7000

4 (916) 227-0789

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APR - 9 2003

DEPARTMENT OF REAL ESTATE

By *Kathleen Contreras*

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 TO:	)	
12 FIRST BLACKHAWK FINANCIAL	)	NO. H-8340 SF
CORPORATION,	)	
13 LINDA SUZANNE APPLETON, and	)	NOTICE OF HEARING
ARTHUR APPLETON, JR.	)	ON ORDER TO
	)	<u>DESIST AND REFRAIN</u>

15 On January 29, 2003, the Real Estate Commissioner of
16 the State of California issued her Order, directing the above-
17 named parties to desist and refrain from certain alleged
18 activities; and,

19 Dennis H. Doss, Attorney at Law, for and on behalf of
20 FIRST BLACKHAWK FINANCIAL CORPORATION, LINDA SUZANNE APPLETON,
21 and ARTHUR APPLETON, JR., made a request on April 3, 2003, for
22 hearing pursuant to Section 10086 of the Business and Professions
23 Code of the State of California.

24 YOU ARE HEREBY NOTIFIED that a hearing on the Order to
25 Desist and Refrain will be held before the Department of Real
26 Estate at the Office of Administrative Hearings, 1515 Clay
27 Street, Suite 206, Oakland, CA 94612, on April 22, 2003,

1 commencing at 1:30 PM, or as soon thereafter as the matter can be
2 heard, upon the matters contained in the ORDER TO DESIST AND
3 REFRAIN filed March 7, 2003.

4 You may be present at the hearing and may be
5 represented by counsel, but you are neither required to be
6 present at the hearing, nor are you required to be represented by
7 counsel.

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

14 DATED: April 9, 2003

15
16 PAULA REDDISH ZINNEBANN
17 Real Estate Commissioner

18
19 By: 
20 DEIDRE L. JOHNSON, Counsel

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

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MAR 07 2003

DEPARTMENT OF REAL ESTATE

By Jean Arnold

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

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14 CORPORATION,)
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6 ASSIGNS, ARE HEREBY ORDERED TO DESIST AND REFRAIN from arranging,
7 negotiating, selling and/or servicing any series of notes or
8 undivided interests in notes secured by real property to more
9 than ten persons in violation of Section 10229 of the Code; and
10 from having anyone other than the licensed designated broker
11 officer of record sign and certify the truth of the annual and
12 quarterly reports required to be filed with the Department under
13 Sections 10232, 10232.25 of the Code, and Section 2849.01 of the
14 Regulations.

15 DATED: January 29, 2003.

16 PAULA REDDISH ZINNEBANN
17 Real Estate Commissioner
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26
27

cc: FIRST BLACKHAWK
FINANCIAL CORP.
Attn: Linda Suzanne Appleton
4145 Blackhawk Plaza Circle
Suite 201
Danville, CA 94506

LINDA SUZANNE APPLETON
ARTHUR APPLETON, JR.
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ATTY/DLJ