

1 DEPARTMENT OF REAL ESTATE
2 P. O. Box 187000
3 Sacramento, CA 95818-7000
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6
7

FILED
MAY 15 2007

DEPARTMENT OF REAL ESTATE

By Anne Shawon

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 CALNET FINANCE & INVESTMENT, INC.,)
14 and, MARKS HUNG SING LAM)
15 Respondents.)

No. H-9859 SF

STIPULATION AND AGREEMENT

16 In the Matter of the Accusation of)
17)
18 CALNET FINANCE & INVESTMENT SAN)
19 FRANCISCO, INC., MARKS HUNG SING)
20 LAM, and JACKIE NGOC HUYNH,)
21 Respondents.)

No. H-9860 SF

STIPULATION AND AGREEMENT

21 It is hereby stipulated by and between Respondent
22 CALNET FINANCE & INVESTMENT, INC., Respondent CALNET FINANCE &
23 INVESTMENT SAN FRANCISCO, INC., and Respondent MARKS HUNG SING
24 LAM (hereinafter "Respondents"), acting in pro per, and the
25 Complainant, acting by and through Michael B. Rich, Counsel for
26 the Department of Real Estate, as follows for the purpose of
27 settling and disposing of the Accusations filed on January 18,

H-9859 SF - CALNET FINANCE & INVESTMENT, INC., et al.
H-9860 SF - CALNET FINANCE & INVESTMENT SAN FRANCISCO, et al.

1 2007, in this matter (hereinafter "the Accusation"):

2 1. All issues which were to be contested and all
3 evidence which was to be presented by Complainant and
4 Respondents at a formal hearing on the Accusation, which hearing
5 was to be held in accordance with the provisions of the
6 Administrative Procedure Act (APA), shall instead and in place
7 thereof be submitted solely on the basis of the provisions of
8 this Stipulation and Agreement.

9 2. Respondents have received, read and understand the
10 Statement to Respondent, the Discovery Provisions of the APA and
11 the Accusations filed by the Department of Real Estate in this
12 proceeding.

13 3. On February 5, 2007, Respondents, respectively,
14 filed Notices of Defense pursuant to Section 11505 of the
15 Government Code for the purpose of requesting a hearing on the
16 allegations in the Accusation. Respondents hereby freely and
17 voluntarily withdraw said Notices of Defense. Respondents
18 acknowledge that Respondents understand that by withdrawing said
19 Notice of Defense Respondents will thereby waive Respondents'
20 right to require the Commissioner to prove the allegations in
21 the Accusation at a contested hearing held in accordance with
22 the provisions of the APA and that Respondents will waive other
23 rights afforded to Respondents in connection with the hearing
24 such as the right to present evidence in defense of the
25 allegations in the Accusation and the right to cross-examine
26 witnesses.

27 ///

1 4. Respondents, pursuant to the limitations set forth
2 below, hereby admit that the factual allegations in the
3 Accusation pertaining to Respondents are true and correct and
4 stipulate and agree that the Real Estate Commissioner shall not
5 be required to provide further evidence of such allegations.

6 5. It is understood by the parties that the Real
7 Estate Commissioner may adopt the Stipulation and Agreement as
8 his decision in this matter, thereby imposing the penalty and
9 sanctions on Respondents' respective real estate licenses and
10 license rights as set forth in the "Order" below. In the event
11 that the Commissioner in his discretion does not adopt the
12 Stipulation and Agreement, it shall be void and of no effect,
13 and Respondents shall retain the right to a hearing and
14 proceeding on the Accusation under all the provisions of the APA
15 and shall not be bound by any admission or waiver made herein.

16 6. This Stipulation and Agreement shall not
17 constitute an estoppel, merger or bar to any further
18 administrative or civil proceedings by the Department of Real
19 Estate with respect to any matters which were not specifically
20 alleged to be causes for accusation in this proceeding.

21 7. Respondents understand that by agreeing to this
22 Stipulation and Agreement in Settlement, Respondents agree to
23 pay, pursuant to Section 10148 of the Business and Professions
24 Code, the cost of the audit that led to this disciplinary
25 action. The amount of said costs for Respondent CALNET FINANCE
26 & INVESTMENT, INC., and Respondent MARKS HUNG SING LAM is
27 \$4,796.50. The amount of said costs for Respondent CALNET

1 FINANCE & INVESTMENT SAN FRANCISCO and Respondent MARKS HUNG
2 SING LAM is \$3,966.90.

3 8. Respondents have received, read, and understand
4 the "Notice Concerning Costs of Audits". Respondents further
5 understand that by agreeing to this Stipulation and Agreement
6 in Settlement, the findings set forth below in the
7 DETERMINATION OF ISSUES become final, and that the Commissioner
8 may charge Respondents for the costs of any subsequent audit
9 conducted pursuant to Section 10148 of the Business and
10 Professions Code to determine if the violations have been
11 corrected. The maximum costs of said audit for Respondent
12 CALNET FINANCE & INVESTMENT, INC., and Respondent MARKS HUNG
13 SING LAM would not exceed \$4,796.50. The maximum costs of said
14 audit for Respondent CALNET FINANCE & INVESTMENT SAN FRANCISCO
15 and Respondent MARKS HUNG SING LAM would not exceed \$3,966.90.

16 DETERMINATION OF ISSUES

17 By reason of the foregoing stipulations, admissions
18 and waivers and solely for the purpose of settlement of the
19 pending Accusation without hearing, it is stipulated and agreed
20 that the following Determination of Issues shall be made:

21 I

22 The acts and omissions of Respondent CALNET FINANCE &
23 INVESTMENT, INC., as described in the Accusation [H-9859 SF] are
24 grounds for the suspension or revocation of the licenses and
25 license rights of Respondent CALNET FINANCE & INVESTMENT, INC.
26 under the provisions of: Sections 2831.1, 2831.2 and 2834 of
27 Chapter 6, Title 10, California Code of Regulations (hereinafter

1 "Regulations"), and Section 10137 of the Business and
2 Professions Code (hereinafter "the Code") in conjunction with
3 10177(d) of the Code; Section 10161.8 of the Code and Section
4 2752 of the Regulations in conjunction with Section 10177(d) of
5 the Code; Sections 10240 and 10241 of the Code in conjunction
6 with Section 10177(d) of the Code; and, Section 10160 of the
7 Code and Section 2753 of the Regulations in conjunction with
8 Section 10177(d). The acts and omissions of Respondent MARKS
9 HUNG SING LAM as described in the Accusation [H-9859 SF] are
10 grounds for the suspension or revocation of the licenses and
11 license rights of Respondent MARKS HUNG SING LAM under the
12 provisions of Sections 10177(h) and 10159.2(a) of the Code in
13 conjunction with 10177(d) of the Code.

14 II

15 The acts and omissions of Respondent CALNET FINANCE &
16 INVESTMENT SAN FRANCISCO as described in the Accusation [H-9860
17 SF] are grounds for the suspension or revocation of the licenses
18 and license rights of Respondent CALNET FINANCE & INVESTMENT SAN
19 FRANCISCO under the provisions of Sections 2831, 2831.1, 2831.2,
20 2832.1, and 2834 of the Regulations and Section 10145 of the
21 Code in conjunction with Section 10177(d) of the Code; Section
22 10137 of the Code in conjunction with Section 10177(d) of the
23 Code; Section 10161.8 of the Code and Section 2752 of the
24 Regulations in conjunction with Section 10177(d) of the Code;
25 Sections 10240 and 10241 of the Code in conjunction with
26 10177(d) of the Code; and, Section 10177(h) and 10159.2 in
27 conjunction with Section 10177(d) of the Code. The acts and

omissions of Respondent MARKS HUNG SING LAM as described in the
Accusation [H-9860 SF] are grounds for the suspension or
revocation of the licenses and license rights of Respondent
MARKS HUNG SING LAM under the provisions of Sections 10177(h)
and 10159.2(a) of the Code in conjunction with 10177(d) of the
Code.

ORDER

I

The corporate real estate broker licenses and all
license rights of Respondent CALNET FINANCE & INVESTMENT, INC.,
under the Real Estate Law is revoked; provided, however, a
restricted corporate real estate broker license shall be issued
to Respondent CALNET FINANCE & INVESTMENT, INC., pursuant to
Section 10156.5 of the Business and Professions Code if
Respondent makes application therefor and pays to the
Department of Real Estate the appropriate fee for the
restricted license within ninety (90) days from the effective
date of this Decision. The restricted license issued to
Respondent CALNET FINANCE & INVESTMENT, INC., (permitting
Respondent to conduct all activities permitted by a broker
license) shall be subject to all of the provisions of Section
10156.7 of the Business and Professions Code and to the
following limitations, conditions and restrictions imposed
under authority of Section 10156.6 of that Code:

1. The restricted license issued to Respondent
CALNET FINANCE & INVESTMENT, INC., may be suspended prior to
hearing by Order of the Real Estate Commissioner in the event

1 of Respondent's conviction or plea of nolo contendere to a
2 crime which is substantially related to Respondent's fitness or
3 capacity as a real estate licensee.

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

11 3. Respondent CALNET FINANCE & INVESTMENT, INC.,
12 shall not be eligible to apply for the issuance of an
13 unrestricted real estate license nor for the removal of any of
14 the conditions, limitations, or restrictions of a restricted
15 license until two (2) years have elapsed from the effective
16 date of this Decision.

17 4. Pursuant to Section 10148 of the Business and
18 Professions Code, Respondent CALNET FINANCE & INVESTMENT, INC.,
19 shall pay the Commissioner's reasonable cost for: a) the audit
20 which led to this disciplinary action and, b) a subsequent
21 audit to determine if Respondent has corrected the trust fund
22 violations found in paragraph I of the Determination of Issues
23 not to exceed \$4,796.50. In calculating the amount of the
24 Commissioner's reasonable cost, the Commissioner may use the
25 estimated average hourly salary for all persons performing
26 audits of real estate brokers, and shall include an allocation
27 for travel time to and from the auditor's place of work.

Respondent shall, jointly and severally with Respondent MARKS HUNG SING LAM, pay such cost within sixty (60) days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities. The Commissioner may suspend the restricted license issued to Respondent CALNET FINANCE & INVESTMENT, INC., pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the Respondents and the Commissioner. The suspension shall remain in effect until payment is made in full or until Respondent enters into an agreement satisfactory to the Commissioner to provide for payment, or until a decision providing otherwise is adopted following a hearing held pursuant to this condition.

16 5. Any restricted real estate broker license issued
17 to Respondent CALNET FINANCE & INVESTMENT, INC., may be
18 suspended or revoked for a violation by Respondent of any of
19 the conditions attaching to the restricted license.

II

21 All real estate licenses and license rights of
22 Respondent CALNET FINANCE & INVESTMENT SAN FRANCISCO under the
23 Real Estate Law are revoked. see H-9860 SF

III

25 The real estate broker license and all license rights
26 of Respondent MARKS HUNG SING LAM under the Real Estate Law are
27 revoked; provided, however, a restricted real estate broker

1 license shall be issued to Respondent MARKS HUNG SING LAM
2 pursuant to Section 10156.5 of the Business and Professions Code
3 if Respondent makes application therefor and pays to the
4 Department of Real Estate the appropriate fee for the restricted
5 license within ninety (90) days from the effective date of this
6 Decision. The restricted license issued to Respondent shall be
7 subject to all of the provisions of Section 10156.7 of the
8 Business and Professions Code and to the following limitations,
9 conditions and restrictions imposed under authority of Section
10 10156.6 of that Code:

11 1. The restricted license issued to Respondent MARKS
12 HUNG SING LAM may be suspended prior to hearing by Order of the
13 Real Estate Commissioner in the event of Respondent's conviction
14 or plea of nolo contendere to a crime which is substantially
15 related to Respondent's fitness or capacity as a real estate
16 licensee.

17 2. The restricted license issued to Respondent MARKS
18 HUNG SING LAM may be suspended prior to hearing by Order of the
19 Real Estate Commissioner on evidence satisfactory to the
20 Commissioner that Respondent has violated any provision of the
21 California Real Estate Law, the Subdivided Lands Law,
22 Regulations of the Real Estate Commissioner or conditions
23 attaching to the restricted license.

24 3. Respondent MARKS HUNG SING LAM shall not be
25 eligible to apply for the issuance of an unrestricted real
26 estate license nor for the removal of any of the conditions,
27

1 limitations, or restrictions of a restricted license until two
2 (2) years have elapsed from the effective date of this Decision.

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

15 5. Pursuant to Section 10148 of the Business and
16 Professions Code, Respondent MARKS HUNG SING LAM shall pay the
17 Commissioner's reasonable cost for: a) the audits which led to
18 this disciplinary action of \$4,796.50 [in H-9859 SF] and
19 \$3,966.90 [in H-9860 SF] and, b) a subsequent audit to determine
20 if Respondent has corrected the trust fund violations found in
21 Paragraph I of the Determination of Issues not to exceed
22 \$4,796.50 [concerning H-9859 SF] and Paragraph II of the
23 Determination of Issues not to exceed \$3,966.90 [concerning H-
24 9860 SF]. In calculating the amount of the Commissioner's
25 reasonable cost, the Commissioner may use the estimated average
26 hourly salary for all persons performing audits of real estate
27 brokers, and shall include an allocation for travel time to and

1 from the auditor's place of work. Respondent MARKS HUNG SING
2 LAM shall pay such costs within sixty (60) days of receiving an
3 invoice from the Commissioner detailing the activities performed
4 during the audit and the amount of time spent performing those
5 activities. The Commissioner may suspend the restricted license
6 issued to Respondent pending a hearing held in accordance with
7 Section 11500, et seq., of the Government Code, if payment is
8 not timely made as provided for herein, or as provided for in a
9 subsequent agreement between the Respondent and the
10 Commissioner. The suspension shall remain in effect until
11 payment is made in full or until Respondent enters into an
12 agreement satisfactory to the Commissioner to provide for
13 payment, or until a decision providing otherwise is adopted
14 following a hearing held pursuant to this condition.

15 6. Respondent MARKS HUNG SING LAM shall prior to the
16 effective date of the Decision provide evidence satisfactory to
17 the Commissioner that Respondent has cured the trust fund
18 shortages alleged in the Accusation against CALNET FINANCE &
19 INVESTMENT SAN FRANCISCO [H-9860 SF].

20 7. Any restricted real estate broker license issued
21 to Respondent MARKS HUNG SING LAM may be suspended or revoked
22 for a violation by Respondent of any of the conditions attaching
23 to the restricted license.

24 8. Respondent shall, prior to and as a condition of
25 the issuance of the restricted license, submit proof
26 satisfactory to the Commissioner of having taken and
27 successfully completed the continuing education course on trust

1 fund accounting and handling specified in subdivision (a) of
2 Section 10170.5 of the Business and Professions Code. Proof of
3 satisfaction of this requirement includes evidence that
4 Respondent has successfully completed the trust fund account
5 and handling continuing education course within 120 days prior
6 to the effective date of the Decision in this matter.

7

8 April 10, 2007
9 DATED

Michael B. Rich
MICHAEL B. RICH, Counsel
Department of Real Estate

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

3/6/07
DATED

Marks Hung Sing Lam
CALNET FINANCE & INVESTMENT, INC.,
Respondent
By: MARKS HUNG SING LAM

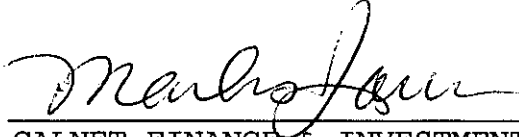
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3/6/07

DATED



CALNET FINANCE & INVESTMENT SAN
FRANCISCO
Respondent
By: MARKS HUNG SING LAM

3/6/07

DATED



MARKS HUNG SING LAM
Respondent

* * *

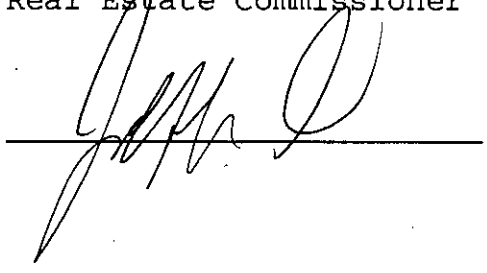
The foregoing Stipulation and Agreement is hereby
adopted by me as my Decision in these matters as to Respondent
CALNET FINANCE & INVESTMENT, INC., Respondent CALNET FINANCE &
INVESTMENT SAN FRANCISCO, and Respondent MARKS HUNG SING LAM and
shall become effective at 12 o'clock noon on

JUN 04 2007

IT IS SO ORDERED

5/2/07, 2007.

JEFF DAVI
Real Estate Commissioner



1 MICHAEL B. RICH, Counsel
2 State Bar No. 84257
3 Department of Real Estate
4 P. O. Box 187007
5 Sacramento, CA 95818-7007
6
7 Telephone: (916) 227-0789

FILED
JAN 18 2007

DEPARTMENT OF REAL ESTATE

By S. Ely

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 CALNET FINANCE & INVESTMENT, INC.,)
13 and MARKS HUNG SING LAM,)
14 Respondents.)

NO. H-9859 SF

ACCUSATION

15
16 The Complainant, E. J. HABERER II, a Deputy Real
17 Estate Commissioner of the State of California, for Causes of
18 Accusation against CALNET FINANCE & INVESTMENT, INC., and
19 against MARKS HUNG SING LAM, is informed and alleges as follows:

20 FIRST CAUSE OF ACTION

21 I

22 Respondents CALNET FINANCE & INVESTMENT, INC.,
23 (hereafter referred to as "Respondent CALNET OAKLAND.") and
24 MARKS HUNG SING LAM (hereafter referred to as "Respondent LAM")
25 are presently licensed and/or have license rights under the Real
26 Estate Law, Part 1 of Division 4 of the California Business and
27 Professions Code (hereafter "the Code").

1 II

2 The Complainant, E. J. HABERER II, 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 CALNET
8 OAKLAND was and is licensed by the Department of Real Estate
9 (hereafter "the Department") as a real estate broker corporation
10 and through Respondent LAM as its designated broker officer.

11 IV

12 At all times herein mentioned, Respondent LAM was and
13 is licensed by the Department as a real estate broker, and
14 individually as the designated broker officer of Respondent
15 CALNET OAKLAND. As said designated officer/broker, Respondent
16 LAM was at all times mentioned herein responsible pursuant to
17 Section 10159.2 of the Code for the supervision of the
18 activities of the officers, agents, real estate licensees and
19 employees of Respondent CALNET OAKLAND for which a license is
20 required.

21 V

22 Whenever reference is made in an allegation in this
23 Accusation to an act or omission of Respondent CALNET OAKLAND,
24 such allegation shall be deemed to mean that the officers,
25 directors, employees, agents and real estate licensees employed
26 by or associated with Respondent CALNET OAKLAND committed such
27 act or omission while engaged in the furtherance of the business

1 or operations of Respondent CALNET OAKLAND and while acting
2 within the course and scope of their corporate authority and
3 employment.

4 VI

5 At all times herein mentioned, Respondent CALNET
6 OAKLAND engaged in the business of, acted in the capacity of,
7 advertised, or assumed to act as a real estate broker within the
8 State of California, and in so doing conducted its own escrows,
9 within the meaning of Section 10131(d) of the Code, including
10 the operation of and conduct of a mortgage loan brokerage
11 business with the public wherein lenders and borrowers were
12 solicited for loans secured directly or collaterally by liens on
13 real property, wherein such loans were arranged, negotiated,
14 processed, and consummated on behalf of others for compensation
15 or in expectation of compensation, and/or wherein such loans
16 were serviced and payments thereon were collected on behalf of
17 others.

18 VII

19 In so acting during the course of the activities
20 described in Paragraph VI, above, Respondent CALNET OAKLAND
21 accepted or received funds in trust (hereinafter "trust funds")
22 from or on behalf of lenders or investors, borrowers, and
23 others.

24 VIII

25 The aforesaid trust funds accepted or received by
26 Respondent CALNET OAKLAND were deposited or caused to be
27 deposited by Respondent CALNET OAKLAND into a bank account

1 maintained by Respondent CALNET OAKLAND for the handling of
2 trust funds at Innovative Bank, 360 - 14th Street, Oakland,
3 California, Account Number 0002008432, entitled "Calnet Finance
4 & Investment Trust Account" (hereinafter "Trust Account #1").

5 IX

6 Within the three year period next preceding the filing
7 of this Accusation, in connection with the receipt and
8 disbursement of trust funds as above alleged, Respondent CALNET
9 OAKLAND:

- 10 (a) Failed to keep a separate record for each
11 beneficiary or transaction, accounting for all
12 funds that have been deposited to the broker's
13 trust account, containing all of the information
14 required by Section 2831.1 of the Regulations;
- 15 (b) Failed to reconcile the balance of separate
16 beneficiary or transaction records with the
17 control records of trust funds received and
18 disbursed at least once a month, and/or failed
19 to maintain a record of such reconciliations
20 as required by Section 2831.2 of the Regulations
21 for Trust Account #1;
- 22 (c) Permitted Wai Nung Tang a person who neither held
23 a California real estate license nor was bonded,
24 to be a signatory on Trust Account #1 in
25 violation of Section 2834 of the Regulations;
26 and,

27 ///

1 (d) Permitted Quanen Lam, a person who held a
2 California real estate salesperson license, but
3 who was not on record with the Department of Real
4 Estate as employed with Respondent, to be a
5 signatory on Trust Account #1 in violation of
6 Section 2834 of the Regulations.

7 X

8 The acts and/or omissions of Respondent CALNET OAKLAND
9 as alleged above constitute grounds for disciplinary action
10 under the following provisions:

- 11 (a) As to Respondent CALNET OAKLAND as alleged in
12 Paragraph IX(a), under Section 2831.1 of the
13 Regulations in conjunction with Section 10177(d)
14 of the Code;
- 15 (b) As to Respondent CALNET OAKLAND as alleged in
16 Paragraph IX(b), under Sections 2831.2 of the
17 Regulations in conjunction with Section 10177(d)
18 of the Code;
- 19 (c) As to Respondent CALNET OAKLAND as alleged in
20 Paragraph IX(c), under Section 2834 of the
21 Regulations in conjunction with Section 10177(d)
22 of the Code; and,
- 23 (d) As to Respondent CALNET OAKLAND as alleged in
24 Paragraph IX(d), under Section 2834 of the
25 Regulations in conjunction with Section 10177(d)
26 of the Code.

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1 XIII, above, Wai Nung Tang, for compensation or in expectation
2 of compensation, solicited lenders and borrowers for loans to be
3 secured directly or collaterally by liens on real property, and
4 arranged, negotiated and consummated such loans on behalf of
5 others, and/or serviced and collected payments thereon on behalf
6 of others pursuant to Section 10131(d) of the Code, for or in
7 expectation of compensation, including, but not limited to, the
8 following transactions:

9 1.) Real Property: 3043-3045 Clement St., San

10 Francisco, California

11 Borrower: Trinh Wellington

12 Application Date: On or about 11/4/04

13 Loan Amount: \$455,000.00

14 Lender: Metropolitan Bank

15 XV

16 The facts alleged above constitute cause for the
17 suspension or revocation of the licenses and license rights of
18 Respondent CALNET OAKLAND under Section 10137 of the Code in
19 conjunction with and Section 10177(d) the Code.

20 THIRD CAUSE OF ACTION

21 XVI

22 There is hereby incorporated in this Third, separate
23 and distinct Cause of Action, all of the allegations contained
24 in Paragraphs I through VI, inclusive, of the First Cause of
25 Action with the same force and effect as if herein fully set
26 forth.

27 ///

1 XVII

2 Within the three year period next preceding to the
3 filing of this Accusation and at all times herein mentioned,
4 Respondent CALNET OAKLAND employed Edmond Ko, also known as Min
5 Ko, a licensed real estate salesperson to perform and engage in
6 the activities set forth in Paragraph VI, above, pursuant to a
7 written "Independent Contractor Agreement" dated June 18, 2002.

8 XVIII

9 Respondent CALNET OAKLAND employed Edmond Ko as a
10 licensed real estate salesperson beginning in or about June 18,
11 2002. Respondent CALNET OAKLAND did not notify the Commissioner
12 of the Department of Real Estate of its employment of Edmond Ko.

13 XIX

14 The facts alleged above constitute cause for the
15 suspension or revocation of the licenses and license rights of
16 Respondent CALNET OAKLAND under Section 10161.8(a) of the Code
17 and Section 2752 of the Regulations in conjunction with and
18 Section 10177(d) the Code.

19 FOURTH CAUSE OF ACTION

20 XX

21 There is hereby incorporated in this Fourth, separate
22 and distinct Cause of Action, all of the allegations contained
23 in Paragraphs I through VI, inclusive, of the First Cause of
24 Action with the same force and effect as if herein fully set
25 forth.

26 XXI

27 Within the three year period next preceding to the

1 filing of this Accusation, in connection with the loan brokerage
2 business described in Paragraph VI, above, Respondent CALNET
3 OAKLAND failed to provide, or failed to provide a fully
4 completed, and/or failed to retain for a period of three (3)
5 years the "Borrower Disclosure" statement, as signed by the
6 borrowers and by the broker, as required by Section 10240 of the
7 Code, in conformance with Section 10241 of the Code, including,
8 but not limited to, the following transactions:

9 1.) Real Property: 2331 Riverside Ct., San Leandro,
10 California

11 Borrower: Wai Nung Tang

12 Application Date: 1/12/05

13 Loan Amount: \$576,000.00

14 2.) Real Property: 3580 Silverwood Rd., West
15 Sacramento, California

16 Borrower: Danny Yu

17 Application Date: 4/26/04

18 Loan Amount: \$284,000.00

19 3.) Real Property: 5105 Thoroe Ct., Elk Grove,
20 California

21 Borrower: Danny Yu

22 Application Date: 3/2/05

23 Loan Amount: \$266,000.00

24 4.) Real Property: 2089-2091 Strobbridge Ave., Castro
25 Valley, California

26 Borrowers: Jiang Ming Zhang and Lillian Xi Yao
27 Lau

1 Application Date: 4/15/05

2 Loan Amount: \$460,000.00

3 XXII

4 The acts and/or omissions of Respondent CALNET OAKLAND
5 as alleged in Paragraph XX, above, constitute grounds for the
6 disciplinary action under the following provisions under Section
7 10240 and 10241 of the Code in conjunction with Section 10177(d)
8 of the Code.

9 FIFTH CAUSE OF ACTION

10 XXIII

11 There is hereby incorporated in this Fifth, separate
12 and distinct Cause of Action, all of the allegations contained
13 in Paragraphs I through VI, inclusive, of the First Cause of
14 Action with the same force and effect as if herein fully set
15 forth.

16 XXIV

17 Within the three year period next preceding to the
18 filing of this Accusation, Respondent CALNET OAKLAND employed
19 Byron Adam Chew, Buffie Eleanor Choi, Jackie Ngoc Huynh, Tham
20 Thi Le, Luis F. Velasco, Kayi Sherry Wan, and Edmond Ko as
21 licensed real estate salesperson employees without having actual
22 possession of the license certificates of said employees and/or
23 failed to make said licenses available for inspection by the
24 designated representative of the Real Estate Commissioner in
25 violation of Section 10160 of the Code and Section 2753 of the
26 Regulations.

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1 XXV

2 The acts and/or omissions of Respondent CALNET OAKLAND
3 as alleged in Paragraph XXIV, above, constitute grounds for the
4 disciplinary action under the following provisions under Section
5 10160 of the Code and Section 2753 of the Regulations in
6 conjunction with Section 10177(d) of the Code.

7 SIXTH CAUSE OF ACTION

8 XXVI

9 There is hereby incorporated in this Sixth, separate
10 and distinct Cause of Action, all of the allegations contained
11 in Paragraphs I through XXV, inclusive, of the First, Second,
12 Third, Fourth, and Fifth Causes of Action with the same force
13 and effect as if herein fully set forth.

14 XXVII

15 At all times above mentioned, Respondent LAM was
16 responsible, as the designated broker officer of Respondent
17 CALNET OAKLAND, for the supervision and control of the
18 activities conducted on behalf of the corporation by its
19 officers and employees. Respondent LAM failed to exercise
20 reasonable supervision and control over the mortgage brokering
21 activities of Respondent CALNET OAKLAND. In particular,
22 Respondent LAM permitted, ratified and/or caused the conduct
23 described in the First, Second, Third, Fourth, and Fifth Causes
24 of Action, above, to occur, and failed to take reasonable steps,
25 including but not limited to the handling of trust funds,
26 supervision of employees, and the implementation of policies,

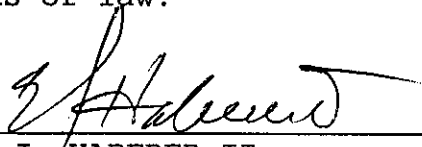
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1 rules, procedures, and systems to ensure the compliance of the
2 corporation with the Real Estate Law.

3 XXVIII

4 The above acts and/or omissions of Respondent LAM
5 constitute grounds for disciplinary action under the provisions
6 of Section 10177(h) of the Code and/or Section 10159.2 of the
7 Code and Section 2725 of the Regulations in conjunction with
8 Section 10177(d) of the Code.

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

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17 
18 E. J. HABERER II
19 Deputy Commissioner
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21 Dated at Oakland, California
22 this 8th day of December, 2006.
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