

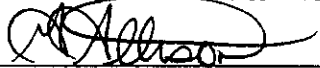
1 ANNETTE E. FERRANTE, Counsel (SBN 258842)  
2 Department of Real Estate  
3 P. O. Box 187007  
4 Sacramento, CA 95818-7007

5 Telephone: (916) 227-0789  
6 -or- (916) 227-0788 (Direct)  
7 Fax: (916) 227-9458

**FILED**

May 19, 2011

DEPARTMENT OF REAL ESTATE

By 

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

11 \* \* \*

12 In the Matter of the Accusation of ) NO. H-11138 SF  
13 )  
14 DIVERSIFIED LOAN SERVICES INC., and JOSEPH )  
15 LOPES SOARES, ) ACCUSATION  
16 Respondents. )  
17 )

18 The Complainant, E. J. HABERER, II, in his official capacity as a Deputy Real  
19 Estate Commissioner of the State of California, for cause of Accusation against DIVERSIFIED  
20 LOAN SERVICES INC. (hereinafter "DIVERSIFIED"), and JOSEPH LOPES SOARES  
21 (hereinafter "SOARES"), (collectively referred to herein as "Respondents") is informed and alleges  
22 as follows:

23 1

24 DIVERSIFIED is presently licensed by the Department of Real Estate (hereinafter  
25 "the Department") and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the  
26 California Business and Professions Code (hereafter "the Code"), as a corporate real estate broker,  
27 and at all times relevant herein was acting by and through SOARES as its designated officer broker.

///

2

SOARES is presently licensed by the Department and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the Code, as a real estate broker.

3

At all times relevant herein, SOARES was licensed by the Department as the designated officer broker of DIVERSIFIED. As the designated officer broker, SOARES was responsible, pursuant to Section 10159.2 of the Code, for the supervision of the activities of the officers, agents, real estate licensees and employees of DIVERSIFIED for which a real estate license is required.

4

Whenever reference is made in an allegation in this Accusation to an act or omission of DIVERSIFIED, such allegation shall be deemed to mean that the employees, agents and real estate licensees employed by or associated with DIVERSIFIED committed such act or omission while engaged in furtherance of the business or operations of DIVERSIFIED and while acting within the course and scope of their authority and employment.

5

At all times herein mentioned, DIVERSIFIED engaged in activities on behalf of others within the State of California for or in expectation of compensation, for which a real estate license is required under Section 10131(d) of the Code, including the solicitation of borrowers or lenders for or negotiation of loans or collection of payments or performance of services for borrowers or lenders or note owners in connection with loans secured directly or collaterally by liens on real property or on a business opportunity.

FIRST CAUSE OF ACTION

As Against DIVERSIFIED

6

Each and every allegation in Paragraphs 1 through 5, inclusive, above, is incorporated by this reference as if fully set forth herein.

Beginning on or about April 27, 2009, and continuing intermittently until May 15, 2009, an audit was conducted at DIVERSIFIED's office located at 257 E. Campbell Avenue, No. 3, Campbell, California, and the Department of Real Estate's Oakland District Office, wherein the Auditor examined DIVERSIFIED's records for the period of March 1, 2008 through February 28, 2009 (hereinafter "the audit period").

While acting as a corporate real estate broker as described in Paragraph 5, above, and within the audit period, DIVERSIFIED accepted or received funds in trust (hereinafter "trust funds") from or on behalf of borrowers, lenders, and/or others in connection with loans secured directly or collaterally by liens on real property or on a business opportunity, for or in expectation of compensation, as alleged herein, and thereafter from time-to-time made disbursements of said trust funds.

The trust funds accepted or received by DIVERSIFIED as described in Paragraph 8, above, were deposited or caused to be deposited by DIVERSIFIED into a bank account maintained by DIVERSIFIED for the handling of trust funds, and thereafter from time-to-time DIVERSIFIED made disbursements of said trust funds, identified as follows:

<b>TRUST ACCOUNT # 1</b>	
Bank Name and Location:	Heritage Bank of Commerce, 150 Almaden Blvd., San Jose, CA 95113
Account No.:	XXXXXX2321
Entitled:	"Diversified Loan Services Inc"
Signatories:	Jerry Breeden (REB) Joseph SOARES (REB/D.O.) Chuck Breeden (RES not licensed to DIVERSIFIED)
No. of Signatures Required:	One

///

1  
2 In the course of the activities described in Paragraph 5, above, and within the audit  
3 period, DIVERSIFIED:

- 4 (a) failed to maintain records of all trust funds received and disbursed, including  
5 but not limited to information identifying from whom trust funds were  
6 received, for Trust Account #1, in violation of Section 10145 of the Code  
7 and Section 2831 of the Regulations;
- 8 (b) failed to maintain separate records for each beneficiary of funds held in Trust  
9 Account #1, in violation of Section 10145 of the Code and Section 2831.1 of  
10 the Regulations;
- 11 (c) failed to reconcile the total of separate beneficiary records with a control  
12 record on a monthly basis for Trust Account #1, in violation of Section 10145  
13 of the Code and Section 2831.2 of the Regulations; and
- 14 (d) allowed CHUCK BREEDEN (also known as Dennis Charles Breeden), a real  
15 estate salesperson who was not licensed under the employ of DIVERSIFIED,  
16 and not covered by a fidelity bond equal to the maximum amount of the trust  
17 funds to which CHUCK BREEDEN had access, to appear as a signatory on  
18 Trust Account #1, in violation of Section 2834 of the Regulations.

19  
20 The acts and/or omissions of DIVERSIFIED described in Paragraph 10, above,  
21 constitute grounds for the suspension or revocation of DIVERSIFIED's license and license rights  
22 pursuant to Section 10177(d) (Willful Disregard/Violation of Real Estate Law) and 10177(g)  
23 (Negligent/Incompetence in Performing Act Requiring Licensee) of the Code.

24  
25 The acts and/or omissions of DIVERSIFIED as alleged in Paragraph 10, above,  
26 entitle the Department to reimbursement of the costs of its audit pursuant to Section 10148(b)  
27 (Reimbursement for Cost of Audit for Trust Fund Handling Violation) of the Code.

1 SECOND CAUSE OF ACTION

2 As Against SOARES

3 13

4 Each and every allegation in Paragraphs 1 through 12, inclusive, above, is  
5 incorporated by this reference as if fully set forth herein.

6 14

7 SOARES, as the designated officer broker of DIVERSIFIED, was required to  
8 exercise reasonable supervision and control over the activities of DIVERSIFIED and its employees  
9 pursuant to Section 10159.2 (Reasonable Supervision by Designated Officer) of the Code and  
10 Section 2725 of the Regulations (Reasonable Supervision by Broker).

11 15

12 SOARES failed to exercise reasonable supervision over the acts and/or omissions of  
13 DIVERSIFIED and its employees in such a manner as to allow the acts and/or omissions as  
14 described in Paragraph 10, above, to occur, which constitutes cause for the suspension or revocation  
15 of the licenses and license rights of SOARES under Sections 10177(h) (Failure to Exercise  
16 Reasonable Supervision), 10159.2 (Reasonable Supervision by Designated Officer), and 10177(d)  
17 (Willful Disregard/Violation of Real Estate Law) and/or 10177(g) (Negligence/Incompetence in  
18 Performing Act Requiring License), of the Code.

19 PREVIOUS ADMINISTRATIVE PROCEEDING

20 16

21 Effective June 4, 2008, in Case No. H-10221 SF, the Real Estate Commissioner  
22 suspended DIVERSIFIED's license for sixty (60) days, and stayed the suspension for two (2) years  
23 subject to terms, conditions and restrictions, including but not limited to those set forth in Section  
24 10148 of the Code.

25 ///

26 ///

27 ///

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

6  
7 

8 E. J. HABERER, II  
9 Deputy Real Estate Commissioner

10 Dated at Oakland, California

11 this 11<sup>th</sup> day of May, 2011.  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27