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FILED

MAR 28 2013

DEPARTMENT OF REAL ESTATE

By H. Contreras

9 BEFORE THE DEPARTMENT OF REAL ESTATE  
10 STATE OF CALIFORNIA

11 \* \* \*

12 In the Matter of the Accusation of )  
13 JOE L. VANNI, ) NO. H-11536 SF  
14 Respondent. ) ACCUSATION

15 The Complainant, ROBIN S. TANNER, a Deputy Real Estate Commissioner of  
16 the State of California, for cause of Accusation against JOE L. VANNI (Respondent) is informed  
17 and alleges as follows:

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19 The Complainant, ROBIN S. TANNER, a Deputy Real Estate Commissioner of  
20 the State of California, makes this Accusation in her official capacity.

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22 Respondent is presently licensed and/or has license rights under the Real Estate  
23 Law, Part 1 of Division 4 of the Business and Professions Code (Code).

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25 At all times mentioned Respondent was and is licensed by the Department of Real  
26 Estate (Department) as a real estate broker. Respondent conducted real estate brokerage business  
27 using fictitious business names "HRF Mortgage, Inc.," and "HRF Investments, Inc."

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At all times after November 30, 2010, Respondent was and is licensed by the Department as a mortgage loan originator.

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At all times mentioned, Respondent engaged in the business of, acted in the capacity of, advertised, or assumed to act as a real estate broker in the State of California, within the meaning of Section 10131.1(a) of the Code in the operation and conduct of engaging as a principal in the business of making loans or buying from, selling to, or exchanging with the public, real property sales contracts or promissory notes secured directly or collaterally by liens on real property, or by entering into agreements with the public for the collection of payments or for the performance of services in connection with real property sales contracts or promissory notes secured directly or collaterally by liens on real property.

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Each and every allegation in Paragraphs 1 through 6 inclusive is incorporated by reference as if fully set forth herein.

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While acting as a real estate broker as described in Paragraphs 4 and 5, Respondent received funds in trust (trust funds) from or on behalf of borrowers and lenders, or buyers and sellers, and thereafter from time to time made disbursements of said trust funds.

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The trust funds received by Respondent as described in Paragraph 7, were deposited or caused to be deposited by Respondent into and disbursed from a trust account which was maintained by Respondent, identified as follows:

TRUST ACCOUNT	
Bank Name and Location:	Bay Commercial Bank 1280 Civic Drive, Suite 100 Walnut Creek, CA 94596
Account No.:	xxxx7003
Entitled:	HRF Mortgage Inc., dba HRF Servicing

1 FIRST CAUSE OF ACTION

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3 Each and every allegation in Paragraphs 1 through 8, inclusive, is incorporated by  
4 this reference as if fully set forth herein.

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6 At all times mentioned herein, Respondent solicited funds from prospective  
7 lenders for purchases that directly benefited him. Prior to making the solicitation or presenting  
8 the investor with the Lender/Purchaser Disclosure Statement, Respondent failed to submit a  
9 complete copy of the disclosure statement, without the investor's signature, to the Department,  
10 in violation of Section 10231.2(a) of the Code.

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12 Respondent met the criteria for threshold reporting pursuant to Section  
13 10232(a)(2) of the Code in that, as of March 31, 2011, Respondent collected interest payments  
14 totaling more than \$250,000.00. Respondent failed to notify the Department in writing with  
15 regard to the threshold reporting requirement in violation of Section 10232(e) of the Code.  
16 After meeting the requirement of Section 10232(e) of the Code, Respondent failed to file  
17 quarterly trust fund status reports for the quarters ending March 31, 2011, June 30, 2011, and  
18 September 30, 2011, and annual reports due on March 31, 2012 and May 31, 2012, in violation  
19 of Sections 10232.2(a), 10232.2(c), and 10232.25 of the Code.

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21 On or about March 1, 2011, Respondent sold a fractionalized interest in an  
22 existing note, for which he failed to notify the Department in violation of Section 10238(a) of  
23 the Code.

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25 In the course of the activities described herein, Respondent:

26 (a) Failed to maintain accurate separate records for each beneficiary or  
27 transaction, accounting therein for all funds which were deposited into the trust account,

1 containing all information as required by Section 2831.1 of Chapter 6, Title 10, California Code  
2 of Regulations (herein "the Regulations");

3 (b) Failed to properly designate the account as a trust fund account, despite  
4 using the account to handle client trust funds, in violation of Section 10145(a) of the Code and  
5 Section 2832 of the Regulations;

6 (c) Failed to reconcile the balance of separate beneficiary or transaction records  
7 with the control record of trust funds received and disbursed at least once a month, and/or failed  
8 to maintain a record of such reconciliations for each account, as required by Section 2831.2 of  
9 the Regulations;

10 (d) Allowed Virginia A. Vanni (Mrs. Vanni), Respondent's wife and an  
11 unlicensed individual, to withdraw trust funds from the trust account without a fidelity bond  
12 covering at least the maximum amount of the trust funds to which Mrs. Vanni had access, in  
13 violation of Section 2834 of the Regulations;

14 (e) Retained secret or undisclosed compensation in the form of interest  
15 payments collected from a loan to an individual, Don H., for the period of July 2009 through  
16 July 2012 in violation of Section 10176(g) of the Code;

17 (f) Failed to present prospective investors with a Lender/Purchaser Disclosure  
18 Statement following solicitation by Respondent of funds from prospective lenders for purchases  
19 that directly benefited Respondent, and failed to submit a complete copy of the disclosure statement,  
20 with the investor's signature, to the Department in violation of Section 10231.2(a) of the Code;

21 (g) Failed to submit a Threshold Notification to the Department in violation of  
22 Section 10232(e) of the Code;

23 (h) Failed to file a Multi-lender Transaction Notice with the Department within  
24 thirty (30) days of becoming the servicing agent on multi-lender loans in violation of Section  
25 10238(a) of the Code, and;

26 (i) Failed to file quarterly and annual trust fund status reports with regard to  
27 Threshold Reporting for the quarters ending March 31, 2011, June 30, 2011, September 30, 2011,

1 March 31, 2012, and May 31, 2012, in violation of Sections 10232.2(a), 10232.2(c), and  
2 10232.25 of the Code.

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4 The facts alleged in Paragraphs 1 through 13 constitute violations under the  
5 following sections of the Code and Regulations, and are grounds for discipline under Sections  
6 10176(g) and 10177(d) of the Code:

- 7 (a) As to Paragraph 13(a), Section 2831.1 of the Regulations;  
8 (b) As to Paragraph 13(b), Section 10145(a) of the Code and  
9 Section 2832 of the Regulations;  
10 (c) As to Paragraph 13(c), Section 2831.2 of the Regulations;  
11 (d) As to Paragraph 13(d), Section 2834 of the Regulations;  
12 (e) As to Paragraph 13(e), Section 10176(g) of the Code;  
13 (f) As to Paragraph 13(f), Section 10231.2(a) of the Code;  
14 (g) As to Paragraph 13(g), Section 10232(e) of the Code;  
15 (h) As to Paragraph 13(h), Section 10238(a) of the Code, and;  
16 (i) As to Paragraph 13(i), Sections 10232.2(a), 10232.2(c), and  
17 10232.25 of the Code.

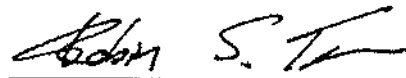
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19 The acts and/or omissions of Respondent as alleged in Paragraphs 1 through 13  
20 entitle the Department to reimbursement of the costs of its audit pursuant to Section 10148  
21 (Reimbursement for Cost of Audit for Trust Fund Handling Violation) of the Code.

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23 Section 10106 of the Code provides, in pertinent part, that in any order issued in  
24 resolution of a disciplinary proceeding before the Department, the Commissioner may request  
25 the Administrative Law Judge to direct a licensee found to have committed a violation of this  
26 part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the  
27 case.

1                    WHEREFORE, Complainant prays that a hearing be conducted on the allegations  
2 of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary  
3 action against all licenses and license rights of Respondent under the Code, for the cost of  
4 investigation and enforcement as permitted by law, and for such other and further relief as may  
5 be proper under the provisions of law.

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9 ROBIN S. TANNER  
10 Deputy Real Estate Commissioner

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12 Dated at Oakland, California,  
13 this 18<sup>th</sup> day of March, 2013