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FILED

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DEPARTMENT OF REAL ESTATE
By B. Nicholas

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of
12 VERSO REAL ESTATE SERVICES INC. and
13 EARLE F. MAKIN,
14 Respondents.

DRE No. H- 12549 SF
ACCUSATION

15 The Complainant, STEPHANIE YEE, a Supervising Special Investigator of the
16 State of California, for cause of Accusation against VERSO REAL ESTATE SERVICES INC.
17 and EARLE F. MAKIN (collectively "Respondents"), is informed and alleges as follows:

18 PRELIMINARY ALLEGATIONS

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20 The Complainant, STEPHANIE YEE, a Supervising Special Investigator of the
21 State of California, makes this Accusation in her official capacity.

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23 Respondents are presently licensed and/or have license rights under the Real
24 Estate Law, Part 1 of Division 4 of the Business and Professions Code (Code).

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At all times mentioned, Respondent VERSO REAL ESTATE SERVICES INC. (VRESI) was and is licensed by the State of California Department of Real Estate (Department) as a real estate broker corporation.

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At all times mentioned after September 1, 2017, the corporate powers, rights and privileges of VRESI were forfeited pursuant to the provisions of the Revenue and Taxation Code.

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At all times mentioned, Respondent EARLE F. MAKIN (MAKIN) was and is licensed by the Department individually as a real estate broker, and as the designated broker officer of VRESI. As said designated broker officer, MAKIN 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 VRESI for which a license is required.

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

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At all times mentioned, Respondents 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(d) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein Respondents solicited lenders and borrowers for loans secured directly or collaterally by liens on real property or a business opportunity, and

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SECOND CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 11, inclusive, above are incorporated by this reference as if fully set forth herein.

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MAKIN, on behalf of VRESI, submitted a renewal application to the Department of the State of California for a real estate corporate officer license on or about October 11, 2018.

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In response to Question 8 of said application, to wit: "Is the corporation currently in good standing with the Office of the Secretary of State?". MAKIN answered "yes".

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Respondents failure to disclose the corporate license forfeiture by the Secretary of State Office set forth in Paragraph 4 in said application constitutes the procurement of a real estate license by fraud, misrepresentation, or deceit, or by making a material misstatement of fact in said application, which is grounds for the suspension or revocation of Respondents licenses under Sections 10177(a) and/or 10177(j) of the Code.

THIRD CAUSE OF ACTION

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Each and every allegation in Paragraphs 1 through 16, inclusive, is incorporated by this reference as if fully set forth herein.

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In the course of the activities described in Paragraph 7 including, but not limited to the loan transactions described in the table below, Respondents failed to provide and/or provided incomplete and/or inaccurate Mortgage Loan Disclosure Statements (MLDS) to borrowers containing all of the information required by Section 10241 of the Code, including, but not limited to the following:

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1 (a) MLDS were not signed or dated by VRESI, its agents or employees, or
2 were not signed or dated by the borrower within three (3) days of a completed loan application or
3 before the borrower became obligated to the loan, and VRESI did not deliver the MLDS to the
4 borrower within three (3) business days after receipt of a complete written loan application from
5 the potential borrower in violation of Section 10240(a) of the Code; and

6 (b) failed to disclose within the printed text of the MLDS the license number
7 for VRESI and/or the license number of VRESI representative who negotiated the loan for
8 certain transactions, in violation of Sections 10236.4 of the Code.

<u>Borrower</u>	<u>Loan Application Date</u>	<u>MLDS Delivered</u>
Nancy Q.	3/2/2020	3/23/2020
Phuong Thao T. and Peter L.	6/9/2020	7/1/2020
Allan and Katie C.	11/8/2020	12/3/2020
Fulai C. and Tin Tin H.	1/26/21	2/8/2021

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16 In the course of the activities described in Paragraph 7 Respondents failed to the
17 disclose license identification numbers on their website, <https://imeldapadrid.com/> and Facebook
18 page in violation of Section 10140.6(b) of the Code and Section 2733 of the Regulations.

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20 The facts alleged in the Third Cause of Action are grounds for the suspension or
21 revocation of Respondents' licenses and license rights under the following sections of the Code
22 and Regulations:

23 As to Paragraph 17(a), under Section 10177(d) and/or 10177(g) of the Code in
24 conjunction with Section 10240(a) of the Code and Section 2840 of the Regulations;

25 As to Paragraph 17(b), under Section 10177(d) and/or 10177(g) of the Code in
26 conjunction with Section 10236.4 of the Code; and

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1 As to Paragraph 18, under Section 10177(d) and/or 10177(g) of the Code in
2 conjunction with Section 10140.6(b) of the Code and Section 2773 of the Regulations.

3 FORTH CAUSE OF ACTION

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5 Each and every allegation in Paragraphs 1 through 19, inclusive, is incorporated
6 by this reference as if fully set forth herein.

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8 Respondent MAKIN failed to exercise reasonable supervision over the acts of
9 VRESI in such a manner as to allow the acts and events described above to occur.

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11 The acts and/or omissions of MAKIN as described in Paragraph 21, constitutes
12 failure on the part of MAKIN, as designated broker-officer for VRESI, to exercise reasonable
13 supervision and control over the licensed activities of VRESI as required by Section 10159.2 of
14 the Code and Section 2725 of the Regulations.

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16 The facts described above as to the Forth Cause of Action constitute cause for the
17 suspension or revocation of the licenses and license rights of Respondent MAKIN under Section
18 10177(g) and/or Section 10177(h) of the Code, and Section 10159.2 of the Code in conjunction
19 with Section 10177(d) of the Code.

20 COST RECOVERY

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

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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 discipline on all
3 licenses and license rights of Respondents under the Real Estate Law (Part 1 of Division 4 of the
4 Business and Professions Code), for the cost of the investigation and enforcement of this case as
5 permitted by law, for the cost of the Department's audit as permitted by law, any penalties
6 permitted by law, and for such other and further relief as may be proper under the provisions of
7 law.



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9 STEPHANIE YEE
 Supervising Special Investigator

10 Dated at Oakland, California,
11 this 26th day of August, 2021

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21 DISCOVERY DEMAND

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23 Pursuant to Sections 11507.6, *et seq.* of the *Government Code*, the Department of Real
24 Estate hereby makes demand for discovery pursuant to the guidelines set forth in the
25 *Administrative Procedure Act*. Failure to provide Discovery to the Department of Real Estate
26 may result in the exclusion of witnesses and documents at the hearing or other sanctions that the
27 Office of Administrative Hearings deems appropriate.