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ROBERT E. BAKER, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 620-4790

SEP 19 1988
DEPARTMENT OF REAL ESTATE
BY *[Signature]*

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-23446 LA
LIBERTY FINANCIAL NETWORK,)	<u>A C C U S A T I O N</u>
INC., a California)	
corporation; and GERALD)	
LOUIS LUSEAR, individually,)	
dba Million Dollar Realty)	
Financial Services, and as)	
designated officer of)	
Liberty Financial Network,)	
Inc.,)	
Respondents.)	

The complainant, Randolph Brendia, a Deputy Real Estate Commissioner of the State of California, for cause of accusation against LIBERTY FINANCIAL NETWORK, INC., a California corporation; (hereinafter LIBERTY); and GERALD LOUIS LUSEAR (hereinafter LUSEAR), individually, dba Million Dollar Realty Financial Services (hereinafter MDR), and as designated officer of LIBERTY, alleges as follows:

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1.

The complainant, Randolph Brendia, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in his official capacity.

2.

All sections of Title 10, Chapter 6, California Code of Regulations, are hereinafter referred to as "Regulations".

3.

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

4.

At all times herein mentioned, LIBERTY was licensed by the Department of Real Estate of the State of California (hereinafter Department) as a corporate real estate broker by and through LUSEAR as designated officer.

5.

At all times herein mentioned, LUSEAR was licensed by the Department as a real estate broker, both individually and dba MDR, and as the designated officer of LIBERTY to qualify said corporation and to act for said corporation as a real estate broker. Under Section 10159.2 of the Code, LUSEAR was responsible for the supervision and control of the activities conducted on behalf of LIBERTY by its officers and employees as necessary to secure full compliance with the provisions of the Code and of the Regulations. Further, LUSEAR was also responsible for the activities of MDR requiring a real estate license.

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6.

At all times herein mentioned, LIBERTY and LUSEAR engaged in the business of, acted in the capacity of, advertised and assumed to act as real estate brokers as defined in Section 10131(d) of the Code, including the operation and conduct of a mortgage loan brokerage business with the public wherein borrowers and lenders were solicited by LIBERTY and LUSEAR for loans secured by liens on real property, wherein such loans were arranged, negotiated, processed and consummated by LIBERTY and LUSEAR on behalf of others in the State of California for or in expectation of compensation.

LUSEAR dba MDR

7.

On or about March 23, 1988, the Department completed an examination of LUSEAR's real estate activities, dba MDR, and books and records pertaining thereto for a 14-month period ending February 29, 1988. The findings of that examination are set forth in Paragraphs 8 through 10, below.

8.

LUSEAR failed to maintain any record of trust funds received and not deposited into a trust account.

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9.

On or about January 1, 1987, LUSEAR opened a branch office at 1680 North Vine in Hollywood, California, to conduct activities requiring a real estate license. At no time did LUSEAR inform the Commissioner of Real Estate of the State of California of the address of said branch office nor did LUSEAR apply for and receive an additional license for said branch office.

10.

During the period of time covered by the Department's examination, LUSEAR employed three real estate salespeople named Rita V. Hawkins (#798998), Charolette Wallick Livers (#637956) and Frances Annie Murphy (#324013). LUSEAR had no written Broker-Salesman Relationship Agreements with any of these licensees and/or failed to make said agreements available at the request of a designated representative of the Commissioner during the aforesaid examination.

LIBERTY and LUSEAR
as designated officer
of LIBERTY

11.

On or about March 23, 1988, the Department completed an examination of LIBERTY and LUSEAR's real estate activities and books and records pertaining thereto for a 14-month period ending February 29, 1988. The findings of that examination are set forth in Paragraph 12, below.

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12.

LIBERTY and LUSEAR used Account No. [REDACTED] at Metro Bank in Los Angeles (hereinafter TA #1) as the depository for trust funds received from prospective borrowers for credit and appraisal fees.

13.

In connection with TA #1, LIBERTY and LUSEAR:

- (1) failed to maintain adequate and accurate columnar records of all trust funds received and deposited in said account, including the date said funds were received, the amount received and a daily balance;
- (2) failed to maintain separate records for each beneficiary or transaction accounting therein for all said trust funds deposited into and disbursed from said account;
- (3) disbursed or allowed the disbursement of funds from this account without the prior written consent of every principal who then was an owner of funds in said account where the disbursement of said funds reduced the balance of funds in the account to an amount which was, on February 29, 1988, \$980.30 less than LIBERTY and LUSEAR's existing aggregate trust fund liability to all owners of said funds; and
- (4) failed to limited withdrawals from this account to salespeople licensed to LIBERTY and LUSEAR, to corporate officers through whom LIBERTY was licensed, or unlicensed employees with a fiduciary bond equal to the maximum amount of trust funds to which the employee had access at any time, all with specific authorization in writing from LUSEAR. In addition, LUSEAR was not a signatory on TA #1.

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14.

During the period covered by the Department's examination, LIBERTY and LUSEAR employed and compensated the following people to perform, on their behalf, one or more of the acts set forth in Paragraph 6, above, which required a real estate license: Richard Fareed and Anthony Essex. At no time herein mentioned were either of the named individuals licensed by the Department as a real estate broker or as a real estate salesperson licensed under either LIBERTY or LUSEAR.

15.

During the course of the examination described in Paragraph 11 designated representatives of the Real Estate Commissioner gave notice to LIBERTY and LUSEAR that all documents executed by LIBERTY or LUSEAR or obtained by LIBERTY or LUSEAR in connection with any transactions for which a real estate license was required during the period covered by said examination should be made available for examination and inspection by said designated representatives during regular business hours. LIBERTY and LUSEAR failed to produce bank statements, deposit slips and cancelled checks for TA #1 prior to January 1, 1988.

16.

The conduct of LIBERTY and LUSEAR, as described, above, in Paragraph 14, in employing and compensating unlicensed people for acts requiring a real estate license, is a basis to suspend or revoke the licenses and license rights of both LIBERTY and LUSEAR under Section 10137 of the Code.

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17.

The acts and omissions of LIBERTY and LUSEAR, as set forth in Paragraph 13, are in violation of Sections 2831, 2831.1, 2832.1 and 2834 of the Regulations and are bases for the suspension or revocation of the licenses and license rights of both LIBERTY and LUSEAR under Section 10177(d) of the Code.

18.

The acts and omissions of LIBERTY and LUSEAR, as set forth in Paragraph 15, are in violation of Section 10148 of the Code and are bases for the suspension or revocation of the licenses and license rights of LIBERTY and LUSEAR under Section 10177(d) of the Code.

19.

The acts and omissions of LUSEAR, as set forth in Paragraphs 11 through 15, constitute a failure to exercise reasonable control of the activities of LIBERTY for which a real estate license is required and are bases for the suspension or revocation of the licenses and license rights of LUSEAR under Section 10177(h) of the Code.

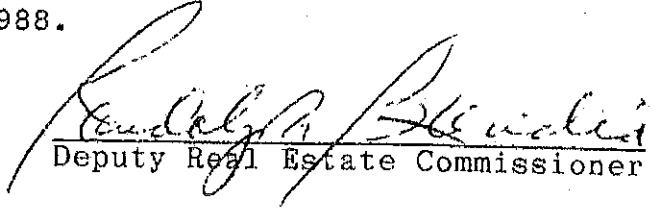
20.

The acts and omissions of LUSEAR, dba MDR, as described in Paragraphs 7 through 10, are in violation of Sections 2726 and 2831 of the Regulations and Section 10163 of the Code and are bases for the suspension or revocation of the licenses and license rights of LUSEAR under Sections 10165 and 10177(d) of the Code.

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1 WHEREFORE, complainant prays that a hearing be conducted
2 on the allegations of this Accusation and, that upon proof
3 thereof, a decision be rendered imposing disciplinary action
4 against all licenses and license rights of respondents LIBERTY
5 FINANCIAL NETWORK, INC., a California corporation; and GERALD
6 LOUIS LUSEAR, individually, dba Million Dollar Realty Financial
7 Services, and as designated officer of Liberty Financial Network,
8 Inc., under the Real Estate Law (Part 1 of Division 4 of the
9 Business and Professions Code) and for such other and further
10 relief as may be proper under other applicable provisions of law.
11 Dated at Los Angeles, California
12 this 19th day of September, 1988.

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15 Deputy Real Estate Commissioner
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25 cc: Liberty Financial
26 Network, Inc.
27 Gerald Louis Lusear
 Sacto.
 DMS