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DEC - 9 1999
DEPARTMENT OF REAL ESTATE
[Signature]

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-23813 LA
)	
JOANN WILSON)	
)	
Respondent.)	
<u> </u>	

ORDER DENYING RECONSIDERATION

On October 8, 1999, an Order Denying Reinstatement of License was signed in the above entitled matter to become effective December 9, 1999.

I have given due consideration to the petition of Respondent. I find no good cause to reconsider the Decision of October 8, 1999, and reconsideration is hereby denied.

IT IS SO ORDERED December 7 1999.

[Signature: Paula Reddish Zinnemann]
PAULA REDDISH ZINNEMANN
Real Estate Commissioner

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DEPARTMENT OF REAL ESTATE
By *[Signature]*

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) No. H-23813 LA
JOANN WILSON,)
Respondent.)

ORDER STAYING EFFECTIVE DATE

On October 8, 1999, an Order Denying Reinstatement of License was rendered in the above-entitled matter to become effective November 9, 1999.

IT IS HEREBY ORDERED that the effective date of the Order Denying Reinstatement of License of October 8, 1999, is stayed for a period of 30 days.

The Order Denying Reinstatement of License of October 8, 1999, shall become effective at 12 o'clock noon on December 9, 1999.

DATED: November 9, 1999.

JOHN R. LIBERATOR
Acting Real Estate Commissioner

By: *[Signature]*
RANDOLPH BRENDIA
Regional Manager

By *Sandra B. Brown*

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DEPARTMENT OF REAL ESTATE
 STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	NO. H-23813 LA
JOANN WILSON)	
)	
Respondent.)	

ORDER DENYING REINSTATEMENT OF LICENSE

On April 26, 1990, a Decision was rendered revoking
 the real estate salesperson license of JOANN WILSON
 (Respondent), effective May 29, 1990. On February 24, 1999,
 Respondent again petitioned for reinstatement of said real
 estate salesperson license and the Attorney General of the
 State of California has been given notice of the filing of
 said petition.

I have considered the petition of Respondent and
 the evidence submitted in support thereof. Respondent has
 failed to demonstrate to my satisfaction that she has
 undergone sufficient rehabilitation to warrant the
 reinstatement of her real estate salesperson license at this

time. This determination has been made in light of
1 Respondent's history of acts and conduct which are
2 substantially related to the qualifications, functions and
3 duties of a real estate licensee. That history includes:

4
5 I

6 In the Decision which revoked her real estate
7 salesperson's license there was a Finding made that
8 Respondent and another licensee used \$102,571.97 they were
9 holding in trust for the sellers of real property to pay
10 their general office expenses. It was determined that this
11 misconduct was cause for the revocation of Respondent's
12 license pursuant to Sections 10177(f) and 10177(g) of the
13 California Business and Professions Code.

14 II

15 Based on the same facts set forth in Paragraph I,
16 Respondent was convicted of violating Section 487(a) of the
17 California Penal Code (Grand Theft), a felony, and was
18 sentenced to five years probation, 180 days in jail, and
19 ordered to make full restitution in the amount of \$102,000 to
20 the victims, to wit, Irene Jones and John Howard, with a
21 minimum payment of \$100 per month, plus a 10% service charge.
22 Of the \$15,600 paid to the victims to date, \$10,000 has been
23 paid by Respondent's parents.

24 III

25 Due to the very serious nature of the misconduct
26 which led to the revocation of Respondent's real estate
27 salesperson license, and her history of conduct since her
license was revoked, not enough time has elapsed to make a



1 final determination that Respondent is sufficiently
2 rehabilitated. This is cause to deny her petition pursuant to
3 Section 2911(a) of Chapter 6, Title 10, California Code of
4 Regulations (Regulations).

5 IV

6 Respondent's failure to make full restitution to
7 her victims is additional evidence of a lack of
8 rehabilitation and is cause to deny her petition pursuant to
9 Section 2911(b) of the Regulations.

10 V

11 Respondent failed to provide evidence that the
12 conviction described in Paragraph II has been expunged or
13 that she has been discharged from probation. This is further
14 evidence of a lack of rehabilitation and is cause to deny her
15 petition pursuant to Sections 2911(c) and (d) of the
16 Regulations.

17 NOW, THEREFORE, IT IS ORDERED that Respondent's
18 petition for reinstatement of her salesperson's license is
19 denied.

20 This Order shall become effective at 12
21 o'clock noon on November 9, 1999.

22 DATED: October 8, 1999

23
24 JOHN R. LIBERATOR
25 Acting Commissioner

26 John R. Liberator
27



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JOANN WILSON
1549 West 125th Street
Los Angeles, California 90047

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FILED
OCT 14 1994
DEPARTMENT OF REAL ESTATE

By James B. Orone

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) NO. H-23813 LA
))
) JOANN WILSON)
))
) Respondent.)
_____)

ORDER DENYING REINSTATEMENT OF LICENSE

On April 26, 1990, a Decision was rendered herein revoking the real estate salesperson license of Respondent, JOANN WILSON (hereinafter "Respondent"), effective May 29, 1990.

On June 6, 1994, Respondent petitioned for reinstatement of said real estate salesperson license and the Attorney General of the State of California has been given notice of the filing of said petition.

I have considered the petition of Respondent and the evidence submitted in support thereof. Respondent has failed to demonstrate to my satisfaction that she has undergone sufficient rehabilitation to warrant the reinstatement of her real estate salesperson license at this

1 time. This determination has been made in light of
2 Respondent's history of acts and conduct which are
3 substantially related to the qualifications, functions and
4 duties of a real estate licensee. That history includes:

5 I

6 On January 27, 1993, Respondent was convicted of
7 violating Section 487.1 of the California Penal Code (Grand
8 Theft). As a result of said conviction she was sentenced to
9 six months in jail, five years of probation, and ordered to
10 pay \$102,000 in restitution at the rate of \$100 per month.
11 To date, she has provided evidence that she has only paid
12 some \$1,200 while her parents have paid \$10,000.00.

13 II

14 The above conviction, subsequent probation, and
15 lack of restitution, is evidence of a lack of rehabilitation
16 and is cause to deny Respondent's petition pursuant to
17 Section 10177(b) of the California Business and Professions
18 Code and Sections 2911(c), 2911(d) and 2911(f) of Chapter 6,
19 Title 10, California Code of Regulations.

20
21 NOW, THEREFORE, IT IS ORDERED that Respondent's
22 petition for reinstatement of license is denied.

23 /

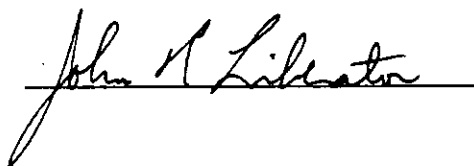
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This Order shall become effective at 12
o'clock noon on November 3, 1994.

DATED: October 10, 1994.

JOHN R. LIBERATOR
Interim Commissioner



JOANN WILSON
1549 West 125th Street
Los Angeles, California 90047

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AUG-6 1992

DEPARTMENT OF REAL ESTATE
BY _____

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) No. H-23813 LA
CORAL MORTGAGE SERVICES, INC.,)
Respondent.)

ORDER GRANTING REINSTATEMENT OF LICENSE

On March 30, 1990, a Decision was rendered herein revoking the corporate real estate broker license of Respondent effective April 24, 1990, but granting Respondent the right to the issuance of a restricted corporate real estate broker license. A restricted corporate real estate broker license was issued to Respondent on April 27, 1990.

On April 30, 1991, Respondent petitioned for reinstatement of said corporate real estate broker license and the Attorney General of the State of California has been given notice of the filing of said petition.

I have considered Respondent's petition and the evidence and arguments submitted in support thereof. Respondent has

1 demonstrated to my satisfaction that grounds do not presently exist
2 to deny the issuance of an unrestricted corporate real estate broker
3 license to Respondent.

4
5 NOW, THEREFORE, IT IS ORDERED that Respondent's petition
6 for reinstatement is granted and that an unrestricted corporate real
7 estate broker license be issued to Respondent after it satisfies the
8 following conditions within one (1) year from the date of this
9 Order:

10 Submittal of a completed application and payment of the fee
11 for a corporate real estate license.

12 This Order is effective immediately.

13 DATED: 7/13, 1992.

14 CLARK WALLACE
15 Real Estate Commissioner

16 Clark Wallace

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25 cc: Coral Mortgage Services, Inc.
26 11704 Artesia Boulevard
27 Artesia, California 90701

DEPARTMENT OF REAL ESTATE

MAY -7 1990

STATE OF CALIFORNIA

* * * *

DEPARTMENT OF REAL ESTATE
BY *K. H. ...*

In the Matter of the Accusation of)
)
)
DON MURPHY & ASSOCIATES, INC.,)
et al.,)
)
)
Respondent.)
_____)

No. H- 23813 LA

DECISION

The Proposed Decision dated April 11, 1990
of Randolph Brendia, Regional Manager, Department of Real Estate,
is hereby adopted as the Decision of the Real Estate Commissioner
in the above-entitled matter.

This Decision shall become effective at 12 o'clock
noon on May 29, 1990.

IT IS SO ORDERED April 26, 1990.

JAMES A. EDMONDS, JR.
Real Estate Commissioner

John R. Liberator
BY: John R. Liberator
Chief Deputy Commissioner

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) No. H-23813 LA
)
DON MURPHY & ASSOCIATES, INC.,)
a California corporation,)
CLAYTON PAGE MC KNIGHT,)
individually and as designated)
officer of Don Murphy &)
Associates, Inc., and)
Coral Mortgage Services, Inc.,)
DONALD BERNARD MURPHY and)
JOANN WILSON,)
)
Respondents.)
)

PROPOSED DECISION

This matter was presided over by Randolph Brenda, Regional Manager, Department of Real Estate, as the designee of the Real Estate Commissioner, in Los Angeles, California on April 11, 1990. Complainant was represented by Robert Baker, Counsel. Respondents DON MURPHY & ASSOCIATES, INC., CLAYTON PAGE MC KNIGHT, DONALD BERNARD MURPHY and JOANN WILSON and their attorney of record, Andrew M. Bakker were not present having signed a Waiver of Appearance.

The matter of the Accusation of CORAL MORTGAGE SERVICES, INC. was severed for hearing at a different date.

The matter was submitted upon a written Stipulation entered into by and between the parties hereto. Pursuant to the said Stipulation, the following Findings of Fact and Determination of Issues are made and the following Decision and Order are proposed, certified and recommended for adoption:

FINDINGS OF FACT

1.

The complainant, William E. Moran, a Deputy Real Estate Commissioner of the State of California, made the Accusation in his official capacity.

2.

At all times herein mentioned, DON MURPHY & ASSOCIATES, INC. (hereinafter DMA), a corporation, was and now is licensed by the Department of Real Estate of the State of California (hereinafter Department) as a corporate real estate broker by and through CLAYTON PAGE MCKNIGHT (hereinafter MCKNIGHT) as designated officer.

3.

At all times herein mentioned, Respondent MCKNIGHT was, and now is, licensed by the Department as a real estate broker, individually and as designated officer of Respondents DMA and CMS.

4.

DONALD BERNARD MURPHY (hereinafter MURPHY) and JOANN WILSON (hereinafter WILSON) are presently licensed as real estate salespersons and are employed as such by DMA.

MURPHY was employed by DMA as a real estate salesperson from June 18, 1985, through November 27, 1987, and from December 9, 1988, to date. WILSON was employed by DMA as a real estate salesperson from June 24, 1985, to December 28, 1988, and from May 5, 1989, to date. At all times mentioned, MURPHY acted as the president of DMA and WILSON acted as the general manager and/or secretary of DMA.

5.

At all times herein mentioned DMA and MCKNIGHT engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers in the State of California within the meaning of Section 10131(a) and 10131(d) of the California Business and Professions Code (hereinafter Code), wherein they solicited prospective sellers or purchasers of real property and conducted broker-controlled escrows as the agent of others. Said respondents in conducting said activities, acted for or in expectation of compensation, as did respondents MURPHY and WILSON.

6.

During 1988 and 1989, respondents DMA, MCKNIGHT, WILSON and MURPHY (sometimes collectively referred to as Respondents) accepted or received escrow funds in trust (hereinafter trust funds) from or on behalf of sellers and purchasers and thereafter made disbursements of such funds. Said funds were deposited by Respondents in the following accounts:

<u>BANK</u>	<u>OPENED</u>	<u>CLOSED</u>
Commercial Center Bank Don Murphy & Associates Escrow Trust Account No. 51911-805 (hereinafter TA #1)	1987	12/8/88
Metrobank Don Murphy & Associates, Inc. Escrow Trust Account No. 068-682-239042 (hereinafter TA #2)	6/3/88	8/1/88
Guardian Bank Don Murphy & Associates Escrow Div. Trust Account No. 042-001-721062 (hereinafter TA #3)	7/1/88	Current

7.

On or about April 14, 1989, the Department completed an examination of Respondents real estate activities and books and records pertaining theretoand, in particular, Respondents' activities in conducting escrow, for a nine-month period ending March 31, 1989, which revealed the following:

8.

Respondents DMA & McKNIGHT failed to keep an accurate record of all trust funds received and disbursed in the manner required by Section 2831 of Title 10, Chapter 6, California Code of Regulations (hereinafter Regulations).

9.

Respondents disbursed or allowed the disbursement of trust funds from TA #1, TA #2 and TA #3 without the prior written consent of every principal who then was an owner of funds in said accounts where the disbursements of said funds reduced the balance of funds in TA #3 (the then escrow trust account) to an amount which was, on March 31, 1989, substantially less than Respondents' existing aggregate trust fund liability to all owners of said funds.

10.

McKNIGHT was not a signatory on any of the trust accounts set forth in Finding 6 and was, therefore, unable to exercise his responsibilities as a real estate broker to handle and supervise trust funds in his custody in the manner required by Section 2834 of the Regulations.

11.

Respondents MURPHY and WILSON commingled trust funds with office funds to pay office expenses.

12.

McKNIGHT failed to review, date and initial every instrument, including, but not limited to, escrow instructions, prepared or signed by a real estate salesperson or an employee in connection with any transaction for which a real estate license is required which may have had a material effect upon the rights or obligations of a party to the transaction.

13.

Respondents DMA and McKNIGHT failed to notify the Real Estate Commissioner, within five days after hiring, of the fact that Erwin Joe Miller, Maryetta Murphy, Patrick Owairu, Lloyd Roseman, Milford Taylor, Ewan Wade, Johnnie Williams and Joann Wilson had been employed by them as real estate salespeople.

14.

On or about November 2, 1989, the Department completed a follow-up audit on the books and records of respondents DMA, MURPHY, WILSON and McKNIGHT covering the period from April 1, 1989, through September 28, 1989, to further determine said respondents' compliance with Real Estate Law. Some of the findings of this Audit, and the previous Audit, are set forth in Findings 15 through 20.

15.

On or about September 15, 1989, respondent McKNIGHT resigned as the designated broker for DMA and CMS and was replaced by real estate broker Edwina King.

16.

On or about September 14, 1988, respondents DMA, WILSON and MURPHY opened interest bearing trust account number 042-001-374931 at Guardian Bank (hereinafter TA #4) as trustees for John and Akita Howard, Irene Johnson. John Howard, Akita Howard and Irene Jones were the joint tenants of real property known as 2536-2538 $\frac{1}{2}$ South Cochran Avenue in Los Angeles, California, which was sold by DMA on or about January 27, 1988, for \$185,000. DMA also handled the escrow for this transaction. From the proceeds, the joint owners were supposed to receive some \$99,493.40. Due to a dispute about the division of the sales proceeds, Irene Jones' attorney instructed DMA and MURPHY to hold the proceeds in an interest bearing trust account for the benefit of the parties until such time as an agreement could be worked out among the sellers. DMA, MURPHY and WILSON acted on this request by opening TA#4 and depositing the proceeds into said account on September 14, 1988.

On or about April 4, 1989, without an authorization from the beneficiaries of the funds held in TA#4, MURPHY and WILSON closed TA#4 and withdrew the balance of \$102,571.97 (\$99,493.30 plus interest of \$3,078.57) from TA#3 and deposited this amount into TA#3.

On or about November 6, 1989, MURPHY promised John Howard that he would pay to Howard the sum of \$102,571.97 plus interest on or before Monday, December 4, 1989. As of January 25, 1990, DMA, MURPHY and WILSON had still been unable to pay the Howards and Johnson all or any part of the escrow funds placed in said respondents' trust account on September 14, 1988.

17.

During a period of time from April 1, 1988, to March 31, 1989, MURPHY and WILSON transferred, or caused to be transferred, trust funds belonging to others in escrow accounts TA #1, TA #2 and TA #3, to the general account of DMA where said funds were used by MURPHY and WILSON to pay the general expenses of DMA. WILSON and MURPHY closed TA #1 on or about December 6, 1988, and transferred to Account No. 721089 at Guardian Bank, a trust account in the name of Century 21, Don Murphy and Associates. MURPHY and WILSON used said funds to pay the general expenses of DMA.

18.

With reference to the audit referred to in Finding 14, Respondents DMA, MURPHY and WILSON still had a substantial trust fund shortage on September 28, 1989.

19.

In general, the conduct of MURPHY and WILSON, and the lack of supervision by McKNIGHT, as discussed above, was largely responsible for the violations set forth, above, in Findings 9, 11, and 16 through 18.

20.

On or about August 1, 1989, pursuant to the provisions of Section 23302 of the Revenue and Taxation Code of California, the corporate powers, rights and privileges of DMA were suspended by the Secretary of State.

DETERMINATION OF ISSUES

1.

The conduct of MURPHY and WILSON, as set forth in Findings 9, 11 and 16 through 18, constitute incompetence and commingling and is a basis to revoke their licenses and license rights under Sections 10177(f) and 10177(g) of the Code.

2.

The acts and omissions of MCKNIGHT, as set forth in Findings 6 through 20, constitutes a lack of supervision over the conduct of MURPHY, DMA and WILSON, and are bases for the suspension or revocation of his licenses and license rights under Section 10177(h) of the Code.

3.

The acts and omissions of DMA and MCKNIGHT, as set forth in Findings 9 and 18, are in violation of Section 2832.1 of the Regulations and are bases for suspension or revocation of the licenses and license rights of DMA and MCKNIGHT under Section 10177(d) of the Code.

4.

Since DMA could not now qualify for the issuance of a corporate real estate broker license per the provisions of Section 2742 of the Regulations, said suspension is further grounds for the suspension or revocation of the license and license rights of DMA under Section 10177(f) of the Code.

ORDER

1.

The real estate licenses and license rights of respondents DMA, DONALD BERNARD MURPHY and JOANN WILSON under the provisions of Part I of Division 4 of the Code are hereby revoked. However, each is given the right to petition for reinstatement of said licenses pursuant to Section 11522 of the Government Code after one year has passed from the effective date of any Decision in this matter.

2.

The real estate broker license of CLAYTON PAGE MCKNIGHT under the provisions of Part 1 of Division 4 of the Business and Professions Code are hereby revoked.

However, Respondent shall be entitled to apply for, and be issued, a restricted real estate salesperson license 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 said license within one year from the effective date of the Decision herein.

However, once a restricted license is issued it shall immediately be suspended for a period of sixty days.

The restricted license issued to Respondent 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 said Code:

A. The restricted license may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction (including conviction on a plea of nolo contendere) of a crime which bears a significant relation to Respondent's fitness of capacity as a real estate licensee.

B. The restricted license may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that, subsequent to the effective date of this Decision, Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to said restricted license.

C. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor the removal of any of the conditions, limitations or restrictions of the restricted license until at least one year has elapsed from the effective date of the Decision.

D. Respondent shall, within 9 months from the effective date of the Decision, present evidence satisfactory to the Real Estate Commissioner that he has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of the real estate license until the Respondent presents such evidence. The Commissioner shall afford Respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

E. With the application for license or with the applica- tion for transfer to a new employing broker, Respondent shall submit a statement signed by the prospective employing broker on a form approved by the Department of Real Estate wherein the employing broker shall certify as follows:

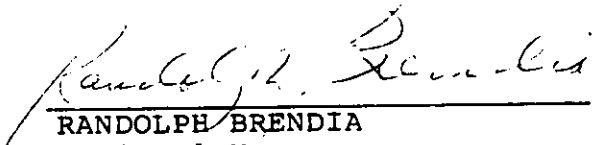
(1) That the broker has read the Decision of the Commissioner which was the basis for the issuance of the restricted license; and

(2) That the broker will carefully review all transaction documents prepared by the restricted licensee and otherwise exercise close supervision over the licensee's performance of acts for which a license is required.

F. Respondent shall, within six (6) months from the effective date of the restricted license, take and pass the Professional Responsibility Examination administered by the Department including payment of the appropriate examination fee. If Respondent fails to satisfy this condition, the Commissioner may order suspension of the restricted license until Respondent passes the examination.

DATED: _____

4/11/1990



RANDOLPH BRENDIA
Regional Manager
Department of Real Estate

DEPARTMENT OF REAL ESTATE

APR - 4 1990

STATE OF CALIFORNIA

DEPARTMENT OF REAL ESTATE
K. Hederholt

* * * *

In the Matter of the Accusation of)
)
CORAL MORTGAGE SERVICES, INC.,)
et al.,)
)
Respondent.)
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No. H-23813 LA

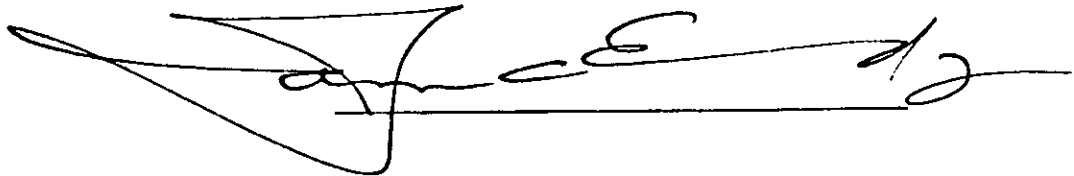
DECISION

The Proposed Decision dated March 22, 1990
of Randolph Brendia, Regional Manager, Department of Real Estate,
is hereby adopted as the Decision of the Real Estate Commissioner
in the above-entitled matter.

This Decision shall become effective at 12 o'clock
noon on April 24, 1990.

IT IS SO ORDERED 3-30-90.

JAMES A. EDMONDS, JR.
Real Estate Commissioner



DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) No. H-23813 LA
)
CORAL MORTGAGE SERVICES, INC.,)
et al.,)
)
Respondents.)
_____)

PROPOSED DECISION

This matter was presided over by Randolph Brendia, Regional Manager, Department of Real Estate, as the designee of the Real Estate Commissioner, in Los Angeles, California on March 22, 1990.

Robert E. Baker, Counsel, represented the Complainant. Respondent CORAL MORTGAGE SERVICES, INC., by and through its president, Derick P. Payne, was not present having signed a Waiver of Appearance.

The matters involving Don Murphy & Associates, Inc., and Clayton Page McKnight are severed for hearing at another date.

The matter involving the Accusation of CORAL MORTGAGE SERVICES, INC., was submitted upon the written Stipulation of the parties and, pursuant thereto, the following Decision is proposed, certified and recommended for adoption:

FINDINGS OF FACT

1.

The complainant, William E. Moran, a Deputy Real Estate Commissioner of the State of California, made the Accusation in his official capacity.

2.

At all times herein mentioned, CORAL MORTGAGE SERVICES, INC. (hereinafter CMS), a corporation, was and now is licensed by the Department of Real Estate of the State of California (hereinafter Department) as a corporate real estate broker by and through Clayton Page McKnight (hereinafter McKnight) as designated officer.

3.

At all times herein mentioned, CMS 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 California Business and Professions Code (hereinafter Code)., wherein CMS solicited for and negotiated loans secured by liens on real property as the agent of others and acted for or in expectation of compensation.

4.

On or about June 5, 1989, the Department completed an examination of CMS's real estate activities and books and records pertaining thereto for a 12-month period ending May 8, 1989, which revealed the following:

5.

During the period covered by the aforementioned audit, CMS maintained one trust account as the depository of funds received from prospective borrowers for appraisal fees and credit reports at the Bank of America in Cerritos in an account known as Coral Mortgage Services, Inc., Trust Account, Account No. 10511-09186 (hereinafter TA #1).

6.

The authorized signatories on TA #1 were Derick P. Payne, Adlean C. Fuller, Greta Webster, Lorna Reid and Esperanza J. Gonzalez. None of these people held real estate licenses issued by the Department and none of these people were bonded by CMS with fidelity bond coverage at least equal to the maximum amount of trust funds to which the employees had access at any time.

7.

During a period of time from May 8, 1988, to May 8, 1989, CMS employed and compensated several persons including, but not limited to, Derick P. Payne, to solicit for and negotiate loans secured by liens on real property as the agent of others. None of said persons were licensed by the Department as a real estate broker or a real estate salesperson even though the aforesaid activities require a real estate license. In a corrective action letter issued by the Department to CMS on June 8, 1988, CMS was previously cited for employing four unlicensed people named Rudolph Butler, Anthony Essex, Henry Murray and Derick Payne to conduct activities requiring a real estate license and were warned that employing said people was in violation of the Real Estate Law.

8.

At sometime prior to May 8, 1989, CMS moved their main office for conducting activities requiring a real estate license from 11708 Artesia Boulevard in Artesia to 11704 Artesia Boulevard in Artesia without notifying the Real Estate Commissioner of this change not later than the next business day following said change.

DETERMINATION OF ISSUES

1.

The acts and omissions of CMS, as set forth in Findings 6 and 8, are in violation of Sections 2715 and 2834 of Title 10, Chapter 6, California Code of Regulations and are bases for suspension or revocation of the license and license rights of CMS under Section 10177(d) of the Code.

2.

The acts and omissions of CMS, as set forth in Finding 7, are bases for suspension or revocation of the license and license rights of CMS under Section 10137 of the Code.

ORDER

I

A. The corporate real estate broker license of Respondent CORAL MORTGAGE SERVICES, INC., is hereby revoked.

B. However, Respondent CMS shall be entitled to apply for and be issued a restricted corporate real estate broker license pursuant to Section 10156.5 of the Code if said Respondent makes application therefor and pays to the Department of Real Estate the appropriate fee for said license within one (1) year from the effective date of the Decision herein.

C. The restricted license issued to Respondent CMS 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 said Code:

1. The restricted license shall not confer any property right in the privileges to be exercised thereunder and the Real Estate Commissioner may by appropriate order suspend prior to hearing the rights of CMS to exercise any privileges granted under the restricted license in the event of:

(a) The conviction of CMS (including a plea of nolo contendere) of a crime which bears a significant relation to Responent's fitness or capacity as a real estate licensee.

(b) The receipt of evidence satisfactory to the Real Estate Commissioner that CMS has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner, or conditions attaching to said restricted license.

2. Respondent CMS shall submit to the Department of Real Estate a Trust Funds Position Statement as of the last day of each March, June, September and December for so long as said restricted license shall remain in effect. The Position Statement shall consist of the following:

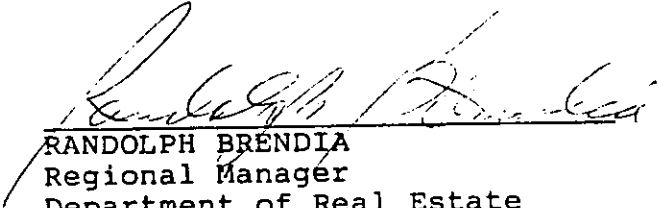
- (a) A schedule of trust fund accountability with the following information concerning funds held by Respondent as agent or trustee to the owner(s) of said funds:
 - (1) Account numbers and depositories.
 - (2) Names of principals or beneficiaries.
 - (3) Trust fund liability to (2).
- (b) A report of trust funds in the custody and control of Respondent as of the accounting date consisting of:
 - (1) A copy of Respondent's trust accounts' bank statements (listed above as (a)(1)) showing the balance of funds in the accounts as of the accounting date.
 - (2) A schedule of uncleared checks drawn on the accounts adjusting the accounts to their true balance as of the accounting date.
- (c) A copy of Respondent's (i) trust fund records maintained pursuant to Section 2831, Regulations, (ii) separate records maintained pursuant to Section 2831.1, Regulations and (iii) 2831.2 reconciliation.
- (d) A statement explaining any discrepancy between the total liability shown under (a) above and the adjusted trust accounts' balances shown under (b) above.

The Trust Funds Position Statement shall be submitted by Respondent to the Los Angeles Office of the Department of Real Estate not later than 60 days after each accounting date. If Respondent has no trust fund liability as of accounting date, its report to the Department shall so state.

Respondent's designated broker officer shall certify under penalty of perjury the completeness and accuracy of each Position Statement submitted by CMS.

3. Respondent CMS shall not be eligible to apply for the issuance of any unrestricted real estate license nor the removal of any of the conditions, limitations or restrictions attaching to the restricted license until at least one (1) year has elapsed from the date of issuance of the restricted license to Respondent.

DATED: 22 March 1990


RANDOLPH BRENDIA
Regional Manager
Department of Real Estate

Sect 99

1 ROBERT E. BAKER, Counsel
2 Department of Real Estate
3 107 South Broadway, Room 8107
4 Los Angeles, California 90012
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8 (213) 620-4790

FEB-8 1990

DEPARTMENT OF REAL ESTATE
BY K. J. Mederhild

9 DEPARTMENT OF REAL ESTATE
10 STATE OF CALIFORNIA

* * * *

11	In the Matter of the Accusation of)	No. H-23813 LA
12	DON MURPHY & ASSOCIATES, INC.,)	<u>THIRD AMENDMENT</u>
13	a corporation; CORAL MORTGAGE)	<u>TO ACCUSATION</u>
14	SERVICES, INC., a corporation;)	
15	CLAYTON PAGE MCKNIGHT,)	
16	individually and as designated)	
17	officer of Don Murphy &)	
	Associates, Inc., and Coral)	
	Mortgage Services, Inc.,)	
	Respondents.)	

18 The Accusation heretofore filed on July 6, 1989, the
19 Amendment filed August 16, 1989, and the Second Amendment filed
20 October 3, 1989, in the above-entitled matter are hereby amended
21 as follows:

22 37.

23 Complainant incorporates by reference Paragraphs 1
24 through 36.

25 38.

26 On or about November 2, 1989, the Department completed
27 a follow-up audit on the books and records of respondents DMA,

1 MURPHY, WILSON and MCKNIGHT covering the period from April 1, 1989,
2 through September 28, 1989, to further determine said respondents'
3 compliance with Real Estate Law. Some of the findings of this
4 Audit, and the previous Audit, are set forth in Paragraphs 39
5 through 44.

6 39.

7 On or about September 15, 1989, respondent MCKNIGHT
8 resigned as the designated broker for DMA and CMS and was replaced
9 by real estate broker Edwina King (hereinafter King). Before she
10 assumed said position King was informed, on August 28, 1989, of
11 the charges already filed against DMA, MURPHY and WILSON.

12 40.

13 On or about September 14, 1988, respondents DMA,
14 WILSON and MURPHY opened interest bearing trust account number
15 042-001-374931 at Guardian Bank (hereinafter TA#4) as trustees for
16 John and Akita Howard, Irene Johnson. John Howard, Akita Howard
17 and Irene Jones were the joint tenants of real property known as
18 2536-2538 ½ South Cochran Avenue in Los Angeles, California, which
19 was sold by DMA on or about January 27, 1988, for \$185,000. DMA
20 also handled the escrow for this transaction. From the proceeds,
21 the joint owners were supposed to receive some \$99,493.40. Due to
22 a dispute about the division of the sales proceeds, Irene Jones'
23 attorney instructed DMA and MURPHY to hold the proceeds in an
24 interest bearing trust account for the benefit of the parties until
25 such time as an agreement could be worked out among the sellers.
26 DMA, MURPHY and WILSON acted on this request by opening TA#4 and
27 depositing the proceeds into said account on September 14, 1988.

1 On or about April 4, 1989, without an authorization
2 from the beneficiaries of the funds held in TA#4, MURPHY and
3 WILSON closed TA#4 and withdrew the balance of \$102,571.97
4 (\$99,493.40 plus interest of \$3,078.57) from TA#4 and deposited
5 this amount into TA#3. During the period from April 4, 1989,
6 without the knowledge or permission of the beneficiaries,
7 respondents DMA, MURPHY and WILSON, used the trust funds belonging
8 to the Howards and Johnson to cover part of the shortage in TA#3
9 existing on September 29, 1989 (see paragraph 44). As of September
10 29, 1989, respondents DMA, MURPHY and WILSON had diverted all but
11 \$492.00 to other escrows, leaving the Johnson-Howard account short
12 by over \$100,000.00.

13 On or about June 15, 1989, MURPHY and WILSON gave the
14 attorneys representing the Howards and Johnson their check for
15 \$102,571.00 drawn on TA#3. This check was rejected due to an
16 "Irregular Endorsement". At the time said check was drawn there
17 were insufficient funds in TA#3 to cover the check and this was a
18 fact that was known, or should have been known, by respondents
19 MURPHY, WILSON and MCKNIGHT.

20 On or about November 6, 1989, MURPHY promised John
21 Howard that he would pay to Howard the sum of \$102,571.97 plus
22 interest on or before Monday, December 4, 1989. As of January 25,
23 1990, DMA, MURPHY and WILSON had still been unable or unwilling
24 to pay the Howards and Johnson all or any part of the escrow funds
25 placed in said respondents' trust account on September 14, 1988,
26 some one and one-half years earlier.

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41.

On or about May 30, 1989, DMA, MURPHY and WILSON closed escrow number 891602. As part of the expenses they charged to the parties in said escrow, said respondents drew a check for \$1038.40 on TA#3 payable to Fidelity National Title Company (hereinafter Fidelity) for title insurance and miscellaneous fees. Although said respondents charged their clients for this amount, said check was never delivered to Fidelity and, as of September 29, 1989, there were insufficient funds in TA#3 to cover this check. As of this date, Fidelity has not been paid.

On or about July 19, 1988, DMA and MURPHY closed

escrow number 881505. As part of the expenses charged to the parties in said escrow, DMA and MURPHY represented on the Settlement Statement that certain sums had been paid to Fidelity totaling \$880.40 for title insurance and miscellaneous fees. As of September 29, 1989, DMA and MURPHY had not paid Fidelity and there were insufficient funds in their trust account (#TA#3) to pay Fidelity. As of this date, Fidelity has not been paid.

42.

On or about August 10, 1987, Michael K. Momoh delivered \$1000 to DMA and/or its agent, and MURPHY as a deposit on real property, known as 6226-6226½ S. Van Ness in Los Angeles. Thereafter, DMA and MURPHY opened escrow number 871317. Shortly before escrow was due to close Monoh changed his mind about purchasing said property and asked to cancel escrow. At no time thereafter did Momoh sign an amendment to escrow agreeing to pay DMA and/or MURPHY any part of this \$1000 although Momoh verbally agreed to

1 pay a \$150 cancellation fee. Sometime thereafter, Momoh was
2 informed by Irene Amadi, an agent of DMA, that Momoh's remaining
3 \$850 would go to the sellers.

4 On or about January 23, 1989, WILSON drew a \$150 check
5 payable to DMA for said cancellation fee. On or about May 10, 1989,
6 WILSON drew a check for \$850 payable to DMA for "Professional Fees",
7 thus converting the balance of Momoh's \$1000 deposit to
8 respondents DMA, MURPHY and WILSON's own use without the knowledge
9 or permission of either the buyer or the seller and without escrow
10 instructions from either party.

11 43.

12 On or about June 1, 1989, DMA, MURPHY and WILSON
13 closed escrow number 91599 and concurrently issued a check for
14 \$3194.99 made payable to Coast Savings and Loan drawn on TA#3.
15 This was allegedly meant to make a June 1, 1989, payment on loan
16 number 39604814 for a loan assumed by the buyers plus loan
17 assumption fees. This amount was deducted from the buyer's funds
18 being held by DMA, WILSON and MURPHY as the escrow holders.

19 On or about August 17, 1989, said check was returned
20 for lack of sufficient funds. On or about October 27, 1989 and
21 November 8, 1989, WILSON promised Coast that payment would be made
22 at once. To date, Coast has not received payment and DMA, WILSON
23 and MURPHY have insufficient funds in any trust account to pay
24 Coast for the funds respondents DMA, WILSON and MURPHY deducted
25 from the buyer's funds and used for their own benefit or the
26 benefit of others not parties to this particular escrow.

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44.

With reference to the audit referred to in Paragraph 38, Respondents DMA, MURPHY, WILSON and McKNIGHT had a total trust fund liability as of September 28, 1989, of \$187,246.00. According to bank records supplied to the Department as of this date, said respondents had a total of \$492.00 in their only existing trust account on this (TA#3) leaving them with a shortage of \$186,754.00.

45.

In general, the conduct of MURPHY and WILSON, and the lack of supervision by McKNIGHT, as discussed above, was largely responsible for the violations set forth, above, in Paragraph 9 and 30 through 44.

46.

The conduct of MURPHY and WILSON, as set forth in Paragraphs 40 through 44, constitutes incompetence, conversion, fraud and/or dishonest dealing and is a basis to revoke their licenses and license rights under Section 10177(f), 10177(g) and 10177(j) of the Code.

47.

The acts and omissions of McKNIGHT, as set forth in Paragraphs 40 through 44, constitutes a lack of supervision over the conduct of MURPHY, DMA and WILSON, and are further bases for the suspension or revocation of his licenses and license rights under Section 10177(h) of the Code.

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The acts and omissions of DMA and McKNIGHT, as set forth in Paragraphs 40 through 44, are in violation of Section 2832.1 of the Regulations and also constitute conversion and are bases for suspension or revocation of the licenses and license rights of DMA and McKNIGHT under Sections 10176(i) and 10177(d) of the Code.

Dated at Los Angeles, California
this 8th day of February, 1990.


Deputy Real Estate Commissioner

cc: Don Murphy & Associates, Inc.
Coral Mortgage Services, Inc.
Clayton Page McKnight
Donald Bernard Murphy
JoAnn Wilson
Andrew M. Bakker, Esq.
Sacto.
JF

SACTO.
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BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED

DEC 11 1989

DEPARTMENT OF REAL ESTATE
BY *Carina Smith*

In the Matter of the Accusation of

DON MURPHY & ASSOCIATES,
INC., et al.

}

Case No. H-23813 LA

OAH No. L-47882

Respondent(s)

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of
Administrative Hearings, 314 West First Street, Los Angeles, CA,
and 15th
on the 13th, 14th/ day of March, 19 90, at the hour of 9:00 a.m., or as soon thereafter
as the matter can be heard, upon the charges made in the Accusation served upon you.

You may be present at the hearing, and you may be represented by counsel, but you are neither required to be present at the hearing nor to be represented by counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you upon any express admissions, or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter. The interpreter must be approved by the hearing officer conducting the hearing as someone who is proficient in both English and the language in which the witness will testify. You are required to pay the costs of the interpreter unless the hearing officer directs otherwise.

JAMES A. EDMONDS, JR.
DEPARTMENT OF REAL ESTATE

Dated: December 11, 1989

By Robert E. Baker
ROBERT E. BAKER, Counsel

cc: Don Murphy & Associates, Inc.
Coral Mortgage Services, Inc.
Clayton Page McKnight
Donald Bernard Murphy
Joann Wilson
Andrew M. Bakker, Esq.
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ROBERT E. BAKER, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 620-4790

077-3 1989

James D. ...

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)
DON MURPHY & ASSOCIATES, INC.,)
a corporation; CORAL MORTGAGE)
SERVICES, INC., a corporation;)
CLAYTON PAGE McKNIGHT,)
individually and as designated)
officer of Don Murphy &)
Associates, Inc., and Coral)
Mortgage Services, Inc.,)
Respondents.)

No. H-23813 LA
SECOND AMENDMENT
TO ACCUSATION

The Accusation heretofore filed on July 6, 1989, and the
Amendment filed August 16, 1989, in the above-entitled matter are
hereby amended as follows:

34.

Complainant incorporates by reference Paragraphs 1
through 33.

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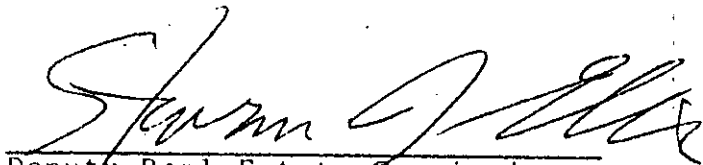
35.

On or about August 1, 1989, pursuant to the provisions of Section 23302 of the Revenue and Taxation Code of California, the corporate powers, rights and privileges of DMA were suspended by the Secretary of State.

36.

Since DMA could not now qualify for the issuance of a corporate real estate broker license per the provisions of Section 2742 of the Regulations, said suspension is further grounds for the suspension or revocation of the license and license rights of DMA under Section 10177(f) of the Code.

Dated at Los Angeles, California
this 3rd day of October, 1989.


Deputy Real Estate Commissioner

cc: Don Murphy & Associates, Inc.
Coral Mortgage Services, Inc.
Clayton Page McKnight
Donald Bernard Murphy
JoAnn Wilson
Andrew M. Bakker, Esq.
Sacto.
JF

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

(213) 620-4790

DEPARTMENT OF REAL ESTATE
BY *Donna J. King*

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

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In the Matter of the Accusation of)
DON MURPHY & ASSOCIATES, INC.,)
a corporation; CORAL MORTGAGE)
SERVICES, INC., a corporation;)
CLAYTON PAGE McKNIGHT,)
individually and as designated)
officer of Don Murphy &)
Associates, Inc., and Coral)
Mortgage Services, Inc.,)
Respondents.)

No. H-23813 LA
AMENDMENT TO
ACCUSATION

18

The Accusation heretofore filed on July 6, 1989,
in the above-entitled matter is hereby amended as follows:

20

27.

21

Complainant incorporates by reference Paragraphs 1
through 26.

23

28.

24

DONALD BERNARD MURPHY (hereinafter MURPHY) and JOANN
WILSON (hereinafter WILSON) are hereby added as respondents. Both
are presently licensed as real estate salespersons and are
employed as such by DMA.

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29.

MURPHY was employed by DMA as a real estate salesperson from June 18, 1985, through November 27, 1987, and from December 9, 1988, to date. WILSON was employed by DMA as a real estate salesperson from June 24, 1985, to December 28, 1988, and from May 5, 1989, to date. At all times mentioned in Paragraphs 5 through 14, MURPHY acted as the president of DMA and WILSON acted as the general manager and secretary of DMA. MURPHY owns DMA.

30.

During a period of time from April 1, 1988, to March 31, 1988, MURPHY and WILSON transferred, or caused to be transferred, trust funds belonging to others in escrow accounts TA #1, TA #2 and TA #3 to themselves, to the general account of DMA where said funds were used by MURPHY and WILSON to pay the general expenses of DMA and to various individuals and entities having no valid claim to escrow funds being held by MURPHY and WILSON in these three accounts. WILSON and MURPHY closed TA #1 on or about December 6, 1988, and the balance of trust funds in this account, some \$28,000.00, was transferred to Account No. 721089 at Guardian Bank, a trust account in the name of Century 21, Don Murphy and Associates. After said funds were transferred, WILSON paid herself \$4,050.00 and MURPHY and WILSON used the balance of funds transferred from TA #1 to pay the general business expenses of DMA.

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31.

On or about December 2, 1988, MURPHY and WILSON disbursed \$9,104.00 from escrow funds being held in TA #3 to pay rent that was due from DMA to Roots III Corporation. On or about December 14, 1988, MURPHY and WILSON disbursed \$3,794.00 to Interwest Mortgage to pay for a mortgage on property owned by MURPHY.

32.

In general, the conduct of MURPHY and WILSON, as described above, and in other ways that will be introduced in any hearing in this matter, was largely responsible for the shortages set forth in Paragraph 9.

33.

The conduct of MURPHY and WILSON, as set forth in Paragraphs 29 through 32, constitutes incompetence, conversion, fraud and/or dishonest dealing and is a basis to revoke their licenses and license rights under Sections 10177(f), 10177(g) and 10177(j) of the Code.

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1 WHEREFORE, complainant prays that a hearing be conducted
2 on the allegations of this Accusation and Amendment and, that upon
3 proof thereof, a decision be rendered imposing disciplinary action
4 against the licenses and license rights of Respondents DONALD
5 BERNARD MURPHY and JOANN WILSON under the Real Estate Law (Part 1
6 of Division 4 of the Business and Professions Code) and for such
7 other and further relief as may be proper under other applicable
8 provisions of law.

9 Dated at Los Angeles, California
10 this 16th day of August, 1989.

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Deputy Real Estate Commissioner

23 cc: Don Murphy & Associates, Inc.
24 Coral Mortgage Services, Inc.
25 Clayton Page McKnight
26 Donald Bernard Murphy
27 Joann Wilson
Andrew M. Bakker, Esq.
Sacto.
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ROBERT E. BAKER, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 620-4790

JUL -6 1989

DEPT. OF REAL ESTATE
BY *[Signature]*

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-23813 LA
DON MURPHY & ASSOCIATES, INC.,)	<u>A C C U S A T I O N</u>
a corporation; CORAL MORTGAGE)	
SERVICES, INC., a corporation;)	
CLAYTON PAGE McKNIGHT,)	
individually and as designated)	
officer of Don Murphy &)	
Associates, Inc., and Coral)	
Mortgage Services, Inc.,)	
Respondents.)	

The complainant, William E. Moran, a Deputy Real Estate Commissioner of the State of California, for cause of accusation against DON MURPHY & ASSOCIATES, INC., a corporation; CORAL MORTGAGE SERVICES, INC., a corporation; CLAYTON PAGE McKNIGHT, individually and as designated officer of Don Murphy & Associates, Inc., and Coral Mortgage Services, Inc., alleges as follows:

1.

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

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2.

At all times herein mentioned, DON MURPHY & ASSOCIATES, INC. (hereinafter DMA), a corporation, and CORAL MORTGAGE SERVICES, INC. (hereinafter CMS), a corporation, were and now are licensed by the Department of Real Estate of the State of California (hereinafter Department) as corporate real estate brokers by and through CLAYTON PAGE McKNIGHT (hereinafter McKNIGHT) as designated officer. Respondents DMA and McKNIGHT are hereinafter sometimes referred to collectively as Respondents I, while Respondents CMS and McKNIGHT are hereinafter sometimes referred to collectively as Respondents II.

3.

At all times herein mentioned, Respondent McKNIGHT was, and now is, licensed by the Department as a real estate broker, individually and as designated officer of Respondents DMA and CMS.

4.

All further references herein to Respondents I and II include the parties identified in Paragraphs 2 and 3 and shall be deemed to refer also to the officers, directors, employees, agents and real estate licensees employed by or associated with said parties, who at all times herein mentioned were engaged in the furtherance of the business or operations of said parties and who were acting within the course and scope of their authority and employment.

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5.

At all times herein mentioned, Respondents I and II engaged in the business of, acted in the capacity of, advertised or assumed to act as real estate brokers in the State of California within the meaning of Sections 10131(a) and 10131(d) of the California Business and Professions Code (hereinafter Code), wherein Respondents I solicited prospective sellers or purchasers of real property and conducted broker-controlled escrows and Respondents II solicited for and negotiated loans secured by liens on real property as the agent of others. Respondents I and II, in conducting said activities, acted for or in expectation of compensation.

RESPONDENTS I: DMA AND McKNIGHT

6.

During 1988 and 1989, Respondents I accepted or received escrow funds in trust (hereinafter trust funds) from or on behalf of sellers and purchasers and thereafter made disbursements of such funds. Said funds were deposited by Respondents I in the following accounts:

<u>BANK</u>	<u>OPENED</u>	<u>CLOSED</u>
Commercial Center Bank Don Murphy & Associates Escrow Trust Account No. 51911-805 (hereinafter TA #1)	1987	12/8/88
Metrobank Don Murphy & Associates, Inc. Escrow Trust Account No. 068-682-239042 (hereinafter TA #2)	6/3/88	8/1/88

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1 Guardian Bank 7/1/88 Current
2 Don Murphy & Associates
3 Escrow Div. Trust Account
4 No. 042-001-721062
5 (hereinafter TA #3)

6 7.

7 On or about April 14, 1989, the Department completed an
8 examination of Respondents I's real estate activities and books
9 and records pertaining thereto and, in particular, Respondents I's
10 activities in conducting escrow, for a nine-month period ending
11 March 31, 1989, which revealed the following:

12 8.

13 Respondents I failed to keep an accurate record of all
14 trust funds received and disbursed in the manner required by
15 Section 2831 of Title 10, Chapter 6, California Code of
16 Regulations (hereinafter Regulations).

17 9.

18 Respondents I disbursed or allowed the disbursement of
19 trust funds from TA #1, TA #2 and TA #3 without the prior written
20 consent of every principal who then was an owner of funds in said
21 accounts where the disbursements of said funds reduced the balance
22 of funds in TA #3 (the present escrow trust account) to an amount
23 which was, on March 31, 1989, \$178,876.00 less than Respondents
24 I's existing aggregate trust fund liability to all owners of said
25 funds.

26 10.

27 McKNIGHT was not a signatory on any of the trust
accounts set forth in Paragraph 6 and was, therefore, unable to
exercise his responsibilities as a real estate broker to handle

1 and supervise trust funds in his custody in the manner required by
2 Section 2834 of the Regulations.

3 11.

4 Respondents I utilized trust funds deposited in TA #1
5 and TA #3 to pay general business obligations.

6 12.

7 On appropriate notice, and as of April 24, 1989,
8 Respondents I failed to make available for examination and
9 inspection by a designated representative of the Real Estate
10 Commissioner during regular business hours five escrow files, some
11 209 cancelled checks from TA #1, TA #2 and TA #3, and the bank
12 statement for March of 1989 for TA #3.

13 13.

14 McKNIGHT failed to review, date and initial every
15 instrument, including, but not limited to, escrow instructions,
16 prepared or signed by a real estate salesperson or an employee in
17 connection with any transaction for which a real estate license is
18 required which may have had a material effect upon the rights or
19 obligations of a party to the transaction.

20 14.

21 Respondents I failed to notify the Real Estate
22 Commissioner, within five days after hiring, of the fact that
23 Erwin Joe Miller, Maryetta Murphy, Patrick Owairu, Lloyd Roseman,
24 Milford Taylor, Ewan Wade, Johnnie Williams and Joann Wilson had
25 been employed by them as real estate salespeople.

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1 RESPONDENTS II: McKNIGHT AND CMS

2 15.

3 On or about June 5, 1989, the Department completed an
4 examination of Respondents II's real estate activities and books
5 and records pertaining thereto for a 12-month period ending May 8,
6 1989, which revealed the following:

7 16.

8 During the period covered by the aforementioned audit,
9 Respondents II maintained one trust account as the depository of
10 funds received from prospective borrowers for appraisal fees and
11 credit reports at the Bank of America in Cerritos in an account
12 known as Coral Mortgage Services, Inc., Trust Account, Account No.
13 10511-09186 (hereinafter TA #4).

14 17.

15 McKNIGHT was not a signatory on TA #4 and was,
16 therefore, unable to exercise his responsibilities as a real
17 estate broker to handle and supervise trust funds in his custody
18 in the manner required by Section 2834 of the Regulations.

19 18.

20 The authorized signatories on TA #4 were Derick P.
21 Payne, Adlean C. Fuller, Greta Webster, Lorna Reid and
22 Esperanza J. Gonzalez. None of these people held real estate
23 licenses issued by the Department and none of these people were
24 bonded by Respondents II with fidelity bond coverage at least
25 equal to the maximum amount of trust funds to which the employees
26 had access at any time.

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19.

During a period of time from May 8, 1988, to May 8, 1989, Respondents II employed and compensated Anita McClay, Doc Parmley, Raymond James, Rudolph Butler, Kenneth White, Henry Murray and Derick P. Payne to solicit for and negotiate loans secured by liens on real property as the agent of others. None of the aforesaid people were licensed by the Department as a real estate broker or a real estate salesperson. The aforesaid activities require a real estate license under Section 10131(d) of the Code. In a corrective action letter issued by the Department to Respondents II on June 8, 1988, Respondents II were previously cited for employing four unlicensed people named Rudolph Butler, Anthony Essex, Henry Murray and Derick Payne to conduct activities requiring a real estate license and were warned that employing said people was in violation of Real Estate Law.

20.

Respondents II, after negotiating certain loans for which a disclosure statement was required by Section 10240 of the Code, obtained the signature of prospective borrowers without a completed Mortgage Loan Disclosure Statement first being signed by both the borrower and a licensee negotiating the loan.

21.

At sometime prior to May 8, 1989, Respondents II moved their main office for conducting activities requiring a real estate license from 11708 Artesia Boulevard in Artesia to 11704 Artesia Boulevard in Artesia without notifying the Real Estate Commissioner of this change not later than the next

1 business day following said change.

2 22.

3 The acts and omissions of DMA and McKNIGHT, as set forth
4 in Paragraphs 8, 9, 10, 12, 13 and 14, are in violation of
5 Sections 2725, 2752, 2831, 2832.1 and 2834 of the Regulations and
6 Section 10148 of the Code and are bases for suspension or
7 revocation of the licenses and license rights of DMA and McKNIGHT
8 under Section 10177(d) of the Code.

9 23.

10 The acts and omissions of DMA and McKNIGHT, as set forth
11 in Paragraphs 9 and 11, constitute commingling and are bases for
12 suspension or revocation of the licenses and license rights of DMA
13 and McKNIGHT under Section 10176(e) of the Code.

14 24.

15 The acts and omissions of CMS and McKNIGHT, as set forth
16 in Paragraphs 17, 18, 20 and 21, are in violation of Sections 2715
17 and 2834 of the Regulations and Section 10240 of the Code and are
18 bases for suspension or revocation of the licenses and license
19 rights of CMS and McKNIGHT under Section 10177(d) of the Code.

20 25.

21 The acts and omissions of CMS and McKNIGHT, as set forth
22 in Paragraph 19, are bases for suspension or revocation of the
23 licenses and license rights of CMS and McKNIGHT under Section
24 10137 of the Code.

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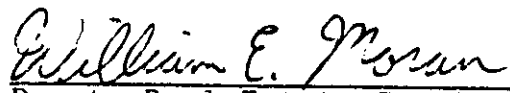
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26.

The acts and omissions of McKNIGHT, as set forth in Paragraphs 8 through 21, constitute a lack of reasonable supervision and are bases for suspension or revocation of the licenses and license rights of McKNIGHT under Section 10177(h) of the Code.

WHEREFORE, complainant prays that a hearing be conducted on the allegations of this Accusation and, that upon proof thereof, a decision be rendered imposing disciplinary action against the licenses and license rights of Respondents DON MURPHY & ASSOCIATES, INC., a corporation; CORAL MORTGAGE SERVICES, INC., a corporation; CLAYTON PAGE McKNIGHT, individually and as designated officer of Don Murphy & Associates, Inc., and Coral Mortgage Services, Inc., under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California
this 6th day of July, 1989.


Deputy Real Estate Commissioner

cc: Don Murphy & Associates, Inc.
Coral Mortgage Services, Inc.
Clayton Page McKnight
Sacto.
JF