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Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, CA 90012
(213) 620-4790

OCT 12 1990

DEPARTMENT OF REAL ESTATE
Sam B. Chou

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

TO:)	NO. H-24288 LA
)	
FARROKH FRED HADJIAN)	<u>ORDER TO DESIST</u>
dba Real Estate Center)	<u>AND REFRAIN</u>
and LOAN CENTER INC., a)	
California corporation.)	
)	
)	
)	

The Real Estate Commissioner of the State of California has caused an investigation to be made of your activities and based upon the findings of that investigation, as set forth below, is of the opinion that, while engaged in activities which require a real estate broker license under the provisions of Sections 10131(a) and 10131(d) of the Business and Professions Code, (hereinafter "Code"), you violated Sections 10145, 10148, 10161.8, 10232, 10232.2, 10232.25 and 10232.4 of the Code and Sections 2725, 2752, 2831, 2831.1, 2831.2, 2832, 2832.1 and 2840 of Chapter 6, Title 10, California Code of Regulations (hereinafter the "Regulations").

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I

At all times material herein, LOAN CENTER INC. (hereinafter "LOAN CENTER") was and now is licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker.

II

At all times material herein, FARROKH FRED HADJIAN (hereinafter "HADJIAN") was licensed by the Department as a real estate broker in his individual capacity under the fictitious name of Real Estate Center.

III

At all times material herein, HADJIAN was and presently is licensed by the Department as the designated officer of LOAN CENTER. As the designated officer of LOAN CENTER, HADJIAN was responsible for the supervision and control of the activities conducted on behalf of the corporation by its officers and employees as necessary to secure full compliance with the Real Estate Law as set forth in Section 10159.2 of the Code.

IV

Effective November 12, 1986, In the Matter of the Accusation of FARROKH FRED HADJIAN, No. H-22441 LA, the Department revoked the real estate broker license and all license rights of HADJIAN with the right to apply for a restricted real estate broker license. On or about October 17, 1987, the Department issued a restricted real estate broker license and designated officer license for LOAN CENTER to HADJIAN.

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1 HADJIAN DBA REAL ESTATE CENTER

2 V

3 At all times material herein, HADJIAN dba Real Estate
4 Center conducted business as a real estate broker within the
5 meaning of Section 10131(a) of the Code by selling or offering to
6 sell, purchasing or offering to purchase, soliciting prospective
7 sellers or purchasers, soliciting or obtaining listings, or
8 negotiation the purchase, sale or exchange of real property, all
9 for or in expectation of compensation.

10 VI

11 All further reference to HADJIAN dba Real Estate Center
12 shall be deemed to refer to, in addition to HADJIAN, to the
13 employees, agents and real estate licensees employed by or
14 associated with HADJIAN, who at all times herein mentioned were
15 engaged in the furtherance of the business or operations of said
16 parties and who were acting within the course and scope of their
17 corporate authority and employment.

18 VII

19 From August to November, 1989, the Department conducted
20 an audit of HADJIAN dba Real Estate Center concerning trust fund
21 handling and record-keeping by HADJIAN in the above-described
22 resale business. The time period covered by said audit was from
23 January 1, 1988 to and including June 29, 1989, and, unless
24 otherwise mentioned, the relevant period of time referenced herein
25 shall be the same.

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VIII

At all times material herein in connection with the above-described resale business, HADJIAN employed real estate salespersons who prepared instruments which had a material effect upon the rights and obligations of principals represented by HADJIAN in loan transactions. Said instruments included listing agreements and purchase contracts. You, HADJIAN, violated Regulation 2725 by failing to review, initial and date all of such instruments.

IX

At all times material herein, HADJIAN employed real estate salespersons but failed to notify the Department in writing of the termination of each and every salesperson. You, HADJIAN, violated Section 10161.8 of the Code and Regulation 2752 by failing to so notify the Department.

X

At all times material herein in connection with the above-described resale business, HADJIAN received trust funds in the form of earnest money deposits which HADJIAN forwarded to escrow companies. At all times material herein, HADJIAN maintained a columnar control record of trust funds received and not placed into a trust account. However, said control records were inaccurate and incomplete in that the records contained dates when deposits were received that differed from dates on the purchase contracts and the records did not indicate the name of the escrow companies which received the deposits. You, HADJIAN, violated Regulation 2831 by maintaining inaccurate and incomplete

1 columnar control records.

2 LOAN CENTER INC.

3 XI

4 At all times mentioned herein, LOAN CENTER engaged in
5 the business of, acted in the capacity of, advertised, or assumed
6 to act as a real estate broker in the State of California within
7 the meaning of Section 10131(d) of the Code including the
8 operation of a mortgage loan brokerage business with the public,
9 wherein LOAN CENTER solicited borrowers and lenders for and
10 negotiated loans secured by liens on real property and packaged
11 said loans for referral to lenders, all for or in expectation of
12 compensation.

13 XII

14 All further reference to LOAN CENTER shall be deemed to
15 refer to, in addition to LOAN CENTER, to the officers, directors,
16 employees, agents and real estate licensees employed by or
17 associated with LOAN CENTER, who at all times herein mentioned
18 were engaged in the furtherance of the business or operations of
19 said parties and who were acting within the course and scope of
20 their corporate authority and employment.

21 XIII

22 From August to November, 1989, the Department conducted
23 an audit of LOAN CENTER concerning trust fund handling and
24 record-keeping by LOAN CENTER in the above-described mortgage loan
25 brokerage business. The time period covered by said audit was
26 from January 1, 1988 to and including June 29, 1989, and, unless
27 otherwise mentioned, the relevant period of time referenced herein

1 shall be the same.

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At all times material herein in the conduct of its mortgage loan brokerage business, LOAN CENTER received trust funds in the form of credit reports and appraisal fees deposited or caused to be deposited and disbursed or caused to be disbursed said trust funds into and from a trust account maintained at Gibraltar Savings entitled Loan Center Inc. Trust Account (hereinafter "Loan Center Trust Account").

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At all times material herein, LOAN CENTER maintained columnar control records for the receipt and disbursement of trust funds in the form of credit report and appraisal fees. However, said control records were incomplete and inaccurate in that said records did not list dates when trust funds were received and the daily balance was not accurate. You, LOAN CENTER, violated Regulation 2831 by maintaining incomplete and inaccurate columnar control records.

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XVI

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At all times material herein, LOAN CENTER maintained separate records for each beneficiary or transaction regarding the receipt and disbursement of trust funds in the course of operating its mortgage loan brokerage business. However, said separate records were incomplete in that the records did not list dates of deposit, dates of checks and the daily balance. You, LOAN CENTER, violated Regulation 2831.1 by maintaining incomplete separate records.

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XVII

At all times material herein, LOAN CENTER failed to maintain monthly reconciliations of the balance of all separate beneficiary or transaction records with the columnar control records of all trust funds received and disbursed. You, LOAN CENTER, violated Regulation 2831.2 by failing to maintain such reconciliations.

XVIII

At all times material herein, LOAN CENTER failed to deposit trust funds in the form of credit report and appraisal fees received from loan applicants into a trust account maintained by LOAN CENTER not later than the next business day following receipt of said trust funds. You, LOAN CENTER, violated Regulation 2832 by failing to timely deposit said trust funds.

XIX

You, LOAN CENTER, violated Section 10145 of the Code and Regulation 2832.1 by disbursing or allowing the disbursement of funds from the Loan Center Trust Account without the prior written consent of every principal who then was an owner of funds in the said accounts wherein the disbursement reduced the balance of funds in the said accounts as of July 29, 1989 to an amount which was \$3,628 less than the existing aggregate trust fund liability to all owners of said funds.

XX

During the audit examination described in Paragraph XIII hereinabove, the Department auditor requested LOAN CENTER to produce documents for inspection. LOAN CENTER failed to produce

1 certain documents pursuant to said request including deposit
2 tickets relating to the Loan Center Trust Account and copies of
3 checks from potential borrowers. You, LOAN CENTER, violated
4 Section 10148 of the Code by failing to produce for inspection
5 every document requested by the Department auditor.

6 XXI

7 During its fiscal year for 1988 which ended on December
8 31, 1988, LOAN CENTER satisfied the threshold criteria of Section
9 10232 of the Code by negotiating over 20 loans secured by liens on
10 real property in an aggregate amount exceeding \$2,000.000. LOAN
11 CENTER failed to notify the Department in writing within thirty
12 days after satisfying said criteria. You, LOAN CENTER, violated
13 Section 10232(e) of the Code by failing to so notify the
14 Department. On or about October 5, 1989, LOAN CENTER notified the
15 Department that it had reached threshold status. You, LOAN
16 CENTER, also violated Section 10232.2 of the Code by failing to
17 file with the Department an annual report for its 1988 fiscal year
18 and Section 10232.25 of the Code by failing to file with the
19 Department a trust fund status report for the quarters ending on
20 March 30, 1989 and June 30, 1989.

21 XXII

22 At all times material herein in the course of making
23 solicitations to particular persons and in negotiating with said
24 persons to make loans secured by liens on real property, LOAN
25 CENTER failed to provide said lenders with the disclosure
26 statement described in Section 10232.5 of the Code before said
27 lenders made said loans. You, LOAN CENTER, violated Section

1 10232.4 of the Code by failing to provide lenders with the
2 required disclosure statement.

3 XXIII

4 At all times material herein in the conduct of the
5 above-described mortgage loan brokerage business, LOAN CENTER
6 provided clients who were borrowers of loans secured by liens on
7 real property with a mortgage loan disclosure statement entitled
8 "Good Faith Estimate of Settlement Charges" which differed in form
9 and content from the borrower disclosure statement approved by the
10 Department. You, LOAN CENTER, violated Regulation 2840 by using
11 such form without the advance written approval of the Department.

12 XXIV

13 You, HADJIAN, violated Section 10159.2 and 10177(h) of
14 the Code by allowing LOAN CENTER to violate the above-described
15 provisions of the Real Estate Law during the time that you were
16 the designated officer of LOAN CENTER.

17
18 NOW, THEREFORE, YOU, FARROKH FRED HADJIAN DBA REAL
19 ESTATE CENTER, AND YOUR AGENTS AND EMPLOYEES ARE ORDERED TO DESIST
20 AND REFRAIN from performing acts which require a real estate
21 license unless said activities are performed in compliance with
22 Section 10161.8 of the Code and Regulations 2725, 2752 and 2831.

23 NOW, THEREFORE, YOU, LOAN CENTER INC., AND YOUR AGENT
24 AND EMPLOYEES ARE ORDERED TO DESIST AND REFRAIN from receiving
25 funds in trust unless said activities are performed in compliance
26 with Sections 10145 and 10148 of the Code and Regulations 2831,
27 2831.1, 2831.2, 2832 and 2832.1.

1 YOU, LOAN CENTER INC., AND YOUR AGENTS AND EMPLOYEES
2 ARE FURTHER ORDERED TO DESIST AND REFRAIN from performing mortgage
3 loan activity within the meaning of Section 10131(d) of the Code
4 unless said activities are performed in compliance with Sections
5 10232(e), 10232.2, 10232.25 and 10232.4 of the Code and
6 Regulation 2840.

7 YOU, FARROKH FRED HADJIAN, ARE FURTHER ORDERED TO DESIST
8 AN REFRAIN from authorizing or permitting the performance of any
9 acts, for which a real estate license is required, by or in the
10 name of LOAN CENTER INC., or any other corporate real estate
11 broker, unless you supervise those acts in accordance with the
12 Real Estate Law and Section 10159.2 of the Code.

13 DATED: October 1, 1990.

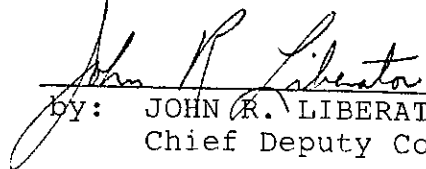
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JAMES A. EDMONDS, JR.
Real Estate Commissioner

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by: JOHN R. LIBERATOR
Chief Deputy Commissioner

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TLN:MJG

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cc: Farrokh Fred Hadjian
Loan Center, Inc.
18340 Ventura Blvd., Ste. 206
Tarzana, CA 91356

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