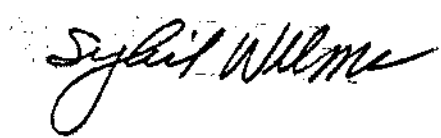


1 Department of Real Estate
107 South Broadway, Room 8107
2 Los Angeles, California 90012

FEB 15 1991

3 (213) 620-4790



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DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

TO:)	NO. H-24315 LA
)	
RUSTIC REALTY, INC., a)	<u>ORDER TO DESIST</u>
corporation, doing business as)	<u>AND REFRAIN</u>
Rustic Realty, Inc. Mortgage)	
Division, and Century 21)	
Rustic Realty, Inc.; and)	
LOGAN ROBERT CROW as)	
designated officer of Rustic)	
Realty, Inc.)	

17 The Real Estate Commissioner of the State of California has
18 caused an investigation to be made of your activities as real estate
19 brokers, and based upon the finding of that investigation, as set forth
20 below, is of the opinion that you have violated Sections 10145, 10232 (e)
21 and 10240 of the California Business and Professions Code (hereinafter the
22 Code) and Sections 2725, 2830, 2831, 2831.1, 2831.2, 2832.1, 2834 and 2951
23 of Chapter 6, Title 10, California Code of Regulations (hereinafter the
24 Regulations).

25 I

26 At all times herein mentioned, you, RUSTIC REALTY, INC.
27 (hereinafter RRI), a corporation, were and now are licensed by the

1 . Department of Real Estate of the State of California (hereinafter the
2 Department) as a corporate real estate broker through LOGAN ROBERT CROW
3 (hereinafter CROW) as designated officer.

4 II

5 At all times herein mentioned, you, CROW, were and now are
6 licensed by the Department as a real estate broker, individually and as
7 the designated officer of RRI.

8 III

9 All further references herein to "you" include the parties
10 identified in Paragraphs I and II, above, and also include the officers,
11 directors, employees, agents and real estate licensees employed by or
12 associated with said parties and who at all times herein mentioned were
13 engaged in the furtherance of the business or operations of said parties
14 and who were acting within the course and scope of their authority and
15 employment.

16 IV

17 At all times herein mentioned, you engaged in the business of,
18 acted in the capacity of, advertised or assumed to act as a real estate
19 broker in the State of California, within the meaning of Section 10131 (d)
20 of the Code, including the operation and conduct of a mortgage loan brokerage
21 business with the public under the fictitious business names RUSTIC REALTY,
22 INC. MORTGAGE DIVISION, and CENTURY 21 RUSTIC REALTY, INC., wherein you
23 solicited lenders and borrowers for loans secured by liens on real properties,
24 and wherein you sold or offered to sell to the public, promissory notes
25 secured by liens on real property, all for or on behalf of others and for or
26 in expectation of compensation. In connection with the aforesaid activities,
27 you handled your own escrows.

V

1
2 In connection with the activities described in Paragraph IV above,
3 you accepted or received funds in trust (hereinafter trust funds) from or on
4 behalf of borrowers and lenders and thereafter made disbursements of such
5 funds. These trust funds were maintained in bank accounts, including but
6 not necessarily limited to account number 001-309498 (hereinafter the
7 Mortgage Division account), located at American Independent Bank in the City
8 of Gardena, California, and to account number 001-304437 (hereinafter the
9 Escrow Division account) located at American Independent Bank in the City of
10 Gardena, California.

11 VI

12 On or about October 27, 1989, the Department completed an
13 examination of your books and records pertaining to the activities described
14 in Paragraphs IV and V above for the seven month period ending July 31, 1989,
15 which revealed violations of the Code as set forth in the following
16 paragraphs.

17 VII

18 In the course of the activities described in Paragraph IV above, in
19 connection with the trust funds deposited in the Escrow Division account
20 referred to in Paragraph V above, and during the period described in
21 Paragraph VI above, you acted in violation of the Code and the Regulations in
22 that you caused or permitted the withdrawal or disbursement of trust funds
23 from the said trust account, thereby reducing the account balance of the
24 Escrow Division account to an amount approximately \$9,056.48 less than your
25 aggregate trust fund liability to all owners of the trust funds without prior
26 written consent of all said owners, in violation of Section 10145 of the Code
27 and Section 2832.1 in conjunction with Section 2951 of the Regulations.

VIII

1 In the course of the activities described in Paragraph IV
2 above, in connection with the trust funds deposited in the Mortgage
3 Division account referred to in Paragraph V above, you acted in vio-
4 lation of the Code and the Regulations in that:

5 (a) you deposited funds entrusted to RRI into the Mortgage
6 Division account, which account was not maintained by RRI as a trust
7 account in the name of RRI as trustee, as required by Section 2830
8 of the Regulations and Section 10145 of the Code;

9 (b) you failed to maintain an adequate formal trust fund re-
10 ceipts journal and trust fund disbursements journal or other records,
11 as required by Section 2831 of the Regulations;

12 (c) you failed to maintain adequate separate records for each
13 beneficiary or transaction, accounting therein for all trust funds
14 received, deposited and disbursed, as required by Section 2831.1 of
15 the Regulations;

16 (d) you failed to perform a monthly reconciliation of the
17 records of the receipt and disposition of all trust funds received
18 by you and the balance of all separate beneficiary or transaction
19 records, as required by Section 2831.2 of the Regulations;

20 (e) you permitted the withdrawal of trust funds from the
21 account by an employee named Irma Aninger, who was unlicensed and
22 unbonded at the time of the withdrawals, in violation of Section
23 2834 of the Regulations;

24 IX

25 In the course of the activities described in Paragraph IV
26 above, and during the period described in Paragraph VI, you acted
27 in violations of the Code and the Regulations in that:

1 (a) you failed to review and affix your dated initials to instru-
2 ments prepared or signed by a salesperson in your employ under your
3 supervision, which instruments may have a material effect upon rights or
4 obligations of a party to the transaction, as required by Section 2725 of
5 the Regulations;

6 (b) you failed to provide the written mortgage loan disclosure
7 statement prescribed by Section 10240 (a) of the Code before the borrower
8 became obligated to complete the loan; and

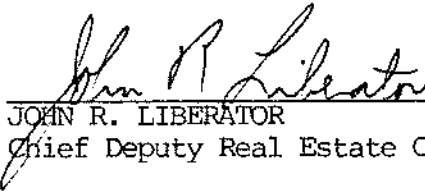
9 (c) you satisfied the threshold criteria of Section 10232 (a) of
10 the Code, but failed within thirty days thereafter to notify the Department
11 of that fact, in violation of Section 10232 (e) of the Code.

12 NOW, THEREFORE, YOU ARE ORDERED TO DESIST AND REFRAIN from:

13 (a) accepting trust funds from others in the conduct of business
14 for which a real estate license is required unless and until you comply with
15 Section 10145 of the Code and Sections 2830, 2831, 2831.1, 2834 and 2832.1 of
16 the Regulations in conjunction with Section 2951 of the Regulations; and

17 (b) engaging in any activity within the meaning of Section 10131
18 (d) of the Code unless and until you comply with the provisions of Sections
19 10232 (e) and 10240 of the Code and Section 2725 of the Regulations.

20 DATED: February 11, 1991 .

21
22 
23 JOHN R. LIBERATOR
24 Chief Deputy Real Estate Commissioner

24 cc: Rustic Realty, Inc.
25 15342 Hawthorne Blvd., Ste. 100
26 Lawndale, CA 90260

26 Logan Robert Crow
27 15342 Hawthorne Blvd., Ste. 100
Lawndale, CA 90260

JLB:LU
/lm