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FILED

MAY 08 2002

DEPARTMENT OF REAL ESTATE

By Jean Arund

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	
J. THOMAS WOOD,)	NO. H-1066 FRESNO
Respondent.)	H-25603 LA

ORDER DENYING REINSTATEMENT OF LICENSE

On July 1, 1991, in Case No. H-1066 FRESNO, an Order was rendered revoking the real estate broker license of Respondent, but granting Respondent the right to the issuance of a restricted real estate broker license. A restricted real estate broker license was issued to Respondent on July 22, 1991. On June 27, 1994, in Case No. H-25603 LA, a Decision was rendered revoking the restricted real estate broker license of Respondent.

On April 25, 2000, Respondent petitioned for reinstatement of said real estate broker license, and the Attorney General of the State of California has been given notice of the filing of said petition.

1 I have considered Respondent's petition and the
2 evidence and arguments in support thereof. Respondent has failed
3 to demonstrate to my satisfaction that Respondent has undergone
4 sufficient rehabilitation to warrant the reinstatement of
5 Respondent's real estate broker license. Respondent has a
6 history of acts and conduct that led to the disciplinary actions
7 described above.

8 On or about February 9, 2001, Respondent was convicted
9 of a violation of Section 594(b)(1). Respondent's criminal
10 conduct involved presenting a fraudulent claim. In view of
11 Respondent's history of disciplinary actions and his recent
12 criminal conviction, Respondent has not demonstrated the
13 necessary rehabilitation that would justify reinstatement of
14 his real estate broker license.

15 NOW, THEREFORE, IT IS ORDERED that Respondent's
16 petition for reinstatement of his real estate broker license is
17 denied.

18 This Order shall become effective at 12 o'clock
19 noon on May 28, 2002.

20
21 DATED: April 30, 2002

22 PAULA REDDISH ZINNEMANN
23 Real Estate Commissioner

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FILED
MAR 18 1999

DEPARTMENT OF REAL ESTATE

By Shelly Ely

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BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	
J. THOMAS WOOD,)	NO. H-1066 FRESNO
Respondent.)	H-25603 LA

ORDER DENYING REINSTATEMENT OF LICENSE

On July 1, 1991, in Case No. H-1066 FRESNO, an Order was rendered revoking the real estate broker license of Respondent, but granting Respondent the right to the issuance of a restricted real estate broker license. A restricted real estate broker license was issued to Respondent on July 22, 1991. On June 27, 1994, in Case No. H-25603 LA, a Decision was rendered revoking the restricted real estate broker license of Respondent.

On September 2, 1998, Respondent petitioned for reinstatement of said real estate broker license, and the Attorney General of the State of California has been given notice of the filing of said petition.

1 I have considered Respondent's petition and the evidence
2 and arguments in support thereof. Respondent has failed to
3 demonstrate to my satisfaction that Respondent has undergone
4 sufficient rehabilitation to warrant the reinstatement of
5 Respondent's real estate broker license. Respondent has a history
6 of acts and conduct which led to the disciplinary actions
7 described above. Further, Respondent continues to lay blame for
8 the discipline imposed on his licenses upon the policies of the
9 management of Glen Ivy Properties, Inc.. Consequently, Respondent
10 has not demonstrated a change in attitude from that which existed
11 at the time his license was revoked.

12 NOW, THEREFORE, IT IS ORDERED that Respondent's petition
13 for reinstatement of his real estate broker license is denied.

14 This Order shall become effective at 12 o'clock
15 noon on April 7, _____, 1999.

16 DATED: March 1, 1999, 1999.

17 JOHN R. LIBERATOR
18 Acting Real Estate Commissioner

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Saeto

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

4 (213) 897-3937

FILED
APR 01 1997
DEPARTMENT OF REAL ESTATE

By 

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * * *

11 In the Matter of the Accusation of) No. H-25603 LA
12 J. THOMAS WOOD,)
13 Respondent.)
14 _____)

15 ORDER DENYING REINSTATEMENT OF LICENSE

16 On June 27, 1994, a Decision was rendered herein,
17 effective July 26, 1994, revoking the real estate broker license of
18 J. THOMAS WOOD (hereinafter referred to as Respondent).

19 On October 13, 1995, Respondent petitioned for
20 reinstatement of his license and the Attorney General of the State
21 of California has been given notice of the filing of said Petition.

22 I have considered the petition of Respondent and the
23 evidence submitted in support thereof. Respondent has failed to
24 demonstrate to my satisfaction that he has undergone sufficient
25 rehabilitation to warrant the reinstatement of his real estate
26 license at this time. This determination has been made in light of
27 Respondent's history of acts and conduct which are substantially

1 related to the qualifications, functions and duties of a real
2 estate licensee. That history includes:

3 I

4 In a prior disciplinary action Decision, in case H-1066
5 FR, an Order was made, pursuant to the Stipulation of the parties,
6 effective July 22, 1991, that Respondent's real estate broker
7 license rights, including that as designated office of Glen Ivy
8 Properties, Inc., was revoked with a right to receive a restricted
9 real estate broker license, to be suspended for 90 days from
10 issuance thereof, with 40 days stayed providing respondent paid
11 \$10,000 to the Real Estate recovery Account. (a) The grounds
12 for disciplinary action in H-1066 SA were Respondent's
13 participation in the sale of timeshare intervals in several time
14 share offerings in violation of a prior Orders to Desist and
15 Refrain, H-969 SA, and in violation of Code Sections 11012,
16 11013.4, 11018.2 and 11019 the Subdivided Lands Act. In substance,
17 H-1066 SA involved the selling of timeshare intervals without or
18 with expired public reports and the failure to deposit purchase
19 money into escrow, as required by law.

20 (b) On or about July 22, 1991, Respondent was issued a
21 restricted real estate broker license as designated officer of Glen
22 Ivy Properties, Inc. Among the conditions to the restricted
23 license was that Respondent comply with the Real Estate Law,
24 including the Subdivided Lands Act. That license was canceled as of
25 January 22, 1992.

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II

On October 22, 1993, an accusation was filed in case number H-25603 LA against Glen Ivy Properties, Inc. Equity Mortgage Corp. and Respondent, charging Respondents, in connection with the sale of timeshare interests in several timeshare projects, in substance, including but not limited to the following: using purchase agreements not authorized by the Department; using inducements not authorized by the Department; failing to record grant deeds to the buyers while at the same time collecting mortgage payments and use fees by Equity Mortgage Corp. and delivering same to Glen Ivy creditors, instead of holding said funds in escrow until title to the timeshare intervals was delivered to buyers.

(a) In connection with the filing of accusation H-26503 LA, Respondent's restricted broker license was suspended on or about November 3, 1993.

(b) As a result, Respondent stipulated to the revocation of his real estate broker license, based on a plea of nolo contendere to a single count of negligent failure to supervise licensees under his supervision. Respondent admitted that the Department could, if required, submit evidence at trial which could establish a prima facie case that one or more violations of the Real Estate Law occurred by Respondents Glen Ivy Properties, Inc. and Equity Mortgage Corp. and that Respondent failed to supervise the salespeople or employees of respondents Glen ivy Properties and Equity Mortgage Corp. in the performance of acts requiring a license.

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III

In his petition, Respondent continues to lay blame for the discipline imposed on his licenses upon the policies of the management of Glen Ivy Properties, Inc. which led to the violations of the Real Estate Law. Respondent has not changed his attitude with respect to licensing requirements from the time he was revoked and thus has not shown that he has rehabilitated himself from the circumstances which caused his license to be revoked. Respondent's attitude toward licensing requirements is not such as to show that the public will be protected. See Regulation 2911(m) from Title 10, Chapter 6, California Code of Regulations.

Further, considering the serious nature of the offenses which led to the revocation of Respondent's real estate licenses and his history of prior violations of the Real Estate law, not enough time has passed to determine that Respondent is not rehabilitated. This is cause to deny his petition pursuant to Regulation Section 2911(a).

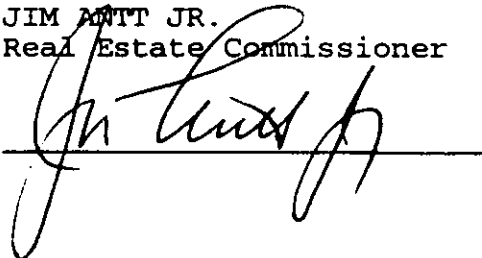
NOW, THEREFORE, IT IS ORDERED that Respondent's petition for reinstatement of his real estate broker license is denied.

This Order shall become effective at 12 o'clock noon on April 21, 1997.

DATED: 3/25/97

J. Thomas Wood
1445 Wood Side Avenue
Box 681795
Park City, Utah 84068

JIM MITT JR.
Real Estate Commissioner



A/SC/scj

1 Department of Real Estate
2 107 South Broadway, Room 8107
3 Los Angeles, California 90012
4
5 Telephone (213) 897-3937
6
7

JUL - 6 1994

DEPARTMENT OF REAL ESTATE
BY *[Signature]*

8 DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * * * *

11 In the Matter of the Accusation of) No. H-25603 LA
12 GLEN IVY PROPERTIES, INC.,)
13 a California corporate broker;) STIPULATION AND AGREEMENT
14 EQUITY MORTGAGE CORP. a California) IN SETTLEMENT AND ORDER
15 corporate broker and J. THOMAS WOOD,)
16 individually and as designated)
17 officer of Glen Ivy Properties, Inc.)
18 and Equity Mortgage Corp.,)
19 Respondents.)

18 It is hereby stipulated by and between respondent J.
19 THOMAS WOOD (hereafter sometimes referred to as Respondent) and
20 Raymond Gaskill, Esq., Counsel for Respondent, and the Complainant,
21 acting by and through Sean Crahan, Counsel for the Department of
22 Real Estate, as follows for the purpose of settling and disposing
23 of the Accusation filed on October 22, 1993, in this matter and
24 amended on November 23, 1993:

25 1. All issues which were to be contested and all
26 evidence which was to be presented by Complainant and Respondent at
27 a formal hearing on the Accusation, which hearing was to be held in

1 accordance with the provisions of the Administrative Procedure Act
2 (APA), shall instead and in place thereof be submitted solely on
3 the basis of the provisions of this Stipulation.

4 2. Respondent has received, read and understands the
5 Statement to Respondent, the Discovery Provisions of the APA and
6 the Accusation filed by the Department of Real Estate in this
7 proceeding.

8 3. On November 17, 1993, Respondent WOOD filed a Notice
9 of Defense pursuant to Section 11505 of the Government Code for the
10 purpose of requesting a hearing on the allegations in the
11 Accusation. Respondent WOOD hereby freely and voluntarily
12 withdraws said Notice of Defense. Respondent acknowledges that he
13 understands that by withdrawing said Notice of Defense, he will
14 thereby waive his right to require the Commissioner to prove the
15 allegations in the Accusation at a contested hearing held in
16 accordance with the provisions of the APA and that he will waive
17 other rights afforded to him in connection with the hearing such as
18 the right to present evidence in defense of the allegations in the
19 Accusation and the right to cross-examine witnesses.

20 4. This Stipulation and Agreement in Settlement and
21 Order is based on the factual allegations contained in the
22 Accusation filed in this proceeding and as amended. Respondent
23 WOOD denies each of the allegations contained in the Accusation,
24 insofar as they relate to him, and further denies that he has
25 violated the laws applicable to real estate brokers. For the
26 purpose of this settlement, the Department of Real Estate admits
27 that it has no evidence that WOOD received any of the money

1 misappropriated by the corporate respondents, other than his
2 regular salary as designated officer and commissions earned as a
3 result of sales of timeshare intervals on behalf of Respondent Glen
4 Ivy Properties. Respondent WOOD, in order to avoid a lengthy and
5 expensive trial, agrees to plead nolo contendere to a single count
6 of negligent failure to supervise licensees under WOOD's
7 supervision and to stipulate that his license may be revoked, with
8 the right to petition for reinstatement of his license one year
9 from the date hereof. Respondent WOOD admits that the DRE could,
10 if required, submit evidence at trial which could establish a prima
11 facie case that one or more violations of the Real Estate Law
12 occurred by Respondents Glen Ivy Properties and Equity Mortgage
13 Corp. during the period of time that WOOD was the designated
14 officer for Respondents Glen Ivy Properties and Equity Mortgage
15 Corp. and that respondent WOOD failed to supervise the salespeople
16 or employees of respondents Glen Ivy Properties and Equity Mortgage
17 Corp. in the performance of acts requiring a license. Glen Ivy
18 Properties and Equity Mortgage Corp. have failed to request a
19 hearing on the Accusation. WOOD declines to require the DRE to
20 offer such evidence and witnesses at a trial. This Stipulation and
21 Agreement in Settlement and Order and respondent WOOD's decision
22 not to contest the Accusation are hereby expressly limited to this
23 proceeding and made for the sole purpose of reaching an agreed
24 disposition of this proceeding. Respondent WOOD's decision not to
25 contest the factual allegations is made solely for the purpose of
26 effectuating this Stipulation and is intended by Respondent to be
27 non-binding upon him in any actions against Respondent WOOD by

1 third parties. However, the results of this Stipulation may
2 provide the basis for establishing prior discipline, and the basis
3 thereof, in any subsequent proceeding by the Department.

4 5. It is understood by the parties that the Real Estate
5 Commissioner may adopt the Stipulation and Agreement in Settlement
6 and Order as his decision in this matter thereby imposing the
7 penalty and sanctions on Respondent's real estate licenses and
8 license rights as set forth in the below "Order". In the event
9 that the Commissioner in his discretion does not adopt the
10 Stipulation and Agreement in Settlement and Order, the Stipulation
11 and Agreement in Settlement and Order shall be void and of no
12 effect, Respondent shall retain the right to a hearing on the
13 Accusation under all the provisions of the APA and shall not be
14 bound by any admission or waiver made herein.

15 6. The Order or any subsequent Order of the Real Estate
16 Commissioner made pursuant to this Stipulation shall not constitute
17 an estoppel, merger or bar to any further administrative or civil
18 proceedings by the Department of Real Estate with respect to any
19 matters which were not specifically alleged to be causes for
20 accusation in this proceeding.

21 DETERMINATION OF ISSUES

22 By reason of the foregoing stipulations, admissions and
23 waivers and solely for the purpose of settlement of the pending
24 Accusation without a hearing, it is stipulated and agreed that the
25 following determination of issues shall be made:

26 The conduct or omissions of Respondent J. THOMAS WOOD as
27 set forth in the Accusation for negligent failure to adequately

1 supervise employees performing acts requiring a license under the
2 corporate brokers for whom WOOD acted as designated officer,
3 constitute cause to suspend or revoke his real estate licenses and
4 license rights under the provisions of Business and Professions
5 Code Section 10177(d) for violation of Code Section 10159.2.

6 * * * * *

7 ORDER

8 WHEREFORE, THE FOLLOWING ORDER is hereby made:

9 All licenses and licensing rights of Respondent J. THOMAS
10 WOOD under the Real Estate Law are revoked.

11 * * * * *

12 I, J. THOMAS WOOD, have read the Stipulation and
13 Agreement in Settlement and Order and its terms are understood by
14 me and are agreeable and acceptable to me. I understand that I am
15 waiving rights given to us by the California Administrative
16 Procedure Act (including but not limited to Sections 11506, 11508,
17 11509 and 11513 of the Government Code), and I willingly,
18 intelligently and voluntarily waive those rights, including the
19 right of requiring the Commissioner to prove the allegations in the
20 Accusation at a hearing at which we would have the right to cross-
21 examine witnesses against me and to present evidence in defense and
22 mitigation of the charges.

23 DATED: 6/10/94

J. Thomas Wood
J. THOMAS WOOD, Respondent.

24
25 DATED: 6/14/94

Raymond Gaskill
Approved as to form,
RAYMOND GASKILL, ESQ.
Counsel for Respondent J. Thomas.
Wood.

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DATED: 6-20-94 Sean Crahan
SEAN CRAHAN, Counsel for the
Department of Real Estate.

* * * * *

The foregoing Stipulation and Agreement in Settlement and
Order is hereby adopted as my Decision and Order as to Respondent
J. THOMAS WOOD and it shall become effective at 12 o'clock noon on
July 26, 1994.

IT IS SO ORDERED June 27, 1994

CLARK WALLACE
Real Estate Commissioner

John R. Liberator

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

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

FILED
JUN -9 1994

DEPARTMENT OF REAL ESTATE
BY: *[Signature]*
No. W-25603 LA

In the Matter of the Accusation of)
)
GLEN IVY PROPERTIES, INC.,)
a California corporate broker;)
EQUITY MORTGAGE CORP., a California)
corporate broker; and J. THOMAS)
WOOD, individually and as)
designated officer of Glen Ivy)
Properties, Inc., and Equity)
Mortgage Corp.,)
)
Respondents.)

DECISION

The Proposed Decision dated May 20, 1994, of Randolph Bréndia, Regional Manager, Department of Real Estate, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter as to Respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP. only.

This Decision shall become effective at 12 o'clock noon on June 29, 1994.

DATED: May 31, 1994.

CLARK WALLACE
Real Estate Commissioner

[Signature]
BY: John R. Liberator
Chief Deputy Commissioner

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) No. H-25603 LA
)
GLEN IVY PROPERTIES, INC.,)
a California corporate broker;)
EQUITY MORTGAGE CORP., a California)
corporate broker; and J. THOMAS WOOD,)
individually and as designated)
officer of Glen Ivy Properties, Inc.,)
and Equity Mortgage Corp.,)
)
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 May 20, 1992.

Sean Crahan, Counsel, represented the Complainant.

No personal appearance was made by or on behalf of the respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP. at the hearing on this matter. Respondent J. THOMAS WOOD was severed from these proceedings as he had filed a Notice of Defense on his own behalf but not on behalf of the corporation. On proof of compliance with Government Code Section 11505, the matter proceeded as a default against GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP. pursuant to Government Code Section 11520.

The following decision is proposed, certified and recommended for adoption:

FINDINGS OF FACT

1.

The Complainant, Steven J. Ellis, a Deputy Real Estate Commissioner, made the Accusation and the Amended Accusation in his official capacity.

2.

(a) "Code Section" refers to the California Business and Professions Code.

(b) "Regulation" refers to sections in Title 10, Chapter 6 of the California Code of Regulations.

(c) "Department" means the California Department of Real Estate.

LICENSING

3.

GLEN IVY PROPERTIES, INC., a California corporation (hereafter respondent GI), is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code. ~~At all times herein mentioned, respondent GI was licensed by the Department as a corporate real estate broker. On and after January 22, 1992, respondent GI was without a designated officer and was thereafter without powers to act as a corporate real estate broker.~~

4.

EQUITY MORTGAGE CORP., a California corporation (hereafter respondent EMC), is presently licensed and/or has license rights under the Real Estate Law.

(a) At all times herein mentioned, respondent EMC was licensed by the Department as a corporate real estate broker under the license of respondent J. THOMAS WOOD until July 22, 1991.

(b) From July 22, 1991 until March 2, 1992, respondent EMC was without a designated officer and was not qualified to perform acts for which a real estate license was required.

(c) On March 3, 1992, respondent EMC became licensed under the real estate broker license of Gary Paul Rudlaff.

5.

J. THOMAS WOOD (hereafter respondent WOOD) is presently licensed and/or has license rights under the Real Estate Law.

(a) At all times herein mentioned, respondent WOOD was licensed by the Department as a real estate broker and, after July 22, 1991, as a restricted real estate broker.

~~(b) By Order dated July 17, 1991, respondent was granted~~ the right to a restricted license. Among the conditions to the restricted license issued to respondent WOOD was that he not further violate the Real Estate Law. In pertinent part, the Order dated July 1, 1991, provides:

...[T]he Real Estate Commissioner may by appropriate Order suspend the right to exercise any privileges granted under the restricted license in the event of...

(b) The receipt of evidence that respondent WOOD has violated provisions of the California Real Estate Law, the Subdivided Land Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

(c) On or about January 22, 1992, respondent WOOD resigned as designated officer of respondent GI.

CORPORATE STRUCTURE AND FUNCTION

6.

~~(a) Respondent GI was incorporated on April 8, 1986.~~
Respondent GI was engaged in real estate sales. Respondent GI's officers and directors as of April 2, 1991 were:

- (i) Ralph Mann, Chief Executive Officer;
- (ii) Paula Bickett, Secretary;
- (iii) Peter J. Guimmo, Chief Financial Officer.

(b) As of November 18, 1992 respondent GI's officers and directors were:

- (i) Hurley C. Reed, Chief Executive Officer, Secretary, and Chief Financial Officer;
- (ii) Ralph Mann, Director.

(c) Respondent GI, for or in expectation of compensation, solicited purchasers for and negotiated sales of time-share interests, also known as time-share intervals, on behalf of Glen Ivy Resorts, Inc. to the public. Salespersons (both licensed and unlicensed) licensed to or otherwise employed by respondent GI received the purchaser's down payments and negotiated with prospective purchasers the terms of purchase of time-share intervals.

7.

(a) Respondent EMC was incorporated on May 16, 1980. As of September 20, 1990, respondent EMC's directors and officers were:

- (i) Ralph Mann, Chief Executive Officer;
- (ii) Paula Bickett, Secretary;
- (iii) Peter J. Guimmo, Chief Financial Officer.

(b) As of November 19, 1992, respondent EMC's directors and officers were:

- (i) Ralph Mann, Chief Executive Officer;
- (ii) Paula Bickett, Secretary;
- (iii) Peter J. Giummo;
- (iv) Thomas P. Williams (Trustee), Director.

(c) Respondent EMC, for or in expectation of compensation, was engaged as a mortgage loan broker for commercial, residential, and time-share mortgages. Respondent EMC collected payments from time-share interval purchasers on the purchase money loans carried back by Glen Ivy Resorts, Inc. Respondent EMC received purchasers' loan payments and placed them in lock box accounts with lenders. EMC also billed and collected maintenance assessment and "use fees" for Glen Ivy Management, Inc.

INTER-CORPORATE ORGANIZATION

8.

(a) Respondents GI and EMC were part of a group of related companies owned by Glen Ivy Holdings, Inc. (hereafter GIH). GIH is the parent company of all corporations described in this paragraph and paragraph 9 below.

(b) GIH was incorporated in California as Eleven Lincoln, Inc., on December 10, 1990. On June 7, 1991, the name was changed to Glen Ivy Holdings, Inc. As of December 10, 1990, officers and directors of GIH are:

- (i) Ralph Mann, Chief Executive Officer and Chief Financial Officer;
- (ii) Paula Bickett, Secretary.

(c) GIH purchased 100% of the stock of Glen Ivy Financial, Inc. on March 22, 1991. Glen Ivy Financial was the original Glen Ivy company and was sold to General Development of Florida in 1989. General Development filed bankruptcy. Ralph Mann created Eleven Lincoln which repurchased Glen Ivy Financial.

(d) GIH owns all the subsidiaries and acts as a holding company. These companies were so interrelated in their functions and operations that they operated as one.

(e) GIH and its subsidiaries may from time to time herein be referred to collectively as Glen Ivy.

9.

Other corporations subsidiary to GIH include:

(a) Glen Ivy Financial Group, Inc. (hereafter GIFG), was incorporated in California as Glen Ivy R.V. Park, Inc., on April 4, 1975. On December 1, 1982, the name was changed to Glen Ivy Financial Group, Inc. Articles of GIFG were refiled on August 8,

1990. GIFG's business was that of a developer and owner of real estate time-share projects and the financing and loan servicing of notes secured by time-share intervals. As of April 2, 1991, the officers and directors of GIFG were:

- (i) Ralph Mann, Chief Executive Officer;
- (ii) Paula Bickett, Secretary;
- (iii) Peter J. Giummo, Chief Financial Officer.

(b) Glen Ivy Resorts, Inc. (hereafter GIR) was incorporated in California as The Plaza of Palm Springs, Inc. on June 10, 1982. The corporate name was changed to Glen Ivy Resorts, Inc., on October 30, 1986. As of April 24, 1989, the officers and directors of GIR were:

- (i) Ralph Mann, Chief Executive Officer and Chief Financial Officer;
- ~~(ii) Paula Bickett, Secretary;~~
- (iii) Hurley Reed, Director.

GIR's business was real estate acquisition. GIR was the owner and developer of the several Glen Ivy time-share resorts. Grant deeds to purchasers were from GIR as grantor. Public reports and Out-Of-State Permits were issued by the Department to GIR authorizing GIR to sell time-share intervals to the public.

(c) Glen Ivy Management Company, Inc. (hereafter GIM) was incorporated in California on August 5, 1985. As of July 27, 1990, the officers and directors of GIM were:

- (i) Ralph Mann, Chief Executive Officer;
- (ii) Paula Bickett, Secretary;
- (iii) Peter J. Gimmo, Chief Financial Officer;
- (iv) Hurley Reed, Director.

GIM managed the resorts affiliated with the Glen Ivy corporations. GIM's functions included managing the homeowners associations of each GIR resort, assessing and billing maintenance fees, maintenance of each resort, staffing, reservations, and other related activities.

(d) U.S. Fidelity Escrow, Inc. (hereafter USFE), was incorporated in California in 1990. As of May 28, 1991, the officers and directors of USFE were:

- (i) Christopher F. Gallagher, Chief Executive Officer, Chief Financial Officer, Director;
- (ii) Rhonda Guimmo, Secretary, Director.

USFE, an escrow company licensed by the California Department of Corporations, escrowed all of the Glen Ivy sales since approximately October, 1990, when it was formed.

COMMON TO ALL GLEN IVY PROJECTS
FLAGRANT COURSE OF FALSE PROMISES

10.

Respondent GI, as broker for the Glen Ivy projects, engaged in a continued and flagrant course of making false promises to purchasers.

(a) Pursuant to written California Agreements To Purchase And Escrow Instructions (hereafter Agreements) entered into between GIR and purchasers, and pursuant to public reports and permits issued by the Department, all purchase funds were to be held in escrow until title was delivered to buyers by recorded conveyances. If recorded conveyances were not delivered within one year from the date of the Agreement, GIR was to instruct escrow to return all buyers' down payments and payments made on notes carried back by GIR (hereafter "purchase money funds").

(b) As early as December, 1989, GIR, respondents GI and EMC engaged in the practice of selling more time-share intervals in the GIR resorts than GIR had time-share intervals available to sell (hereafter "overselling"). GIR and respondents GI and EMC, in December, 1989, had established a policy that, "Due to unavailable inventory, some sales cannot be recorded immediately." This was the result of overselling the available time-share intervals. Under this policy, grant deeds in favor of persons to whom time-share intervals were oversold were to be stored in "sale date order", to be recorded when deed-backs from prior purchasers were recorded.

(c) Respondents GI and EMC administratively segregated recorded owners from unrecorded owners:

(i) Recorded owners were listed on "Account Files Listings"; and

(ii) Unrecorded owners were listed on "Use Fee Lists".

(iii) Thus, there were two classes of owners of GIR time-share intervals; recorded owners and unrecorded owners. As of on or about February 1, 1992, there were approximately 3,667 owners whose intervals were not recorded.

(d) Respondents GI and EMC treated unrecorded owners the same as recorded owners. In both cases, respondent EMC received and disbursed all purchase funds, including payments on purchase money loans, to GIR or to its lenders, regardless of whether or not the purchaser received a recorded conveyance.

(e) In addition, respondent EMC charged both recorded and unrecorded owners assessment fees, labeled "use fees" when charged to unrecorded owners. GIR had no contractual authority to collect "use fees" from unrecorded owners. Both assessment fees and "use

fees" were used to pay the expenses of Glen Ivy. "Use fees" paid by recorded owners were the property of the homeowners' associations charged with the management of their particular time-share project. However, respondent EMC diverted the "use fees" to the use and benefit of Glen Ivy.

(f) Respondents GI and EMC, as broker and loan servicer respectively, owed a duty to inform prospective purchasers that the particular time-share interval had previously been sold but failed to so inform those purchasers who had purchased oversold intervals that they were purchasing a previously sold time-share interval, or were otherwise making what was, at best, a "back-up" offer. Unrecorded purchasers reasonably believed they had purchased a time-share interval from GIR and would, in accordance with the Agreement, receive title to their time-share interval.

(g) In addition to the promises made in the Agreements, from time to time, respondents GI and EMC made specific false oral promises that GIR would deliver a grant deed to the purchasers. Purchasers who were told they would receive a grant deed, but who did not receive a grant deed, include but are not limited to the following:

<u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>
DESERT BREEZES		
M. C. Keithley	DB 4485	11-7-91
Daniel Robert Lessard	DB 4474	9-8-91
Judy Evelyn Best	DB 4412	8-28-91
Sabina M. Pradmore	DB 4423	8-28-91
Melvin A. Cooper	DB 4427	8-29-91
Arthur & Deborah Foosaner	DB 4404	7-8-91
HAVASU DUNES		
Ronald L. McKinney	HD 6659	10-9-91
James Michael Johnson	HD 6550	9-13-91
Gary C. Randall	HD 6133	7-12-90
William Maxwell Wesley	HD 6068	7-11-90
Michael A. Corfield	HD 6083	7-10-90
Jack L. Julian	HD 6016	7-8-90
Angela Spell	HD 6005	7-8-90
Eva Keesee	HD 6038	7-7-90
Cheryl Ann Winfrey	HD 5865	6-30-90
Thomas W. Watson	HD 5875	6-30-90
Otto Woltke	HD 5898	6-24-90
Sheila M. Itow	HD 5710	6-24-90
Cheryl A. Whiting	HD 5751	6-24-90
Nancy Ramos-Garcia	HD 5720	6-23-90
Robert Kendall Burdette, Jr.	HD 2922	8-10-89

PONA KAI

Thomas James Harris	KI 8525	11-4-90
Robert E. Rickles	KI 10506	2-14-90
Maxine Tier	KI 8037	2-4-90
Alana Ebner	KI 10663	1-10-90
David W. Bradbury	KI 10306	11-12-89
Allen E. Johnson	KI 7731	12-3-88

LAGUNA SURF

Howard & Janice Churchill	LS 1829	10-22-91
Robert Leroy Caldwell	LS 1824	10-20-91

PARK REGENCY

James Archie & Andrew Joyce	PR 6340	6-16-91
Gigi & Daniel Collins	PR 6303	4-27-91

PLAZA RESORT

Celia Irene Brandon	PL 6981	7-20-91
Felix E. Sutherland	PL 7169	8-5-90
Ronald & Toyomi Harrington	PL 7157	8-5-90
Robert Munoz	PL 7135	8-4-90
Gail Theresa Wiebe	PL 7130	8-3-90
Shinji Sugimoto	PL 6927	7-28-90
Richard D. White	PL 6891	7-26-90
Gerald & Ravanna Hessler	PL 6893	7-26-90
Jose Felicito Laudencia	PL 6901	7-26-90
Mary A. Parker	PL 6909	7-25-90
Timothy S. Payne	PL 6898	7-22-90
Daniel Yue-King Chan	PL 6889	7-22-90
Michael John Clark	PL 6771	7-19-90
Olga W. Lyons	PL 7175	8-89

VISTA MIRAGE

Lynn Cherry	VM 3535	4-4-91
Judy D. & Kenneth Morris	VM 3527	3-30-91
Marlin J. Griffin	VM 3552	3-16-91
John Merlin Nelson	VM 1222	9-23-90

SAN LUIS

Candice K. Yardley	SL 4238	7-29-90
Otis & Nita Brantley	SL 4234	7-27-90
John M. Habbick	SL 4385	6-21-90

PARK PLAZA

Carmen L. Gonzalez	UT 6311	5-18-91
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MISREPRESENTATION OF THE TERMS OF THE TRANSACTION

11.

From time to time as herein below set forth, personnel from respondent GI represented to purchasers of time-share intervals that they would receive a deed to the time-share interval after they paid off the loan. This was contrary to the terms of purchase which, under the written Agreements and under the various public reports and permits issued by the Department, required title to be conveyed to the purchasers prior to the disbursal of purchasers' payments to GIR or its lenders. Purchasers to whom these representations were made include but are not limited to:

<u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>
Steven Charles Lindsay	KI 10693	11-17-90
Richard Thomas Guriel	PL 7166	7-22-90
Felicia Karen Jordahl	PL 7036	8-1-90
Matthew & Melody Nikola	PL 6828	7-20-90
Robert J. Hollingshead	PL 6874	7-17-90
Trinet K. Stockwell	PL 6972	7-28-90
Trenton Clay Prall	PL 7304	10-3-91
Gary Blake Gilmore	PL 7057	8-2-90
Patricia Sund	PR 6224	4-11-91
Carolyn Irene Brothers	PR 6311	4-28-91
Abraham Kitsinian	SL 4747	9-24-90
Winston Errol Pingrey	SL 4796	10-20-90

SALES WITHOUT PUBLIC REPORTS

12.

Respondent GI sold GIR time-share intervals to the public without a public report or an out-of-state permit having been issued prior to said sales, or, after a time the public report or out-of-state permit had expired. Persons who purchased time-share intervals through respondent GI from GIR without such permit or out-of-state permit include but are not limited to the following:

<u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>
Stephen Charles Lindsay	KI 10693	11-17-90
Euriel Merrick	UT 6110	2-3-91
Robert & Yolanda Ramirez	UT 6268	4-21-91
Michael J. Ruffner	UT 6273	4-21-91
Jose R. Chacon	UT 6285	4-28-91
Lloyd Albert Griffiths	UT 6303	5-2-91
Carmen L. Gonzalez	UT 6311	5-18-91

SALES BY UNLICENSED SALESPERSONS

13.

(a) From time to time, as hereinbelow set forth, respondents GI and WOOD employed or compensated persons not licensed by the Department to negotiate with prospective purchasers for the purchase of time-shares from GIR. Unlicensed salespeople negotiated the following transactions:

	<u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>	<u>Unlicensed Salesperson</u>
(1)	Jack L. Julian	HD 6106	7-8-90	Bernie Breeding
(2)	Howard A. Churchill	LS 1829	10-22-91	Doug Hiles
(3)	Robert L Caldwell	LS 1824	10-20-91	Nigel Gibbs
(4)	Howard Rudoff Howard Rudoff	PL 7103 PL 7103	8-2-90 8-2-90	Bernadette Alba Bernard Alba
(5)	Stephen C. Lindsay Stephen C. Lindsay	KI 10693 KI 10693	11-17-90 11-17-90	John Richard LaRoe Lockhart
(6)	Edgardo V. Molina	VM 3584	4-30-91	Susan Pint

(b) Respondent WOOD was, in addition to being the designated officer of GI, the manager of GI's offices in Newport Beach and San Diego, California. Sales transactions numbered (1) through (6), inclusive, were negotiated at GI's Newport Beach or San Diego offices.

(c) The employment or compensation by respondents GI and WOOD of unlicensed salespeople, as set forth hereinabove, subjects their licenses and license rights to suspension or revocation under the provisions of Code Section 10137.

DESERT BREEZES

14.

(a) On or about July 25, 1991, the Department issued a Consolidated Final Subdivision Public Report, Time-share Project, File Nos. 010095HF-A04 and 010116HF-A03, for the Desert Breezes Resort Time-share to GIR for a total of 76 units in the project and that GIR intended to sell 51 weeks per unit for a total of 3,876 time-share intervals. The Public Report states the following regarding the handling of buyers' funds:

Purchase Money Handling:

In accordance with Business and Professions Code, Section 11013.4(a), all purchase money will be deposited with Emerald Escrow (substituted by on July 25, 1991 with U.S. Fidelity Escrow)...and will be released to the Sponsor concurrently with the conveyance of your time-share to you. If your escrow does not close within one (1) year of the date it is opened for reasons other than your default, then your purchase money will be returned to you by the escrow holder without deduction.

(b) In connection with sales of Desert Breezes, GIR entered into written California Agreements to Purchase and Escrow Instructions (Agreements) which provided that, at the close of escrow, buyer was to receive a recorded grant deed and seller was to receive a recorded trust deed and that "§7.5 If escrow does not close by one year from the date first above written...Seller shall instruct Escrow Holder to return all money remitted by Buyer under the terms of this Agreement ("purchase money") to be refunded to Buyer..."

(c) Purchasers of Desert Breezes time-shares to whom title had been conveyed were required by the Covenants, Conditions and Restrictions to pay assessments. Without contractual right, respondent EMC billed for and collected "use fees" from purchasers to whom no recorded grant deed was delivered, as more specifically alleged below.

15.

Kasai Transaction

On or about June 29, 1991, David S. Kasai (Kasai) purchased a time-share interval at the Desert Breezes from GIR through respondent GI, who acted as agent for or in expectation of compensation. Kasai purchased an Imperial Unit in the High Season for \$8,900.00, Glen Ivy account number DB 4387, with \$937.00 down and GIR carried back promissory note for \$7,963.00, payable \$153.21 per month for 84 months secured by a trust deed on the time-share unit.

(a) At no time did GIR deliver a recorded grant deed to Kasai. At no time herein has GIR conveyed title to Kasai. At no time herein did GIR return his purchase money funds to Kasai. The Kasai escrow never closed.

(b) Respondent GI memorialized the Kasai agreement on an Agreement, Section 7 of which provides:

(¶) 7. Escrow Instructions:

All Buyer's funds received by Seller shall be deposited in a broker trust account or in a neutral escrow depository upon acceptance by Seller of Buyer's offer... All buyer's funds shall remain in escrow until the conditions to close of escrow in paragraphs 7.3 and 7.4 have been satisfied.

(i) In connection with the issuance of the Public Report for Desert Breezes, GIR submitted and the Department approved escrow instructions which provided as follows:

(¶) 7. Escrow Instructions:

All Buyer's funds received by Seller shall be deposited in a neutral escrow depository upon acceptance by Seller or Buyer's offer. All Buyer's funds shall remain until the conditions to close of escrow in paragraphs 7.3 and 7.4 have been satisfied.

(ii) Respondent GI used non-approved escrow instructions, which stated they could place buyers' purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(c) Kasai made mortgage payments which were collected by respondent EMC. EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(d) Without having conveyed title to Kasai, on or about October 22, 1991, GIR billed Kasai, and Kasai made payments for a maintenance assessment fee of \$101.75 to respondent EMC. This was a fraudulent act by respondent EMC and was in willful violation of Code Section 11013.4(a).

(e) At no time was Kasai told anything about a right to rescission. Respondent GI stapled the rescission form underneath the Public Report receipt form in willful violation of Regulation 2813.13 which requires the notice of right to rescission to be "attach[ed] to the face page of every copy of a subdivision public report given to a prospective purchaser..."

(f) Kasai tried to reserve a weekend of Bonus Time (time other than the entitled week) at the Desert Breezes two (2) months in advance. He could not get in at the Desert Breezes, but got in the Plaza (a lesser quality resort). Kasai was told he had to make reservations at least six (6) months in advance for his resort.

Xie Transaction

On or about August 28, 1991, Jian Yu Xie (Xie) and Yang Xiao Mei (Mei) purchased a time-share interval at Desert Breezes from GIR through respondent GI who acted as agent for or in expectation of compensation. Xie and Mei purchased an Imperial Suite in the High Season for \$10,900.00, Glen Ivy account number DB 4411, with \$1,090.00 down and Glen Ivy carried back a promissory note for \$9,810.00, payable over 84 months secured by a trust deed on the time-share unit.

(a) Xie was told by respondent GI all document processing would be finished in about three (3) months. At no time did GIR deliver a recorded grant deed to Xie and Mei. At no time herein has GIR conveyed title to Xie and Mei. At no time herein did GIR return their purchase money funds to them. The Xie and Mei escrow never closed.

(b) Respondent GI negotiated the purchase of the time-share unit between GIR and Xie and Mei by use of the Agreement, set forth in paragraph 15 above, in willful violation of Regulations 2800(c) and 2810.6(e).

(c) Xie made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Business and Professions Code 11013.4(a).

(d) Respondent GI gave or caused to be given to Xie and Mei a voucher waiving the homeowners' maintenance assessments for 1992. This is a financial inducement which was not approved of in the Public Report, not disclosed to the Department, and which violates Regulations 2800(d)(2) and 2810.6(d).

(e) Xie attempted to cancel the time-share interval when he found out it had not been recorded. He was told by Glen Ivy he had to keep it otherwise they would make an adverse report about him to TRW.

Pabon Transaction

On or about September 1, 1991, Billy A. and Rosa E. Pabon (hereafter Pabons) purchased a time-share interval at the Desert Breezes from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Pabons purchased an Imperial Unit in the Prime Season for \$12,900, Glen Ivy account number DB 4454. The Pabons made this purchase at GI's office in San Diego through respondent WOOD. The Pabons paid \$1,290.00 down and GIR carried back a promissory note for \$11,610.00, payable \$223.38 per month over 84 months secured by a trust deed on the time-share unit.

(a) At no time did GIR deliver a recorded grant deed to the Pabons. At no time herein has GIR conveyed title to the Pabons. At no time herein did GIR return their purchase money funds to them. The Pabon escrow never closed.

(b) Respondents GI and WOOD negotiated the purchase of the time-share unit between GIR and the Pabons by use of the Agreement, set forth in paragraph 15 above, in willful violation of Regulations 2800(c) and 2810.6(e).

(c) The Pabons made mortgage payments to respondent EMC. These payments were not placed into escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(d) GIR waived the Pabons' first calendar year's (1991) homeowners' maintenance fees by a letter from GI, signed by respondent WOOD which stated that their first year's maintenance fee will be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

HAVASU DUNES

18.

(a) On or about March 7, 1991, the Department issued an Out-of-State Time-share Permit, File No. 001060HS-FOO, for the Havasu Dunes Condominiums - Unit Two, aka Havasu Dunes III, to Glen Ivy Resorts, Inc. The Permit states there are a total of 1,683 time-share estates available.

(b) On or about September 12, 1991, the Department issued an Amended Consolidated Out-of-State Time-share Permit, File Nos. 001051HS-A01 (Phase I) and 001055HS-A01 (Phase II), for the Havasu Dunes (Phases I and II) to Glen Ivy Resorts, Inc. The Permit states there are a total of 3,111 time-share estates available. All three (3) phases will be commonly referred to as Havasu Dunes.

(c) The Permit for Phases I and II states the following regarding the handling of buyers' funds:

Purchase Money Handling:

In accordance with Sections 11013, and 11013.4(a), of the Business and Professions Code, the sponsor must impound all funds in an escrow account at U.S. Fidelity Escrow Inc., 268 N. Lincoln Ave., Suite 2, Corona, CA-91720, until title is delivered to you. If your escrow has not closed within one (1) year of the date of its opening, you may request return of your deposit.

(d) The Permit for Phase III states the following regarding the handling of buyers' funds:

Purchase Money Handling:

In accordance with Sections 11013, 11013.1 and 11013.4(a), of the Business and Professions Code, the sponsor must impound all funds in an escrow account at U.S. Fidelity Escrow Inc., 268 N. Lincoln Ave., Suite 2, Corona, CA 91720, until title is delivered to you. If your escrow has not closed within one (1) year of the date of its opening, you may request return of your deposit.

No escrow may close until such time as escrows of 337 of the time sharing interests close at substantially the same time.

(e) There were a total of 4,794 time-share intervals available at Havasu Dunes. GIR and respondent GI sold approximately 4,910 time-share intervals in Havasu Dunes to the public. This was approximately 116 intervals more than GIR or GI were permitted to sell. This conduct constituted negligence, fraud or dishonest dealing.

19.

Julian Transaction

On or about July 8, 1990, Jack L. and Charlotte M. Julian (hereafter the Julians) purchased a time-share interval at the Havasu Dunes (Phase II) from GIR through respondent GI who acted as agent for or in expectation of compensation. The Julians purchased an Imperial Mini Unit in the Prime Season for \$8,900.00, Glen Ivy account number HD 6106, with \$890 down and GIR carried back a promissory note for \$8,010.00, payable \$149.67 per month over 84 months secured by a trust deed on the time-share. The Julians made their purchase at respondent GI's office in San Diego through agent, Bernie Breeding.

(a) The Julians were told they would receive a deed in 30 days. At no time did GIR deliver a recorded warranty deed to the Julians. At no time herein has GIR conveyed title to the Julians. At no time herein has GIR returned purchase money funds to the Julians. The Julians' escrow never closed.

(b) The Julians made the mortgage payments to respondent EMC. As escrow had not closed, these payments were purchase money funds. Respondent EMC did not place these mortgage payments into escrow as required by the Agreement or Out-of-State Time-share Permit and Code Section 11013.4(a).

(c) The Julians were billed for and paid to respondent EMC maintenance and use fees. Respondent EMC's collection of maintenance and use fees without title having been conveyed to the Julians constitutes fraud or dishonest dealing.

(d) GIR waived the Julians' first calendar year's (1991) homeowners' maintenance fees by a letter from GI, signed by respondent WOOD which stated that their 1990 maintenance fee will be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

20.

Butcher Transaction

On or about July 11, 1990, Ronald I. and Eileen L. Butcher (hereafter the Butchers) purchased a time-share interval at the Havasu Dunes (Phase II) from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Butchers purchased a Mini Unit in the Prime Season for \$8,900.00; Glen Ivy account number HD 6212, with \$890.00 down. GIR carried back a promissory note for \$8,010.00 payable \$149.67 per month over 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded warranty deed to the Butchers. At no time herein has GIR conveyed title to the Butchers. At no time herein did GIR return the Butchers' purchase money funds to them. The Butchers' escrow never closed.

(b) The Butchers made mortgage payments by auto-draft from their checking account to respondent EMC. These mortgage payments were not placed in escrow as required by the Agreement or Out-of-State Time-share Permit and in willful violation of Code Section 11013.4(a).

(c) The Butchers received billings for and paid respondent EMC "use fees" for 1991 and 1992. The billing for these fees by respondent EMC is fraud or dishonest dealing.

(d) GIR waived the Butchers' first calendar year's (1990) maintenance fees by a letter from GI, signed by respondent WOOD, which stated that their 1990 maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

21.

Johnson Transaction

On or about June 27, 1990, Robert Herbert and Deborah Ann Johnson (hereafter the H. and D. Johnsons) purchased a time-share interval at Havasu Dunes from GIR through respondent GI, who acted as agent for or in expectation of compensation. The H. and D. Johnsons purchased a one-bedroom unit in the "off" season for

\$8,900.00, Glen Ivy account number HD 6281, with \$1,000.00 down. GIR carried back a promissory note for \$7,900.00, payable \$150.00 per month over 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded warranty deed to the H. and D. Johnsons. At no time herein has GIR conveyed title to the H. and D. Johnsons. At no time herein did GIR return the H. and D. Johnsons' purchase money funds to them. The H. and D. Johnsons' escrow never closed.

(b) The H. and D. Johnsons made mortgage payments to respondent EMC. These mortgage payments were not placed in escrow as required by the Agreement, Out-of-State Time-share Permit and Code Section 11013.4(a).

(c) The H. and D. Johnsons were billed for and paid to respondent EMC maintenance and use fees. Respondent EMC's collection of maintenance and use fees constitutes fraud or dishonest dealing.

(d) Respondent GI did not inform the H. and D. Johnsons of their rescission rights nor supply them with a copy of these rights. These omissions were in willful violation of Code Sections 11000.2 and 11024 and Regulation 2813.13.

22.

McKinney Transaction

On or about October 9, 1991, Ronald L. and Charlotte L. McKinney (hereafter the McKinneys) purchased a time-share interval at the Havasu Dunes from GIR through respondent GI, who acted as agent for or in expectation of compensation. The McKinneys purchased a two-bedroom Presidential Unit in the Prime Season for \$13,900.00, Glen Ivy account number HD 6659. The McKinneys traded in the equity they had in a Desert Breezes Unit of \$3,184.78 as their down payment. GIR carried back a promissory note for \$10,715.22, payable at \$177.89 per month over 84 months secured by a trust deed on the time-share.

(a) The McKinneys were told they would receive a warranty deed in 90 days. At no time did GIR deliver a recorded warranty deed to the McKinneys. At no time herein has GIR conveyed title to the McKinneys. At no time herein did GIR return the McKinneys' purchase money funds to them. The McKinneys' escrow never closed.

(b) The McKinneys made the mortgage payments to respondent EMC. EMC did not place these mortgage payments into escrow as required by the Agreement, Permit and Code Section 11013.4(a).

(c) GIR waived the McKinneys' 1991 maintenance fees by a letter from GI. This is a financial inducement which was not

approved in the Public Report, nor disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(d) Respondent GI did not inform the McKinneys of their rescission rights nor supply them with a copy of these rights. These omissions were in willful violation of Code Sections 11000.2 and 11024 and Regulation 2813.13.

(e) Respondent GI did not provide McKinney with a copy of the Permit in willful violation of Code Section 11018.1.

LAGUNA SURF

23.

On or about April 16, 1991, the Department issued a Renewed and Amended Final Subdivision Public Report, Time-share Project, File No. 010086 HF-A04, for the Laguna Surf to GIR. The Public Report states there are 1,275 time-share intervals. The Public Report states the following regarding the handling of buyers' funds:

Purchase Money Handling:

In accordance with Sections 11013.2 (a) and 11013.4 (a) of the Business and Professions Code, all purchasers' funds will be impounded in an escrow depository with U.S. Fidelity Escrow, Inc., 268 N. Lincoln Ave., Suite 2, Corona, CA 91720, until legal title to a time-share is delivered to the purchaser. If the escrow has not closed on your time-share within one (1) year of the date of escrow opening, you may request return of your deposit.

24.

Legg Transaction

- On or about October 19, 1991, Bruce and Mary T. Legg (hereafter the Leggs) purchased a time-share interval at the Laguna Surf from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Leggs purchased a Surf Prime Unit for \$14,900.00, Glen Ivy account number LS 1828. The Leggs traded their equity in their Pono Kai time-share to purchase the Laguna Surf time-share and were credited with a down payment of \$4,523.04. GIR carried back a promissory note for \$10,376.96, payable \$172.27 per month over 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded grant deed to the Leggs. At no time herein has GIR conveyed title to the Leggs. At no time herein did GIR return the Leggs' purchase money funds to them. The Leggs' escrow never closed.

(b) The Leggs made mortgage payments by withdrawals from their bank account to respondent EMC. Respondent EMC did not place

these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI failed to provide to the Leggs a copy of the Public Report for the Laguna Surf when he purchased this time-share in willful violation of Code Section 11018.1.

(d) Respondent GI did not inform the Leggs of their rescission rights nor supply them with a copy of these rights. These omissions were in willful violation of Code Sections 11000.2 and 11024 and Regulation 2813.13.

25.

Churchill Transaction

On or about October 22, 1991, Howard A. and Janice E. Churchill (hereafter the Churchills) purchased a time-share interval at the Laguna Surf from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Churchills purchased a Surf Prime Unit for \$14,900.00, Glen Ivy account number LS 1829. The Churchills traded in their equity from a Havasu Dunes Unit as their down payment of \$2,431.40. GIR carried back a promissory note for \$12,468.60, payable \$216.78 per month over 84 months secured by a trust deed on the time-share.

(a) The Churchills were told they would receive a recorded Grant Deed for their purchase. At no time did GIR deliver a recorded grant deed to the Churchills. At no time herein has GIR conveyed title to the Churchills. At no time herein did GIR return the Churchills' purchase money funds to them. The Churchills' escrow never closed.

(b) The Churchills made payments by auto-draft through their account to respondent EMC. Respondent EMC did not place their mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI failed to provide to the Churchills a copy of the Public Report for the Laguna Surf when they purchased this time-share in willful violation of Code Section 11018.1.

(d) Howard Churchill was at no time able to make a reservation at the Laguna Surf because nothing was available at the times he requested reservations.

26.

Caldwell Transaction

On or about October 20, 1991, Robert L. and Dolores P. Caldwell (hereafter the Caldwells) purchased a time-share interval at the Laguna Surf from GIR through respondent GI who acted as agent for or in expectation of compensation. The Caldwells purchased a

one-bedroom "Surf Prime" Unit for \$15,900.00, Glen Ivy account number LS 1824, with \$3,180.00 down. GIR carried back a promissory note for \$12,720.00 at 11.5% interest, payable \$211.17 per month over 84 months secured by a trust deed on the time-share. The Caldwells made this purchase at respondent GI's office in Newport Beach from salesperson Nigel Gibbs.

(a) The Caldwells were told they would receive a grant deed at close of escrow which was to be in 30 days. At no time did GIR deliver a recorded grant deed to the Caldwells. At no time herein has GIR conveyed title to the Caldwells. At no time herein did GIR return the Caldwells' purchase money funds to them. The Caldwells' escrow never closed.

(b) The Caldwells made payments by automatic withdrawal from their checking account to respondent EMC. The Caldwells made these payments for five (5) months, from December, 1991, to April, 1992, until they stopped the withdrawals. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI negotiated the purchase of the time-share unit by the Caldwells and memorialized said agreement on a Purchase Agreement and Escrow Instructions. Section 7 of this Agreement provides:

All Buyer's funds received by Seller shall be deposited in a broker trust account or in a neutral escrow depository within two (2) business days of acceptance by Seller of Buyer's offer. Buyer and Seller shall open an escrow to implement the purchase and sale of the Time-share Estate contemplated by this Agreement with Escrow Holder within 30 days after acceptance by Seller. All Buyer's funds shall remain in escrow until the conditions to Close of Escrow in Sections 7.3 and 7.4 have been satisfied.

(i) In connection with the issuance of the Public Report for Laguna Surf, GIR submitted and the Department approved escrow instructions which provided as follows:

(¶) 7. Escrow Instructions.

All Buyer's funds received by Seller shall be deposited in a neutral escrow depository upon acceptance by Seller of Buyer's offer. All Buyer's funds shall remain in escrow until the conditions to Close of Escrow in Sections 7.3 and 7.4 have been satisfied.

(ii) Respondent GI used non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of --- Regulations 2800(c) and 2810.6(e).

PARK PLAZA

27.

On or about June 11, 1991, the Department issued to GIR a Renewed and Amended Out-of-State Time-share Permit, File No. 001040HS-AO3, for the Park Plaza VIP Club, aka Park Plaza Resort. The Permit states the following regarding the handling of buyers' funds:

Purchase Money Handling

In accordance with Sections 11013, 11013.1 and 11013.2(a) of the Business and Professions Code, the sponsor must impound all funds in a neutral escrow depository until title is delivered to you. If your escrow (transaction) has not closed within 365 days of the date of its opening, you may request return of your deposit.

28.

Kirchberg Transaction

On or about May 4, 1991, Jerome Michael and Evelyn M. Kirchberg (hereafter the Kirchbergs) purchased a time-share interval at the Park Plaza from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Kirchbergs purchased a Presidential Unit in the Winter Season for \$8,900.00, Glen Ivy account number UT 6296, with \$1,700.00 down. GIR carried back a promissory note for \$7,200.00 secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded warranty deed to the Kirchbergs. At no time herein has GIR conveyed title to the Kirchbergs. At no time herein did GIR return the Kirchbergs' purchase money funds to them. The Kirchbergs escrow never closed.

(b) The Kirchbergs made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report Code Section 11013.4(a).

(c) Respondent EMC assessed the Kirchbergs and the Kirchbergs paid a use fee of \$120.00 on or about October 17, 1991, to GIR through respondent EMC. This was a fraudulent act by respondent EMC.

(d) GIR waived the Kirchbergs' first year's (1991) maintenance fees by a letter from GI, signed by respondent WOOD which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(e) Respondent GI did not inform the Kirchbergs of their rescission rights nor supply them with a copy of these rights. These omissions were in willful violation of Code Sections 11000.2 and 11024 and Regulation 2813.13.

29.

Lee Transaction

On or about June 22, 1991, Lawrence S. and Shirley A. Lee (hereafter the Lees) purchased a time-share interval at the Park Plaza from GIR through respondent GI who acted as agent for or in expectation of compensation. The Lees purchased a Mini Suite in the High Season, also know as the White Season, for \$8,900.00, Glen Ivy account number UT 6333 with \$890.00 down. GIR carried back a promissory note for \$8,010.00, payable \$154.12 per month for 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded warranty deed to the Lees. At no time herein has GIR conveyed title to the Lees. At no time herein did GIR return the Lees' purchase money funds to them. The Lees' escrow never closed.

(b) The Lees made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent EMC assessed the Lees and the Lees paid a use fee to GIR through respondent EMC. This was a fraudulent act by respondent EMC.

(d) The Lees were told by John Duncan of GI that once they signed the purchase documents, they had no rescission rights and could not rescind the sale. This was a misrepresentation and fraud or dishonest dealing by respondent GI.

30.

McGowan Transaction

On or about June 23, 1991, David T. and Marie V. McGowan (hereafter the McGowans) purchased a time-share interval at the Park Plaza from GIR through respondent GI, who acted as agent for or in expectation of compensation. The McGowans purchased a Mini Suite in the High Season for \$9,900.00, Glen Ivy account number UT 6344, with \$990.00 down. GIR carried back a promissory note for \$8,910.00, payable \$171.43 per month for 84 months secured by a trust deed on the time-share.

(a) The McGowans were told by respondent GI that escrow would take about 30 days and that they would receive a recorded warranty deed in 30 days. At no time did GIR deliver a recorded warranty deed to the McGowans. At no time herein has GIR conveyed

title to the McGowans. At no time herein did GIR return the McGowans' purchase money funds to them. The McGowans' escrow never closed.

(b) The McGowans made mortgage payments by automatic withdrawal from their checking account to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI negotiated the purchase of the time-share unit by the McGowans and memorialized said agreement on a Purchase Agreement and Escrow Instructions. Section 7 of said Agreement provides:

All Buyer's funds received by Seller shall be deposited in a broker trust account or in a neutral escrow depository within two (2) business days of acceptance by Seller of Buyer's offer. Buyer and Seller shall open an escrow to implement the purchase and sale of the Time-share Estate contemplated by this Agreement with Escrow Holder within 30 days after acceptance by Seller. All Buyer's funds shall remain in escrow until the conditions to Close of Escrow in Sections 7.3 and 7.4 have been satisfied.

(i) In connection with the issuance of the Public Report for Park Plaza, GIR submitted and the Department approved escrow instructions which provided as follows:

(i) 7. Escrow Instructions.

All Buyer's funds received by Seller shall be deposited in a neutral escrow depository upon acceptance by Seller of Buyer's offer. All Buyer's funds shall remain in escrow until the conditions to Close of Escrow in Sections 7.3 and 7.4 have been satisfied.

(ii) Respondent GI used altered, non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(d) Respondent EMC assessed the McGowans and the McGowans paid a use fee to GIR through respondent EMC. This was a fraudulent act by respondent EMC.

(e) GIR waived the McGowans' first year's (1991) maintenance fees by a letter from GI, signed by respondent WOOD, which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

PARK REGENCY

31.

(a) On or about April 6, 1990, the Department issued a Renewed and Amended Out-of-State Time-share Permit, File No. 001048HS-AO2, for The Park Regency, to GIR. This Permit expired April 5, 1991 and was not renewed until June 11, 1991. On or about June 11, 1991, the Department issued a Renewed and Amended Out-of-State Time-share Permit, File No. 001048HS-AO3, for The Park Regency, to Glen Ivy Resorts, Inc. Both Permits state the following regarding the handling of buyers' funds:

Purchase Money Handling

In accordance with Sections 11013, 11013.1 and 11013.2 (a) of the Business and Professions Code, the sponsor must impound all funds in a neutral escrow depository until title is delivered to you. If your escrow (transaction) has not closed within 365 days of the date of its opening, you may request return of your deposit.

32.

Scott Transaction

On or about April 6, 1991, Larry R. and Barbara A. Scott (hereafter the Scotts) purchased a time-share interval at the Park Regency from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Scotts purchased a Regency unit in the High Season for \$9,900.00, Glen Ivy account number PR 6197, with \$990.00 down. GIR carried back a promissory note for \$8,910.00, payable \$176.46 per month for 84 months secured by a trust deed on the time-share.

(a) The Scotts were told by GI they would get a recorded deed, because it was real property. Barbara Scott phoned respondent GI in February, 1992, and was told by its title department they had one-year to record the deed. At no time did GIR deliver a recorded warranty deed to the Scotts. At no time herein has GIR conveyed title to the Scotts. At no time herein did GIR return the Scotts' purchase money funds to them. The Scotts' escrow never closed.

(b) The Scotts made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI negotiated the purchase of the time-share unit by the Scotts and memorialized said agreement on a Purchase Agreement and Escrow Instructions, set forth in paragraph 31(c) above.

(i) In connection with the issuance of the Public Report for Park Regency, GIR submitted and the Department approved escrow instructions which provided as set forth in paragraph 31(c)(i).

(ii) Respondent GI used non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(d) Respondent GI offered to sell or sold an interval in the Park Regency to the Scotts without having a valid permit from the Department in violation of Code Sections 10238.3 and 10249.

(e) GIR waived the Scotts' first year's (1991) maintenance fees by a voucher provided by respondent GI. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(f) Respondent GI provided to the Scotts, at the time of sale, a travel voucher for \$800.00 to be used when travel was arranged through Glen Ivy Travel, Inc. This travel voucher was not disclosed to or approved by Department in the application for the Permit and represents a financial inducement which violates Regulations 2800(d)(2) and 2810.6(d).

33.

Nourok Transaction

On or about April 28, 1991, Jonathan Nourok (hereafter Nourok) purchased a time-share interval at the Park Regency from GIR through respondent GI who acted as agent for or in expectation of compensation. Nourok purchased an Imperial Suite in the Prime Season for \$9,900.00, Glen Ivy account number is PR 6278, with \$990.00 down. GIR carried back a promissory note for \$8,910.00, payable \$171.43 per month for 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded warranty deed to Nourok. At no time herein has GIR conveyed title to Nourok. At no time herein did GIR return Nourok's purchase money funds to him. Nourok's escrow never closed.

(b) Nourok made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI negotiated the purchase of the time-share unit by Nourok and memorialized said agreement on a Purchase Agreement and Escrow Instructions, as set forth in paragraph 31(c) above.

(i) In connection with the issuance of the Public Report for Park Regency, GIR submitted and the Department approved escrow instructions which provided as set forth in paragraph 31(c)(i) above.

(ii) Respondent GI used altered, non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(d) Respondent GI offered to sell or sold an interval in the Park Regency to Nourok without having a valid permit from the Department in violation of Code Sections 10238.3 and 10249.

(e) GIR waived Nourok's first year's (1991) maintenance fees by a voucher provided by respondent GI. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

34.

Collins Transaction

On or about April 27, 1991, Daniel D. and GiGi R. Collins (hereafter the Collinses) purchased a time-share interval at the Park Regency from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Collinses purchased an Imperial Unit in the Prime Season for \$9,900.00, Glen Ivy account number PR 6303, with \$990.00 down. GIR carried back a promissory note for \$8,910.00, payable \$171.43 per month for 84 months secured by a trust deed on the time-share interval.

(a) The Collinses were told by respondent GI that their recorded warranty deed would be mailed to them. The Collinses learned of problems regarding the deeds from GIR from a TV report. On or about December 12, 1991, the Collinses called GI and spoke with Rene in the title department and was told GIR had one (1) year to record their deed. At no time did GIR deliver a recorded warranty deed to the Collinses. At no time herein has GIR conveyed title to the Collinses. At no time herein did GIR return the Collinses' purchase money funds to them. The Collinses' escrow never closed.

(b) The Collinses made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section 11013.4(a).

(c) Respondent GI negotiated the purchase of the time-share unit by the Collinses and memorialized said agreement on a Purchase Agreement and Escrow Instructions, as set forth in paragraph 31(e) above.

(i) In connection with the issuance of the Public Report for Park Regency, GIR submitted and the Department approved escrow instructions which provided as set forth in paragraph 31(e)(i).

(ii) Respondent GI used altered, non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(d) Respondent GI offered to sell or sold an interval in the Park Regency to the Collinses without having a valid Permit from the Department in violation of Code Sections 10238.3 and 10249.

(e) GIR waived the Collinses' first year's (1991) maintenance fees by a voucher provided by respondent GI. This is a ~~financial inducement which was not approved of in the Public Report,~~ was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(f) Respondent GI did not supply the Collinses with a form document entitled Right of Rescission in willful violation of Code Sections 11000.2 and 11024 and Regulation 2813.13.

35.

Leischner Transaction

On or about June 21, 1991, Roland C. and Barbara J. Leischner (the Leischners) purchased a time-share interval at the Park Regency from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Leischners had originally purchased an Imperial Unit in the High Season for \$7,500.00 on December 12, 1987. The Leischners traded in this one-bedroom unit by signing a quitclaim deed in return for their purchase of the one-bedroom plus bunk room Regency Unit in the Prime Season on June 21, 1991, Glen Ivy account number PR 6352, for \$11,500.00. The Leischners were credited with a down payment of \$5,184.00 as a result of the trade. GIR carried back a promissory note for \$6,316.00, payable \$140.38 per month for 60 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded warranty deed to the Leischners. At no time herein has GIR conveyed title to the Leischners. At no time herein did GIR return the Leischners' purchase money funds to them. The Leischners' escrow never closed.

(b) The Leischners made mortgage payments to respondent ~~EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Agreement, Public Report and Code Section~~ 11013.4(a).

(c) Respondent GI negotiated the purchase of the time-share unit by the Leischners and memorialized said agreement on a Purchase Agreement and Escrow Instructions as set forth in paragraph 31(c) above.

(i) In connection with the issuance of the Public Report for Park Regency, GIR submitted and the Department approved escrow instructions which provided as set forth in paragraph 31(e)(1).

(ii) Respondent GI used altered, non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(d) GIR waived the Leischners' first year's (1991) maintenance fees by a voucher provided by respondent GI. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(e) Respondent GI did not supply the Leischners with a form document setting forth Rescission Rights in willful violation of Code Sections 11000.2 and 11024 and Regulation 2813.13.

PLAZA RESORT AND SPA

36.

(a) On or about February 27, 1990, the Department issued a Renewed and Amended Final Subdivision Public Report, Time-share Project, File No. 010003HF-A06, for the Plaza Resort and Spa to GIR. The Public Report states the following regarding the handling of buyers' funds:

Purchase Money Handling:

In accordance with Sections 11013, 11013.1 and 11013.4(a), of the Business and Professions Code, the sponsor must impound all funds in an escrow account at U.S. Fidelity Escrow Inc., 268 N. Lincoln Ave., Suite 2, Corona, CA 91720, until title is delivered to you. If your escrow (transaction) has not closed within one (1) year of the date of its opening, you may request return of your deposit.

Note: Section 2995 of the Civil Code provides that no real estate developer shall require as a condition precedent to the transfer of real property containing a single-family residential dwelling that escrow services effectuating such transfer shall be provided by an escrow entity in which the developer owns or controls 5% or more of the escrow entity.

Jordahl Transaction

On or about August 1, 1990, Richard C. and Felicia K. Jordahl (hereafter the Jordahls) purchased a time-share interval at the Plaza Resort and Spa from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Jordahls purchased an Imperial Suite in the Prime Season for \$9,000.00, Glen Ivy account number is PL 7036, with \$990.00 down. GIR carried back a promissory note for \$8,910.00, payable \$166.48 per month for 84 months secured by a trust deed on the time-share. The Jordahls paid off this promissory note.

(a) The Jordahls were told by respondent GI the grant deed would be recorded and held by Glen Ivy until the loan was paid in full, at which time they would receive it. This was a substantial misrepresentation and dishonest dealing as it was contrary to their contractual provisions and the Public Report which required conveyance of title prior to payment in full of the obligation. At no time did GIR deliver a recorded warranty deed to the Jordahls. At no time herein has GIR conveyed title to the Jordahls. At no time herein did GIR return the Jordahls' purchase money funds to them. The Jordahls' escrow never closed.

(b) The Jordahls made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Without title having been conveyed to the Jordahls, the Jordahls were billed for and paid to respondent EMC maintenance and use fees. Respondent EMC's collection of maintenance and use fees constitutes fraud or dishonest dealing.

Heske Transaction

On or about August 4, 1990, Lars C. & Betty J. Heske (hereafter the Heskes) purchased a time-share interval at the Plaza Resort from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Heskes purchased a Studio Unit in the Prime Season for \$9,900.00, Glen Ivy account number PL 7072, with \$990.00 down. GIR carried back a promissory note for \$8,910.00 payable \$166.48 per month for 84 months secured by a trust deed on the time-share. The Heskes paid off the balance of the loan on or about September 5, 1990.

(a) After the Heskes paid off their loan they inquired about receiving a recorded deed. On approximately March 7, 1991, Mel Ursua of respondent GI told the Heskes the recorded deed would be sent and title insurance would be checked on. Approximately March 14, 1991, Ursua told Heske a deed would be sent but title insurance would not because, "it takes a year to get title

insurance". At no time did GIR deliver a recorded warranty deed to the Heskes. At no time herein has GIR conveyed title to the Heskes. At no time herein did GIR return the Heskes' purchase money funds to them. The Heske's escrow never closed.

(b) The Heskes made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Without title having been conveyed to the Heskes, the Heskes were billed for and paid to respondent EMC maintenance and use fees. Respondent EMC's collection of maintenance and use fees constitutes fraud or dishonest dealing.

(d) Respondent GI provided to the Heskes, at the time of sale, a travel voucher for \$1,000. This travel voucher was not disclosed to or approved by Department in the application for the Permit and represents a financial inducement which violates Regulations 2800(d)(2) and 2810.6(d).

39.

Rudoff Transaction

On or about August 2, 1990, Howard and Nance Rudoff (hereafter the Rudoffs) purchased a time-share interval at the Plaza Resort and Spa from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Rudoffs purchased an Imperial Unit in the Prime Season for \$10,900.00, Glen Ivy account number PL 7103. The Rudoffs made this purchase at respondent GI's office in Newport Beach through agent Bernadette or Bernard Alba with a down payment of \$1,090.00. GIR carried back a promissory note for \$9,810.00 payable \$183.30 per month for 84 months secured by a trust deed on the time-share. On or about October 10, 1991, the Rudoffs paid off the loan by payment to respondent EMC.

(a) On or about August 10, 1991, the Rudoffs were informed by respondent GI that all documents had been sent for recordation. At no time did GIR deliver a recorded grant deed to the Rudoffs. At no time herein has GIR conveyed title to the Rudoffs. At no time herein did GIR return the Rudoffs' purchase money funds to them. The Rudoffs' escrow never closed.

(b) The Rudoffs made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Without title having been conveyed to the Rudoffs, the Rudoffs were billed for and paid to respondent EMC maintenance and use fees. Respondent EMC's collection of maintenance and use fees constitutes fraud or dishonest dealing.

(d) Respondent GI represented to the Rudoffs that they could exchange her time-share week for a time-share week in any

other of the Glen Ivy resorts. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

40.

Wiebe Transaction

On or about August 3, 1990, Ronald A. and Gail T. Wiebe (hereafter the Wiebes) purchased a time-share interval at the Plaza Resort and Spa from GIR through respondent GI who acted as agent for or in expectation of compensation. The Wiebes purchased an Imperial Suite in the Prime Season for \$11,900.00, Glen Ivy account number PL 7130, with \$1,190.00 down and GIR carried back a promissory note for \$10,710.00, payable \$200.11 per month over 84 months secured by a trust deed on the time-share.

(a) Respondent GI represented to the Wiebes that they would receive a grant deed. At no time did GIR deliver a recorded warranty deed to the Wiebes. At no time herein has GIR conveyed title to the Wiebes. At no time herein did GIR return the Wiebes' purchase money funds to them. The Wiebes' escrow never closed.

(b) The Wiebes made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Without title having been conveyed to the Wiebes, the Wiebes were billed for and paid to respondent EMC maintenance and use fees for 1992. Respondent EMC's collection of maintenance and use fees constitutes fraud or dishonest dealing.

(d) Respondent GI represented to the Wiebes that they could exchange her time-share week for a time-share week in any other of the Glen Ivy resorts. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(e) GIR waived the Wiebes' first calendar year's (1990) homeowners maintenance fees by a letter from GI which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(f) Respondent GI provided to the Wiebes, at the time of sale, a travel voucher for \$1,000. The Wiebes were told by respondent GI that the travel vouchers, VIP Club and Preferred Status were only available if they purchased on the date of their initial visit. This travel voucher was not disclosed to or approved by Department in the application for the Permit and represents a

financial inducement which violates Regulations 2800(d)(2) and 2810.6(d).

PONO KAI

41.

(a) On or about March 27, 1990, the Department issued a Renewed and Amended Out-of-State Time-share Permit, File No. 001023HS-A05, for The Pono Kai Interval Ownership Program, aka "The Pono Kai", to GIR. On March 26, 1991, the Pono Kai Permit expired. The Permit states the following regarding the handling of buyers' funds:

Purchase Money Handling

In accordance with Sections 11013, 11013.1 and 11013.2(a) of the Business and Professions Code, the sponsor must impound all funds in a neutral escrow depository until title is delivered to you. If your escrow (transaction) has not closed within 365 days of the date of its opening, you may request return of your deposit.

(b) The Permit did not authorize sales of units in Building K.

(c) There were a total of 4,896 time-share estates for sale. GIR and respondent GI sold 8,226 time-share intervals in Pono Kai to the public. This was approximately 3,330 intervals more than GIR or GI were permitted to sell. This conduct constituted fraud or dishonest dealing or negligence.

42.

Solis Transaction

On or about July 13, 1990, Luis H. and Maria Lourdes Solis (hereafter the Solises) purchased a time-share interval at the Pono Kai through respondent GI, as agent for or in expectation of compensation, from Kathleen M. Kirkwood and Christina M. Cable. The Solises' Glen Ivy account number is KI 10318. The Solises purchased an Imperial unit in Building K with a down payment of \$916.00 and assumed a loan of \$10,479.16 payable to GIR.

(a) The Solises were told by respondent GI they would receive a recorded transfer document. At no time did GIR deliver a recorded transfer document to the Solises. At no time herein has GIR conveyed title to the Solises. At no time herein did GIR return the Solises' purchase money funds to them. The Solises' escrow never closed.

(b) The Solises made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Respondent GI represented to the Solises that they could exchange her time-share week for a time-share week in any other of the Glen Ivy resorts. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

43.

Lindsay Transaction

On or about November 17, 1990, Stephen C. and Yvonne R. Lindsay (hereafter the Lindsays) purchased a time-share interval at the Pono Kai from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Lindsays purchased an Imperial Suite in the Prime Season in Building K, Glen Ivy account number KI 10693, with \$643.00 down and assumed a loan with the balance of \$12,410.61, payable \$238.79 per month to GIR.

(a) The Lindsays were told the deed would be recorded and held by Glen Ivy until the loan was paid in full, at which time they would receive it. This was a substantial misrepresentation and dishonest dealing as it was contrary to their contractual provisions and the Public Report which required conveyance of title prior to payment in full of the obligation. At no time did GIR deliver a recorded transfer document to the Lindsays. At no time herein has GIR conveyed title to the Lindsays. At no time herein did GIR return the Lindsays' purchase money funds to them. The Lindsays' escrow never closed.

(b) The Lindsays made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Respondent GI represented to the Lindsays that they could exchange her time-share week for a time-share week in any other of the Glen Ivy resorts. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

44.

Adsit Transaction

Between the approximate dates of May 25, 1991, to July 1, 1991, James W. and Carolyn L. Adsit (hereafter the Adsits) purchased a time-share interval at the Pono Kai from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Adsits account is Glen Ivy account number KI 11439. The Adsits made this purchase over the phone through salespersons, Kelly Baker (Baker) and Karen Erro (Erro). Baker and Erro worked out of respondent GI's office at the Desert Breezes resort. Erro is the Project Director. Adsits purchased a one-bedroom Imperial Suite in

the Prime Season for \$6,700.00 with a down payment of \$2,010.00. GIR carried back a promissory note for \$4,690.00, payable \$177.12 per month for 30 months secured by a trust deed on the time-share.

(a) The Adsits were informed by Erro on or about July 1, 1991 that their escrow had closed. At no time did GIR deliver a recorded transfer document to the Adsits. At no time herein has GIR conveyed title to the Adsits. At no time herein did GIR return the Adsits' purchase money funds to them. The Adsits' escrow never closed.

(b) The Adsits made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Respondent GI represented to the Adsits that they could exchange their time-share week for a time-share week in any other of the Glen Ivy resorts. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(d) GIR waived the Adsits' first calendar year's (1991) homeowners' maintenance fees by a letter from GI which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(e) Respondent GI negotiated the sale of the Pona Kai time-share estate to the Adsits without having a valid permit, in willful violation of Code Sections 10238.3 and 10249.

SAN LUIS BAY INN

45.

(a) On or about January 30, 1990, the Department issued a Public Report, Time-share Project Conversion, File No. 010134HF-A04, for the San Luis Bay Inn Time-share Resort to GIR. On April 17, 1991, the Public Report was amended as File No. 010134HF-A04. The Public Report states the following regarding the handling of buyers' funds:

Purchased Money Handling

In accordance with Sections 11013 & 11013.4(a) of the Business and Professions Code, 2814 of the Commissioner's Regulations; ~~all purchasers' funds will be impounded in an escrow depository at U.S. Fidelity Escrow, Inc., at 268 N. Lincoln Ave., Ste. 2, Corona, CA., until legal title to a time-share interest is delivered to the purchaser.~~ If the escrow has not closed on your time-

share interest within one (1) year of the date of escrow opening, you may request return of your deposit.

(b) The Public Report states there are a total of 3,468 time-share intervals available. GIR and respondent GI sold approximately 3,542 time-share intervals in San Luis Bay Inn to the public. This was approximately 73 intervals more than GIR or GI were permitted to sell. This conduct constituted negligence, fraud or dishonest dealing.

46.

Johnson Transaction

On or about September 12, 1990, Linda Marie Johnson (hereafter L. M. Johnson) purchased a time-share interval at the San Luis Bay Inn from GIR through respondent GI who acted as agent for or in expectation of compensation. L. M. Johnson purchased a Mini Unit in the Prime Season for \$11,900.00, Glen Ivy account number SL 4606, with \$1,190.00 down. GIR carried back a promissory note for \$10,710.00, payable \$200.11 per month for 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded grant deed to L. M. Johnson. At no time herein has GIR conveyed title to L. M. Johnson. At no time herein did GIR return the L. M. Johnson's purchase money funds to her. The L. M. Johnson escrow never closed.

(b) L. M. Johnson made mortgage payments by automatic withdrawal from her checking account to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) GIR waived L. M. Johnson's first year's (1990) maintenance fees by a letter from GI which stated that her first year's maintenance fee would be paid by sending in the association maintenance fee voucher with her bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810-6(d).

(d) Without having conveyed title to L. M. Johnson, respondents GI and EMC assessed L. M. Johnson and L. M. Johnson paid a use fee of \$98.75 on December 9, 1991, to GIR through respondent EMC. This was a fraudulent act by respondents GI and EMC.

47.

Ali Transaction

On or about September 22, 1990, Syed M. Ali (hereafter Ali) purchased a time-share interval at the San Luis Bay Inn from GIR through respondent GI, who acted as agent for or in expectation of compensation. Ali purchased a Mini Suite in the Prime Season for

\$11,900.00, Glen Ivy account number is SL 4670, with \$1,200.00 down. GIR carried back a promissory note for \$10,700.00, payable at \$199.93 per month for 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded grant deed to Ali. At no time herein has GIR conveyed title to Ali. At no time herein did GIR return Ali's purchase money funds to him. Ali's escrow never closed.

(b) Ali made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) GIR waived Ali's first year's (1991) maintenance fees by a letter from GI which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with his bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(d) Without having conveyed title to Ali, respondents GI and EMC assessed Ali a use fee of \$395.00 for 1992. This was a fraudulent act by respondents GI and EMC.

48.

Gonzales Transaction

On or about September 23, 1990, Ruben and Shawna Marie Gonzales (the Gonzaleses) purchased a time-share interval at the San Luis Bay Inn from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Gonzaleses purchased a Mini Suite in the Prime Season for \$11,900, Glen Ivy account number SL 4697, with \$1,190.00 down. GIR carried back a promissory note for \$10,710.00, payable \$200.11 per month for 84 months secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded grant deed to the Gonzaleses. At no time herein has GIR conveyed title to the Gonzaleses. At no time herein did GIR return the Gonzaleses' purchase money funds to them. The Gonzaleses' escrow never closed.

(b) The Gonzaleses made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) GIR waived the Gonzaleses' first year's (1990) maintenance fees by a letter from GI which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not

disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(d) Without having conveyed title to the Gonzaleses, respondents GI and EMC assessed the Gonzaleses and the Gonzaleses paid a use fee of \$90.75 on or about December 12, 1990, to GIR through respondent EMC. This was a fraudulent act by respondents GI and EMC.

49.

Pingrey Transaction

On or about October 20, 1990, Winston E. and Gloria J. Pingrey (hereafter the Pingreys) purchased a time-share interval at the San Luis Bay Inn from GIR through respondent GI who acted as agent for or in expectation of compensation. The Pingreys purchased a Mini Suite in the Prime Season for \$10,900.00, Glen Ivy account number SL 4796, with \$1,190.00 down. GIR carried back a promissory note for \$9,810.00, payable \$183.30 per month for 84 months secured by a trust deed on the time-share.

(a) The Pingreys were told the deed would be recorded and held by Glen Ivy until the loan was paid in full, at which time they would receive it. This was a substantial misrepresentation and dishonest dealing as it was contrary to their contractual provisions and the Public Report which required conveyance of title prior to payment in full of the obligation. At no time did GIR deliver a recorded grant deed to the Pingreys. At no time herein has GIR conveyed title to the Pingreys. At no time herein did GIR return the Pingreys' purchase money funds to them. The Pingreys' escrow never closed.

(b) The Pingreys made mortgage payments by automatic withdrawal from their checking account to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) GIR waived the Pingreys' first year's (1991) maintenance fees by a letter from GI which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(d) Without having conveyed title to the Pingreys, respondents GI and EMC assessed the Pingreys and the Pingreys paid a use fee of \$120.00 on or about October 17, 1991, to GIR through respondent EMC. This was a fraudulent act by respondents GI and EMC.

VISTA MIRAGE RESORT

50.

On or about July 16, 1990, the Department issued a Final Subdivision Public Report, Time-share Project Conversion, File No. 010139HF-A01, for "The Vista Mirage Resort" to GIR. This Public Report was amended on July 25, 1991. The Public Report states there are a total of 56 units in the project and that Glen Ivy intends to sell 51 weeks per unit. This is a total of 2,856 time-share intervals. Purchasers were to receive a recorded memorandum of time-share sublease. The Public Report states the following regarding the handling of buyers' funds:

Purchase Money Handling

In accordance with Sections 11013, 11013.1 and 11013.4(a) of the Business and Professions Code, all purchasers' funds will be impounded in an escrow depository at U.S. Fidelity Escrow Inc., 268 N. Lincoln Ave., Ste 2, Corona, CA 91720, until legal title to a time-share interest is delivered to the purchaser.

51.

Morris Transaction

On or about March 30, 1991, Kenneth R. & Judy D. Morris (hereafter the Morrises) purchased a time-share interval at the Vista Mirage from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Morrises purchased a Presidential Suite in the Prime Season for \$10,900.00, Glen Ivy account number is VM 3527, with \$1,090.00 down. GIR carried back a promissory note for \$9,810.00, payable \$188.75 per month for 84 months secured by a trust deed on the time-share.

(a) The Morrises were told escrow would take about 30 days and they would receive a sublease at the close of escrow. At no time did GIR deliver a recorded Time-share Sublease to the Morrises. At no time herein has GIR conveyed a recorded sublease to the Morrises. At no time herein did GIR return the Morrises' purchase money funds to them. The Morrises' escrow never closed.

(b) The Morrises made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) GIR waived the Morrises' first year's (1991) maintenance fees by a letter from GI which stated that their first year's maintenance fee will be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

R. and J. Johnson Transaction

On or about March 27, 1991, Richard C. and Jacqueline J. Johnson (hereafter R. and J. Johnsons) purchased a time-share interval at the Vista Mirage from GIR through respondent GI, who acted as agent for or in expectation of compensation. The R. and J. Johnsons purchased a Presidential Suite in the Prime Season for \$8,000.00, Glen Ivy account number is VM 3531, with \$1,780.00 down. GIR carried back a promissory note for \$6,220.00 at 9.9% interest, payable \$235.28 per month secured by a trust deed on the time-share. On June 27, 1991, the R. and J. Johnsons paid off their loan.

(a) Richard Johnson was told he would receive a conveyance document (sublease) at the close of escrow. At no time did GIR deliver a recorded Time-share Sublease to the R. and J. Johnsons. At no time herein has GIR conveyed title to the R. and J. Johnsons. At no time herein did GIR return the R. and J. Johnsons' purchase money funds to them. The R. and J. Johnsons' escrow never closed.

(b) The R. and J. Johnsons made mortgage payments, including their payoff payment, to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) GIR waived the R. and J. Johnsons' first year's (1990) maintenance fees by a letter from GI which stated that their first year's maintenance fee would be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(d) Without having conveyed title to the R. and J. Johnsons, respondents GI and EMC assessed the R. and J. Johnsons use fees. This was a fraudulent act by respondents GI and EMC.

Brossart Transaction

On or about April 24, 1991, Marlin W. and Lois I. Brossart (hereafter the Brossarts) purchased a time-share interval at the Vista Mirage from GIR through respondent GI who acted as agent for or in expectation of compensation. The Brossarts purchased Glen Ivy account number VM 3563. The Brossarts had purchased a Plaza Resort and Spa Studio Unit for \$8,900.00, in January, 1990, for which the Brossarts received a recorded deed for their purchase at the Plaza Resort and Spa. They wanted a better unit and time so they exchanged their interval in the Plaza Resort and Spa for a Presidential Suite in the Prime Season at the Vista Mirage for

\$12,900.00. They received a credit of \$1,739.32 as a down payment for the exchange. GIR carried back a promissory note for \$11,160.68 payable \$214.74 per month for 84 month secured by a trust deed on the time-share.

(a) At no time did GIR deliver a recorded Time-share Sublease to the Brossarts. At no time herein has GIR conveyed title to the Brossarts. At no time herein did GIR return the Brossarts' purchase money funds to them. The Brossarts' escrow never closed.

(b) Respondent GI negotiated the purchase of the time-share unit by the Brossarts and memorialized said agreement on a Purchase Agreement and Escrow Instructions (hereafter "Agreement"). Section 7 of said Agreement provides:

(1) 7. Escrow Instructions.

All Buyer's funds received by Seller hereunder shall be deposited in a broker trust account or in a neutral escrow depository within two (2) business days of acceptance by Seller of Buyer's offer. Buyer and Seller shall open an escrow to implement the purchase and sale of the Time-share Estate contemplated by this Agreement with Escrow Holder within 30 days after acceptance by Seller.

(i) In connection with the issuance of the Public Report for Vista Mirage, GIR submitted and the Department approved escrow instructions which provided as follows:

7. Escrow Instructions

All Buyer's funds received by Seller shall be deposited in a neutral escrow depository upon acceptance by Seller of Buyer's funds.

(ii) Respondent GI used altered, non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(c) The Brossarts made mortgage payments by automatic withdrawal from their checking account to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(d) Respondent GI provided to the Brossarts, at the time of sale, a travel voucher for \$1,000.00. This travel voucher was not disclosed to or approved by Department in the application for the Permit and represents a financial inducement which violates Regulations 2800(d)(2) and 2810.6(d).

~~(e) Without having conveyed title to the Brossarts, respondents GI and EMC assessed the Brossarts for use fees. This was a fraudulent act by respondents GI and EMC.~~

Molina Transaction

On or about April 30, 1991, Edgardo V. Molina and George S. Lamira (hereafter Molina and Lamira) purchased a time-share interval at the Vista Mirage from GIR through respondent GI who acted as agent for or in expectation of compensation. Molina and Lamira purchased Glen Ivy account number is VM 3584. Molina and Lamira made this purchase at respondent GI's office in San Diego through agent Susan Pint. On September 8, 1989, Edgardo Molina had purchased a time-share at the Shores of Lake Travis from GIR for \$6,900.00. He then exchanged his unit at Shores of Lake Travis for a unit at the Vista Mirage. Molina and Lamira purchased a Presidential Suite in the Prime Season at the Vista Mirage for \$11,900.00. Molina and Lamira were credited with a down payment of \$1,785.00 from the exchange of Molina's Shores of Lake Travis unit. GIR carried back a promissory note for \$10,115.00, payable \$186.77 per month for 84 months secured by a trust deed on the time-share.

(a) Molina was given a letter by respondent GI regarding the length of time to process the paperwork as 30 days and that his ownership use would be available at that time. At no time did GIR deliver a recorded Time-share Sublease to Molina and Lamira. At no time herein has GIR conveyed title to Molina and Lamira. At no time herein did GIR return the Molina's and Lamira's purchase money funds to them. The Molina/Lamira escrow never closed.

(b) Respondent GI negotiated the purchase of the time-share unit by Molina and Lamira and memorialized said agreement on a Purchase Agreement and Escrow Instructions (hereafter "Agreement"). Section 7 of said Agreement provides:

(g) 7. Escrow Instructions.

All Buyer's funds received by Seller hereunder shall be deposited in a broker trust account or in a neutral escrow depository within two (2) business days of acceptance by Seller of Buyer's offer. Buyer and Seller shall open an escrow to implement the purchase and sale of the Time-share Estate contemplated by this Agreement with Escrow Holder within 30 days after acceptance by Seller.

(i) In connection with the issuance of the public report for Vista Mirage, GIR submitted and the Department approved escrow instructions which provided as follows:

7. Escrow Instructions

All Buyer's funds received by Seller shall be deposited in a neutral escrow depository upon acceptance by Seller of Buyer's funds.

(ii) Respondent GI used altered, non-approved instructions stating they could place purchase funds in a broker trust account, a provision not approved by the Department, in willful violation of Regulations 2800(c) and 2810.6(e).

(c) Molina and Lamira made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(d) GIR waived Molina's and Lamira's first year's (1990) maintenance fees by a letter from GI which stated that their first year's maintenance fee will be paid by sending in the association maintenance fee voucher with their bill. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the Department, and which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

(e) Without having conveyed title to Molina and Lamira, respondents GI and EMC assessed Molina and Lamira and Molina use fees. This was a fraudulent act by respondents GI and EMC.

55.

FIRST AUDIT OF EMC

From time to time between April 16, 1992 to July 17, 1992, the Department examined the books and records of respondent EMC to determine if respondent EMC assessed and collected homeowners maintenance assessments from time-share purchasers to whom title had not been conveyed by recorded document. The audit period was from March 1, 1991 to November 30, 1991. The examination found that respondent EMC, as of November 30, 1991:

(a) Collected a total of \$318,866.35 in "use fees" during the audit period.

(b) The "use fees" collected above were not placed into a neutral escrow depository.

~~(c) The "use fees" were disbursed to various Glen Ivy and EMC general and payroll accounts.~~

SECOND AUDIT OF EMC

From time to time between September 1, 1992, to March 24, 1993, the Department examined the books and records of respondent EMC regarding: (a) the collection of payments from borrowers who purchased time-shares from GIR, but who had not received title by a recorded document; and (b) the receipt of funds by GIR from lenders for those loans to GIR. The audit period was from January 1, 1991 to December 31, 1991. The audit found, as of December 31, 1991:

(a) Respondent EMC received \$8,892,583.72, in mortgage payments from unrecorded owners as of December 31, 1991;

(b) Respondent EMC and respondent GI, as sales broker, received \$5,784,869.64 from 3,997 unrecorded time-share purchasers as deposits;

(c) For a total of \$14,677,453.36.

(d) Respondents GI and EMC did not place these funds into a neutral escrow as required by the Public Reports or Permits issued by the Department.

(e) The funds were not held in a broker trust account in violation of Code Section 10145.

(f) Instead, these funds were either used by respondent GI or EMC or sent to lenders as payments on loans made to GIR.

(g) GI did not maintain a separate record for each beneficiaries' down payment, particularly for those that did not have legal title to their time-share, in violation of Regulation 2831.1.

(h) Respondent EMC continued servicing loans secured by time-share intervals after its license had lapsed effective July 22, 1991, due to the revocation of its designated officer, respondent WOOD.

DETERMINATION OF ISSUES

Based on clear and convincing evidence to a reasonable certainty, cause for disciplinary action against respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP. exists pursuant to the following Business and Professions Code Sections:

1.

Common to All Glen Ivy Projects

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth in paragraph 10 above, subject their real estate licenses and license rights to suspension or revocation under the provisions of Code Sections 10176(b) and 10176(c).

2.

Sales Without Public Reports

The sale of time-share intervals by respondent GI, as alleged in paragraph 12 above, subjects its real estate licenses and license rights to suspension or revocation under the provisions of Code Section 10177(d) for willful violations of Code Sections 11018.2 and 10249.

3.

Sales By Unlicensed Salespersons

The employment or compensation of unlicensed persons, as set forth in paragraph 13 above, subjects the real estate licenses and license rights of respondent GI to suspension or revocation under the provisions of Code Section 10137.

4.

Desert Breezes

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 16(a).

(b) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments and use fees, as set forth in paragraphs 15(c), 15(d), 16(c) and 17(c).

(c) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Regulations 2800(c) and 2810.6(e) for use of Agreements not previously authorized by the Department, as set forth in paragraphs 15(b), 16(b) and 17(b).

(ii) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 15(c), 16(c) and 17(c).

(iii) Code Sections 11000.2 and 11024 and Regulation 2813.13 for failure to clearly and conspicuously disclose the right to rescission to Kasai, as set forth in paragraph 15(e).

(iv) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers' first years' fees as set forth in paragraph 16(d) and 17(d).

5.

Havasu Dunes

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(i) and 10177(j) for fraud or dishonest dealing, or Section 10177(g) for negligence, in overselling units in Havasu Dunes, as set forth in paragraph 18(e) above.

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 19(a) and 22(a).

(c) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 19(a), 20(b), 21(b) and 22(b).

(d) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting use fees, as set forth in paragraphs 19(c), 20(c) and 21(c).

(e) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 19(b), 20(b), 21(b) and 22(b).

(ii) Code Sections 11000.2 and 11024 and Regulation 2813.13 for failure to clearly and conspicuously disclose the right to rescission to the Johnsons or the McKinneys, as set forth in paragraphs 21(d) and 22(d).

(iii) Code Section 11018.1 for failure to provide McKinney with a copy of the Permit, as set forth in paragraph 22(e).

(iv) Regulations 2800(c) and 2810.6(e) for failure to notify the Department of the material change that it was not placing all purchase money (deposits, mortgage payments, maintenance assessments or use fees) into a neutral escrow, as set forth in paragraphs 19(b), 19(c), 20(b), 20(c), 21(b), 21(c) and 22(b).

(v) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers first years' fees, as set forth in paragraph 19(d), 20(d) and 22(c).

6.

Laguna Surf

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 25(a) and 26(a).

(b) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 24(b), 25(b) and 26(b).

(c) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Regulations 2800(c) and 2810.6(e) for use of an Agreement not previously authorized by the Department, as set forth in paragraph 26(c).

(ii) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 24(b), 25(b) and 26(b).

(iii) Code Sections 11000.2 and 11024 and Regulation 2813.13 for failure to clearly and conspicuously disclose the right to rescission to the Leggs, as set forth in paragraph 24(d).

(iv) Code Section 11018.1 for failure to provide the Leggs or Churchills with a copy of the public report, as set forth in paragraphs 24(c) and 25(c), respectively.

7.

Park Plaza

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 30(a).

(b) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording warranty deeds while at the same time collecting mortgage payments and use fees, as set forth in paragraphs 28(b), 29(b), and 30(b).

(c) Code Sections 10176(a), 10176(i) or 10177(j) for ~~making a substantial misrepresentation, fraud or dishonest dealing~~ in telling the Lees they had no right of rescission, as set forth in paragraph 29(d).

(d) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Regulations 2800(c) and 2810.6(e) for use of Agreements not previously authorized by the Department, as set forth in paragraphs 30(c).

(ii) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 28(b), 29(b), and 30(b).

(iii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers' first years' fees, as set forth in paragraph 29(d).

8.

Park Regency

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 32(a) and 34(a).

(b) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording warranty deeds while at the same time collecting mortgage payments and use fees, as set forth in paragraphs 32(b), 33(b), 34(b) and 35(b).

(c) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Sections 10238.3 and 10249 for sales of time-share intervals without valid permits from the Department as set forth in paragraphs 32(d), 33(d) and 34(d).

(ii) Regulations 2800(c) and 2810.6(e) for use of Agreements not previously authorized by the Department, as set forth in paragraphs 32(c), 33(c), 34(c) and 35(c).

(iii) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 32(b), 33(b), 34(b) and 35(b).

(iv) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers' first years' fees, as set forth in paragraphs 32(e), 33(e), 34(e) and 35(d).

(v) Code Sections 11000.2 and 11024 and Regulation 2813.13 for failure to supply the Collins with the Right of Rescission, as set forth in paragraphs 34(f) and 35(e).

9.

Plaza Resort And Spa

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Section 10176(i) or 10177(j) for fraud or dishonest dealing in connection with the overselling of time-share units, as set forth in paragraph 36(b).

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 37(a), 38(a), 39(a) and 40(a).

(c) Sections 10176(a), 10176(i), and/or 10177(j) for the making of a substantial misrepresentation, fraud or dishonest dealing in representing to the Jordahls that they would not receive a grant deed until the loan was paid off, as set forth in paragraph 37(a).

(d) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 37(b), 38(b), 39(b) and 40(b).

(e) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting use fees, as set forth in paragraphs 37(c), 38(c), 39(c) and 40(c).

(f) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 37(b), 38(b), 39(b) and 40(b).

(ii) Regulations 2800(c) and 2810.6(e) for failure to notify the Department of the material change that it was not placing all purchase money (deposits, mortgage payments, maintenance assessments or use fees), into a neutral escrow, as set forth in paragraphs 37(b), 38(b), 39(b) and 40(b).

(iii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers' first years' fees, as set forth in paragraph 40(e).

(iv) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of travel vouchers, as set forth in paragraph 38(e) and 40(f).

10.

Pono Kai

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(i) 10177(g) or 10177(j) for fraud or dishonest dealing or negligence in connection with the overselling of time-share units, as set forth in paragraph 41(c).

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 42(a).

(c) Sections 10176(a), 10176(i), and/or 10177(j) for the making of a substantial misrepresentation, fraud or dishonest dealing in representing to the Lindsays that they would not receive a grant deed until the loan was paid off, as set forth in paragraph 43(a).

~~(d) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same~~

time collecting mortgage payments, as set forth in paragraphs 42(b), 43(b), and 44(b).

(e) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 42(b), 43(b), and 44(b).

(ii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of an exchange program, as forth in paragraphs 42(c), 43(c), and 44(c).

(iii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers' first years' fees, as set forth in paragraph 44(d).

(iv) Code Sections 10238.3 and 10249 for sales of time-share intervals without valid permits from the Department as set forth in paragraph 44(e).

(v) Code Sections 10238.3 and 10249 for sales of time-share intervals in Building K without valid permits from the Department covering time-share intervals in Building K, as set forth in paragraphs 41(b), 42 and 43.

11.

San Luis Bay Inn

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(i) and 10177(j) for fraud or dishonest dealing, or Section 10177(g) for negligence, in overselling units in San Luis Bay Inn, as set forth in paragraph 45(b) above.

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 49(a).

(c) Sections 10176(a), 10176(i), and/or 10177(j) for the making of a substantial misrepresentation, fraud or dishonest dealing in representing to the Pingreys that they would not receive a grant deed until the loan was paid off, as set forth in paragraph 49(a).

(d) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 47(b), 47(b), 48(b) and 49(b).

(e) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting use fees, as set forth in paragraphs 46(d), 47(d), 48(d) and 49(d).

(f) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 46(b), 47(b), 48(b) and 49(b).

(ii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers' first years' fees, as set forth in paragraphs 46(c), 47(c), 48(c) and 49(c).

12.

Vista Mirage

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP., as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 51(a).

(b) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording Time-share Sublease while at the same time collecting mortgage payments, as set forth in paragraphs 51(b), 52(b), 53(c) and 54(c).

(c) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording Time-share Sublease while at the same time assessing use fees, as set forth in paragraphs 52(d) and 54(e).

(d) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Regulations 2800(c) and 2810.6(e) for use of Agreements not previously authorized by the Department, as set forth in paragraphs 53(b) and 54(b).

(ii) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 51(b), 52(b), 53(c) and 54(c).

(iii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of maintenance fee vouchers waiving purchasers first year's fees, as set forth in paragraph 54(d).

13.

First Audit of EMC

The conduct or omissions of respondent EQUITY MORTGAGE CORP., as set forth above, subject its real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Section 10176(i) or 10177(j) for fraud or dishonest dealing in collecting mortgage payments from owners to whom title had not been conveyed, and not holding said mortgage payments in escrow, as set forth in paragraph 55(b).

(b) Section 10177(j) for fraud or dishonest dealing in collecting use fees from owners to whom title had not been conveyed, as set forth in paragraph 55.

(c) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraph 55.

14.

Second Audit of EMC

The conduct or omissions of respondent GLEN IVY PROPERTIES, INC., as set forth above, subject its real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in collecting deposits from purchasers and not placing those deposits into escrow, as set forth in paragraph 56(b) and 56(d).

(b) Sections 10176(i), and/or 10177(j) for fraud or dishonest dealing in collecting mortgage payments from unrecorded

purchasers and not placing those deposits into escrow, as set forth in paragraph 56(d) and 56(f).

(c) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold purchasers deposits in escrow until title was conveyed to the purchasers, as set forth in paragraphs 56(d).

(ii) Code Section 10145 for failure to place purchasers' deposits into a broker trust account, as set forth in paragraphs 56(e).

(iii) Regulation 2831.1 for failure to maintain separate records, as set forth in paragraph 56(g).

15.

Unlicensed Activities by EMC

The conduct of respondent EMC in collecting of mortgage payments from all purchasers between July 22, 1991 through March 3, 1992, constitutes conduct for which a real estate license is required. Code Section 10131(d). Respondent EMC's mortgage collection activities during a time respondent EMC was without a designated officer/broker constitutes willful violations of Code Section 10130 which subjects its real estate licenses and license rights to suspension or revocation under the provisions of Code Section 10177(d) as set forth hereinabove, including but not limited to paragraph 56(h).

16.

Employment by GI of Unlicensed Personnel

The employment by respondent GI of unlicensed salespeople to perform acts requiring a real estate license, as set forth in paragraph 13 above, subjects its real estate licenses and license rights to suspension or revocation under Code Sections 10137.

PRIOR DISCIPLINARY AND ADMINISTRATIVE ACTIONS

1.

On September 29, 1989, Desist and Refrain Order No. H-969 FR, was filed against GIR to stop the sale of time-share intervals at a resort known as the San Luis Bay Inn Time-share Resort. ~~Glen-Ivy Resorts, Inc. had been selling time-share intervals under a Preliminary Subdivision Public Report and had not yet obtained a Final Subdivision Public Report.~~

2.

On January 12, 1990, Desist and Refrain Order No. H-981 FR was filed against GIR to stop the sale of time-share intervals at a resort known as The Pono Kai Internal Ownership Program (Pono Kai). Glen Ivy Resorts, Inc. had continued to sell time-share intervals at the Pono Kai after the Out-of-State Time-share Permit had expired.

3.

(a) On May 6, 1991, Accusation No. H-1066 FR was filed against respondents GI and WOOD alleging:

(i) Respondents GI and WOOD sold time-share intervals at the Havasu Dunes (Arizona), Park Plaza (Utah), and The Pono Kai (Hawaii) resorts after their Out-of-State Time-share Permits had expired.

(ii) Respondents GI and WOOD sold time-share intervals at The Shores of Lake Travis Vacation Villages III (Texas), without obtaining an Out-of-State Time-share Permit.

(iii) Respondents GI and WOOD sold time-share intervals at The Plaza Resort and Spa and the Laguna Surf Resorts after their Final Subdivision Public Reports had expired.

(iv) Respondents GI and WOOD sold time-share intervals at the San Luis Bay Inn Time-share Resort while having received only a Preliminary Subdivision Public Report and prior to obtaining a Final Subdivision Public Report.

(v) After Desist and Refrain Order No. H-969 FR was filed for selling time-share intervals at the San Luis Bay Inn without a Final Public Report, GIR. sold time-share intervals at The Pono Kai, Desert Breezes, and Havasu Dunes Resorts and told purchasers they could exchange their time-share intervals for one at the San Luis Bay Inn. This was in violation of Desist and Refrain Order H-969 FR.

(vi) Glen Ivy failed to handle trust (purchase) funds properly in their sales at the San Luis Bay Inn. Glen Ivy failed to properly deposit purchase (trust) funds at Emerald Escrow as they stated they would in their application for a Public Report, which was a material change to their Public Report. Glen Ivy failed to deposit these funds in a trust account, a neutral depository or into the bank of the principal. Glen Ivy also allowed withdrawals of these funds by unlicensed, unbonded persons and failed to maintain separate records for each beneficiary or transaction. Further, Glen Ivy failed to review instruments and obtain a branch ~~license for the San Luis Bay location.~~

(b) That the conduct alleged above violated Code Sections 10145, 10163, 10176(a), 10177(d), 10177(j), 10238.3, 10249, 11012,

11013.4, 11018.2, 11019, and Regulations 2715, 2725, 2830, 2831.1, and 2834.

(c) Without admitting the above violations, respondents GI and WOOD stipulated to the following disciplinary actions adopted by the Real Estate Commissioner on July 1, 1991, made effective July 22, 1991:

(i) The corporate real estate license of respondent GI was suspended for 365 days with 40 days stayed providing respondent GI pay \$10,000.00 to the real estate recovery account pursuant to Code Section 10175.2; remaining 325 days were stayed for five (5) years on terms and condition of no further violations of the California Real Estate Law.

(ii) The license of respondent WOOD was revoked with a right to a restricted license on conditions. The restricted license was suspended for 90 days with 40 days stayed providing respondent WOOD pay a fine of \$10,000.00 to the real estate recovery account pursuant to Code Section 10175.2; the remaining 50 days was stayed for one (1) year on condition of no further violations of the Real Estate Law.

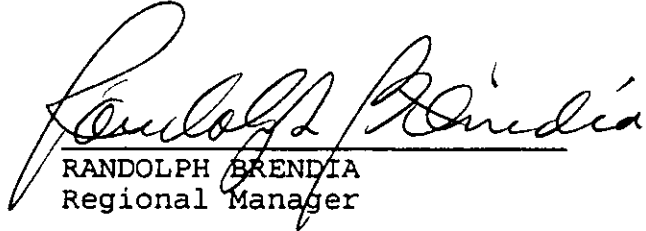
4.

On March 19, 1992, Desist and Refrain Order No. H-25032 LA was filed against GIR to stop the sale of time-share intervals at a resort known as Silver Sands Resort (aka Tahoe Sands Resort) because GIR was allowing purchase funds to be released to seller without required releases of blanket encumbrances in non compliance with the Department's public report issued for Silver Sands. Notice of the Desist and Refrain Order No. H-25032 LA was provided to respondent GI.

ORDER

All licenses and license rights of respondents GLEN IVY PROPERTIES, INC., and EQUITY MORTGAGE CORP. under the provisions of Part 1 of Division 4 of the Business and Professions Code are hereby revoked.

DATED: May 20, 1994.


RANDOLPH BRENDIA
Regional Manager

Violations
start on page
44 .

*SAND
KASS*

1 SEAN CRAHAN, Counsel
Department of Real Estate
2 107 South Broadway, Room 8107
Los Angeles, California 90012
3 (213) 897-3937
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NOV 23 1993

DEPARTMENT OF REAL ESTATE
[Signature]

8 DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * * * *

11	In the Matter of the Accusation of)	No. H-25603 LA
)	
12	GLEN IVY PROPERTIES, INC.,)	<u>AMENDMENT TO</u>
	a California corporate broker;)	
13	EQUITY MORTGAGE CORP., a California)	<u>ACCUSATION</u>
	corporate broker; and J. THOMAS WOOD,)	
14	individually and as designated)	
	officer of Glen Ivy Properties,)	
15	Inc., and Equity Mortgage Corp.,)	
)	
16	Respondents.)	

17 The Complainant, Steven J. Ellis, a Deputy Real Estate
18 Commissioner of the Department of Real Estate of the State of
19 California, amends the Accusation filed on October 22, 1993, as
20 follows:
21

- 22 1. Page 13, paragraph 10, lines 4 and 5, insert PARK
23 PLAZA.
- 24 2. Page 21, paragraph 18, line 7, add "Fennell" after
25 Franklin.
- 26 3. Page 23, paragraph 19(e), line 17, substitute
27 4,910 for 5,271.

1 4. Page 23, paragraph 19(e), line 18, substitute 116
2 for 477.

3 5. Page 30, paragraph 27, line 24, substitute the
4 Caldwells for Kasai.

5 6. Page 30, paragraph 27, line 26, substitute
6 \$3,180.00 for \$1,380.00.

7 7. Page 32, strike paragraph 28(b).

8 8. Page 37, strike paragraph 32(b).

9 9. Page 55, paragraph 46(a), line 19, add "On
10 April 17, 1991, the Public Report, was amended as File No.
11 010134HF-A04."

12 10. Page 56, paragraph 46(b), line 3, substitute
13 3,542 for 3,726.

14 11. Page 56, paragraph 46(b), line 4, substitute 73
15 for 258.

16 12. Page 75, strike paragraph 66(a).

17 13. Page 76, strike paragraph 67(a).

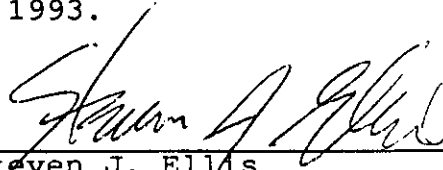
18

19 WHEREFORE, Complainant prays that a hearing be conducted
20 on the allegations of the Accusation filed October 22, 1993, and
21 this Amended Accusation and, that upon proof thereof, a decision
22 be rendered imposing disciplinary action against all licenses and
23 license rights of Respondents GLEN IVY PROPERTIES, INC., a
24 California corporate broker; EQUITY MORTGAGE CORP., a California
25 corporate broker; and J. THOMAS WOOD, individually and as
26 designated officer of Glen Ivy Properties, Inc., and Equity
27 Mortgage Corp., under the Real Estate Law (Part 1 of Division 4 of

1 the Business and Professions Code) and for such other and further
2 relief as may be proper under other applicable provisions of law.

3 Dated at Los Angeles, California

4 this 23rd day of November, 1993.



5
6 Steven J. Ellis
7 Deputy Real Estate Commissioner
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22 cc: Glen Ivy Properties, Inc.
Equity Mortgage Corp.
23 Thomas P. Williams
J. Thomas Wood
24 Sacto.
LK

25 SC/sc
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DEPARTMENT OF REAL ESTATE
[Signature]

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-25603 LA
)	
GLEN IVY PROPERTIES, INC.,)	
a California corporate broker;)	
EQUITY MORTGAGE CORP. a California)	
corporate broker; and J. THOMAS WOOD,)	
individually and as designated)	
officer of Glen Ivy Properties,)	
Inc., and Equity Mortgage Corp.,)	
)	
Respondents.)	

ORDER SUSPENDING RESTRICTED REAL ESTATE LICENSE

TO: J. THOMAS WOOD, Respondent.

On July 22, 1991, the Department of Real Estate (hereafter the Department) issued to respondent J. THOMAS WOOD a restricted real estate broker license on terms, conditions and restrictions set forth in the Real Estate Commissioner's Order of July 1, 1991, in Case No. H-1066 FR which became effective on July 22, 1991. This Order granted the right to the issuance of a restricted real estate broker license subject to the provisions of Section 10156.7 of the California Business and Professions Code (hereafter the Code) and to

1 enumerated additional terms, conditions and restrictions imposed
2 under authority of Code Section 10156.6.

3 On October 19, 1993, in Case No. H-25603 LA, an Accusation
4 by a Deputy Real Estate Commissioner of the State of California was
5 filed charging respondent WOOD with, among other violations, failure
6 to supervise the activities of respondents GLEN IVY PROPERTIES,
7 INC., and EQUITY MORTGAGE CORP. in violation of Code Sections
8 10177(h) and 10177(k).

9 * * * * *

10 NOW, THEREFORE, IT IS ORDERED, under authority of Code
11 Section 10156.7; that the real estate broker license heretofore
12 issued to respondent WOOD and the exercise of any privileges
13 thereunder is hereby suspended pending final determination made
14 after a hearing on the aforesaid Accusation, a copy of which is
15 attached hereto.

16 IT IS FURTHER ORDERED that all license certificates and
17 identification cards issued by the Department which are in the
18 possession of respondent be immediately surrendered by personal
19 delivery or by mailing in the enclosed self-addressed envelope to:

20 DEPARTMENT OF REAL ESTATE
21 Attn.: Flag Section
22 Post Office Box 187000
Sacramento, CA 95818-7000

23 This Order shall become effective immediately.

24 DATED: November 1, 1993.

25 CLARK WALLACE
26 Real Estate Commissioner

27 

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

50070
Flax

1 SEAN CRAHAN, Counsel
Department of Real Estate
2 107 South Broadway, Room 8107
Los Angeles, California 90012
3 (213) 897-3937
4
5
6
7

OCT 22 1993

DEPARTMENT OF REAL ESTATE
[Signature]

8 DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * * * *

11	In the Matter of the Accusation of)	No. H-25603 LA
12	GLEN IVY PROPERTIES, INC.,)	A C C U S A T I O N
	a California corporate broker;)	
13	EQUITY MORTGAGE CORP., a California)	
	corporate broker; and J. THOMAS WOOD,)	
14	individually and as designated)	
	officer of Glen Ivy Properties,)	
15	Inc., and Equity Mortgage Corp.,)	
16	Respondents.)	

17
18 The Complainant, Steven J. Ellis, a Deputy Real Estate
19 Commissioner of the Department of Real Estate of the State of
20 California for cause of accusation against GLEN IVY PROPERTIES,
21 INC., a California corporate broker; EQUITY MORTGAGE CORP., a
22 California corporate broker; and J. THOMAS WOOD, individually and as
23 designated officer of Glen Ivy Properties, Inc., and Equity Mortgage
24 Corp., alleges as follows.

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1.

The Complainant, Steven J. Ellis, a Deputy Real Estate Commissioner of the Department of Real Estate of the State of California, brings this Accusation in his official capacity.

2.

(a) "Code Section" refers to the California Business and Professions Code.

(b) "Regulation" refers to sections in Title 10, Chapter 6 of the California Code of regulations.

(c) "Department" means the California Department of real Estate.

LICENSING

3.

GLEN IVY PROPERTIES, INC., a California corporation (hereafter respondent GI), is presently licensed and/or has license rights under the Real Estate Law, Part 1 of Division 4 of the California Business and Professions Code. At all times herein mentioned, respondent GI was licensed by the Department as a corporate real estate broker. On and after January 22, 1992, respondent GI was without a designated officer and was thereafter without powers to act as a corporate real estate broker.

4.

EQUITY MORTGAGE CORP., a California corporation (hereafter respondent EMC), is presently licensed and/or has license rights under the Real Estate Law.

/
/

1 (a) At all times herein mentioned, respondent EMC was
2 licensed by the Department as a corporate real estate broker under
3 the license of respondent J. THOMAS WOOD until July 22, 1991.

4 (b) From July 22, 1991, until March 2, 1992, respondent
5 EMC was without a designated officer and was not qualified to
6 perform acts for which a real estate license was required.

7 (c) On March 3, 1992, respondent EMC became licensed
8 under the real estate broker license of Gary Paul Rudlaff.

9 5.

10 J. THOMAS WOOD (hereafter respondent WOOD) is presently
11 licensed and/or has license rights under the Real Estate Law.

12 (a) At all times herein mentioned, respondent WOOD was
13 licensed by the Department as a real estate broker and, after
14 July 22, 1991, as a restricted real estate broker.

15 (b) By Order dated July 1, 1991, respondent was granted
16 the right to a restricted license. Among the conditions to the
17 restricted license issued to respondent WOOD was that he not further
18 violate the Real Estate Law. In pertinent part, the Order dated
19 July 1, 1991, provides:

20 ...[T]he Real Estate Commissioner may by appropriate Order
21 suspend the right to exercise any privileges granted under
the restricted license in the event of...

22 (b) The receipt of evidence that respondent WOOD has
23 violated provisions of the California Real Estate Law, the
24 Subdivided Land Law, Regulations of the Real Estate
Commissioner or conditions attaching to the restricted
license.

25 (c) On or about January 22, 1992, respondent WOOD
26 resigned as designated officer of respondent GI.

27 /

1 (b) As of November 19, 1992, respondent EMC's directors
2 and officers were:

- 3 (i) Ralph Mann, Chief Executive Officer;
4 (ii) Paula Bickett, Secretary;
5 (iii) Peter J. Giummo;
6 (iv) Thomas P. Williams (Trustee), Director.

7 (c) Respondent EMC, for or in expectation of
8 compensation, was engaged as a mortgage loan broker for commercial,
9 residential, and time-share mortgages. Respondent EMC collected
10 payments from time-share interval purchasers on the purchase money
11 loans carried back by Glen Ivy Resorts, Inc. Respondent EMC
12 received purchasers' loan payments and placed them in lock box
13 accounts with lenders. EMC also billed and collected maintenance
14 assessment and "use fees" for Glen Ivy Management, Inc.

15 INTER-CORPORATE ORGANIZATION

16 8.

17 (a) Respondents GI and EMC were part of a group of
18 related companies owned by Glen Ivy Holdings, Inc. (hereafter GIH).
19 GIH is the parent company of all corporations described in this
20 paragraph and paragraph 9 below.

21 (b) GIH was incorporated in California as Eleven Lincoln,
22 Inc., on December 10, 1990. On June 7, 1991, the name was changed
23 to Glen Ivy Holdings, Inc. As of December 10, 1990, officers and
24 directors of GIH are:

- 25 (i) Ralph Mann, Chief Executive Officer and Chief
26 Financial Officer;
27 (ii) Paula Bickett, Secretary.

1 (c) GIH purchased 100% of the stock of Glen Ivy
2 Financial, Inc., on March 22, 1991. Glen Ivy Financial was the
3 original Glen Ivy company and was sold to General Development of
4 Florida in 1989. General Development filed bankruptcy. Ralph Mann
5 created Eleven Lincoln which repurchased Glen Ivy Financial.

6 (d) GIH owns all the subsidiaries and acts as a holding
7 company. These companies were so interrelated in their functions
8 and operations that they operated as one.

9 (e) GIH and its subsidiaries may from time to time herein
10 be referred to collectively as Glen Ivy.

11 9.

12 Other corporations subsidiary to GIH include:

13 (a) Glen Ivy Financial Group, Inc. (hereafter GIFG), was
14 incorporated in California as Glen Ivy R.V. Park, Inc., on April 4,
15 1975. On December 1, 1982, the name was changed to Glen Ivy
16 Financial Group, Inc. Articles of GIFG were refiled on August 8,
17 1990. GIFG's business was that of a developer and owner of real
18 estate time-share projects and the financing and loan servicing of
19 notes secured by time-share intervals. As of April 2, 1991, the
20 officers and directors of GIFG were:

21 (i) Ralph Mann, Chief Executive Officer;

22 (ii) Paula Bickett, Secretary;

23 (iii) Peter J. Giummo, Chief Financial Officer.

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1 (b) Glen Ivy Resorts, Inc. (hereafter GIR), was
2 incorporated in California as The Plaza of Palm Springs, Inc., on
3 June 10, 1982. The corporate name was changed to Glen Ivy Resorts,
4 Inc., on October 30, 1986. As of April 24, 1989, the officers and
5 directors of GIR were:

6 (i) Ralph Mann, Chief Executive Officer and Chief
7 Financial Officer;

8 (ii) Paula Bickett, Secretary;

9 (iii) Hurley Reed, Director.

10 GIR's business was real estate acquisition. GIR was the owner and
11 developer of the several Glen Ivy time-share resorts. Grant deeds
12 to purchasers were from GIR as grantor. Public reports and out-of-
13 state permits were issued by the Department to GIR authorizing GIR
14 to sell time-share intervals to the public.

15 (c) Glen Ivy Management Company, Inc. (hereafter GIM),
16 was incorporated in California on August 5, 1985. As of July 27,
17 1990, the officers and directors of GIM were:

18 (i) Ralph Mann, Chief Executive Officer;

19 (ii) Paula Bickett, Secretary;

20 (iii) Peter J. Gimmo, Chief Financial Officer;

21 (iv) Hurley Reed, Director.

22 GIM managed the resorts affiliated with the Glen Ivy corporations.
23 GIM's functions included managing the homeowners associations of
24 each GIR resort, assessing and billing maintenance fees, maintenance
25 of each resort, staffing, reservations, and other related
26 activities.

27

1 (d) U.S. Fidelity Escrow, Inc. (hereafter USFE), was
2 incorporated in California in 1990. As of May 28, 1991, the
3 officers and directors of USFE were:

4 (i) Christopher F. Gallagher, Chief Executive
5 Officer, Chief Financial Officer, Director;

6 (ii) Rhonda Guimmo, Secretary, Director.

7 USFE, an escrow company licensed by the California Department of
8 Corporations, escrowed all of the Glen Ivy sales since approximately
9 October, 1990, when it was formed.

10 COMMON TO ALL GLEN IVY PROJECTS

11 FLAGRANT COURSE OF FALSE PROMISES

12 10.

13 Respondent GI, as broker for the Glen Ivy projects,
14 engaged in a continued and flagrant course of making false promises
15 to purchasers.

16 (a) Pursuant to written California Agreements to Purchase
17 and Escrow Instructions (hereafter Agreements) entered into between
18 GIR and purchasers, and pursuant to public reports and permits
19 issued by the Department, all purchase funds were to be held in
20 escrow until title was delivered to buyers by recorded conveyances.
21 If recorded conveyances were not delivered within one year from the
22 date of the Agreement, GIR was to instruct escrow to return all
23 buyers' down payments and payments made on notes carried back by GIR
24 (hereafter "purchase money funds").

25 (b) As early as December, 1989, GIR, respondents GI and
26 EMC engaged in the practice of selling more time-share intervals in
27 the GIR resorts than GIR had time-share intervals available to sell

1 (hereafter "overselling"). GIR and respondents GI and EMC, in
2 December, 1989, had established a policy that, "Due to unavailable
3 inventory, some sales cannot be recorded immediately." This was the
4 result of overselling the available time-share intervals. Under
5 this policy, grant deeds in favor of persons to whom time-share
6 intervals were oversold were to be stored in "sale date order", to
7 be recorded when deed-backs from prior purchasers were recorded.

8 (c) Respondents GI and EMC administratively segregated
9 recorded owners from unrecorded owners:

10 (i) Recorded owners were listed on "Account Files
11 Listings"; and

12 (ii) Unrecorded owners were listed on "Use Fee"
13 Lists".

14 (iii) Thus, there were two classes of owners of GIR
15 time-share intervals, recorded owners and
16 unrecorded owners. As of on or about
17 February 1, 1992, there were approximately
18 3,667 owners whose intervals were not recorded.

19 (d) Respondents GI and EMC treated unrecorded owners the
20 same as recorded owners. In both cases, respondent EMC received and
21 disbursed all purchase funds, including payments on purchase money
22 loans, to GIR or to its lenders, regardless of whether or not the
23 purchaser received a recorded conveyance.

24 (e) In addition, respondent EMC charged both recorded and
25 unrecorded owners assessment fees, labeled "use fees" when charged
26 to unrecorded owners. GIR had no contractual authority to collect
27 "use fees" from unrecorded owners. Both assessment fees and "use

1 fees" were used to pay the expenses of Glen Ivy. "Use fees" paid by
2 recorded owners were the property of the homeowners' associations
3 charged with the management of their particular time-share project.
4 However, respondent EMC diverted the "use fees" to the use and
5 benefit of Glen Ivy.

6 (f) Respondents GI and EMC, as broker and loan servicer
7 respectively, owed a duty to inform prospective purchasers that the
8 particular time-share interval had previously been sold but failed
9 to so inform those purchasers who had purchased oversold intervals
10 that they were purchasing a previously sold time-share interval, or
11 were otherwise making what was, at best, a "back-up" offer.
12 Unrecorded purchasers reasonably believed they had purchased a time-
13 share interval from GIR and would, in accordance with the Agreement,
14 receive title to their time-share interval.

15 (g) In addition to the promises made in the Agreements,
16 from time to time, respondents GI and EMC made specific false oral
17 promises that GIR would deliver a grant deed to the purchasers.
18 Purchasers who were told they would receive a grant deed, but who
19 did not receive a grant deed, include but are not limited to the
20 following:

21 <u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>
22	<u>DESERT BREEZES</u>	
23 M. C. Keithley	DB 4485	11-7-91
24 Joseph Franklin Fennell	DB 4456	9-7-91
25 Daniel Robert Lessard	DB 4474	9-8-91
26 Judy Evelyn Best	DB 4412	8-28-91
27 Sabina M. Pradmore	DB 4423	8-28-91

1	Melvin A. Cooper	DB 4427	8-29-91
2	Arthur & Deborah Foosaner	DB 4404	7-8-91
3		<u>HAVASU DUNES</u>	
4	Ronald L. McKinney	HD 6659	10-9-91
5	James Michael Johnson	HD 6550	9-13-91
6	Gary C. Randall	HD 6133	7-12-90
7	William Maxwell Wesley	HD 6068	7-11-90
8	Michael A. Corfield	HD 6083	7-10-90
9	Jack L. Julian	HD 6016	7-8-90
10	Angela Spell	HD 6005	7-8-90
11	Eva Keesee	HD 6038	7-7-90
12	Cheryl Ann Winfrey	HD 5865	6-30-90
13	Thomas W. Watson	HD 5875	6-30-90
14	Otto Woltke	HD 5898	6-24-90
15	Sheila M. Itow	HD 5710	6-24-90
16	Cheryl A. Whiting	HD 5751	6-24-90
17	Nancy Ramos Garcia	HD 5720	6-23-90
18	Robert Kendall Burdette, Jr.	HD 2922	8-10-89
19		<u>PONA KAI</u>	
20	Thomas James Harris	KI 8525	11-4-90
21	Robert E. Rickles	KI 10506	2-14-90
22	Maxine Tier	KI 8037	2-4-90
23	Alana Ebner	KI 10663	1-10-90
24	David W. Bradbury	KI 10306	11-12-89
25	Allen E. Johnson	KI 7731	12-3-88
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27		/	

1		<u>LAGUNA SURF</u>	
2	Howard & Janice Churchill	LS 1829	10-22-91
3	Robert Leroy Caldwell	LS 1824	10-20-91
4		<u>PARK REGENCY</u>	
5	James Archie & Andrew Joyce	PR 6340	6-16-91
6	Gigi & Daniel Collins	PR 6303	4-27-91
7		<u>PLAZA RESORT</u>	
8	Celia Irene Brandon	PL 6981	7-20-91
9	Felix E. Sutherland	PL 7169	8-5-90
10	Ronald & Toyomi Harrington	PL 7157	8-5-90
11	Robert Munoz	PL 7135	8-4-90
12	Gail Theresa Wiebe	PL 7130	8-3-90
13	Shinji Sugimoto	PL 6927	7-28-90
14	Richard D. White	PL 6891	7-26-90
15	Gerald & Ravanna Hessler	PL 6893	7-26-90
16	Jose Felicito Laudencia	PL 6901	7-26-90
17	Mary A. Parker	PL 6909	7-25-90
18	Timothy S. Payne	PL 6898	7-22-90
19	Daniel Yue-King Chan	PL 6889	7-22-90
20	Michael John Clark	PL 6771	7-19-90
21	Olga W. Lyons	PL 7175	8-89
22		<u>VISTA MIRAGE</u>	
23	Lynn Cherry	VM 3535	4-4-91
24	Judy D & Kenneth Morris	VM 3527	3-30-91
25	Marlin J. Griffin	VM 3552	3-16-91
26	John Merlin Nelson	VM 1222	9-23-90
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SAN LUIS

Candice K. Yardley	SL 4238	7-29-90
Otis & Nita Brantley	SL 4234	7-27-90
John M. Habbick	SL 4385	6-21-90
Carmen L. Gonzalez	UT 6311	5-18-91

MISREPRESENTATION OF THE TERMS OF THE TRANSACTION

11.

From time to time as herein below set forth, personnel from respondent GI represented to purchasers of time-share intervals that they would receive a deed to the time-share interval after they paid off the loan. This was contrary to the terms of purchase which, under the written Agreements and under the various public reports and permits issued by the Department, required title to be conveyed to the purchasers prior to the disbursal of purchasers' payments to GIR or its lenders. Purchasers to whom these representations were made include but are not limited to:

<u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>
Steven Charles Lindsay	KI 10693	11-17-90
Richard Thomas Guriel	PL 7166	7-22-90
Felicia Karen Jordahl	PL 7036	8-1-90
Matthew & Melody Nikola	PL 6828	7-20-90
Robert J. Hollingshead	PL 6874	7-17-90
Trinet K. Stockwell	PL 6972	7-28-90
Trenton Clay Prall	PL 7304	10-3-91
Gary Blake Gilmore	PL 7057	8-2-90
Patricia Sund	PR 6224	4-11-91
Carolyn Irene Brothers	PR 6311	4-28-91

1 Abraham Kitsinian SL 4747 9-24-90
2 Winston Errol Pingrey SL 4796 10-20-90

3 SALES WITHOUT PUBLIC REPORTS

4 12.

5 Respondent GI sold GIR time-share intervals to the public
6 without a public report or an out-of-state permit having been issued
7 prior to said sales, or, after a time the public report or out-of-
8 state permit had expired. Persons who purchased time-share
9 intervals through respondent GI from GIR without such permit or out-
10 of-state permit include but are not limited to the following:

11 <u>Purchaser</u>	<u>Glen Ivy Account</u>	<u>Date</u>
12 Stephen Charles Lindsay	KI 10693	11-17-90
13 Euriel Merrick	UT 6110	2-3-91
14 Robert & Yolanda Ramirez	UT 6268	4-21-91
15 Michael J. Ruffner	UT 6273	4-21-91
16 Jose R. Chacon	UT 6285	4-28-91
17 Lloyd Albert Griffiths	UT 6303	5-2-91
18 Carmen L. Gonzalez	UT 6311	5-18-91

19 SALES BY UNLICENSED SALESPERSONS

20 13.

21 (a) From time to time, as hereinbelow set forth,
22 respondents GI and WOOD employed or compensated persons not licensed
23 by the Department to negotiate with prospective purchasers for the
24 purchase of time-shares from GIR. Unlicensed salespeople negotiated
25 the following transactions:

26 /

27 /

	<u>Purchaser</u>	<u>Glen Ivy Acct.</u>	<u>Date</u>	<u>Unlic. Salesperson</u>
2	(1) Jack L. Julian	HD 6106	7-8-90	Bernie Breeding
3	(2) Howard A. Churchill	LS 1829	10-22-91	Doug Hiles
4	(3) Robert L Caldwell	LS 1824	10-20-91	Nigel Gibbs
5	(4) Howard Rudoff	PL 7103	8-2-90	Bernadette Alba
6	Howard Rudoff	PL 7103	8-2-90	Bernard Alba
7	(5) Stephen C. Lindsay	KI 10693	11-17-90	John Richard
8	Stephen C. Lindsay	KI 10693	11-17-90	LaRoe Lockhart
9	(6) Edgardo V. Molina	VM 3584	4-30-91	Susan Pint

10 (b) Respondent WOOD was, in addition to being the
11 designated officer of GI, the manager of GI's offices in Newport
12 Beach and San Diego, California. Sales transactions numbered (1)
13 through (6), inclusive, were negotiated at GI's Newport Beach or San
14 Diego offices.

15 (c) The employment or compensation by respondents GI and
16 WOOD of unlicensed salespeople, as set forth hereinabove, subjects
17 their licenses and license rights to suspension or revocation under
18 the provisions of Code Section 10137.

19 DESERT BREEZES

20 14.

21 (a) On or about July 25, 1991, the Department issued a
22 Consolidated Final Subdivision Public Report, Time-Share Project,
23 File Nos. 010095HF-A04 and 010116HF-A03, for the Desert Breezes
24 Resort Time-Share to GIR for a total of 76 units in the project and
25 that GIR intended to sell 51 weeks per unit for a total of 3,876
26 time-share intervals. The Public Report states the following
27 regarding the handling of buyers funds:

1 Purchase Money Handling:

2 In accordance with Business and Professions Code, Section
3 11013.4(a), all purchase money will be deposited with
4 Emerald Escrow (substituted by on July 25, 1991 with U.S.
5 Fidelity Escrow)...and will be released to the Sponsor
6 concurrently with the conveyance of your time-share to
7 you. If your escrow does not close within one (1) year of
8 the date it is opened for reasons other than your default,
9 then your purchase money will be returned to you by the
10 escrow holder without deduction.

11 (b) In connection with sales of Desert Breezes, GIR
12 entered into written California Agreements to Purchase and Escrow
13 Instructions (Agreements) which provided that, at the close of
14 escrow, buyer was to receive a recorded grant deed and seller was to
15 receive a recorded trust deed and that "¶7.5 If escrow does not
16 close by one year from the date first above written...Seller shall
17 instruct Escrow Holder to return all money remitted by Buyer under
18 the terms of this Agreement ("purchase money") to be refunded to
19 Buyer..."

20 (c) Purchasers of Desert Breezes time-shares to whom
21 title had been conveyed were required by the Covenants, Conditions
22 and Restrictions to pay assessments. Without contractual right,
23 respondent EMC billed for and collected "use fees" from purchasers
24 to whom no recorded grant deed was delivered, as more specifically
25 alleged below.

26 KASAI TRANSACTION

27 15.

On or about June 29, 1991, David S. Kasai (Kasai)
purchased a time-share interval at the Desert Breezes from GIR
through respondent GI, who acted as agent for or in expectation of
compensation. Kasai purchased an Imperial Unit in the High Season

1 for \$8,900.00, Glen Ivy account number DB 4387, with \$937.00 down
2 and GIR carried back a promissory note for \$7,963.00, payable
3 \$153.21 per month for 84 months secured by a trust deed on the time-
4 share unit.

5 (a) At no time did GIR deliver a recorded grant deed to
6 Kasai. At no time herein has GIR conveyed title to Kasai. At no
7 time herein did GIR return his purchase money funds to Kasai. The
8 Kasai escrow never closed.

9 (b) Respondent GI memorialized the Kasai agreement on an
10 Agreement, Section 7 of which provides:

11 (¶) 7. Escrow Instructions:
12 All Buyer's funds received by Seller shall be deposited in
13 a broker trust account or in a neutral escrow depository
14 upon acceptance by Seller of Buyer's offer... All buyer's
15 funds shall remain in escrow until the conditions to close
16 of escrow in paragraphs 7.3 and 7.4 have been satisfied.

17 (i) In connection with the issuance of the Public
18 Report for Desert Breezes, GIR submitted and the
19 Department approved escrow instructions which
20 provided as follows:

21 (¶) 7. Escrow Instructions:
22 All Buyer's funds received by Seller shall be
23 deposited in a neutral escrow depository upon
24 acceptance by Seller or Buyer's offer. All Buyer's
25 funds shall remain until the conditions to close of
26 escrow in paragraphs 7.3 and 7.4 have been satisfied.

27 (ii) Respondent GI used non-approved escrow instructions,
which stated they could place buyers' purchase funds
in a broker trust account, a provision not approved
by the Department, in willful violation of
Regulations 2800(c) and 2810.6(e).

1 (c) Kasai made mortgage payments which were collected by
2 respondent EMC. Respondent EMC did not place these mortgage
3 payments in escrow as required by the Agreement, Public Report and
4 Code Section 11013.4(a).

5 (d) Without having conveyed title to Kasai, on or about
6 October 22, 1991, GIR billed Kasai, and Kasai made payments for a
7 maintenance assessment fee of \$101.75 to respondent EMC. This was
8 a fraudulent act by respondent EMC and was in willful violation of
9 Code Section 11013.4(a).

10 (e) At no time was Kasai told anything about a right to
11 rescission. Respondent GI stapled the rescission form underneath
12 the Public Report receipt form in willful violation of Regulation
13 2813.13 which requires the notice of right to rescission to be
14 "attach[ed] to the face page of every copy of a subdivision public
15 report given to a prospective purchaser..."

16 (f) Kasai tried to reserve a weekend of Bonus Time (time
17 other than the entitled week) at the Desert Breezes two (2) months
18 in advance. He could not get in at the Desert Breezes, but got in
19 the Plaza (a lesser quality resort). Kasai was told he had to make
20 reservations at least six (6) months in advance for his resort.

21 XIE TRANSACTION

22 16.

23 On or about August 28, 1991, Jian Yu Xie (Xie) and Yang
24 Xiao Mei (Mei) purchased a time-share interval at Desert Breezes
25 from GIR through respondent GI, who acted as agent for or in
26 expectation of compensation. Xie and Mei purchased an Imperial
27 Suite in the High Season for \$10,900.00, Glen Ivy account number

1 DB 4411, with \$1,090.00 down and Glen Ivy carried back a promissory
2 note for \$9,810.00, payable over 84 months secured by a trust deed
3 on the time-share unit.

4 (a) Xie was told by respondent GI all document processing
5 would be finished in about three (3) months. At no time did GIR
6 deliver a recorded grant deed to Xie and Mei. At no time herein has
7 GIR conveyed title to Xie and Mei. At no time herein did GIR return
8 their purchase money funds to them. The Xie and Mei escrow never
9 closed.

10 (b) Respondent GI negotiated the purchase of the time-
11 share unit between GIR and Xie and Mei by use of the Agreement, set
12 forth in paragraph 15 above, in willful violation of Regulations
13 2800(c) and 2810.6(e).

14 (c) Xie made mortgage payments to respondent EMC.
15 Respondent EMC did not place these mortgage payments in escrow as
16 required by the Agreement, Public Report and Code Section
17 11013.4(a).

18 (d) Respondent GI gave or caused to be given to Xie and
19 Mei a voucher waiving the homeowners' maintenance assessments for
20 1992. This is a financial inducement which was not approved of in
21 the Public Report, not disclosed to the Department, and which
22 violates Regulations 2800(d)(2) and 2810.6(d).

23 (e) Xie attempted to cancel the time-share interval when
24 he found out it had not been recorded. He was told by Glen Ivy he
25 had to keep it otherwise they would make an adverse report about him
26 to TRW.

27

1 PABON TRANSACTION

2 17.

3 On or about September 1, 1991, Billy A. and Rosa E. Pabon
4 (hereafter Pabons) purchased a time-share interval at the Desert
5 Breezes from GIR through respondent GI, who acted as agent for or in
6 expectation of compensation. The Pabons purchased an Imperial Unit
7 in the Prime Season for \$12,900.00, Glen Ivy account number DB 4454.
8 The Pabons made this purchase at GI's office in San Diego through
9 respondent WOOD. The Pabons paid \$1,290.00 down and GIR carried
10 back a promissory note for \$11,610.00, payable \$223.38 per month
11 over 84 months secured by a trust deed on the time-share unit.

12 (a) At no time did GIR deliver a recorded grant deed to
13 the Pabons. At no time herein has GIR conveyed title to the Pabons.
14 At no time herein did GIR return their purchase money funds to them.
15 The Pabon escrow never closed.

16 (b) Respondents GI and WOOD negotiated the purchase of
17 the time-share unit between GIR and the Pabons by use of the
18 Agreement, set forth in paragraph 15 above, in willful violation of
19 Regulations 2800(c) and 2810.6(e).

20 (c) The Pabons made mortgage payments to respondent EMC.
21 These payments were not placed into escrow as required by the
22 Agreement, Public Report and Code Section 11013.4(a).

23 (d) GIR waived the Pabons' first calendar year's (1991)
24 homeowners' maintenance fees by a letter from GI, signed by
25 respondent WOOD, which stated that their first year's maintenance
26 fee would be paid by sending in the association maintenance fee
27 voucher with their bill. This is a financial inducement which was

1 not approved of in the Public Report, was not disclosed to the
2 Department, and which, therefore, violates Regulations 2800(d)(2)
3 and 2810.6(d).

4 FENNELL TRANSACTION

5 18.

6 On or about September 7, 1991, Diane Carol Fennell and
7 Joseph Franklin, Jr. (hereafter the Fennells), purchased a time-
8 share interval at the Desert Breezes from GIR through respondent GI,
9 who acted as agent for or in expectation of compensation. The
10 Fennells purchased a one-bedroom unit in the Prime Season for
11 \$13,200.00, Glen Ivy account number is DB 4456. The Fennells deeded
12 back a studio unit to GIR on September 7, 1991, to purchase the
13 larger unit and received credit of \$3,440.00. GIR carried back a
14 promissory note for \$9,760.00, payable \$169.69 per month over 84
15 months secured by a trust deed on the time-share.

16 (a) The Fennells were told a grant deed would be mailed
17 to them within two (2) months, but they have failed to receive one.
18 The Fennells were told escrow would take fifteen (15) to thirty (30)
19 days to process. At no time did GIR deliver a recorded grant deed
20 to the Fennells. At no time herein has GIR conveyed title to the
21 Fennells. At no time herein did GIR return their purchase money
22 funds to them. The Fennells' escrow never closed.

23 (b) Respondent GI negotiated the purchase of the time-
24 share unit between GIR and the Fennells by use of the Agreement set
25 forth in paragraph 15, above, in willful violation of Regulations
26 2800(c) and 2810.6(e).

27 /

1 (c) The Fennells made mortgage payments to GIR through
2 automatic withdrawals from their checking account to respondent EMC
3 each month to pay their note. The Fennells' payments were not
4 placed into escrow as required by the Agreement, Public Report and
5 Code Section 11013.4(a).

6 (d) Without having conveyed title to the Fennells,
7 respondents GI and EMC assessed the Fennells and the Fennells paid
8 annual homeowners' maintenance assessments to GIR through respondent
9 EMC. This was a fraudulent act by respondents GI and EMC.

10 HAVASU DUNES

11 19.

12 (a) On or about March 7, 1991, the Department issued an
13 Out-of-State Time-Share Permit, File No. 001060HS-FOO, for the
14 Havasu Dunes Condominiums - Unit Two, aka Havasu Dunes III, to Glen
15 Ivy Resorts, Inc. The Permit states there are a total of 1,683
16 time-share estates available.

17 (a) On or about September 12, 1991, the Department issued
18 an Amended Consolidated Out-of-State Time-Share Permit, File Nos.
19 001051HS-A01 (Phase I) and 001055HS-A01 (Phase II), for the Havasu
20 Dunes (Phases I and II) to Glen Ivy Resorts, Inc. The Permit states
21 there are a total of 3,111 time-share estates available. All three
22 (3) phases will be commonly referred to as Havasu Dunes.

23 (c) The Permit for Phases I and II states the following
24 regarding the handling of buyers' funds:

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1 Purchase Money Handling:

2 In accordance with Sections 11013, and 11013.4(a), of the
3 Business and Professions Code, the sponsor must impound
4 all funds in an escrow account at U.S. Fidelity Escrow
5 Inc., 268 N. Lincoln Ave., Suite 2, Corona, CA 91720,
6 until title is delivered to you. If your escrow has not
7 closed within one (1) year of the date of its opening, you
8 may request return of your deposit.

9 (d) The Permit for Phase III states the following
10 regarding the handling of buyers' funds:

11 Purchase Money Handling:

12 In accordance with Sections 11013, 11013.1 and
13 11013.4(a), of the Business and Professions Code, the
14 sponsor must impound all funds in an escrow account at
15 U.S. Fidelity Escrow Inc., 268 N. Lincoln Ave., Suite 2,
16 Corona, CA 91720, until title is delivered to you. If your
17 escrow has not closed within one (1) year of the date of
18 its opening, you may request return of your deposit.

19 No escrow may close until such time as escrows of 337 of
20 the time sharing interests close at substantially the same
21 time.

22 (e) There were a total of 4,794 time-share intervals
23 available at Havasu Dunes. GIR and respondent GI sold approximately
24 5,271 time-share intervals in Havasu Dunes to the public. This was
25 approximately 477 intervals more than GIR or respondent GI were
26 permitted to sell. This conduct constituted negligence, fraud or
27 dishonest dealing.

28 JULIAN TRANSACTION

29 20.

30 On or about July 8, 1990, Jack L. and Charlotte M. Julian
31 (hereafter the Julians) purchased a time-share interval at the
32 Havasu Dunes (Phase II) from GIR through respondent GI who acted as
33 agent for or in expectation of compensation. The Julians purchased
34 an Imperial Mini Unit in the Prime Season for \$8,900.00, Glen Ivy

1 account number HD 6106, with \$890 down and GIR carried back a
2 promissory note for \$8,010.00, payable \$149.67 per month over 84
3 months secured by a trust deed on the time-share. The Julians made
4 their purchase at respondent GI's office in San Diego through agent,
5 Bernie Breeding.

6 (a) The Julians were told they would receive a deed in 30
7 days. At no time did GIR deliver a recorded warranty deed to the
8 Julians. At no time herein has GIR conveyed title to the Julians.
9 At no time herein has GIR returned purchase money funds to the
10 Julians. The Julians' escrow never closed.

11 (b) The Julians made the mortgage payments to respondent
12 EMC. As escrow had not closed, these payments were purchase money
13 funds. Respondent EMC did not place these mortgage payments into
14 escrow as required by the Agreement or Out-of-State Time-Share
15 Permit and Code Section 11013.4(a).

16 (c) The Julians were billed for and paid to respondent
17 EMC maintenance and use fees. Respondent EMC's collection of
18 maintenance and use fees without title having been conveyed to the
19 Julians constitutes fraud or dishonest dealing.

20 (d) GIR waived the Julians' first calendar year's (1991)
21 homeowners' maintenance fees by a letter from GI, signed by
22 respondent WOOD which stated that their 1990 maintenance fee will be
23 paid by sending in the association maintenance fee voucher with
24 their bill. This is a financial inducement which was not approved
25 of in the Public Report, was not disclosed to the Department, and
26 which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

27

BUTCHER TRANSACTION

21.

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3 On or about July 11, 1990, Ronald I. and Eileen L. Butcher
4 (hereafter the Butchers) purchased a time-share interval at the
5 Havasu Dunes (Phase II) from GIR through respondent GI, who acted as
6 agent for or in expectation of compensation. The Butchers purchased
7 a Mini Unit in the Prime Season for \$8,900.00, Glen Ivy account
8 number HD 6212, with \$890.00 down. GIR carried back a promissory
9 note for \$8,010.00 payable \$149.67 per month over 84 months secured
10 by a trust deed on the time-share.

11 (a) At no time did GIR deliver a recorded warranty deed
12 to the Butchers. At no time herein has GIR conveyed title to the
13 Butchers. At no time herein did GIR return the Butchers' purchase
14 money funds to them. The Butchers' escrow never closed.

15 (b) The Butchers made mortgage payments by auto-draft
16 from their checking account to respondent EMC. These mortgage
17 payments were not placed in escrow as required by the Agreement or
18 Out-of-State Time-Share Permit and in willful violation of Code
19 Section 11013.4(a).

20 (c) The Butchers received billings for and paid
21 respondent EMC "use fees" for 1991 and 1992. The billing for these
22 fees by respondent EMC is fraud or dishonest dealing.

23 (d) GIR waived the Butchers' first calendar year's (1990)
24 maintenance fees by a letter from GI, signed by respondent WOOD,
25 which stated that their 1990 maintenance fee would be paid by
26 sending in the association maintenance fee voucher with their bill.
27 This is a financial inducement which was not approved of in the

1 Public Report, was not disclosed to the Department, and which,
2 therefore, violates Regulations 2800(d)(2) and 2810.6(d).

3 JOHNSON TRANSACTION

4 22.

5 On or about June 27, 1990, Robert Herbert and Deborah Ann
6 Johnson (hereafter the H. and D. Johnson) purchased a time-share
7 interval at Havasu Dunes from GIR through respondent GI, who acted
8 as agent for or in expectation of compensation. H. and D. Johnson
9 purchased a one-bedroom unit in the "off" season for \$8,900.00, Glen
10 Ivy account number HD 6281, with \$1,000.00 down. GIR carried back a
11 promissory note for \$7,900.00, payable \$150.00 per month over 84
12 months secured by a trust deed on the time-share.

13 (a) At no time did GIR deliver a recorded warranty deed
14 to H. and D. Johnson. At no time herein has GIR conveyed title to
15 H. and D. Johnson. At no time herein did GIR return H. and D.
16 Johnson's purchase money funds to them. The H. and D. Johnson
17 escrow never closed.

18 (b) H. and D. Johnson made mortgage payments to
19 respondent EMC. These mortgage payments were not placed in escrow
20 as required by the Agreement, Out-of-State Time-Share Permit and
21 Code Section 11013.4(a).

22 (c) H. and D. Johnson were billed for and paid to
23 respondent EMC maintenance and use fees. Respondent EMC's
24 collection of maintenance and use fees constitutes fraud or
25 dishonest dealing.

26 (d) Respondent GI did not inform H. and D. Johnson of
27 their rescission rights nor supply them with a copy of these rights.

1 These omissions were in willful violation of Code Sections 11000.2
2 and 11024 and Regulation 2813.13.

3 MC KINNEY TRANSACTION

4 23.

5 On or about October 9, 1991, Ronald L. and Charlotte L.
6 McKinney (hereafter the McKinneys) purchased a time-share interval
7 at the Havasu Dunes from GIR through respondent GI, who acted as
8 agent for or in expectation of compensation. The McKinneys
9 purchased a two-bedroom Presidential Unit in the Prime Season for
10 \$13,900.00, Glen Ivy account number HD 6659. The McKinneys traded
11 in the equity they had in a Desert Breezes Unit of \$3,184.78 as
12 their down payment. GIR carried back a promissory note for
13 \$10,715.22, payable \$177.89 per month over 84 months secured by a
14 trust deed on the time-share.

15 (a) The McKinneys were told they would receive a warranty
16 deed in 90 days. At no time did GIR deliver a recorded warranty
17 deed to the McKinneys. At no time herein has GIR conveyed title to
18 the McKinneys. At no time herein did GIR return the McKinneys'
19 purchase money funds to them. The McKinneys' escrow never closed.

20 (b) The McKinneys made the mortgage payments to
21 respondent EMC. Respondent EMC did not place these mortgage
22 payments into escrow as required by the Agreement, Permit and Code
23 Section 11013.4(a).

24 (c) GIR waived the McKinneys' 1991 maintenance fees by a
25 letter from GI. This is a financial inducement which was not
26 approved in the Public Report, nor disclosed to the Department, and
27 which, therefore, violates Regulations 2800(d)(2) and 2810.6(d).

1 (d) Respondent GI did not inform the McKinneys of
2 their rescission rights nor supply them with a copy of these rights.
3 These omissions were in willful violation of Code Sections 11000.2
4 and 11024 and Regulation 2813.13.

5 (e) Respondent GI did not provide the McKinneys with
6 a copy of the Permit in willful violation of Code Section 11018.1.

7 LAGUNA SURF

8 24.

9 On or about April 16, 1991, the Department issued a
10 Renewed and Amended Final Subdivision Public Report, Time-Share
11 Project, File No. 010086 HF-A04, for the Laguna Surf to GIR. The
12 Public Report states there are 1,275 time-share intervals. The
13 Public Report states the following regarding the handling of buyers'
14 funds:

15 Purchase Money Handling:

16 In accordance with Sections 11013.2 (a) and 11013.4 (a) of
17 the Business and Professions Code, all purchasers' funds
18 will be impounded in an escrow depository with U.S.
19 Fidelity Escrow, Inc., 268 N. Lincoln Ave., Suite 2,
Corona, CA 91720, until legal title to a time-share is
delivered to the purchaser. If the escrow has not closed
on your time-share within one (1) year of the date of
escrow opening, you may request return of your deposit.

20 LEGG TRANSACTION

21 25.

22 On or about October 19, 1991, Bruce and Mary T. Legg
23 (hereafter the Leggs) purchased a time-share interval at the Laguna
24 Surf from GIR through respondent GI, who acted as agent for or in
25 expectation of compensation. The Leggs purchased a Surf Prime Unit
26 for \$14,900.00, Glen Ivy account number LS 1828. The Leggs traded
27 their equity in their Pono Kai time-share to purchase the Laguna

1 Surf time-share and were credited with a down payment of \$4,523.04.
2 GIR carried back a promissory note for \$10,376.96, payable \$172.27
3 per month over 84 months secured by a trust deed on the time-share.

4 (a) At no time did GIR deliver a recorded grant deed to
5 the Leggs. At no time herein has GIR conveyed title to the Leggs.
6 At no time herein did GIR return the Leggs' purchase money funds to
7 them. The Leggs' escrow never closed.

8 (b) The Leggs made mortgage payments by withdrawals from
9 their bank account to respondent EMC. Respondent EMC did not place
10 these mortgage payments in escrow as required by the Agreement,
11 Public Report and Code Section 11013.4(a).

12 (c) Respondent GI failed to provide to the Leggs a copy
13 of the Public Report for the Laguna Surf when he purchased this
14 time-share in willful violation of Code Section 11018.1.

15 (d) Respondent GI did not inform the Leggs of their
16 rescission rights nor supply them with a copy of these rights.
17 These omissions were in willful violation of Code Sections 11000.2
18 and 11024 and Regulation 2813.13.

19 CHURCHILL TRANSACTION

20 26.

21 On or about October 22, 1991, Howard A. and Janice E.
22 Churchill (hereafter the Churchills) purchased a time-share interval
23 at the Laguna Surf from GIR through respondent GI, who acted as
24 agent for or in expectation of compensation. The Churchills
25 purchased a Surf Prime Unit for \$14,900.00, Glen Ivy account number
26 LS 1829. The Churchills traded in their equity from a Havasu Dunes
27 unit as their down payment of \$2,431.40. GIR carried back a

1 promissory note for \$12,468.60, payable \$216.78 per month over 84
2 months secured by a trust deed on the time-share.

3 (a) The Churchills were told they would receive a
4 recorded Grant Deed for their purchase. At no time did GIR deliver a
5 recorded grant deed to the Churchills. At no time herein has GIR
6 conveyed title to the Churchills. At no time herein did GIR return
7 the Churchills' purchase money funds to them. The Churchills' escrow
8 never closed.

9 (b) The Churchills made payments by auto-draft through
10 their account to respondent EMC. Respondent EMC did not place their
11 mortgage payments in escrow as required by the Agreement, Public
12 Report and Code Section 11013.4(a).

13 (c) Respondent GI failed to provide to the Churchills a
14 copy of the Public Report for the Laguna Surf when they purchased
15 this time-share in willful violation of Code Section 11018.1.

16 (d) Howard Churchill was at no time able to make a
17 reservation at the Laguna Surf because nothing was available at the
18 times he requested reservations.

19 CALDWELL TRANSACTION

20 27.

21 On or about October 20, 1991, Robert L. and Dolores P.
22 Caldwell (hereafter the Caldwells) purchased a time-share interval
23 at the Laguna Surf from GIR through respondent GI who acted as agent
24 for or in expectation of compensation. Kasai purchased a one-
25 bedroom "Surf Prime" Unit for \$15,900.00, Glen Ivy account number
26 LS 1824, with \$1,380.00 down. GIR carried back a promissory note
27 for \$12,720.00 at 11.5% interest, payable \$211.17 per month over 84

1 months secured by a trust deed on the time-share. The Caldwells
2 made this purchase at respondent GI's office in Newport Beach from
3 salesperson, Nigel Gibbs.

4 (a) The Caldwells were told they would receive a grant
5 deed at close of escrow which was to be in 30 days. At no time did
6 GIR deliver a recorded grant deed to the Caldwells. At no time
7 herein has GIR conveyed title to the Caldwells. At no time herein
8 did GIR return the Caldwells' purchase money funds to them. The
9 Caldwells' escrow never closed.

10 (b) The Caldwells made payments by automatic withdrawal
11 from their checking account to respondent EMC. The Caldwells made
12 these payments for five (5) months, from December, 1991, to April,
13 1992, until they stopped the withdrawals. Respondent EMC did not
14 place these mortgage payments in escrow as required by the
15 Agreement, Public Report and Code Section 11013.4(a).

16 (c) Respondent GI negotiated the purchase of the time-
17 share unit by the Caldwells and memorialized said agreement on a
18 Purchase Agreement and Escrow Instructions. Section 7 of this
19 Agreement provides:

20 All Buyer's funds received by Seller shall be deposited in
21 a broker trust account or in a neutral escrow depository
22 within two (2) business days of acceptance by Seller of
23 Buyer's offer. Buyer and Seller shall open an escrow to
24 implement the purchase and sale of the Time-share Estate
25 contemplated by this Agreement with Escrow Holder within
26 30 days after acceptance by Seller. All Buyer's funds
27 shall remain in escrow until the conditions to Close of
Escrow in Sections 7.3 and 7.4 have been satisfied.

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1 (i) In connection with the issuance of the Public Report
2 for Laguna Surf, GIR submitted and the Department
3 approved escrow instructions which provided as
4 follows:

5 (¶) 7. Escrow Instructions.
6 All Buyer's funds received by Seller shall be
7 deposited in a neutral escrow depository upon
8 acceptance by Seller of Buyer's offer. All Buyer's
9 funds shall remain in escrow until the conditions to
10 Close of Escrow in Sections 7.3 and 7.4 have been
11 satisfied.

12 (ii) Respondent GI used non-approved instructions stating
13 they could place purchase funds in a broker trust
14 account, a provision not approved by the Department,
15 in willful violation of Regulations 2800(c) and
16 2810.6(e).

17 PARK PLAZA

18 28.

19 (a) On or about June 11, 1991, the Department issued to
20 GIR a Renewed and Amended Out-of-State Time-Share Permit, File
21 No. 001040HS-AO3, for the Park Plaza VIP Club, aka Park Plaza
22 Resort. The Permit states the following regarding the handling of
23 buyers' funds:

24 Purchase Money Handling

25 In accordance with Sections 11013, 11013.1 and 11013.2(a)
26 of the Business and Professions Code, the sponsor must
27 impound all funds in a neutral escrow depository until
title is delivered to you. If your escrow (transaction)
has not closed within 365 days of the date of its opening,
you may request return of your deposit.

(b) There were a total of 3,213 time-share estates
available. GIR and respondent GI sold approximately 3,257 time-
share intervals in Park Plaza to the public. This was approximately

1 44 intervals more than GIR or respondent GI were permitted to sell.
2 This conduct constituted negligence, fraud or dishonest dealing.

3 KIRCHBERG TRANSACTION

4 29.

5 On or about May 4, 1991, Jerome Michael and Evelyn M.
6 Kirchberg (hereafter the Kirchbergs) purchased a time-share interval
7 at the Park Plaza from GIR through respondent GI, who acted as agent
8 for or in expectation of compensation. The Kirchbergs purchased a
9 Presidential Unit in the Winter Season for \$8,900.00, Glen Ivy
10 account number UT 6296, with \$1,700.00 down. GIR carried back a
11 promissory note for \$7,200.00 secured by a trust deed on the time-
12 share.

13 (a) At no time did GIR deliver a recorded warranty deed
14 to the Kirchbergs. At no time herein has GIR conveyed title to the
15 Kirchbergs. At no time herein did GIR return the Kirschbergs'
16 purchase money funds to them. The Kirchbergs' escrow never closed.

17 (b) The Kirchbergs made mortgage payments to respondent
18 EMC. Respondent EMC did not place these mortgage payments in escrow
19 as required by the Agreement, Public Report and Code Section
20 11013.4(a).

21 (c) Respondent EMC assessed the Kirchbergs and the
22 Kirchbergs paid a use fee of \$120.00 on or about October 17, 1991,
23 to GIR through respondent EMC. This was a fraudulent act by
24 respondent EMC.

25 (d) GIR waived the Kirchbergs' first year's (1991)
26 maintenance fees by a letter from GI, signed by respondent WOOD,
27 which stated that their first year's maintenance fee would be paid

1 by sending in the association maintenance fee voucher with their
2 bill. This is a financial inducement which was not approved of in
3 the Public Report, was not disclosed to the Department, and which,
4 therefore, violates Regulations 2800(d)(2) and 2810.6(d).

5 (e) Respondent GI did not inform the Kirchbergs of their
6 rescission rights nor supply them with a copy of these rights.
7 These omissions were in willful violation of Code Sections 11000.2
8 and 11024 and Regulation 2813.13.

9 LEE TRANSACTION

10 30.

11 On or about June 22, 1991, Lawrence S. and Shirley A. Lee
12 (hereafter the Lees) purchased a time-share interval at the Park
13 Plaza from GIR through respondent GI, who acted as agent for or in
14 expectation of compensation. The Lees purchased a Mini Suite in the
15 High Season, also known as the White Season, for \$8,900.00, Glen Ivy
16 account number UT 6333, with \$890.00 down. GIR carried back a
17 promissory note for \$8,010.00, payable \$154.12 per month for 84
18 months secured by a trust deed on the time-share.

19 (a) At no time did GIR deliver a recorded warranty deed
20 to the Lees. At no time herein has GIR conveyed title to the Lees.
21 At no time herein did GIR return the Lees' purchase money funds to
22 them. The Lees' escrow never closed.

23 (b) The Lees made mortgage payments to respondent EMC.
24 Respondent EMC did not place these mortgage payments in escrow as
25 required by the Agreement, Public Report and Code Section
26 11013.4(a).

27 /

1 (c) Respondent EMC assessed the Lees and the Lees paid a
2 use fee to GIR through respondent EMC. This was a fraudulent act by
3 respondent EMC.

4 (d) The Lees were told by John Duncan of GI that once
5 they signed the purchase documents, they had no rescission rights
6 and could not rescind the sale. This was a misrepresentation and
7 fraud or dishonest dealing by respondent GI.

8 MC GOWAN TRANSACTION

9 31.

10 On or about June 23, 1991, David T. and Marie V. McGowan
11 (hereafter the McGowans) purchased a time-share interval at the Park
12 Plaza from GIR through respondent GI, who acted as agent for or in
13 expectation of compensation. The McGowans purchased a Mini Suite in
14 the High Season for \$9,900.00, Glen Ivy account number UT 6344, with
15 \$990.00 down. GIR carried back a promissory note for \$8,910.00,
16 payable \$171.43 per month for 84 months secured by a trust deed on
17 the time-share.

18 (a) The McGowans were told by respondent GI that escrow
19 would take about 30 days and that they would receive a recorded
20 warranty deed in 30 days. At no time did GIR deliver a recorded
21 warranty deed to the McGowans. At no time herein has GIR conveyed
22 title to the McGowans. At no time herein did GIR return the
23 McGowans' purchase money funds to them. The McGowans' escrow never
24 closed.

25 (b) The McGowans made mortgage payments by automatic
26 withdrawal from their checking account to respondent EMC.
27 Respondent EMC did not place these mortgage payments in escrow as

1 required by the Agreement, Public Report and Code Section
2 11013.4(a).

3 (c) Respondent GI negotiated the purchase of the time-
4 share unit by the McGowans and memorialized said agreement on a
5 Purchase Agreement and Escrow Instructions (hereafter "Agreement").
6 Section 7 of said Agreement provides:

7 All Buyer's funds received by Seller shall be deposited in
8 a broker trust account or in a neutral escrow depository
9 within two (2) business days of acceptance by Seller of
10 Buyer's offer. Buyer and Seller shall open an escrow to
11 implement the purchase and sale of the Time-share Estate
12 contemplated by this Agreement with Escrow Holder within
13 30 days after acceptance by Seller. All Buyer's funds
14 shall remain in escrow until the conditions to Close of
15 Escrow in Sections 7.3 and 7.4 have been satisfied.

16 (i) In connection with the issuance of the Public Report
17 for Park Plaza, GIR submitted and the Department
18 approved escrow instructions which provided as
19 follows:

20 (§) 7. Escrow Instructions.
21 All Buyer's funds received by Seller shall be
22 deposited in a neutral escrow depository upon
23 acceptance by Seller of Buyer's offer. All Buyer's
24 funds shall remain in escrow until the conditions to
25 Close of Escrow in Sections 7.3 and 7.4 have been
26 satisfied.

27 (ii) Respondent GI used altered, non-approved
instructions stating they could place purchase funds
in a broker trust account, a provision not approved
by the Department, in willful violation of
Regulations 2800(c) and 2810.6(e).

(d) Respondent EMC assessed the McGowans and the McGowans
paid a use fee to GIR through respondent EMC. This was a fraudulent
act by respondent EMC.

1 (e) GIR waived the McGowans' first year's (1991)
2 maintenance fees by a letter from GI, signed by respondent WOOD,
3 which stated that their first year's maintenance fee would be paid
4 by sending in the association maintenance fee voucher with their
5 bill. This is a financial inducement which was not approved of in
6 the Public Report, was not disclosed to the Department, and which,
7 therefore, violates Regulations 2800(d)(2) and 2810.6(d).

8 PARK REGENCY

9 32.

10 (a) On or about April 6, 1990, the Department issued a
11 Renewed and Amended Out-of-State Time-Share Permit, File
12 No. 001048HS-AO2, for The Park Regency, to GIR. This Permit expired
13 April 5, 1991 and was not renewed until June 11, 1991. On or about
14 June 11, 1991, the Department issued a Renewed and Amended Out-of-
15 State Time-Share Permit, File No. 001048HS-AO3, for The Park
16 Regency, to Glen Ivy Resorts, Inc. Both Permits state the following
17 regarding the handling of buyers' funds:

18 Purchase Money Handling

19 In accordance with Sections 11013, 11013.1 and 11013.2
20 (a) of the Business and Professions Code, the sponsor must
21 impound all funds in a neutral escrow depository until
title is delivered to you. If your escrow (transaction)
has not closed within 365 days of the date of its opening,
you may request return of your deposit.

22 (b) There were a total of 4,284 time-share estates
23 available. GIR and respondent GI sold approximately 4,323 time-
24 share intervals in Park Regency to the public. This was
25 approximately 39 intervals more than GIR or GI were permitted to
26 sell. This conduct constituted negligence, fraud or dishonest
27 dealing.

1 (i) In connection with the issuance of the Public
2 Report for Park Regency, GIR submitted and the
3 Department approved escrow instructions which
4 provided as set forth in paragraph 31(c)(i).

5 (ii) Respondent GI used non-approved instructions
6 stating they could place purchase funds in a
7 broker trust account, a provision not approved
8 by the Department, in willful violation of
9 Regulations 2800(c) and 2810.6(e).

10 (d) Respondent GI offered to sell or sold an interval in
11 the Park Regency to the Scotts without having a valid permit from
12 the Department in violation of Code Sections 10238.3 and 10249.

13 (e) GIR waived the Scotts' first year's (1991)
14 maintenance fees by a voucher provided by respondent GI. This is a
15 financial inducement which was not approved of in the Public Report,
16 was not disclosed to the Department, and which, therefore, violates
17 Regulations 2800(d)(2) and 2810.6(d).

18 (f) Respondent GI provided to the Scotts, at the time of
19 sale, a travel voucher for \$800.00 to be used when travel was
20 arranged through Glen Ivy Travel, Inc. This travel voucher was not
21 disclosed to or approved by Department in the application for the
22 Permit and represents a financial inducement which violates
23 Regulations 2800(d)(2) and 2810.6(d).

24 NOUROK TRANSACTION

25 34.

26 On or about April 28, 1991, Jonathan Nourok (hereafter
27 Nourok) purchased a time-share interval at the Park Regency from GIR

1 through respondent GI, who acted as agent for or in expectation of
2 compensation. Nourok purchased an Imperial Suite in the Prime
3 Season for \$9,900.00, Glen Ivy account number is PR 6278, with
4 \$990.00 down. GIR carried back a promissory note for \$8,910.00,
5 payable \$171.43 per month for 84 months secured by a trust deed on
6 the time-share.

7 (a) At no time did GIR deliver a recorded warranty deed
8 to Nourok. At no time herein has GIR conveyed title to Nourok. At
9 no time herein did GIR return Nourok's purchase money funds to him.
10 Nourok's escrow never closed.

11 (b) Nourok made mortgage payments to respondent EMC.
12 Respondent EMC did not place these mortgage payments in escrow as
13 required by the Agreement, Public Report and Code Section
14 11013.4(a).

15 (c) Respondent GI negotiated the purchase of the time-
16 share unit by Nourok and memorialized said agreement on a Purchase
17 Agreement and Escrow Instructions, as set forth in paragraph 31(c)
18 above.

19 (i) In connection with the issuance of the Public
20 Report for Park Regency, GIR submitted and the
21 Department approved escrow instructions which
22 provided as set forth in paragraph 31(c)(i)
23 above.

24 (ii) Respondent GI used altered, non-approved
25 instructions stating they could place purchase
26 funds in a broker trust account, a provision
27 /

1 not approved by the Department, in willful
2 violation of Regulations 2800(c) and 2810.6(e).

3 (d) Respondent GI offered to sell or sold an interval in
4 the Park Regency to Nourok without having a valid permit from the
5 Department in violation of Code Sections 10238.3 and 10249.

6 (e) GIR waived Nourok's first year's (1991) maintenance
7 fees by a voucher provided by respondent GI. This is a financial
8 inducement which was not approved of in the Public Report, was not
9 disclosed to the Department, and which, therefore, violates
10 Regulations 2800(d)(2) and 2810.6(d).

11 COLLINS TRANSACTION

12 35.

13 On or about April 27, 1991, Daniel D. and GiGi R. Collins
14 (hereafter the Collinses) purchased a time-share interval at the
15 Park Regency from GIR through respondent GI, who acted as agent for
16 or in expectation of compensation. The Collinses purchased an
17 Imperial Unit in the Prime Season for \$9,900.00, Glen Ivy account
18 number PR 6303, with \$990.00 down. GIR carried back a promissory
19 note for \$8,910.00, payable \$171.43 per month for 84 months secured
20 by a trust deed on the time-share interval.

21 (a) The Collinses were told by respondent GI that their
22 recorded warranty deed would be mailed to them. The Collinses
23 learned of problems regarding the deeds from GIR from a TV report.
24 On or about December 12, 1991, the Collinses called GI and spoke
25 with Rene in the title department and was told GIR had one (1) year
26 to record their deed. At no time did GIR deliver a recorded
27 warranty deed to the Collinses. At no time herein has GIR conveyed

1 title to the Collinses. At no time herein did GIR return the
2 Collinses' purchase money funds to them. The Collinses' escrow
3 never closed.

4 (b) The Collinses made mortgage payments to respondent
5 EMC. Respondent EMC did not place these mortgage payments in escrow
6 as required by the Agreement, Public Report and Code Section
7 11013.4(a).

8 (c) Respondent GI negotiated the purchase of the time-
9 share unit by the Collinses and memorialized said agreement on a
10 Purchase Agreement and Escrow Instructions, as set forth in
11 paragraph 31(e) above.

12 (i) In connection with the issuance of the Public
13 Report for Park Regency, GIR submitted and the
14 Department approved escrow instructions which
15 provided as set forth in paragraph 31(e)(i).

16 (ii) Respondent GI used altered, non-approved
17 instructions stating they could place purchase
18 funds in a broker trust account, a provision
19 not approved by the Department, in willful
20 violation of Regulations 2800(c) and 2810.6(e).

21 (d) Respondent GI offered to sell or sold an interval in
22 the Park Regency to the Collinses without having a valid Permit from
23 the Department in violation of Code Section 10238.3 and 10249.

24 (e) GIR waived the Collinses' first year's (1991)
25 maintenance fees by a voucher provided by respondent GI. This is a
26 financial inducement which was not approved of in the Public Report,
27

1 was not disclosed to the Department, and which, therefore, violates
2 Regulations 2800(d)(2) and 2810.6(d).

3 (f) Respondent GI did not supply the Collinses with a
4 form document entitled Right of Rescission in willful violation of
5 Code Sections 11000.2 and 11024 and Regulation 2813.13.

6 LEISCHNER TRANSACTION

7 36.

8 On or about June 21, 1991, Roland C. and Barbara J.
9 Leischner (the Leischners), purchased a time-share interval at the
10 Park Regency from GIR through respondent GI, who acted as agent for
11 or in expectation of compensation. The Leischners had originally
12 purchased an Imperial Unit in the High Season for \$7,500.00 on
13 December 12, 1987. The Leischners traded in this one-bedroom unit
14 by signing a quitclaim deed in return for their purchase of the one-
15 bedroom plus bunk room Regency Unit in the Prime Season on June 21,
16 1991, Glen Ivy account number PR 6352, for \$11,500.00. The
17 Leischners were credited with a down payment of \$5,184.00 as a
18 result of the trade. GIR carried back a promissory note for
19 \$6,316.00, payable \$140.38 per month for 60 months secured by a
20 trust deed on the time-share.

21 (a) At no time did GIR deliver a recorded warranty deed
22 to the Leischners. At no time herein has GIR conveyed title to the
23 Leischners. At no time herein did GIR return the Leischners'
24 purchase money funds to them. The Leischners' escrow never closed.

25 (b) The Leischners made mortgage payments to respondent
26 EMC. Respondent EMC did not place these mortgage payments in escrow

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1 as required by the Agreement, Public Report and Code Section
2 11013.4(a).

3 (c) Respondent GI negotiated the purchase of the time-
4 share unit by the Leischners and memorialized said agreement on a
5 Purchase Agreement and Escrow Instructions as set forth in paragraph
6 31(c) above.

7 (i) In connection with the issuance of the Public
8 Report for Park Regency, GIR submitted and the
9 Department approved escrow instructions which
10 provided as set forth in paragraph 31(e)(1).

11 (ii) Respondent GI used altered, non-approved
12 instructions stating they could place purchase
13 funds in a broker trust account, a provision
14 not approved by the Department, in willful
15 violation of Regulations 2800(c) and 2810.6(e).

16 (d) GIR waived the Leischners' first year's (1991)
17 maintenance fees by a voucher provided by respondent GI. This is a
18 financial inducement which was not approved of in the Public Report,
19 was not disclosed to the Department, and which, therefore, violates
20 Regulations 2800(d)(2) and 2810.6(d).

21 (e) Respondent GI did not supply the Leischners with a
22 form document setting forth rescission rights in willful violation
23 of Code Sections 11000.2 and 11024 and Regulation 2813.13.

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1 PLAZA RESORT AND SPA

2 37.

3 (a) On or about February 27, 1990, the Department issued
4 a Renewed and Amended Final Subdivision Public Report, Time-Share
5 Project, File No. 010003HF-A06, for the Plaza Resort and Spa to GIR.
6 The Public Report states the following regarding the handling of
7 buyers' funds:

8 Purchase Money Handling:

9 In accordance with Sections 11013, 11013.1 and
10 11013.4(a), of the Business and Professions Code, the
11 sponsor must impound all funds in an escrow account at
12 U.S. Fidelity Escrow Inc., 268 N. Lincoln Ave., Suite 2,
13 Corona, CA 91720, until title is delivered to you.
14 If your escrow (transaction) has not closed within one (1)
15 year of the date of its opening, you may request return of
16 your deposit.

17 Note: Section 2995 of the Civil Code provides that no
18 real estate developer shall require as a condition
19 precedent to the transfer of real property containing a
20 single-family residential dwelling that escrow services
21 effectuating such transfer shall be provided by an escrow
22 entity in which the developer owns or controls 5% or more
23 of the escrow entity.

24 (b) There were a total of 3,621 time-shares estates. GIR
25 and respondent GI sold 3,803 time-share intervals in the Plaza
26 Resort and Spa to the public. This was approximately 182 intervals
27 more than GIR or respondent GI were permitted to sell. This conduct
constituted negligence, fraud or dishonest dealing.

28 JORDAHL TRANSACTION

29 38.

30 On or about August 1, 1990, Richard C. and Felicia K.
31 Jordahl (hereafter the Jordahls) purchased a time-share interval at
32 the Plaza Resort and Spa from GIR through respondent GI, who acted
33 as agent for or in expectation of compensation. The Jordahls

1 purchased an Imperial Suite in the Prime Season for \$9,000.00, Glen
2 Ivy account number is PL 7036, with \$990.00 down. GIR carried back
3 a promissory note for \$8,910.00, payable \$166.48 per month for 84
4 months secured by a trust deed on the time-share. The Jordahls paid
5 off this promissory note.

6 (a) The Jordahls were told by respondent GI the grant
7 deed would be recorded and held by Glen Ivy until the loan was paid
8 in full, at which time they would receive it. This was a
9 substantial misrepresentation and dishonest dealing as it was
10 contrary to their contractual provisions and the Public Report which
11 required conveyance of title prior to payment in full of the
12 obligation. At no time did GIR deliver a recorded warranty deed to
13 the Jordahls. At no time herein has GIR conveyed title to the
14 Jordahls. At no time herein did GIR return the Jordahls' purchase
15 money funds to them. The Jordahls' escrow never closed.

16 (b) The Jordahls made mortgage payments to respondent
17 EMC. Respondent EMC did not place these mortgage payments in escrow
18 as required by the Public Report and Code Section 11013.4(a).

19 (c) Without title having been conveyed to the Jordahls,
20 the Jordahls were billed for and paid to respondent EMC maintenance
21 and use fees. Respondent EMC's collection of maintenance and use
22 fees constitutes fraud or dishonest dealing.

23 (d) Respondent GI represented to the Jordahls that they
24 could exchange their time-share week for a time-share week in any
25 other of the Glen Ivy resorts. This is a financial inducement which
26 was not approved of in the Public Report, was not disclosed to the

27

1 Department, and which, therefore, violates Regulations 2800(d)(2)
2 and 2810.6(d).

3 HESKE TRANSACTION

4 39.

5 On or about August 4, 1990, Lars C. and Betty J. Heske
6 (hereafter the Heskes) purchased a time-share interval at the Plaza
7 Resort from GIR through respondent GI, who acted as agent for or in
8 expectation of compensation. The Heskes purchased a Studio Unit in
9 the Prime Season for \$9,900.00, Glen Ivy account number PL 7072,
10 with \$990.00 down. GIR carried back a promissory note for
11 \$8,910.00, payable \$166.48 per month for 84 months secured by a
12 trust deed on the time-share. The Heskes paid off the balance of
13 the loan on or about September 5, 1990.

14 (a) After the Heskes paid off their loan, they inquired
15 about receiving a recorded deed. On approximately March 7, 1991,
16 Mel Ursua of respondent GI told the Heskes the recorded deed would
17 be sent and title insurance would be checked on. Approximately
18 March 14, 1991, Ursua told the Heskes a deed would be sent but title
19 insurance would not because "it takes a year to get title
20 insurance". At no time did GIR deliver a recorded warranty deed to
21 the Heskes. At no time herein has GIR conveyed title to the Heskes.
22 At no time herein did GIR return the Heskes' purchase money funds to
23 them. The Heskes' escrow never closed.

24 (b) The Heskes made mortgage payments to respondent EMC.
25 Respondent EMC did not place these mortgage payments in escrow as
26 required by the Public Report and Code Section 11013.4(a).

27 /

1 (c) Without title having been conveyed to the Heskes, the
2 Heskes were billed for and paid to respondent EMC maintenance and
3 use fees. Respondent EMC's collection of maintenance and use fees
4 constitutes fraud or dishonest dealing.

5 (d) Respondent GI represented to the Heskes that they
6 could exchange their time-share week for a time-share week in any
7 other of the Glen Ivy resorts. This is a financial inducement which
8 was not approved of in the Public Report, was not disclosed to the
9 Department, and which, therefore, violates Regulations 2800(d)(2)
10 and 2810.6(d).

11 (e) Respondent GI provided to the Heskes, at the time of
12 sale, a travel voucher for \$1,000. This travel voucher was not
13 disclosed to or approved by Department in the application for the
14 Permit and represents a financial inducement which violates
15 Regulations 2800(d)(2) and 2810.6(d).

16 RUDOFF TRANSACTION

17 40.

18 On or about August 2, 1990, Howard and Nance Rudoff
19 (hereafter the Rudoffs) purchased a time-share interval at the Plaza
20 Resort and Spa from GIR through respondent GI, who acted as agent
21 for or in expectation of compensation. The Rudoffs purchased an
22 Imperial Unit in the Prime Season for \$10,900.00, Glen Ivy account
23 number PL 7103. The Rudoffs made this purchase at respondent GI's
24 office in Newport Beach through agent, Bernadette or Bernard Alba
25 with a down payment of \$1,090.00. GIR carried back a promissory
26 note for \$9,810.00, payable \$183.30 per month for 84 months secured
27 /

1 by a trust deed on the time-share. On or about October 10, 1991,
2 the Rudoffs paid off the loan by payment to respondent EMC.

3 (a) On or about August 10, 1991, the Rudoffs were
4 informed by respondent GI that all documents had been sent for
5 recordation. At no time did GIR deliver a recorded grant deed to
6 the Rudoffs. At no time herein has GIR conveyed title to the
7 Rudoffs. At no time herein did GIR return the Rudoffs' purchase
8 money funds to them. The Rudoffs' escrow never closed.

9 (b) The Rudoffs made mortgage payments to respondent EMC.
10 Respondent EMC did not place these mortgage payments in escrow as
11 required by the Public Report and Code Section 11013.4(a).

12 (c) Without title having been conveyed to the Rudoffs,
13 the Rudoffs were billed for and paid to respondent EMC maintenance
14 and use fees. Respondent EMC's collection of maintenance and use
15 fees constitutes fraud or dishonest dealing.

16 (d) Respondent GI represented to the Rudoffs that they
17 could exchange their time-share week for a time-share week in any
18 other of the Glen Ivy resorts. This is a financial inducement which
19 was not approved of in the Public Report, was not disclosed to the
20 Department, and which, therefore, violates Regulations 2800(d)(2)
21 and 2810.6(d).

22 WIEBE TRANSACTION

23 41.

24 On or about August 3, 1990, Ronald A. and Gail T. Wiebe
25 (hereafter the Wiebes). purchased a time-share interval at the Plaza
26 Resort and Spa from GIR through respondent GI, who acted as agent
27 for or in expectation of compensation. The Weibes purchased an

1 Imperial Suite in the Prime Season for \$11,900.00, Glen Ivy account
2 number PL 7130, with \$1,190.00 down and GIR carried back a
3 promissory note for \$10,710.00, payable \$200.11 per month over 84
4 months secured by a trust deed on the time-share.

5 (a) Respondent GI represented to the Wiebes that they
6 would receive a grant deed. At no time did GIR deliver a recorded
7 warranty deed to the Wiebes. At no time herein has GIR conveyed
8 title to the Wiebes. At no time herein did GIR return the Weibes'
9 purchase money funds to them. The Weibes' escrow never closed.

10 (b) The Wiebes made mortgage payments to respondent EMC.
11 Respondent EMC did not place these mortgage payments in escrow as
12 required by the Public Report and Business and Professions Code
13 Section 11013.4(a).

14 (c) Without title having been conveyed to the Wiebes, the
15 Wiebes were billed for and paid to respondent EMC maintenance and
16 use fees for 1992. Respondent EMC's collection of maintenance and
17 use fees constitutes fraud or dishonest dealing.

18 (d) Respondent GI represented to the Wiebes that they
19 could exchange their time-share week for a time-share week in any
20 other of the Glen Ivy resorts. This is a financial inducement which
21 was not approved of in the Public Report, was not disclosed to the
22 Department, and which, therefore, violates Regulations 2800(d)(2)
23 and 2810.6(d).

24 (e) GIR waived the Wiebes' first calendar year's (1990)
25 homeowners maintenance fees by a letter from GI which stated that
26 their first year's maintenance fee would be paid by sending in the
27 association maintenance fee voucher with their bill. This is a

1 financial inducement which was not approved of in the Public Report,
2 was not disclosed to the Department, and which, therefore, violates
3 Regulations 2800(d)(2) and 2810.6(d).

4 (f) Respondent GI provided to the Wiebes, at the time of
5 sale, a travel voucher for \$1,000.00. The Wiebes were told by
6 respondent GI that the travel vouchers, VIP Club and Preferred
7 Status were only available if they purchased on the date of their
8 initial visit. This travel voucher was not disclosed to or approved
9 by Department in the application for the Permit and represents a
10 financial inducement which violates Regulations 2800(d)(2) and
11 2810.6(d).

12 PONO KAI

13 42.

14 (a) On or about March 27, 1990, the Department issued a
15 Renewed and Amended Out-of-State Time-Share Permit, File No.
16 001023HS-A05, for The Pono Kai Interval Ownership Program, aka "The
17 Pono Kai", to GIR. On March 26, 1991, the Pono Kai Permit expired.
18 The Permit states the following regarding the handling of buyers'
19 funds:

20 Purchase Money Handling

21 In accordance with Sections 11013, 11013.1 and 11013.2(a)
22 of the Business and Professions Code, the sponsor must
23 impound all funds in a neutral escrow depository until
24 title is delivered to you. If your escrow (transaction)
25 has not closed within 365 days of the date of its opening,
26 you may request return of your deposit.

24 (b) The Permit did not authorize sales of units in
25 Building K.

26 (c) There were a total of 4,896 time-share estates for
27 sale. GIR and respondent GI sold 8,226 time-share intervals in Pono

1 Kai to the public. This was approximately 3,350 intervals more than
2 GIR or respondent GI were permitted to sell. This conduct
3 constituted fraud or dishonest dealing or negligence.

4 SOLIS TRANSACTION

5 43.

6 On or about July 13, 1990, Luis H. and Maria Lourdes Solis
7 (hereafter the Solises) purchased a time-share interval at the Pono
8 Kai through respondent GI, as agent for or in expectation of
9 compensation, from Kathleen M. Kirkwood and Christina M. Cable.
10 The Solises' Glen Ivy account number is KI 10318. The Solises
11 purchased an Imperial Unit in Building K with a down payment of
12 \$916.00 and assumed a loan of \$10,479.16 payable to GIR.

13 (a) The Solises were told by respondent GI they would
14 receive a recorded transfer document. At no time did GIR deliver a
15 recorded transfer document to the Solises. At no time herein has
16 GIR conveyed title to the Solises. At no time herein did GIR return
17 the Solises' purchase money funds to them. The Solises' escrow
18 never closed.

19 (b) The Solises made mortgage payments to respondent EMC.
20 Respondent EMC did not place these mortgage payments in escrow as
21 required by the Public Report and Code Section 11013.4(a).

22 (c) Respondent GI represented to the Solises that they
23 could exchange their time-share week for a time-share week in any
24 other of the Glen Ivy resorts. This is a financial inducement which
25 was not approved of in the Public Report, was not disclosed to the
26 Department, and which, therefore, violates Regulations 2800(d)(2)
27 and 2810.6(d).

LINDSAY TRANSACTION

44.

On or about November 17, 1990, Stephen C. and Yvonne R. Lindsay (hereafter the Lindsays) purchased a time-share interval at the Pono Kai from GIR through respondent GI, who acted as agent for or in expectation of compensation. The Lindsays purchased an Imperial Suite in the Prime Season in Building K, Glen Ivy account number KI 10693, with \$643.00 down and assumed a loan with the balance of \$12,410.61, payable \$238.79 per month to GIR.

(a) The Lindsays were told the deed would be recorded and held by Glen Ivy until the loan was paid in full, at which time they would receive it. This was a substantial misrepresentation and dishonest dealing as it was contrary to their contractual provisions and the Public Report which required conveyance of title prior to payment in full of the obligation. At no time did GIR deliver a recorded transfer document to the Lindsays. At no time herein has GIR conveyed title to the Lindsays. At no time herein did GIR return the Lindsays' purchase money funds to them. The Lindsays' escrow never closed.

(b) The Lindsays made mortgage payments to respondent EMC. Respondent EMC did not place these mortgage payments in escrow as required by the Public Report and Code Section 11013.4(a).

(c) Respondent GI represented to the Lindsays that they could exchange their time-share week for a time-share week in any other of the Glen Ivy resorts. This is a financial inducement which was not approved of in the Public Report, was not disclosed to the

1 Department, and which, therefore, violates Regulations 2800(d)(2)
2 and 2810.6(d).

3 ADSIT TRANSACTION

4 45.

5 Between the approximate dates of May 25, 1991, to July 1,
6 1991, James W. and Carolyn L. Adsit (hereafter the Adsits) purchased
7 a time-share interval at the Pono Kai from GIR through respondent
8 GI, who acted as agent for or in expectation of compensation. The
9 Adsits' account is Glen Ivy account number KI 11439. The Adsits
10 made this purchase over the phone through salespersons, Kelly Baker
11 (Baker) and Karen Erro (Erro). Baker and Erro worked out of
12 respondent GI's office at the Desert Breezes resort. Erro is the
13 Project Director. Adsits purchased a one-bedroom Imperial Suite in
14 the Prime Season for \$6,700.00 with a down payment of \$2,010.00.
15 GIR carried back a promissory note for \$4,690.00, payable \$177.12
16 per month for 30 months secured by a trust deed on the time-share.

17 (a) The Adsits were informed by Erro on or about July 1,
18 1991, that their escrow had closed. At no time did GIR deliver a
19 recorded transfer document to the Adsits. At no time herein has GIR
20 conveyed title to the Adsits. At no time herein did GIR return the
21 Adsits' purchase money funds to them. The Adsits' escrow never
22 closed.

23 (b) The Adsits made mortgage payments to respondent EMC.
24 Respondent EMC did not place these mortgage payments in escrow as
25 required by the Public Report and Code Section 11013.4(a).

26 (c) Respondent GI represented to the Adsits that they
27 could exchange their time-share week for a time-share week in any

1 other of the Glen Ivy resorts. This is a financial inducement which
2 was not approved of in the Public Report, was not disclosed to the
3 Department, and which, therefore, violates Regulations 2800(d)(2)
4 and 2810.6(d).

5 (d) GIR waived the Adsits' first calendar year's (1991)
6 homeowners' maintenance fees by a letter from GI which stated that
7 their first year's maintenance fee would be paid by sending in the
8 association maintenance fee voucher with their bill. This is a
9 financial inducement which was not approved of in the Public Report,
10 was not disclosed to the Department, and which, therefore, violates
11 Regulations 2800(d)(2) and 2810.6(d).

12 (e) Respondent GI negotiated the sale of the Pona Kai
13 time-share estate to the Adsits without having a valid permit, in
14 willful violation of Code Sections 10238.3 and 10249.

15 SAN LUIS BAY INN

16 46.

17 (a) On or about January 30, 1990, the Department issued a
18 Public Report, Time-Share Project Conversion, File No. 010134HF-A04,
19 for the San Luis Bay Inn Time-Share Resort to GIR. The Public
20 Report states the following regarding the handling of buyers' funds:

21 Purchased Money Handling

22 In accordance with Sections 11013 & 11013.4(a) of the
23 Business and Professions Code, 2814 of the Commissioner's
24 Regulations; all purchasers' funds will be impounded in an
25 escrow depository at U.S. Fidelity Escrow, Inc., at
26 268 N. Lincoln Ave., Ste. 2, Corona, CA., until legal
27 title to a time-share interest is delivered to the
purchaser. If the escrow has not closed on your time-
share interest within one (1) year of the date of escrow
opening, you may request return of your deposit.

1 (b) The Public Report states there are a total of 3,468
2 time-share intervals available. GIR and respondent GI sold
3 approximately 3,726 time-share intervals in San Luis Bay Inn to the
4 public. This was approximately 258 intervals more than GIR or
5 respondent GI were permitted to sell. This conduct constituted
6 negligence, fraud or dishonest dealing.

7 JOHNSON TRANSACTION

8 47.

9 On or about September 12, 1990, Linda Marie Johnson
10 (hereafter L. M. Johnson) purchased a time-share interval at the San
11 Luis Bay Inn from GIR through respondent GI, who acted as agent for
12 or in expectation of compensation. L. M. Johnson purchased a Mini
13 Unit in the Prime Season for \$11,900.00, Glen Ivy account number
14 SL 4606, with \$1,190.00 down. GIR carried back a promissory note
15 for \$10,710.00, payable \$200.11 per month for 84 months secured by a
16 trust deed on the time-share.

17 (a) At no time did GIR deliver a recorded grant deed to
18 L. M. Johnson. At no time herein has GIR conveyed title to L. M.
19 Johnson. At no time herein did GIR return L. M. Johnson's purchase
20 money funds to her. The L. M. Johnson escrow never closed.

21 (b) L. M. Johnson made mortgage payments by automatic
22 withdrawal from her checking account to respondent EMC. Respondent
23 EMC did not place these mortgage payments in escrow as required by
24 the Public Report and Code Section 11013.4(a).

25 (c) GIR waived L. M. Johnson's first year's (1990)
26 maintenance fees by a letter from respondent GI which stated that
27 her first year's maintenance fee would be paid by sending in the

1 association maintenance fee voucher with her bill. This is a
2 financial inducement which was not approved of in the Public Report,
3 was not disclosed to the Department, and which, therefore, violates
4 Regulations 2800(d)(2) and 2810.6(d).

5 (d) Without having conveyed title to L. M. Johnson,
6 respondents GI and EMC assessed L. M. Johnson and L. M. Johnson paid
7 a use fee of \$98.75 on December 9, 1991, to GIR through respondent
8 EMC. This was a fraudulent act by respondents GI and EMC.

9 ALI TRANSACTION

10 48.

11 On or about September 22, 1990, Syed M. Ali (hereafter
12 Ali) purchased a time-share interval at the San Luis Bay Inn from
13 GIR through respondent GI, who acted as agent for or in expectation
14 of compensation. Ali purchased a Mini Suite in the Prime Season for
15 \$11,900.00, Glen Ivy account number is SL 4670, with \$1,200.00 down.
16 GIR carried back a promissory note for \$10,700.00, payable at
17 \$199.93 per month for 84 month secured by a trust deed on the time-
18 share.

19 (a) At no time did GIR deliver a recorded grant deed to
20 Ali. At no time herein has GIR conveyed title to Ali. At no time
21 herein did GIR return Ali's purchase money funds to him. Ali's
22 escrow never closed.

23 (b) Ali made mortgage payments to respondent EMC.
24 Respondent EMC did not place these mortgage payments in escrow as
25 required by the Public Report and Code Section 11013.4(a).

26 (c) GIR waived Ali's first year's (1991) maintenance fees
27 by a letter from respondent GI which stated that his first year's

1 maintenance fee would be paid by sending in the association
2 maintenance fee voucher with his bill. This is a financial
3 inducement which was not approved of in the Public Report, was not
4 disclosed to the Department, and which, therefore, violates
5 Regulations 2800(d)(2) and 2810.6(d).

6 (d) Without having conveyed title to Ali, respondents GI
7 and EMC assessed Ali a use fee of \$395.00 for 1992. This was a
8 fraudulent act by respondents GI and EMC.

9 GONZALES TRANSACTION

10 49.

11 On or about September 23, 1990, Ruben and Shawna Marie
12 Gonzales (the Gonzaleses) purchased a time-share interval at the San
13 Luis Bay Inn from GIR through respondent GI, who acted as agent for
14 or in expectation of compensation. The Gonzaleses purchased a Mini
15 Suite in the Prime Season for \$11,900, Glen Ivy account number
16 SL 4697, with \$1,190.00 down. GIR carried back a promissory note
17 for \$10,710.00, payable \$200.00 per month for 84 months secured by a
18 trust deed on the time-share.

19 (a) At no time did GIR deliver a recorded grant deed to
20 the Gonzaleses. At no time herein has GIR conveyed title to the
21 Gonzaleses. At no time herein did GIR return the Gonzaleses'
22 purchase money funds to them. The Gonzaleses' escrow never closed.

23 (b) The Gonzaleses made mortgage payments to respondent
24 EMC. Respondent EMC did not place these mortgage payments in escrow
25 as required by the Public Report and Code Section 11013.4(a).

26 (c) GIR waived the Gonzaleses' first year's (1990)
27 maintenance fees by a letter from respondent GI which stated that

1 their first year's maintenance fee would be paid by sending in the
2 association maintenance fee voucher with their bill. This is a
3 financial inducement which was not approved of in the Public Report,
4 was not disclosed to the Department, and which, therefore, violates
5 Regulations 2800(d)(2) and 2810.6(d).

6 (d) Without having conveyed title to the Gonzaleses,
7 respondents GI and EMC assessed the Gonzaleses and the Gonzaleses
8 paid a use fee of \$90.75 on or about December 12, 1990, to GIR
9 through respondent EMC. This was a fraudulent act by respondents GI
10 and EMC.

11 PINGREY TRANSACTION

12 50.

13 On or about October 20, 1990, Winston E. and Gloria J.
14 Pingrey (hereafter the Pingreys) purchased a time-share interval at
15 the San Luis Bay Inn from GIR through respondent GI, who acted as
16 agent for or in expectation of compensation. The Pingreys purchased
17 a Mini Suite in the Prime Season for \$10,900.00, Glen Ivy account
18 number SL 4796, with \$1,190.00 down. GIR carried back a promissory
19 note for \$9,810.00, payable \$183.30 per month for 84 months secured
20 by a trust deed on the time-share.

21 (a) The Pingreys were told the deed would be recorded
22 and held by Glen Ivy until the loan was paid in full, at which time
23 they would receive it. This was a substantial misrepresentation and
24 dishonest dealing as it was contrary to their contractual provisions
25 and the public report which required conveyance of title prior to
26 payment in full of the obligation. At no time did GIR deliver a
27 recorded grant deed to the Pingreys. At no time herein has GIR

1 conveyed title to the Pingreys. At no time herein did GIR return
2 the Pingreys' purchase money funds to them. The Pingreys' escrow
3 never closed.

4 (b) The Pingreys made mortgage payments by automatic
5 withdrawal from their checking account to respondent EMC.
6 Respondent EMC did not place these mortgage payments in escrow as
7 required by the Public Report and Code Section 11013.4(a).

8 (c) GIR waived the Pingreys' first year's (1991)
9 maintenance fees by a letter from respondent GI which stated that
10 their first year's maintenance fee would be paid by sending in the
11 association maintenance fee voucher with their bill. This is a
12 financial inducement which was not approved of in the Public Report,
13 was not disclosed to the Department, and which, therefore, violates
14 Regulations 2800(d)(2) and 2810.6(d).

15 (d) Without having conveyed title to the Pingreys,
16 respondents GI and EMC assessed the Pingreys and the Pingreys paid a
17 use fee of \$120.00 on or about October 17, 1991, to GIR through
18 respondent EMC. This was a fraudulent act by respondents GI and
19 EMC.

20 VISTA MIRAGE RESORT

21 51.

22 On or about July 16, 1990, the Department issued a Final
23 Subdivision Public Report, Time-Share Project Conversion, File No.
24 010139HF-A01, for "The Vista Mirage Resort" to GIR. This Public
25 Report was amended on July 25, 1991. The Public Report states there
26 are a total of 56 units in the project and that Glen Ivy intends to
27 sell 51 weeks per unit. This is a total of 2,856 time-share

1 intervals. Purchasers were to receive a recorded memorandum of
2 time-share sublease. The Public Report states the following
3 regarding the handling of buyers' funds:

4 Purchase Money Handling

5 In accordance with Sections 11013, 11013.1 and 11013.4(a)
6 of the Business and Professions Code, all purchasers'
7 funds will be impounded in an escrow depository at U.S.
Fidelity Escrow Inc., 268 N. Lincoln Ave., Ste 2, Corona,
CA 91720, until legal title to a time-share interest is
delivered to the purchaser.

8 MORRIS TRANSACTION

9 52.

10 On or about March 30, 1991, Kenneth R. and Judy D. Morris
11 (hereafter the Morrises) purchased a time-share interval at the
12 Vista Mirage from GIR through respondent GI, who acted as agent for
13 or in expectation of compensation. The Morrises purchased a
14 Presidential Suite in the Prime Season for \$10,900.00, Glen Ivy
15 account number is VM 3527, with \$1,090.00 down. GIR carried back a
16 promissory note for \$9,810.00, payable \$188.75 per month for 84
17 months secured by a trust deed on the time-share.

18 (a) The Morrises were told escrow would take about 30
19 days and they would receive a sublease at the close of escrow. At
20 no time did GIR deliver a recorded Time-Share Sublease to the
21 Morrises. At no time herein has GIR conveyed a recorded Sublease to
22 the Morrises. At no time herein did GIR return the Morrises'
23 purchase money funds to them. The Morrises' escrow never closed.

24 (b) The Morrises made mortgage payments to respondent
25 EMC. Respondent EMC did not place these mortgage payments in escrow
26 as required by the Public Report and Code Section 11013.4(a).

27 /

1 (c) GIR waived the Morrises' first year's (1991)
2 maintenance fees by a letter from respondent GI which stated that
3 their first year's maintenance fee would be paid by sending in the
4 association maintenance fee voucher with their bill. This is a
5 financial inducement which was not approved of in the Public Report,
6 was not disclosed to the Department, and which, therefore, violates
7 Regulations 2800(d)(2) and 2810.6(d).

8 R. AND J. JOHNSON TRANSACTION

9 53.

10 On or about March 27, 1991, Richard C. and Jacqueline J.
11 Johnson (hereafter R. and J. Johnson) purchased a time-share
12 interval at the Vista Mirage from GIR through respondent GI, who
13 acted as agent for or in expectation of compensation. R. and J.
14 Johnson purchased a Presidential Suite in the Prime Season for
15 \$8,000.00, Glen Ivy account number is VM 3531, with \$1,780.00 down.
16 GIR carried back a promissory note for \$6,220.00 at 9.9% interest,
17 payable \$235.28 per month secured by a trust deed on the time-share.
18 On June 27, 1991, R. and J. Johnson paid off their loan.

19 (a) Richard Johnson was told he would receive a
20 conveyance document (sublease) at the close of escrow. At no time
21 did GIR deliver a recorded Time-Share Sublease to R. and J. Johnson.
22 At no time herein has GIR conveyed title to R. and J. Johnson. At
23 no time herein did GIR return R. and J. Johnson's purchase money
24 funds to them. R. and J. Johnson's escrow never closed.

25 (b) R. and J. Johnson made mortgage payments, including
26 their payoff payment, to respondent EMC. Respondent EMC did not
27

1 place these mortgage payments in escrow as required by the Public
2 Report and Code Section 11013.4(a).

3 (c) GIR waived R. and J. Johnson's first year's (1990)
4 maintenance fees by a letter from respondent GI which stated that
5 their first year's maintenance fee would be paid by sending in the
6 association maintenance fee voucher with their bill. This is a
7 financial inducement which was not approved of in the Public Report,
8 was not disclosed to the Department, and which, therefore, violates
9 Regulations 2800(d)(2) and 2810.6(d).

10 (d) Without having conveyed title to R. and J. Johnson,
11 respondents GI and EMC assessed R. and J. Johnson use fees. This
12 was a fraudulent act by respondents GI and EMC.

13 BROSSART TRANSACTION

14 54.

15 On or about April 24, 1991, Marlin W. and Lois I. Brossart
16 (hereafter the Brossarts) purchased a time-share interval at the
17 Vista Mirage from GIR, Glen Ivy account number VM 3563, through
18 respondent GI, who acted as agent for or in expectation of
19 compensation. The Brossarts had purchased a Plaza Resort and Spa
20 Studio Unit for \$8,900.00, in January, 1990, for which the Brossarts
21 received a recorded deed for their purchase at the Plaza Resort and
22 Spa. They wanted a better unit and time so they exchanged their
23 interval in the Plaza Resort and Spa for a Presidential Suite in the
24 Prime Season at the Vista Mirage for \$12,900.00. They received a
25 credit of \$1,739.32 as a down payment for the exchange. GIR carried
26 back a promissory note for \$11,160.68, payable \$214.74 per month for
27 84 months secured by a trust deed on the time-share.

1 (a) At no time did GIR deliver a recorded Time-Share
2 Sublease to the Brossarts. At no time herein has GIR conveyed title
3 to the Brossarts. At no time herein did GIR return the Brossarts'
4 purchase money funds to them. The Brossarts' escrow never closed.

5 (b) Respondent GI negotiated the purchase of the time-
6 share unit by the Brossarts and memorialized said agreement on a
7 Purchase Agreement and Escrow Instructions (hereafter "Agreement").
8 Section 7 of said Agreement provides:

9 (¶) 7. Escrow Instructions.
10 All Buyer's funds received by Seller hereunder shall be
11 deposited in a broker trust account or in a neutral escrow
12 depository within two (2) business days of acceptance by
13 Seller of Buyer's offer. Buyer and Seller shall open an
14 escrow to implement the purchase and sale of the Time-
15 Share Estate contemplated by this Agreement with Escrow
16 Holder within 30 days after acceptance by Seller.

17 (i) In connection with the issuance of the Public Report
18 for Vista Mirage, GIR submitted and the Department
19 approved escrow instructions which provided as
20 follows:

21 7. Escrow Instructions
22 All Buyer's funds received by Seller shall be
23 deposited in a neutral escrow depository upon
24 acceptance by Seller of Buyer's funds.

25 (ii) Respondent GI used altered, non-approved
26 instructions stating they could place purchase funds
27 in a broker trust account, a provision not approved
28 by the Department, in willful violation of
29 Regulations 2800(c) and 2810.6(e).

30 (c) The Brossarts made mortgage payments by automatic
31 withdrawal from their checking account to respondent EMC.

1 Respondent EMC did not place these mortgage payments in escrow as
2 required by the Public Report and Code Section 11013.4(a).

3 (d) Respondent GI provided to the Brossarts, at the time
4 of sale, a travel voucher for \$1,000.00. This travel voucher was
5 not disclosed to or approved by Department in the application for
6 the Permit and represents a financial inducement which violates
7 Regulations 2800(d)(2) and 2810.6(d).

8 (e) Without having conveyed title to the Brossarts,
9 respondents GI and EMC assessed the Brossarts for use fees. This
10 was a fraudulent act by respondents GI and EMC.

11 MOLINA TRANSACTION

12 55.

13 On or about April 30, 1991, Edgardo V. Molina and George
14 S. Lamira (hereafter Molina and Lamira) purchased a time-share
15 interval at the Vista Mirage from GIR, Glen Ivy account number
16 VM 3584, through respondent GI, who acted as agent for or in
17 expectation of compensation. Molina and Lamira made this purchase
18 at respondent GI's office in San Diego through agent, Susan Pint.
19 On September 8, 1989, Edgardo Molina had purchased a time-share at
20 the Shores of Lake Travis from GIR for \$6,900.00. He then exchanged
21 his unit at Shores of Lake Travis for a unit at the Vista Mirage.
22 Molina and Lamira purchased a Presidential Suite in the Prime Season
23 at the Vista Mirage for \$11,900.00. Molina and Lamira was credited
24 with a down payment of \$1,785.00 from the exchange of Molina's
25 Shores of Lake Travis unit. GIR carried back a promissory note for
26 \$10,115.00, payable \$186.77 per month for 84 months secured by a
27 trust deed on the time-share.

1 (a) Molina was given a letter by respondent GI regarding
2 the length of time to process the paperwork as 30 days and that his
3 ownership use would be available at that time. At no time did GIR
4 deliver a recorded Time-Share Sublease to Molina and Lamira. At no
5 time herein has GIR conveyed title to Molina and Lamira. At no time
6 herein did GIR return Molina and Lamira's purchase money funds to
7 them. The Molina and Lamira escrow never closed.

8 (b) Respondent GI negotiated the purchase of the time-
9 share unit by Molina and Lamira and memorialized said agreement on a
10 Purchase Agreement and Escrow Instructions (hereafter "Agreement").
11 Section 7 of said Agreement provides:

12 (¶) 7. Escrow Instructions

13 All Buyer's funds received by Seller hereunder shall be
14 deposited in a broker trust account or in a neutral escrow
15 depository within two (2) business days of acceptance by
16 Seller of Buyer's offer. Buyer and Seller shall open an
17 escrow to implement the purchase and sale of the Time-
18 Share Estate contemplated by this Agreement with Escrow
19 Holder within 30 days after acceptance by Seller.

20 (i) In connection with the issuance of the Public Report
21 for Vista Mirage, GIR submitted and the Department
22 approved escrow instructions which provided as
23 follows:

24 7. Escrow Instructions

25 All Buyer's funds received by Seller shall be
26 deposited in a neutral escrow depository upon
27 acceptance by Seller of Buyer's funds.

(ii) Respondent GI used altered, non-approved
instructions stating they could place purchase funds
in a broker trust account, a provision not approved

1 by the Department, in willful violation of
2 Regulations 2800(c) and 2810.6(e).

3 (c) Molina and Lamira made mortgage payments to
4 respondent EMC. Respondent EMC did not place these mortgage
5 payments in escrow as required by the Public Report and Code Section
6 11013.4(a).

7 (d) GIR waived Molina and Lamira's first year's (1990)
8 maintenance fees by a letter from respondent GI which stated that
9 their first year's maintenance fee will be paid by sending in the
10 association maintenance fee voucher with their bill. This is a
11 financial inducement which was not approved of in the Public Report,
12 was not disclosed to the Department, and which, therefore, violates
13 Regulations 2800(d)(2) and 2810.6(d).

14 (e) Without having conveyed title to Molina and Lamira,
15 respondents GI and EMC assessed Molina and Lamira use fees. This
16 was a fraudulent act by respondents GI and EMC.

17 FIRST AUDIT OF EMC

18 56.

19 From time to time between April 16, 1992, to July 17,
20 1992, the Department examined the books and records of respondent
21 EMC to determine if respondent EMC assessed and collected homeowners
22 maintenance assessments from time-share purchasers to whom title had
23 not been conveyed by recorded document. The audit period was from
24 March 1, 1991, to November 30, 1991. The examination found that
25 respondent EMC, as of November 30, 1991:

26 (a) Collected a total of \$318,866.35 in "use fees"
27 during the audit period.

1 (b) The "use fees" collected above were not placed into a
2 neutral escrow depository.

3 (c) The "use fees" were disbursed to various Glen Ivy and
4 respondent EMC general and payroll accounts.

5 SECOND AUDIT OF EMC

6 57.

7 From time to time between September 1, 1992, to March 24,
8 1993, the Department examined the books and records of respondent
9 EMC regarding (a) the collection of payments from borrowers who
10 purchased time-shares from GIR, but who had not received title by a
11 recorded document; and (b) the receipt of funds by GIR from lenders
12 for those loans to GIR. The audit period was from January 1, 1991,
13 to December 31, 1991. The audit found, as of December 31, 1991:

14 (a) Respondent EMC received \$8,892,583.72, in mortgage
15 payments from unrecorded owners as of December 31, 1991;

16 (b) Respondent EMC and respondent GI, as sales broker,
17 received \$5,784,869.64 from 3,997 unrecorded time-share purchasers
18 as deposits;

19 (c) For a total of \$14,677,453.36.

20 (d) Respondents GI and EMC did not place these funds into
21 a neutral escrow as required by the Public Reports or Permits issued
22 by the Department.

23 (e) The funds were not held in a broker trust account in
24 violation of Code Section 10145.

25 (f) Instead, these funds were either used by respondents
26 GI or EMC or sent to lenders as payments on loans made to GIR.

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1 (g) Respondent GI did not maintain a separate record for
2 each beneficiaries' down payment, particularly for those that did
3 not have legal title to their time-share, in violation of Regulation
4 2831.1.

5 (h) Respondent EMC continued servicing loans secured by
6 time-share intervals after its license had lapsed effective July 22,
7 1991, due to the revocation of its designated officer, respondent
8 WOOD.

9 58.

10 Respondent WOOD knew or should have known that the above
11 violations occurred or were occurring. Respondent WOOD failed to
12 exercise reasonable supervision over the activities of officers and
13 employees of respondent GI for which a real estate license was
14 required so as to prevent the violations.

15 59.

16 Respondent WOOD violated conditions to holding the
17 restricted license issued to him, including but not limited to those
18 violations set forth above in paragraphs 17(b), 17(d), and 58.

19
20 COMMON TO ALL GLEN IVY PROJECTS

21 60.

22 The conduct or omissions of respondents GLEN IVY
23 PROPERTIES, INC., EQUITY MORTGAGE CORP., as set forth in paragraph
24 10 above, subject their real estate licenses and license rights to
25 suspension or revocation under the provisions of Code Sections
26 10176(b) and 10176(c).

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SALES WITHOUT PUBLIC REPORTS

61.

The sale of time-share intervals by respondent GI, as alleged in paragraph 12 above, subjects its real estate licenses and license rights to suspension or revocation under the provisions of Code Section 10177(d) for willful violations of Code Sections 11018.2 and 10249.

SALES BY UNLICENSED SALESPERSONS

62.

The employment or compensation of unlicensed persons, as set forth in paragraph 13 above, subjects the real estate licenses and license rights of respondents GI and WOOD to suspension or revocation under the provisions of Code Section 10137.

DESERT BREEZES

63.

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 16(a) and 18(a).

(b) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments and use fees, as set forth in paragraphs 15(c), 15(d), 16(c), 17(c), and 18(c).

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1 (c) Section 10177(d) for willful violation of the
2 following Code Sections and Regulations:

3 (i) Regulations 2800(c) and 2810.6(e) for use of
4 agreements not previously authorized by the
5 Department, as set forth in paragraphs 15(b),
6 16(b), 17(b) and 18(b).

7 (ii) Code Section 11013.4(a) for failure to deposit
8 and hold mortgage payments in escrow until
9 title was conveyed to the purchasers, as set
10 forth in paragraphs 15(c), 16(c), 17(c) and
11 18(c).

12 (iii) Code Sections 11000.2 and 11024 and Regulation
13 2813.13 for failure to clearly and
14 conspicuously disclose the right to rescission
15 to Kasai, as set forth in paragraph 15(e).

16 (iv) Regulations 2800(d)(2) and 2810.6(d) for
17 failure to notify and obtain approval from the
18 Department for use of maintenance fee vouchers
19 waiving purchasers' first year's fees, as set
20 forth in paragraphs 16(d) and 17(d).

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HAVASU DUNES

64.

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(i) and 10177(j) for fraud or dishonest dealing, or Section 10177(g) for negligence, in overselling units in Havasu Dunes, as set forth in paragraph 19(e) above.

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 20(a) and 23(a).

(c) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 20(b), 21(b), 22(b) and 23(b).

(d) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting use fees, as set forth in paragraphs 16(c), 17(c) and 18(c).

(e) Section 10177(d) for willful violation of the following Code Sections and Regulations:

(i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 20(b), 21(b), 22(b) and 23(b).

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(ii) Code Sections 11000.2 and 11024 and Regulation 2813.13 for failure to clearly and conspicuously disclose the right to rescission to the Johnsons or the McKinneys, as set forth in paragraphs 22(d) and 23(d).

(iii) Code Section 11018.1 for failure to provide the McKinneys with a copy of the Permit, as set forth in paragraph 23(e).

(iv) Regulations 2800(c) and 2810.6(e) for failure to notify the Department of the material change that they were not placing all purchase money (deposits, mortgage payments, maintenance assessments or use fees) into a neutral escrow, as set forth in paragraphs 20(b), 20(c), 21(b), 21(c), 22(b), 22(c) and 23(b).

(v) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from the Department for use of maintenance fee vouchers waiving purchasers' first year's fees as set forth in paragraphs 20(d), 21(d) and 23(c).

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1 LAGUNA SURF

2 65.

3 The conduct or omissions of respondents GLEN IVY
4 PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set
5 forth above, subject their real estate licenses and license rights
6 to suspension or revocation under the following Code Sections:

7 (a) Sections 10176(b) and 10176(c) for false promises
8 likely to persuade, influence or induce, as set forth in paragraphs
9 26(a) and 27(a).

10 (b) Section 10176(i) and/or 10177(j) for fraud or
11 dishonest dealing in not recording grant deeds while at the same
12 time collecting mortgage payments, as set forth in paragraphs 25(b),
13 26(b) and 27(b).

14 (c) Section 10177(d) for willful violation of the
15 following Code Sections and Regulations:

16 (i) Regulations 2800(c) and 2810.6(e) for use of an
17 agreement not previously authorized by the
18 Department, as set forth in paragraph 27(c).

19 (ii) Code Section 11013.4(a) for failure to deposit
20 and hold mortgage payments in escrow until title
21 was conveyed to the purchasers, as set forth in
22 paragraphs 25(b), 26(b) and 27(b).

23 (iii) Code Sections 11000.2 and 11024 and Regulation
24 2813.13 for failure to clearly and
25 conspicuously disclose the right to rescission
26 to the Leggs, as set forth in paragraph 25(d).

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1 (iv) Code Section 11018.1 for failure to provide the
2 Leggs or Churchills with a copy of the public
3 report, as set forth in paragraphs 25(c) and
4 26(c), respectively.

5 PARK PLAZA

6 66.

7 The conduct or omissions of respondents GLEN IVY
8 PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set
9 forth above, subject their real estate licenses and license rights
10 to suspension or revocation under the following Code Sections:

11 (a) Sections 10176(i) and 10177(j) for fraud or dishonest
12 dealing, or Section 10177(g) for negligence, in overselling units in
13 Park Plaza, as set forth in paragraph 28(b) above.

14 (b) Sections 10176(b) and 10176(c) for false promises
15 likely to persuade, influence or induce, as set forth in paragraph
16 31(a).

17 (c) Section 10176(i) and/or 10177(j) for fraud or
18 dishonest dealing in not recording warranty deeds while at the same
19 time collecting mortgage payments and use fees, as set forth in
20 paragraphs 29(b), 30(b), and 31(b).

21 (d) Code Sections 10176(a), 10176(i) or 10177(j) for
22 making a substantial misrepresentation, fraud or dishonest dealing
23 in telling the Lees they had no right of rescission, as set forth in
24 paragraph 30(d).

25 (e) Section 10177(d) for willful violation of the
26 following Code Sections and Regulations:

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- 1 (i) Regulations 2800(c) and 2810.6(e) for use of
2 agreements not previously authorized by the
3 Department, as set forth in paragraph 31(c).
4 (ii) Code Section 11013.4(a) for failure to deposit
5 and hold mortgage payments in escrow until title
6 was conveyed to the purchasers, as set forth in
7 paragraphs 29(b), 30(b), and 31(b).
8 (iii) Regulations 2800(d)(2) and 2810.6(d) for failure
9 to notify and obtain approval from Department
10 for use of maintenance fee vouchers waiving
11 purchasers' first year's fees, as set forth in
12 paragraph 29(d).

13 PARK REGENCY

14 67.

15 The conduct or omissions of respondents GLEN IVY
16 PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set
17 forth above, subject their real estate licenses and license rights
18 to suspension or revocation under the following Code Sections:

19 (a) Sections 10176(i) and 10177(j) for fraud or dishonest
20 dealing, or Section 10177(g) for negligence, in overselling units in
21 Park Regency, as set forth in paragraph 32(b) above.

22 (b) Sections 10176(b) and 10176(c) for false promises
23 likely to persuade, influence or induce, as set forth in paragraphs
24 33(a) and 35(a).

25 (c) Section 10176(i) and/or 10177(j) for fraud or
26 dishonest dealing in not recording warranty deeds while at the same

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1 time collecting mortgage payments and use fees, as set forth in
2 paragraphs 33(b), 34(b), 35(b) and 36(b).

3 (d) Section 10177(d) for willful violation of the
4 following Code Sections and Regulations:

5 (i) Code Sections 10238.3 and 10249 for sales of
6 time-share intervals without valid permits from
7 the Department, as set forth in paragraphs
8 33(d), 34(d) and 35(d).

9 (ii) Regulations 2800(c) and 2810.6(e) for use of
10 agreements not previously authorized by the
11 Department, as set forth in paragraphs 33(c),
12 34(c), 35(c) and 36(c).

13 (iii) Code Section 11013.4(a) for failure to deposit
14 and hold mortgage payments in escrow until title
15 was conveyed to the purchasers, as set forth in
16 paragraphs 33(b), 34(b), 35(b) and 36(b).

17 (iv) Regulations 2800(d) (2) and 2810.6(d) for failure
18 to notify and obtain approval from Department
19 for use of maintenance fee vouchers waiving
20 purchasers' first year's fees, as set forth in
21 paragraphs 33(e), 34(e), 35(e) and 36(d).

22 (v) Code Sections 11000.2 and 11024 and Regulation
23 2813.13 for failure to supply the Collinses with
24 the right of rescission, as set forth in
25 paragraphs 35(f) and 36(e).

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PLAZA RESORT AND SPA

68.

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Section 10176(i) or 10177(j) for fraud or dishonest dealing in connection with the overselling of time-share units, as set forth in paragraph 37(b).

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraphs 38(a), 39(a), 40(a) and 41(a).

(c) Sections 10176(a), 10176(i) and/or 10177(j) for the making of a substantial misrepresentation, fraud or dishonest dealing in representing to the Jordahls that they would not receive a grant deed until the loan was paid off, as set forth in paragraph 38(a).

(d) Sections 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 38(b), 39(b), 40(b) and 41(b).

(e) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting use fees, as set forth in paragraphs 38(c), 39(c), 40(c) and 41(c).

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1 (f) Section 10177(d) for willful violation of the
2 following Code Sections and Regulations:

3 (i) Code Section 11013.4(a) for failure to deposit
4 and hold mortgage payments in escrow until title
5 was conveyed to the purchasers, as set forth in
6 paragraphs 38(b), 39(b), 40(b) and 41(b).

7 (ii) Regulations 2800(c) and 2810.6(e) for failure
8 to notify the Department of the material change
9 that they were not placing all purchase money
10 (deposits, mortgage payments, maintenance
11 assessments or use fees) into a neutral escrow,
12 as set forth in paragraphs 38(b), 39(b), 40(b)
13 and 41(b).

14 (iii) Regulations 2800(d)(2) and 2810.6(d) for failure
15 to notify and obtain approval from Department
16 for use of an exchange program, as forth in
17 paragraphs 34(d), 35(d), 36(d) and 37(d).

18 (iv) Regulations 2800(d)(2) and 2810.6(d) for failure
19 to notify and obtain approval from Department
20 for use of maintenance fee vouchers waiving
21 purchasers' first year's fees, as set forth in
22 paragraph 41(e).

23 (v) Regulations 2800(d)(2) and 2810.6(d) for
24 failure to notify and obtain approval from
25 Department for use of travel vouchers, as set
26 forth in paragraphs 39(e) and 41(f).

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The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(i), 10177(g) or 10177(j) for fraud or dishonest dealing or negligence in connection with the overselling of time-share units, as set forth in paragraph 42(c).

(b) Section 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 43(a).

(c) Sections 10176(a), 10176(i) and/or 10177(j) for the making of a substantial misrepresentation, fraud or dishonest dealing in representing to the Lindsays that they would not receive a grant deed until the loan was paid off, as set forth in paragraph 44(a).

(d) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 43(b), 44(b), and 45(b).

(e) Section 10177(d) for willful violation of the following Code Sections and Regulations:

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- (i) Code Section 11013.4(a) for failure to deposit and hold mortgage payments in escrow until title was conveyed to the purchasers, as set forth in paragraphs 43(b), 44(b), and 45(b).
- (ii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from Department for use of an exchange program, as forth in paragraphs 43(c), 44(c); and 45(c).
- (iii) Regulations 2800(d)(2) and 2810.6(d) for failure to notify and obtain approval from the Department for use of maintenance fee vouchers waiving purchasers' first year's fees, as set forth in paragraph 45(d).
- (iv) Code Sections 10238.3 and 10249 for sales of time-share intervals without valid permits from the Department, as set forth in paragraph 45(e).
- (v) Code Sections 10238.3 and 10249 for sales of time-share intervals in Building K without valid permits from the Department covering time-share intervals in Building K, as set forth in paragraphs 42(b), 43 and 44.

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SAN LUIS BAY INN

70.

The conduct or omissions of respondents GLEN IVY PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set forth above, subject their real estate licenses and license rights to suspension or revocation under the following Code Sections:

(a) Sections 10176(i) and 10177(j) for fraud or dishonest dealing, or Section 10177(g) for negligence, in overselling units in San Luis Bay Inn, as set forth in paragraph 46(b) above.

(b) Sections 10176(b) and 10176(c) for false promises likely to persuade, influence or induce, as set forth in paragraph 50(a).

(c) Sections 10176(a), 10176(i) and/or 10177(j) for the making of a substantial misrepresentation, fraud or dishonest dealing in representing to the Pingreys that they would not receive a grant deed until the loan was paid off, as set forth in paragraph 50(a).

(d) Sections 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting mortgage payments, as set forth in paragraphs 47(b), 48(b), 49(b) and 50(b).

(e) Section 10176(i) and/or 10177(j) for fraud or dishonest dealing in not recording grant deeds while at the same time collecting use fees, as set forth in paragraphs 47(d), 48(d), 49(d) and 50(d).

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1 (f) Section 10177(d) for willful violation of the
2 following Code Sections and Regulations:

3 (i) Code Section 11013.4(a) for failure to deposit
4 and hold mortgage payments in escrow until title
5 was conveyed to the purchasers, as set forth in
6 paragraphs 47(b), 48(b), 49(b) and 50(b).

7 (ii) Regulations 2800(d)(2) and 2810.6(d) for failure
8 to notify and obtain approval from the
9 Department for use of maintenance fee vouchers
10 waiving purchasers' first year's fees, as set
11 forth in paragraphs 47(c), 48(c), 49(c) and
12 50(c).

13 VISTA MIRAGE

14 71.

15 The conduct or omissions of respondents GLEN IVY
16 PROPERTIES, INC., EQUITY MORTGAGE CORP. and J. THOMAS WOOD, as set
17 forth above, subject their real estate licenses and license rights
18 to suspension or revocation under the following Code Sections:

19 (a) Sections 10176(b) and 10176(c) for false promises
20 likely to persuade, influence or induce, as set forth in paragraph
21 52(a).

22 (b) Section 10176(i) and/or 10177(j) for fraud or
23 dishonest dealing in not recording Time-Share Sublease while at the
24 same time collecting mortgage payments, as set forth in paragraphs
25 52(b), 53(b), 54(c) and 55(c).

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1 (c) Section 10176(i) and/or 10177(j) for fraud or
2 dishonest dealing in not recording Time-Share Sublease while at the
3 same time assessing use fees, as set forth in paragraphs 53(d) and
4 55(e).

5 (d) Section 10177(d) for willful violation of the
6 following Code Sections and Regulations:

7 (i) Regulations 2800(c) and 2810.6(e) for use of
8 agreements not previously authorized by the
9 Department, as set forth in paragraphs 54(b) and
10 55(b).

11 (ii) Code Section 11013.4(a) for failure to deposit
12 and hold mortgage payments in escrow until title
13 was conveyed to the purchasers, as set forth in
14 paragraphs 52(b), 53(b), 54(c) and 55(c).

15 (iii) Regulations 2800(d)(2) and 2810.6(d) for failure
16 to notify and obtain approval from the
17 Department for use of maintenance fee vouchers
18 waiving purchasers' first year's fees, as set
19 forth in paragraph 55(d).

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1 FIRST AUDIT OF EMC

2 72.

3 The conduct or omissions of respondents EQUITY MORTGAGE
4 CORP. and J. THOMAS WOOD, as set forth above, subject their real
5 estate licenses and license rights to suspension or revocation under
6 the following Code Sections:

7 (a) Section 10176(i) or 10177(j) for fraud or dishonest
8 dealing in collecting mortgage payments from owners to whom title
9 had not been conveyed, and not holding said mortgage payments in
10 escrow, as set forth in paragraph 56(b).

11 (b) Sections 10177(j) for fraud or dishonest dealing in
12 collecting use fees from owners to whom title had not been conveyed,
13 as set forth in paragraph 56.

14 (c) Section 10177(d) for willful violation of the
15 following Code Sections and Regulations:

16 (i) Code Section 11013.4(a) for failure to deposit
17 and hold mortgage payments in escrow until title
18 was conveyed to the purchasers, as set forth in
19 paragraph 56.

20 SECOND AUDIT OF EMC

21 73.

22 The conduct or omissions of respondents GLEN IVY
23 PROPERTIES, INC. and J. THOMAS WOOD, as set forth above, subject
24 their real estate licenses and license rights to suspension or
25 revocation under the following Code Sections:

26 (a) Section 10176(i) and/or 10177(j) for fraud or
27 dishonest dealing in collecting deposits from purchasers and not

1 placing those deposits into escrow, as set forth in paragraphs 52(b)
2 and 57(d).

3 (b) Section 10176(i) and/or 10177(j) for fraud or
4 dishonest dealing in collecting mortgage payments from unrecorded
5 purchasers and not placing those deposits into escrow, as set forth
6 in paragraphs 57(d) and 57(f).

7 (d) Section 10177(d) for willful violation of the
8 following Code Sections and Regulations:

9 (i) Code Section 11013.4(a) for failure to deposit
10 and hold purchasers deposits in escrow until
11 title was conveyed to the purchasers, as set
12 forth in paragraphs 57(d).

13 (ii) Code Section 10145 for failure to place
14 purchasers' deposits into a broker trust
15 account, as set forth in paragraphs 57(e).

16 (iii) Regulation 2831.1 for failure to maintain
17 separate records, as set forth in paragraph
18 57(g).

19 UNLICENSED ACTIVITIES BY EMC

20 74.

21 The conduct of respondent EMC in the collecting of
22 mortgage payments from all purchasers between July 22, 1991, through
23 March 3, 1992, constitutes conduct for which a real estate license
24 is required. Code Section 10131(d). Respondent EMC's mortgage
25 collection activities during a time respondent EMC was without a
26 designated officer/broker constitutes willful violations of Code
27 Section 10130 which subjects its real estate licenses and license

1 rights to suspension or revocation under the provisions of Code
2 Section 10177(d), as set forth hereinabove, including but not
3 limited to paragraph 57(h).

4 EMPLOYMENT BY GI OF UNLICENSED PERSONNEL

5 The employment by respondent GI of unlicensed salespeople
6 to perform acts requiring a real estate license, as set forth in
7 paragraph 13 above, subjects its real estate licenses and license
8 rights to suspension or revocation under Code Sections 10137.

9 J. THOMAS WOOD

10 The conduct or omissions of respondent J. THOMAS WOOD, as
11 set forth above, subject his real estate licenses and license rights
12 to suspension or revocation under the following Code Sections:

13 (a) Section 10137 for employing or compensating
14 unlicensed persons to negotiate the sales of time-share intervals,
15 as set forth in paragraph 13 above.

16 (b) Section 10177(d) for willful violations of the
17 following Code Sections and Regulations:

18 (i) Regulations 2800(d)(2) and 2810.6(d) for
19 failure to notify and obtain approval from
20 Department for use of maintenance fee
21 vouchers waiving purchasers' first year's
22 fees, as set forth in paragraphs 17(d),
23 20(d), 21(d), 29(d) and 31(e).

24 (ii) Section 10159.2(a) for failure by
25 respondent WOOD to properly supervise the
26 activities for which a license is required
27 of respondents GI and EMC.

1 (c) For violations of all Code sections cited herein
2 above by respondents GI and EMC as set forth herein above.

3 (d) Code Section 10177(h) for failure to exercise
4 reasonable supervision over the personnel and operations of
5 respondents GLEN IVY PROPERTIES, INC. and/or EQUITY MORTGAGE CORP.
6 for which a real estate license is required, as set forth in
7 paragraph 58 above.

8 (e) Code Section 10177(k) for violations of conditions to
9 holding a restricted license, as set forth in paragraph 59 above.

10 PRIOR DISCIPLINARY AND ADMINISTRATIVE ACTIONS

11 1.

12 On September 29, 1989, Desist and Refrain Order, Number
13 H-969 FR, was filed against GIR to stop the sale of time-share
14 intervals at a resort known as the San Luis Bay Inn Time-Share
15 Resort. Glen Ivy Resorts, Inc., had been selling time-share
16 intervals under a Preliminary Subdivision Public Report and had not
17 yet obtained a Final Subdivision Public Report.

18 2.

19 On January 12, 1990, Desist and Refrain Order No. H-981 FR
20 was filed against GIR to stop the sale of time-share intervals at a
21 resort known as The Pono Kai Internal Ownership Program (Pono Kai).
22 Glen Ivy Resorts, Inc., had continued to sell time-share intervals
23 at the Pono Kai after the Out-of-State Time-Share Permit had
24 expired.

25 3.

26 (a) On May 6, 1991, Accusation No. H-1066 FR was filed
27 against respondents GI and WOOD alleging:

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- (i) Respondents GI and WOOD sold time-share intervals at the Havasu Dunes (Arizona), Park Plaza (Utah), and The Pono Kai (Hawaii) resorts after their Out-of-State Time-Share Permits had expired.
- (ii) Respondents GI and WOOD sold time-share intervals at The Shores of Lake Travis Vacation Villages III (Texas), without obtaining an Out-of-State Time-Share Permit.
- (iii) Respondents GI and WOOD sold time-share intervals at The Plaza Resort and Spa and the Laguna Surf Resorts after their Final Subdivision Public Reports had expired.
- (iv) Respondents GI and WOOD sold time-share intervals at the San Luis Bay Inn Time-Share Resort while having received only a Preliminary Subdivision Public Report and prior to obtaining a Final Subdivision Public Report.
- (v) After Desist and Refrain Order No. H-969 FR was filed for selling time-share intervals at the San Luis Bay Inn without a Final Public Report, GIR sold time-share intervals at The Pono Kai, Desert Breezes and Havasu Dunes Resorts, and told purchasers they could exchange their time-share intervals for one at the San Luis Bay Inn. This was in violation of Desist and Refrain Order H-969 FR.

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(vi) Glen Ivy failed to handle trust (purchase) funds properly in their sales at the San Luis Bay Inn. Glen Ivy failed to properly deposit purchase (trust) funds at Emerald Escrow as they stated they would in their application for a Public Report, which was a material change to their Public Report. Glen Ivy failed to deposit these funds in a trust account, a neutral depository or into the bank of the principal. Glen Ivy also allowed withdrawals of these funds by unlicensed, unbonded persons and failed to maintain separate records for each beneficiary or transaction. Further, Glen Ivy failed to review instruments and obtain a branch license for the San Luis Bay location.

(b) That the conduct alleged above violated Code Sections 10145, 10163, 10176(a), 10177(d), 10177(j), 10238.3, 10249, 11012, 11013.4, 11018.2, 11019 and Regulations 2715, 2725, 2830, 2831.1, and 2834.

(c) Without admitting the above violations, respondents GI and WOOD stipulated to the following disciplinary actions adopted by the Real Estate Commissioner on July 1, 1991, made effective July 22, 1991:

(i) The corporate real estate license of respondent GI was suspended for 365 days with 40 days stayed providing respondent GI pay \$10,000.00 to the Real Estate Recovery

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Account pursuant to Code Section 10175.2; remaining 325 days were stayed for five (5) years on terms and condition of no further violations of the California Real Estate Law.

(ii) The license of respondent WOOD was revoked with a right to a restricted license on conditions. The restricted license was suspended for 90 days with 40 days stayed providing respondent WOOD pay a fine of \$10,000.00 to the Real Estate Recovery Account pursuant to Code Section 10175.2; the remaining 50 days was stayed for one (1) year on condition of no further violations of the Real Estate Law.

4.

On March 19, 1992, Desist and Refrain Order No. H-25032 LA was filed against GIR to stop the sale of time-share intervals at a resort known as Silver Sands Resort (aka Tahoe Sands Resort) because GIR was allowing purchase funds to be released to sellers without required releases of blanket encumbrances in non-compliance with the Department's Public Report issued for Silver Sands. Notice of the Desist and Refrain Order No. H-25032 LA was provided to respondent GI.

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1 WHEREFORE, Complainant prays that a hearing be conducted
2 on the allegations of this Accusation and, that upon proof thereof,
3 a decision be rendered imposing disciplinary action against all
4 licenses and license rights of Respondent GLEN IVY PROPERTIES, INC.,
5 a California corporate broker; EQUITY MORTGAGE CORP., a California
6 corporate broker; and J. THOMAS WOOD, individually and as designated
7 officer of Glen Ivy Properties, Inc., and Equity Mortgage Corp.,
8 under the Real Estate Law (Part 1 of Division 4 of the Business and
9 Professions Code) and for such other and further relief as may be
10 proper under other applicable provisions of law.

11 Dated at Los Angeles, California
12 this 22nd day of October, 1993.

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15 Steven J. Ellis
16 Deputy Real Estate Commissioner
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21 cc: Glen Ivy Properties, Inc.
22 Equity Mortgage Corp.
23 Thomas P. Williams,
24 Court-Appointed Trustee
25 Glen Ivy Resorts,
26 Glen Ivy Properties, Inc.
27 Equity Mortgage Corp., et. al.
J. Thomas Wood
Gary Paul Rudlaff
Sacto
LK
SC/sc