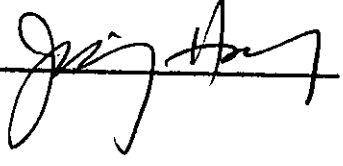


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FILED
JUL 5 2007

DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	NO. H-25781 LA
)	
DAVID DURAN,)	
)	
Respondent.)	

ORDER GRANTING REINSTATEMENT OF LICENSE

On December 19, 1995, a Decision was rendered herein revoking the real estate broker license of Respondent. Said Decision was stayed until February 15, 1996 pursuant to Respondent's petition for reconsideration of said Decision. An Order Denying Reconsideration was signed February 14, 1996.

On December 15, 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.

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///
///

1
2 I have considered the petition of Respondent and
3 the evidence and arguments in support thereof. Respondent
4 has demonstrated to my satisfaction that Respondent meets
5 the requirements of law for the issuance to Respondent of
6 an unrestricted real estate broker license and that it would
7 not be against the public interest to issue said license to
8 Respondent DAVID DURAN.

9 NOW, THEREFORE, IT IS ORDERED that Respondent's
10 petition for reinstatement is granted and that a real estate
11 broker license be issued to Respondent if Respondent satisfies
12 the following conditions within nine (9) months from the date
13 of this Order:

14 1. Submittal of a completed application and payment
15 of the fee for a real estate broker license.

16 2. Submittal of evidence of having, since the most
17 recent issuance of an original or renewal real estate license,
18 taken and successfully completed the continuing education
19 requirements of Article 2.5 of Chapter 3 of the Real Estate Law
20 for renewal of a real estate license.

21 This Order shall become effective immediately.

22 DATED: June 28, 2001

23 PAULA REDDISH ZINNEMANN
24 Real Estate Commissioner

25 

26 cc: David Duran
27 16550 Kelwood St.
Valinda, CA 91744

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

6 I

7 In the Decision which revoked his real estate
8 broker's license there was a Determination of Issues made
9 that there was sufficient cause to revoke the license of
10 Respondent for "multiple violations of the Business and
11 Professions Code and Title 10 of the California Code of
12 Regulations". Said Determination was based on Findings that
13 Respondent simply rented his real estate broker license to
14 Security Funding Corporation for payment of \$1000 per month
15 and that Respondent had nothing to do with the operation of
16 the corporation.

17 II.

18 At his recent interview with a representative of
19 the Department Respondent stated that he had prior experience
20 with sales only, so that he should never have allowed the
21 owner of Security to convince him into opening a mortgage
22 loan salespersonage as Respondent had little or no knowledge
23 of such activities.

24 III

25 Due to very serious nature of these previous
26 violations not enough time has passed to establish that
27 Respondent is now fully rehabilitated. This is cause to deny



1 her petition pursuant to Section 2911(a) of Chapter 6, Title
2 10, California Code of Regulations (Regulations).

3 IV

4 Further, Respondent has provided no evidence that
5 he has taken any courses since his license was revoked to
6 improve his limited knowledge of Real Estate Law. This is
7 additional evidence of a lack of rehabilitation and is cause
8 to deny his petition pursuant to Section 2911 (h) of the
9 Regulations.

10 NOW, THEREFORE, IT IS ORDERED that Respondent's
11 petition for reinstatement of his broker's license is denied.
12 However, Respondent has offered evidence that he is partially
13 rehabilitated and it appears that Respondent will pose no
14 danger to the public if issued a properly restricted real
15 estate salesperson license.

16 Therefore, a restricted real estate salesperson
17 license shall be issued to Respondent pursuant to Section
18 10156.5 of the Code after Respondent first satisfies the
19 following conditions within six (6) months from the date of
20 this Order:

21 1. Submittal of evidence that Respondent has,
22 since his license was revoked, taken and successfully passed
23 the test administered by the Department to qualify as a real
24 estate salesperson.

25 2. Submittal of a completed application and payment
26 of the fee for a restricted real estate salesperson license.

27

1 3. Submittal of evidence that Respondent has taken
2 and passed the Professional Responsibility Examination given
3 by the Department.

4 The restricted license issued to Respondent shall
5 be subject to all of the provisions of Section 10156.7 of the
6 Code and to the following limitations, conditions and
7 restrictions imposed under authority of Section 10156.5 of
8 said Code:

9 1. The restricted license shall not confer any
10 property right in the privileges to be exercised thereunder
11 and the Real Estate Commissioner may by appropriate order
12 suspend prior to hearing the right of Respondent to exercise
13 any privileges granted under the restricted license in the
14 event of:

15 (a) The conviction of Respondent (including a
16 plea of nolo contendere) of a crime which bears a significant
17 relationship to Respondent's fitness or capacity as a real
18 estate licensee.

19 (b) The receipt of evidence satisfactory to
20 the Real Estate Commissioner that subsequent to the date of
21 the Order herein Respondent has violated provisions of the
22 California Real Estate Law, Regulations of the Real Estate
23 Commissioner, or conditions attaching to said restricted
24 license.

25 2. Respondent shall submit with his application for
26 said restricted license under an employing broker or any
27 application in the future for a transfer of said restricted



1 license to a new employing broker, a statement signed by the
2 prospective employing broker which shall certify:

3 (a) That said employing broker has read the Order
4 of the Commissioner which granted the right to a restricted
5 license; and

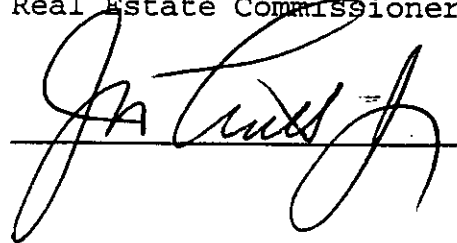
6 (b) That said employing broker will exercise close
7 supervision over the performance of the restricted license of
8 activities for which a real estate license is required.

9 Respondent shall not be eligible to apply for the
10 issuance of an unrestricted real estate license nor the
11 removal of any of the conditions, limitations or restrictions
12 attaching to the restricted license until at least one year
13 has elapsed from the effective date of this Order.

14 This Order shall become effective at 12
15 o'clock noon on Tue. June 2, 1998.

16
17 DATED; 5/11/98

18
19 JIM ANTT, JR.
20 Real Estate Commissioner

21 
22
23
24
25
26

27 David Duran
18205 Cypress St.
Covina, California 91723



*Sacto
Haley*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
JUN 14 1995
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of)
Case No. H-25781 LA)
SECURITY FUNDING CORP., et al.,)
OAH No. L- 63471)
)
)
)
Respondent.)

By Laura B. Corona

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 314 West First Street, Los Angeles, California, on November 21 & 22, 1995 at the hour of 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

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

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

Dated: June 14, 1995

DEPARTMENT OF REAL ESTATE

By: V. Ahda Sands
V. AHDA SANDS, Counsel

cc: Security Funding Corp.
David Duran
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FILED
FEB 15 1996
DEPARTMENT OF REAL ESTATE

By Emily Sakeda

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) NO. H-25781 LA
SECURITY FUNDING CORP.et. al.) L-63471
Respondent.)

ORDER DENYING RECONSIDERATION

On December 19, 1995, a Decision was rendered in the above-entitled matter. The Decision is to become effective on February 15, 1996. On January 12, 1996, Respondent, DAVID DURAN, petitioned for reconsideration of the Decision of December 19, 1995.

I have given due consideration to the petition of Respondent, DAVID DURAN. I find no good cause to reconsider the Decision of December 19, 1995, and reconsideration is hereby denied.

IT IS SO ORDERED 2/14, 1996.

Jim Antt, Jr.
JIM ANTT, JR.
Real Estate Commissioner

*Sub
Jury*

FILED
JAN 16 1996
DEPARTMENT OF REAL ESTATE

By *Laura B. Orona*

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	NO. H-25781 LA
)	
SECURITY FUNDING CORPORATION, a)	L-63471
corporation, and DAVID DURAN,)	
individually and as Designated)	
Officer of Security Funding)	
Corporation,)	
)	
Respondents.)	

ORDER STAYING EFFECTIVE DATE

On December 19, 1995, a Decision was rendered in the above-entitled matter to become effective January 16, 1996.

IT IS HEREBY ORDERED that the effective date of the Decision of December 19, 1995 is stayed for a period of 30 days.

The Decision of December 19, 1995 shall become effective at 12 o' clock noon on February 15, 1996.

DATED: January 16, 1996.

JIM ANTT, JR.
Real Estate Commissioner

By: *Randolph Bwendia*
RANDOLPH BENDIA
Regional Manager

lbo

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation) No. H-25781 LA
of:)
) OAH No. L-63471
SECURITY FUNDING CORP., a)
corporation and DAVID DURAN,)
individually and as Designated)
Officer of Security Funding)
Corp.)
)
Respondents.)
_____)

PROPOSED DECISION

This matter came on regularly for hearing before W.F. Byrnes, Administrative Law Judge of the Office of Administrative Hearings, at Los Angeles, California, on November 21, 1995. V. Ahda Sands, Counsel, represented the complainant.

Respondent David Duran represented himself.

No appearance was made on behalf of respondent Security Funding Corp., a corporation.

Evidence having been received and the matter submitted, the Administrative Law Judge finds the following facts:

1

Steven J. Ellis made the Accusation and Amended Accusation in his official capacity as a Deputy Real Estate Commissioner. Peter F. Hurst made the First Amendment to Amended Accusation in his official capacity as a Deputy Real Estate Commissioner.

//
//

II

A. At all times relevant hereto, respondent Security Funding Corp., a corporation, was and now is licensed by the Department as a corporate real estate broker, by and through David Duran as the officer and broker responsible pursuant to the provisions of Business and Professions Code section 10159.2(a) for supervising the activities requiring a real estate license conducted on behalf of Security Funding Corp. by its officers and employees.

B. At all times relevant hereto, respondent David Duran was and now is licensed by the Department as a real estate broker and as an officer of Security Funding Corp.

III

A. It was established at the hearing that the allegations of paragraphs 7, 8 (but not 8(a)), 10, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of the Amended Accusation and paragraphs 21, 22, 23, and 24 of the First Amendment to Amended Accusation are substantially true and correct.

B. With regard to paragraph 20 of the Amended Accusation, it was stipulated that respondent David Duran has sought out and made full restitution to all four of the named victims.

IV

Respondent Security Funding Corp. is/was wholly owned by a Santiago Segovia, who reportedly has fled to South America. In effect, respondent simply rented his real estate broker license to Security Funding Corp. for payment of \$1,000.00 per month; he had nothing to do with the operation of the corporation. Duran has made restitution as noted above to the four known victims, and he promises that he will never again let anyone use his license. However, his actions herein have demonstrated a profound lack of knowledge and understanding of a real estate broker's duties, to the extent that his continued licensure is not consistent with the public interest.

* * * * *

Pursuant to the foregoing findings of fact, Administrative Law Judge makes the following determination of issues:

//
//
//

Cause exists for license discipline against respondents Security Funding Corp. and David Duran for multiple violations of the Business and Professions Code and Title 10 of the California Code of Regulations, all as set forth at length in the Amended Accusation and First Amendment to Amended Accusation herein.

* * * * *

WHEREFORE, THE FOLLOWING ORDER is hereby made:

I

All licenses and licensing rights of respondent Security Funding Corp. under the Real Estate Law are revoked.

II

All licenses and licensing rights of respondent David Duran under the Real Estate Law are revoked.

Dated: 12-5-95



W.F. BYRNES
Administrative Law Judge
Office of Administrative Hearings

WFB:rfm

Violation code numbers
are listed as follows:
First amendment to
amended accusation -
pages 1, 2 & 3
amended accusation -
pages 5 & 8

Sachs
200

1 V. AHDA SANDS, Counsel
2 Department of Real Estate
3 107 South Broadway, Room 8107
4 Los Angeles, California 90012
5 (213) 897-3937

FILED
MAY 11 1995
DEPARTMENT OF REAL ESTATE

by *Lura B. Egan*

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * * *

11	In the Matter of the Accusation of)	NO. H-25781 LA
12	SECURITY FUNDING CORP., a)	<u>FIRST AMENDMENT TO</u>
13	corporation and DAVID DURAN,)	<u>AMENDED ACCUSATION</u>
14	individually and as Designated)	
15	Officer of Security Funding)	
	Corp.)	
	Respondents.)	

16 The Accusation heretofore filed on September 7, 1994,
17 in the above-mentioned matter is hereby amended as follows:

18 Complainant incorporates by reference Paragraphs 1
19 through 20, of his Accusation filed on September 7, 1994.

20 Page 8, Paragraph 20, line 22, of the Accusation is
21 amended to add the following:

22 FIFTH CAUSE OF ACCUSATION

23 FAILURE TO RETAIN RECORDS

24 21

25 Respondents SFC and/or DURAN, failed to retain the
26 original or copies of the broker files and trust fund records in
27 violation of Section 10148(a) of the Regulations.

1 loans secured by real property. The employment of Luna and
2 Gallegos by Respondents SFC and DURAN violated Section 10137 of
3 the Code and is cause for the suspension or revocation of
4 Respondents real estate licenses and license rights.

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

12 Dated at Los Angeles, California
13 this 11th day of May, 1995.

14 PETER F. HURST

15 Deputy Real Estate Commissioner

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25 cc: Security Funding Corporation
26 David Duran
27 Sacto.
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V. AHDA SANDS Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012
(213) 897-3937

FILED
SEP - 7 1994
DEPARTMENT OF REAL ESTATE

By Laura B. Orona

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of) NO. H-25781 LA
)
SECURITY FUNDING CORP., a)
corporation, and DAVID DURAN,) AMENDED ACCUSATION
individually and as Designated)
Officer of Security Funding)
Corp.,)
)
Respondents.)

Complainant, Steven J. Ellis, a Deputy Real Estate
Commissioner of the State of California, as and for cause of
Accusation against SECURITY FUNDING CORP., a corporation and
DAVID DURAN, individually and as designated officer of Security
Funding Corp. (herein "Respondents"), alleges as follows:

1

The term "the Regulations" as used herein refers to
provisions of Chapter 6, Title 10, California Code of
Regulations.

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2

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

3

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

4

At all times mentioned herein, Respondent SECURITY FUNDING CORP. (herein "SFC"), a corporation, was and now is licensed by the Department of Real Estate of the State of California (herein "the Department") as a corporate real estate broker. At all times mentioned herein SFC was and now is licensed as a corporate real estate broker by and through DAVID DURAN (herein "DURAN") as the officer and broker responsible pursuant to the provisions of Section 10159.2(a) of the Code for supervising the activities requiring a real estate license conducted on behalf of SFC by SFC's officers and employees.

5

At all times mentioned herein, Respondent DURAN was and now is licensed by the Department as an individual real estate broker and as an officer of SFC.

6

All further references herein to "Respondents" include the parties identified in Paragraphs 4 and 5, above, and also

/

1 include the officers, directors, employees, agents and real
2 estate licensees employed by or associated with said parties and
3 who at all times herein mentioned were engaged in the furtherance
4 of the business or operations of said parties and who were acting
5 within the course and scope of their authority and employment.

6 7

7 At all times herein mentioned, Respondents engaged in
8 the business of, acted in the capacity of, advertised or assumed
9 to act as real estate brokers in the State of California within
10 the meaning of Section 10131(d) of the Code, including the
11 operation and conduct of a mortgage loan brokerage business with
12 the public wherein, on behalf of others and for compensation or
13 in expectation of compensation, Respondents solicited lenders and
14 borrowers for loans secured directly or collaterally by a lien on
15 real property.

16 8

17 In connection with the aforesaid real estate brokerage
18 activities, Respondents accepted or received funds in trust
19 (hereinafter "trust funds") from or on behalf of borrowers and
20 lenders and note owners and thereafter made disbursements of such
21 funds, Respondents deposited certain of said funds into the
22 following account (herein "said account"):

23 (a) Account No. 123-174509 (hereinafter "Escrow T/A
24 #1"), the " Secure Financial Group Inc. Trust Account", at the
25 Montebello office of Security Pacific National Bank in the City
26 of Montebello, California.

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FIRST CAUSE OF ACCUSATION
AUDIT VIOLATIONS

9

Complainant incorporates herein the allegations of Paragraphs 1 through 8, inclusive, herein.

10

On December 15, 1992, the Department concluded its examination of Respondents' books and records pertaining to the real estate brokerage activities described in Paragraph 7, above, for the four-month period ending October 31, 1992, which examination revealed violations of the Code and of the Regulations as set forth in the following paragraphs.

11

In connection with the trust funds referred to in Paragraph 8, above, Respondents acted in violation of the Code and the Regulations in that Respondents:

- (a) Failed to provide borrowers with a Mortgage Loan Disclosure Statement in violation of Section 10240 of the Code.
- (b) Failed to produce the corporate real estate license for inspection by the auditor in violation of Section 10160 of the Code.
- (c) Respondents failed to notify the Department that they met the threshold criteria in violation of Section 10232 of the Code.

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The acts and omissions of Respondents described in Paragraph 11, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>	
10 (a)	Sec. <u>10240</u>	of the Code;
10 (b)	Sec. <u>10160</u>	of the Code;
10 (c)	Sec. <u>10232</u>	of the Code;

Each of the foregoing violations separately constitutes cause for the suspension or revocation of all licenses and license rights of Respondents pursuant to the provisions of Section 10177(d) of the Code.

SECOND CAUSE OF ACCUSATION
EMPLOYMENT OF UNLICENSED PERSON

In the course of the activities described in Paragraph 6, above, Respondents SFC and DURAN employed and compensated: Santiago Segovia, Jose Rodolfo, Marco T. Peralta, and R. R. Gomez Cornejo - persons who were not licensed by the Department and known to Respondent not to be licensed by the Department, to perform acts requiring a real estate license for and in the name of SFC during 1992 and 1993, including, but not limited to, negotiating the sale or refinancing of various different properties located throughout Southern, California for others. In employing Santiago Segovia, Jose Rodolfo, Marco T. Perlata and R. R. Gomez Cornejo, Respondents SFC and DURAN violated Section 10137 of the Code. Each said violation constitutes cause for

1 suspension or revocation of all real estate licenses and license
2 rights of Respondents pursuant to the provisions of Section 10137
3 of the Code.

4 THIRD CAUSE OF ACCUSATION

5 LACK OF SUPERVISION

6 14

7 Respondent DURAN caused, suffered, and permitted
8 Respondent SFC to violate the Code and Regulations Sections set
9 forth and as described above in Paragraphs 11 and 13.

10 15

11 The conduct, acts and omissions of Respondent DURAN, as
12 described in Paragraph 14, above, independently and collectively
13 constitute failure on the part of DURAN, as officer designated by
14 a corporate broker licensee, to exercise the reasonable
15 supervision and control over the licensed activities of SFC
16 required by Section 10159.2 of the Code, and is cause for the
17 suspension or revocation of all real estate licenses and license
18 rights of DURAN pursuant to the provisions of Section 10177(h) of
19 the Code.

20 FOURTH CAUSE OF ACCUSATION

21 MISHANDLING OF ADVANCE FEES

22 16

23 Complainant incorporates herein the allegations of
24 Paragraphs 1 through 15, inclusive, herein.

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In connection with a transactions involving arrangement for loans secured by real property for several persons (shown below in paragraph 20), Respondents SFC, by and through DURAN collected certain "non-refundable" fees attributed to appraisal, credit report and other fees.

In performing the acts described in Paragraph 17, SFC and DURAN engaged in the business of claiming, demanding, charging, receiving, collecting or contracting for the collection of an advance fee within the meaning of Sections 10026 and 10131.2 of the Code. Said advance fees were collected from prospective borrowers as loan processing fees. The advance fees collected were not placed in a trust account nor was an accounting made to the principals. SFC and DURAN did not submit to the Commissioner at least five days prior to its use any of the materials used in collecting the advance fees, i.e., its "Agreement to Pay Costs and Loan Fees" signed by SFC and DURAN . Respondents violated Section 10146 of the Code and Sections 2970 and 2972 of the Regulations by such conduct. Respondent SFC, by and through DURAN violated Section 10145 of the Code and Section 2830 of the Regulations by depositing certain advance fees received by Respondents into general accounts, rather than into a trust account in Respondent's name as broker and as trustee.

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Respondent SFC, by and through DURAN, collected advance fees from prospective borrowers of funds secured by real property. At the time these fees were collected Respondent SFC by and through DURAN knew or should have known that the advance fees collected were not used for the purposes set forth in the fee disclosure statement. Such acts are in violation of Code Section 10176(a), 10176(b), 10176(c), 10176(e) and 10177(j). Such acts constitute cause to revoke a real estate license pursuant to Code Section 10177(d).

In aggravation, Respondent SFC, by and through DURAN has failed to refund advance fees from the following persons despite repeated requests for a refund:

Rigoberto Morales	\$425.00
Socotto Morales	
3/12/92	
Mike Rodriguez	\$350.00
1/29/92	
Enrique Padroza	\$325.00
3/28/92	
Frank E. Rodriguez	\$550.00
1/25/92	

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

8 Dated at Los Angeles, California
9 this 8th day of September, 1994.

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 STEVEN J. ELLIS
 Deputy Real Estate Commissioner

cc: Security Funding Corporation
 David Duran
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Sacto, Gary

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILE
MAY 25 1994
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of)
SECURITY FUNDING CORP., et al.,)
Respondent.)

Case Nos. H-25781 LA
OAH Nos. L-63471

By Laura B. Orone

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 314 West First Street, Los Angeles, California, on SEPTEMBER 8, 1994 at the hour of 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

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

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

Dated: May 25, 1994

DEPARTMENT OF REAL ESTATE

By: V. Ahda Sands
V. AHDA SANDS, Counsel

cc: Security Funding Corp.
David Duran
Sacto.
OAH

Sachs, Jan

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V. AHDA SANDS, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012
(213) 897-3937

FILED
APR 11 1994
DEPARTMENT OF REAL ESTATE

By *Jan B. Ormon*

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	NO. H-25781 LA
SECURITY FUNDING CORP., a)	
corporation, and DAVID DURAN,)	<u>ACCUSATION</u>
individually and as Designated)	
Officer of Security Funding)	
Corp.,)	
Respondents.)	

Complainant, Steven J. Ellis, a Deputy Real Estate Commissioner of the State of California, as and for cause of Accusation against SECURITY FUNDING CORP., a corporation and DAVID DURAN, individually and as designated officer of Security Funding Corp. (herein "Respondents"), alleges as follows:

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The term "the Regulations" as used herein refers to provisions of Chapter 6, Title 10, California Code of Regulations.

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

3

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

4

At all times mentioned herein, Respondent SECURITY FUNDING CORP. (herein "SFC"), a corporation, was and now is licensed by the Department of Real Estate of the State of California (herein "the Department") as a corporate real estate broker. At all times mentioned herein SFC was and now is licensed as a corporate real estate broker by and through DAVID DURAN (herein "DURAN") as the officer and broker responsible pursuant to the provisions of Section 10159.2(a) of the Code for supervising the activities requiring a real estate license conducted on behalf of SFC by SFC's officers and employees.

5

At all times mentioned herein, Respondent DURAN was and now is licensed by the Department as an individual real estate broker and as an officer of SFC.

6

All further references herein to "Respondents" include the parties identified in Paragraphs 4 and 5, above, and also

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1 include the officers, directors, employees, agents and real
2 estate licensees employed by or associated with said parties and
3 who at all times herein mentioned were engaged in the furtherance
4 of the business or operations of said parties and who were acting
5 within the course and scope of their authority and employment.

6 7

7 At all times herein mentioned, Respondents engaged in
8 the business of, acted in the capacity of, advertised or assumed
9 to act as real estate brokers in the State of California within
10 the meaning of Section 10131(d) of the Code, including the
11 operation and conduct of a mortgage loan brokerage business with
12 the public wherein, on behalf of others and for compensation or
13 in expectation of compensation, Respondents solicited lenders and
14 borrowers for loans secured directly or collaterally by a lien on
15 real property.

16 8

17 In connection with the aforesaid real estate brokerage
18 activities, Respondents accepted or received funds in trust
19 (hereinafter "trust funds") from or on behalf of borrowers and
20 lenders and note owners and thereafter made disbursements of such
21 funds, Respondents deposited certain of said funds into the
22 following account (herein "said account"):

23 (a) Account No. 123-174509 (hereinafter "Escrow T/A
24 #1"), the " Secure Financial Group Inc. Trust Account", at the
25 Montebello office of Security Pacific National Bank in the City
26 of Montebello, California.

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On December 15, 1992, the Department concluded its examination of Respondents' books and records pertaining to the real estate brokerage activities described in Paragraph 7, above, for the four-month period ending October 31, 1992, which examination revealed violations of the Code and of the Regulations as set forth in the following paragraphs.

10

In connection with the trust funds referred to in Paragraph 8, above, Respondents acted in violation of the Code and the Regulations in that Respondents:

(a) Failed to provide borrowers with a Mortgage Loan Disclosure Statement in violation of Section 10240 of the Code.

(b) Failed to produce the corporate real estate license for inspection by the auditor in violation of Section 10160 of the Code.

(c) Respondents failed to notify the Department that they met the threshold criteria in violation of Section 10232 of the Code.

11

The acts and omissions of Respondents described in Paragraph 10, above, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>	
10 (a)	Sec. 10240	of the Code;
10 (b)	Sec. 10160	of the Code;
10 (e)	Sec. 10232	of the Code;

1 supervision and control over the licensed activities of SFC
2 required by Section 10159.2 of the Code, and is cause for the
3 suspension or revocation of all real estate licenses and license
4 rights of DURAN pursuant to the provisions of Section 10177(h) of
5 the Code.

6 WHEREFORE, Complainant prays that a hearing be
7 conducted on the allegations of this Accusation and that upon
8 proof thereof a decision be rendered imposing disciplinary action
9 against all licenses and license rights of Respondents under the
10 Real Estate Law (Part 1 of Division 4 of the Business and
11 Professions Code) and for such other and further relief as may be
12 proper under other applicable provisions of law.

13 Dated at Los Angeles, California

14 this 11 day of April, 1994.

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16 STEVEN J. ELLIS

17 Deputy Real Estate Commissioner
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24 cc: Security Funding Corporation
25 David Duran
26 Sacto.
27 lr
oah
vas