

1 On July 24, 2001, Respondent petitioned for
2 reinstatement of said real estate broker license and the
3 Attorney General of the State of California has been given
4 notice of the filing of said petition.
5

6 I have considered the petition of Respondent and
7 the evidence and arguments in support thereof including
8 Respondent's record as a restricted licensee. Respondent
9 has demonstrated to my satisfaction that Respondent meets
10 the requirements of law for the issuance to Respondent of
11 an unrestricted real estate broker license and that it would
12 not be against the public interest to issue said license to
13 Respondent DAVID SWEENEY.

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

- 19 1. Submittal of a completed application and payment
20 of the fee for a real estate broker license.

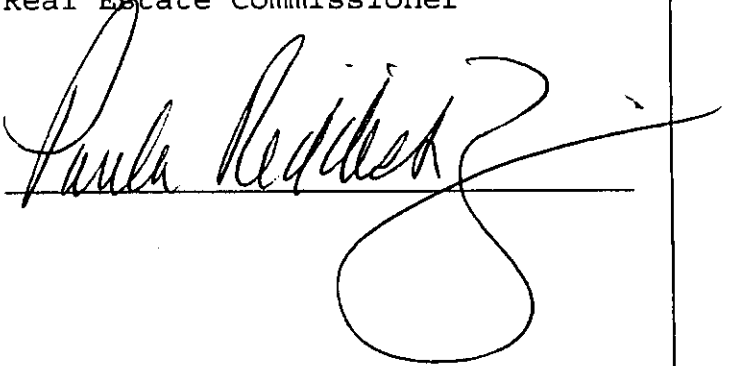
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1 2. Submittal of evidence of having, since the most
2 recent issuance of an original or renewal real estate license,
3 taken and successfully completed the continuing education
4 requirements of Article 2.5 of Chapter 3 of the Real Estate
5 Law for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

6 This Order shall become effective immediately.

7 DATED: September 6, 2002

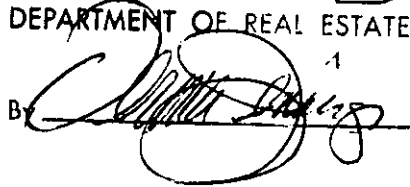
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9 PAULA REDDISH ZINNEMANN
10 Real Estate Commissioner

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25 cc: David Sweeney
26 77475 Cheyenne Drive
27 Indian Wells, CA 92210

FILED
OCT 10 1996
DEPARTMENT OF REAL ESTATE

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

By 

* * *

In the Matter of the Accusation of)
)
NATIONAL QUANTUM MORTGAGE,) NO. H-26141 LA
INC.; RAPID MORTGAGE)
CORPORATION; and DAVID)
SWEENEY, individually and)
as designated officer of)
National Quantum Mortgage,)
Inc., and Rapid Mortgage)
Corporation,)
)
Respondents.)
_____)

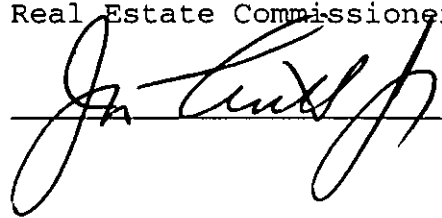
DECISION

The Proposed Decision dated August 16, 1996,
of Randolph Brendia, Regional Manager, Department of Real
Estate, State of California, is hereby adopted as the
Decision of the Real Estate Commissioner in the above-
entitled matter as to respondents NATIONAL QUANTUM MORTGAGE,
INC. and RAPID MORTGAGE CORPORATION only.

This Decision shall become effective at
12 o'clock noon on October 30, 1996.

IT IS SO ORDERED 9/9, 1996.

JIM ANTT, JR.
Real Estate Commissioner



DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)
)
NATIONAL QUANTUM MORTGAGE,)
INC.; RAPID MORTGAGE)
CORPORATION; and DAVID SWEENEY,)
individually and as) No. H-26141 LA
designated officer of)
National Quantum Mortgage;)
Inc. and Rapid Mortgage)
Corporation,)
)
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

Elliott Mac Lennan, Counsel, represented the Complainant.

No personal appearance was made by or on behalf of the respondents National Quantum Mortgage, Inc., or Rapid Mortgage Corporation at the hearing on this matter. David Sweeney filed a Notice of Defense, stipulated to discipline and is severed from this default proceeding. On proof of compliance with Government Code Section 11505, the matter proceeded as a default pursuant to Government Code Section 11520 against respondents National Quantum Mortgage, Inc., and Rapid Mortgage Corporation only.

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

FINDINGS OF FACT

The Complainant, Peter F. Hurst, a Deputy Real Estate Commissioner of the State of California, makes this Accusation against NATIONAL QUANTUM MORTGAGE, INC., and RAPID MORTGAGE CORPORATION in his official capacity as follows:

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1

NATIONAL QUANTUM MORTGAGE, INC. (NQM) and DAVID SWEENEY (SWEENEY) and RAPID MORTGAGE CORPORATION (RMC) sometimes collectively referred to as respondents, have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code as real estate brokers.

2

All references to the "Code" are to the California Business and Professions Code and all references to "Regulations" are to Chapter 6, Title 10, California Code of Regulations.

3

At all mentioned times, NQM and RMC were licensed by the Department of Real Estate of the State of California (Department) as corporate real estate brokers by and through SWEENEY as designated officer.

4

Whenever reference is made in an allegation in the accusation to an act or omission of NQM or RMC such allegation shall be deemed to mean that the officers, directors, managers, employees, agents and real estate licensees employed by or associated with NQM and RMC, including SWEENEY, committed such act or omission while engaged in the furtherance of the business or operation of NQM and while acting within the course and scope of its corporate authority, agency and employment.

5

At all times herein mentioned, in the City of Los Angeles, Los Angeles County, respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers, within the meaning of Section 10131(d) of the Code, including the operation of a mortgage loan brokerage business with the public wherein lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed, and consummated on behalf of others for compensation or in expectation of compensation.

6

At all times mentioned herein, in connection with the activities described in Finding 5, above, respondents accepted or received funds in trust (trust funds) from or on behalf of actual or prospective borrowers and lenders, and thereafter made disposition of such funds. Respondents do not maintain a trust account.

NATIONAL QUANTUM MORTGAGE, INC.
(Audit No. LA 920464)

7

On August 24, 1993, the Department completed a field audit examination of the books and records pertaining to the activities described in Findings 5 and 6, above, for a period of time beginning on February 10, 1993 and ending on August 18, 1993, which revealed violations of the Code and the Regulations as set forth in the following Findings.

8

With respect to the trust funds referred to in Finding 6, NQM failed to deposit trust funds into a trust account before the end of the next business day as required by Regulation 2832.

9

In course of the mortgage loan brokerage activities described in Finding 5, NQM, with full knowledge that, Emanuel Sabet and John McMillon were not licensed by the Department in any capacity, employed and compensated them to perform acts for which a real estate license is required, for another or others, including originating loans, soliciting borrowers and lenders, and negotiating loans secured by liens on real property. During the period between April 23, 1993 and August 18, 1993 Emanuel Sabet received \$11,000 and John McMillon received \$28, 819 from NQM as compensation. This conduct and violation are cause to suspend or revoke the license and license rights of respondent NQM under the provisions of Section 10137 of the Code.

10

The audit examination revealed that, NQM, failed to provide a statement in writing containing all the information required by Section 10241 of the Code to various borrowers including but not limited to the Dimitri Vitkoff, Decina Chu, Anita Pakrasi and Jerry Knight loan transactions before these borrowers became obligated to perform under the terms of their respective loans. This conduct constitutes a violation of Section 10240 of the Code and Regulation 2840 and is cause to suspend or revoke respondent's NQM real estate license and license rights under Section 10177(d).

RAPID MORTGAGE CORPORATION
(Audit No. LA 920463)

11

On October 7, 1993, the Department completed a field audit examination of the books and records pertaining to the activities described in Finding 5, above, for the period of time

beginning on April 1, 1990 and ending on March 31, 1993, which revealed violations of the Code and the Regulations as set forth in the following Findings.

12

The audit examination revealed that RMC failed to provide a statement containing all the information required by Section 10241 of the Code to various borrowers including but not limited to the Juan and Gerardo Novoa loan transaction before these borrowers became obligated to perform under the terms of their respective loans. This conduct constitutes a violation of Section 10240 of the Code and Regulation 2840 and is cause to suspend or revoke respondent RMC's real estate license and license rights under Section 10177(d).

13

At this time RMC is not maintaining an office in California to conduct activities requiring a real estate license. This conduct constitutes a violation of Section 10162 of the Code and Regulation 2715 and is cause to suspend or revoke the real estate licenses and license rights of respondent RMC under Section 10165 of the Code.

DETERMINATION OF ISSUES

1

Cause for disciplinary action against respondent National Quantum Mortgage, Inc., exists pursuant to Business and Professions Code Sections 10145, 10137 10240 and 10177(d) of the Code and Regulations 2832 and 2840.

2

Cause for disciplinary action against respondent Rapid Mortgage Corporation exists pursuant to Business and Professions Code Sections 10162, 10165, 10240 and 10177(d) of the Code and Regulations 2715 and 2840.

3

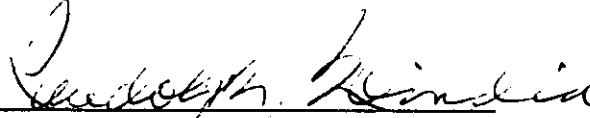
The standard of proof applied at the hearing was clear and convincing proof to a reasonable certainty.

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ORDER

All license and license rights respondents National Quantum Mortgage, Inc., and Rapid Mortgage Corporation under the provisions of Part 1 of Division 4 of the Business and Professions Code are hereby revoked.

DATED 16 August '96.



RANDOLPH BRENDIA
Regional Manager

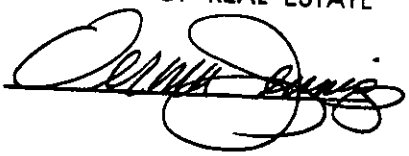
cc: National Quantum Mortgage, Inc.
Rapid Mortgage Corporation
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Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 897-3937

FILED
NOV 17 1995
DEPARTMENT OF REAL ESTATE

By 

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	No. H-26141 LA
)	
NATIONAL QUANTUM MORTGAGE,)	<u>STIPULATION AND AGREEMENT</u>
INC., RAPID MORTGAGE)	<u>IN</u>
CORPORATION AND DAVID)	<u>SETTLEMENT AND ORDER</u>
SWEENEY, individually)	
and as designated officer)	
of National Quantum)	
Mortgage, Inc. and Rapid)	
Mortgage Corporation)	
)	
Respondents.)	

It is hereby stipulated by and between DAVID SWEENEY (sometimes referred to as respondent), and the Complainant, acting by and through Elliott Mac Lennan, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation filed on May 3, 1995 in this matter:

1. All issues which were to be contested and all evidence which was to be presented by Complainant and respondent at a formal hearing on the Accusation, which hearing was to be held in accordance with the provisions of the Administrative

1 Procedure Act (APA), shall instead and in place thereof be
2 submitted solely on the basis of the provisions of this
3 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. Respondent filed a Notice of Defense pursuant to
9 Section 11505 of the Government Code for the purpose of requesting
10 a hearing on the allegations in the Accusation. Respondent hereby
11 freely and voluntarily withdraws said Notice of Defense.
12 Respondent acknowledges that he understands that by withdrawing
13 said Notice of Defense he thereby waives his right to require the
14 Commissioner to prove the allegations in the Accusation at a
15 contested hearing held in accordance with the provisions of the
16 APA and that he will waive other rights afforded to him in
17 connection with the hearing such as the right to present evidence
18 in defense of the allegations in the Accusation and the right to
19 cross-examine witnesses.

20 4. This Stipulation is based on the factual allegations
21 contained in the Accusation. In the interest of expedience and
22 economy, respondent chooses not to contest these allegations, but
23 to remain silent and understands that, as a result thereof, these
24 factual allegations, without being admitted or denied, will serve
25 as a prima facie basis for the disciplinary action stipulated to
26 herein. This Stipulation is based on respondent's decision not to
27 contest the Accusation. It is made solely for the purpose of



1 effectuating this Stipulation and is intended to be non-binding
2 upon respondent in any action against respondent by third parties.
3 The Real Estate Commissioner shall not be required to provide
4 further evidence to prove said factual allegations.

5 5. This Stipulation is based on respondent's decision
6 not to contest the allegations set forth in the Accusation as a
7 result of the agreement negotiated between the parties. This
8 Stipulation, based on respondent's decision not to contest the
9 Accusation, is expressly limited to this proceeding and any
10 further proceeding initiated by or brought before the Department
11 of Real Estate based upon the facts and circumstances alleged in
12 the Accusation, and made for the sole purpose of reaching an
13 agreed disposition of this proceeding. The decision of respondent
14 not to contest the factual statements alleged, and as contained in
15 the stipulated Order, is made solely for the purpose of
16 effectuating this Stipulation. It is the intent and understanding
17 of the parties that this Stipulation and Order shall not be
18 binding or admissible against respondent in any actions against
19 respondent by third parties.

20 6. It is understood by the parties that the Real Estate
21 Commissioner may adopt the Stipulation and Agreement as his
22 decision in this matter thereby imposing the penalty and sanctions
23 on respondent's real estate licenses and license rights as set
24 forth in the "Order" hereinbelow. In the event that the
25 Commissioner in his discretion does not adopt the Stipulation and
26 the Agreement, it shall be void and of no effect, and respondent
27 shall retain the right to a hearing and proceeding on the



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Accusation under the provisions of the APA and shall not be bound by any admission or waiver made herein.

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

DETERMINATION OF ISSUES

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

I

The acts or omissions of respondent DAVID SWEENEY, as described in Paragraph 4, demonstrates a lack of supervision and are in violation of Section 2725 of Title 10, Chapter 6 of the California Code of Regulations, and are a basis for the suspension or revocation of said respondent's licenses and license rights pursuant to Sections 10137, 10177(d) and 10177(h) of the Code.

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1 /
2 ORDER

3 WHEREFORE THE FOLLOWING ORDER IS MADE PURSUANT TO THE
4 WRITTEN STIPULATION OF THE PARTIES:

5 I

6 The real estate broker license and license rights of
7 respondent DAVID SWEENEY under the Real Estate Law (Part 1 of
8 Division 4 of the Business and Professions Code) are hereby
9 revoked.

10 However, respondent shall be entitled to apply for and
11 be issued a restricted real estate broker license if he makes
12 application therefor and pays to the Department of Real Estate the
13 appropriate fee for said license within ninety (90) days of the
14 effective date of the Stipulation herein.

15 The restricted real estate broker license issued to
16 respondent shall be subject to all of the provisions of Section
17 10156.7 of the Business and Professions Code and the following
18 limitations, conditions and restrictions imposed under authority
19 of Section 10156.6 of the Code:

20 A. The restricted license may be suspended prior to
21 hearing by Order of the Real Estate Commissioner in the event of
22 respondent's conviction (including conviction of a plea of nolo
23 contendere) to a crime which bears a significant relationship to
24 respondent's fitness or capacity as a real estate licensee.

25 B. The restricted license may be suspended prior to
26 hearing by Order of the Real Estate Commissioner on evidence
27 satisfactory to the Commissioner that respondent has, after the

1 effective date of the Order herein, violated provisions of the
2 California Real Estate Law, the Subdivided Lands Law, Regulations
3 of the Real Estate Commissioner or conditions attaching to said
4 restricted license.

5 C. Respondent shall obey all laws of the United States,
6 the State of California and its political subdivisions, and shall
7 further obey and comply with all rules and regulations of the Real
8 Estate Commissioner.

9 D. Respondent shall not petition the Commissioner for
10 the removal of any of the conditions, limitations or restrictions
11 attaching to the restricted license or be eligible to apply for
12 the issuance of an unrestricted real estate license until two (2)
13 years has elapsed from the date of issuance of the restricted
14 license to respondent.

15 E. Respondent shall within six months from the
16 effective date of the restricted license take and pass the
17 Professional Responsibility Examination administered by the
18 Department including the payment of the appropriate examination
19 fee. If respondent fails to satisfy this condition, the
20 Commissioner may order suspension of the restricted license until
21 respondent passes the examination.

22 F. Respondent shall, within six months from the
23 effective date of this Decision, present evidence satisfactory to
24 the Real Estate Commissioner that respondent has, since the most
25 recent issuance of an original or renewal real estate license,
26 taken and successfully completed the continuing education
27 requirements of Article 2.5 of Chapter 3 of the Real Estate Law

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for renewal of a real estate license. If respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until the respondent presents such evidence. The Commissioner shall afford respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

G. During the period that respondent's license is restricted, respondent shall not be eligible to be the designated officer for any real estate corporation.

DATED: 9-28-95 Elliott Mac Lennan
ELLIOTT MAC LENNAN
Counsel for Complainant

* * * *

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

DATED: 10-10-95 David Sweeney
DAVID SWEENEY
Respondent

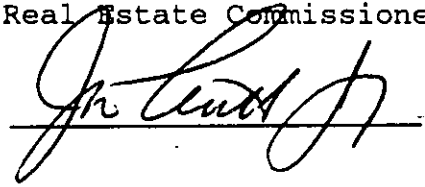
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The foregoing Stipulation and Agreement in Settlement
and Order is hereby adopted by the Commissioner as his Stipulation
and Order and shall become effective at 12 o' clock noon on
December 7 ; 1995.

IT IS SO ORDERED 10/31, 1995.

JIM ANTT, JR.
Real Estate Commissioner



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ELLIOTT MAC LENNAN, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 897-3937

FILED
MAY - 3 1995
DEPARTMENT OF REAL ESTATE
By *[Signature]*

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26141 LA
)	
NATIONAL QUANTUM MORTGAGE,)	A C C U S A T I O N
INC.; RAPID MORTGAGE)	
CORPORATION; and DAVID)	
SWEENEY, individually and)	
as designated officer of)	
National Quantum Mortgage,)	
Inc., and Rapid Mortgage)	
Corporation,)	
)	
Respondents.)	

The Complainant, Peter F. Hurst, a Deputy Real Estate Commissioner of the State of California, for cause of accusation against NATIONAL QUANTUM MORTGAGE, INC., RAPID MORTGAGE CORPORATION and DAVID SWEENEY, individually and as designated officer of National Quantum Mortgage, Inc., and Rapid Mortgage Corporation, is informed and alleges in his official capacity as follows:

/
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1 NATIONAL QUANTUM MORTGAGE, INC.

2 FIRST CAUSE OF ACTION

3 Complainant incorporates the Preamble.

4 1.

5 NATIONAL QUANTUM MORTGAGE, INC. (NQM), DAVID
6 SWEENEY (SWEENEY) and RAPID MORTGAGE CORPORATION (RMC),
7 sometimes collectively referred to as respondents, are
8 presently licensed and/or have license rights under the Real
9 Estate Law (Part 1 of Division 4 of the California Business
10 and Professions Code).

11 2.

12 All references to the "Code" are to the California
13 Business and Professions Code and all references to
14 "Regulations" are to Chapter 6, Title 10, California Code of
15 Regulations.

16 3.

17 At all mentioned times, NQM and RMC were licensed
18 by the Department of Real Estate of the State of California
19 (Department) as a corporate real estate broker, by and
20 through SWEENEY as designated officer.

21 4.

22 At all mentioned times, SWEENEY was licensed by the
23 Department as designated officer of NQM and RMC to qualify
24 them and to act for them as a real estate broker and, as
25 provided by Section 10159.2 of the Code, was responsible for
26 the supervision and control of the activities conducted on
27 behalf of them by their officers, managers and employees as

1 necessary to secure full compliance with the provisions of
2 the Real Estate Law including the supervision of the
3 salespeople licensed to the corporation in the performance of
4 acts for which a real estate license is required by Section
5 10159.2 of the Code.

6 5.

7 Whenever reference is made in an allegation in the
8 accusation to an act or omission of NQM or RMC, such
9 allegation shall be deemed to mean that the officers,
10 directors, managers, employees, agents and real estate
11 licensees employed by or associated with NQM and RMC,
12 including SWEENEY, committed such act or omission while
13 engaged in the furtherance of the business or operation of
14 NQM and while acting within the course and scope of its
15 corporate authority, agency and employment.

16 6.

17 At all mentioned times, NQM, RMC and SWEENEY were
18 acting as the agent or employee of the other and within the
19 course and scope of such agency or employment.

20 7.

21 At all times herein mentioned, in the City of
22 Los Angeles, Los Angeles County, respondents NQM, RMC and
23 SWEENEY engaged in the business of, acted in the capacity of,
24 advertised, or assumed to act as real estate brokers, within
25 the meaning of Section 10131(d) of the Code, including the
26 operation of a mortgage loan brokerage business with the
27 public wherein lenders and borrowers were solicited for loans

1 secured directly or collaterally by liens on real property,
2 wherein such loans were arranged, negotiated, processed, and
3 consummated on behalf of others for compensation or in
4 expectation of compensation and for fees often collected in
5 advance.

6 8.

7 At all times mentioned herein, in connection with
8 the activities described in Paragraph 7, above, respondents
9 accepted or received funds in trust (trust funds) from or on
10 behalf of actual or prospective borrowers and lenders and
11 thereafter made disposition of such funds. Respondents do
12 not maintain a trust account.

13 NATIONAL QUANTUM MORTGAGE, INC.
14 (Audit No. LA 920464)

15 9.

16 On August 24, 1993, the Department completed a
17 field audit examination of the books and records pertaining
18 to the activities described in Paragraphs 7 and 8, above, for
19 a period of time beginning on February 10, 1993, and ending
20 on August 18, 1993, which revealed violations of the Code and
21 the Regulations as set forth in the following paragraphs.

22 10.

23 With respect to the trust funds referred to in
24 Paragraph 8, it is alleged that NQM and SWEENEY:

25 Failed to deposit trust funds into the trust
26 account before the end of the next business day as required
27 by Regulation 2832.

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NATIONAL QUANTUM MORTGAGE, INC.

Violations

11.

The conduct of respondents NQM and SWEENEY, described in Paragraph 10, above, violated the Code and the Regulations as set forth below:

<u>Paragraph</u>	<u>Provisions Violated</u>
10	Sections 10145 & 10159.2 of the Code and Regulation 2832

Each of the foregoing violations separately constitutes cause for the suspension or revocation of all of the respective real estate licenses and license rights of respondents under the provisions of Section 10177(d) of the Code.

12.

In course of the mortgage loan brokerage activities described in Paragraph 9, NQM and SWEENEY, with full knowledge that Emanuel Sabet and John McMillion were not licensed by the Department in any capacity, employed and compensated them to perform acts for which a real estate license is required, for another or others, including originating loans, soliciting borrowers and lenders, and negotiating loans secured by liens on real property, for or in expectation of compensation, in violation of Section 10137 of the Code. During the period between April 23, 1993, and August 18, 1993, Emanuel Sabet received \$11,000 and John McMillion received \$28,819 from NQM and SWEENEY. This conduct and violation are cause to suspend or revoke the

1 licenses and license rights of respondents NQM and SWEENEY
2 under the provisions of Section 10137 of the Code.

3 13.

4 The audit examination revealed that NQM failed to
5 provide a statement in writing containing all the information
6 required by Section 10241 of the Code to various borrowers
7 including, but not limited to, the Dimitri Vitkoff, Decina
8 Chu, Anita Pakrasi and Jerry Knight loan transactions before
9 these borrowers became obligated to perform under the terms
10 of their respective loans. This conduct constitutes a
11 violation of Section 10240 of the Code and Regulation 2840
12 and is cause to suspend or revoke respondents' respective
13 real estate licenses and license rights under Section
14 10177(d) of the Code.

15 14.

16 The investigative audit, described in Paragraph 9,
17 revealed that SWEENEY failed to review, initial and date Form
18 1003, Loan Application, and Forms 882 and 883, respectively,
19 the Borrower Disclosure Statement of Section 10240 and
20 Regulation 2840, et seq., for the borrowers set forth in
21 Paragraph 13. This conduct and violation are cause to
22 suspend or revoke the licenses and license rights of
23 respondents under Sections 10177(d), 10177(h) and 10159.2 of
24 the Code and Regulation 2725.

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1 RAPID MORTGAGE CORPORATION

2 FIRST CAUSE OF ACTION

3 Complainant incorporates herein the Preamble and
4 the allegations of Paragraphs 1 through 14, inclusive, above.

5 RAPID MORTGAGE CORPORATION
6 (Audit No. LA 920463)

7 15.

8 On October 7, 1993, the Department completed a
9 field audit examination of the books and records pertaining
10 to the activities described in Paragraph 7, above, for the
11 period of time beginning on April 1, 1990, and ending on
12 March 31, 1993, which revealed violations of the Code and the
13 Regulations during the last three years, as set forth in the
14 following paragraphs.

15 RAPID MORTGAGE CORPORATION

16 Violations

17 16.

18 The audit examination revealed that RMC failed to
19 provide a statement containing all the information required
20 by Section 10241 of the Code to various borrowers including,
21 but not limited to, the Juan and Gerardo Novoa loan
22 transaction before these borrowers became obligated to
23 perform under the terms of their respective loans. This
24 conduct constitutes a violation of Section 10240 of the Code
25 and Regulation 2840 and is cause to suspend or revoke
26 respondent RMC's respective real estate licenses and license
27 rights under Section 10177(d) of the Code.

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17.

On August 3, 5, 9, 10, 16 and 17, 1993, Ken Breeding, Departmental Auditor, attempted to perform an investigative audit of the books and records of RMC at its Los Angeles address; however, Departmental personnel were unable to locate all records of RMC or discover the whereabouts of RMC and were referred to a bankruptcy trustee who, when contacted, claimed not to have any of the records in question. The corporate office address of 3000 South Robertson Boulevard had been abandoned in 1992 without notification to the Department. At this time, RMC is not maintaining an office in California to conduct activities requiring a real estate license. This conduct constitutes a violation of Sections 10148 and 10162 of the Code and Regulation 2715 and is cause to suspend or revoke the respective real estate licenses and license rights of respondents under Sections 10165 and 10177(d) of the Code.

DAVID SWEENEY

Violations

18.

The overall conduct of respondent SWEENEY, in allowing respondents NQM and RMC to violate Sections 10137 and 10145 of the Code and Regulations 2725, 2832 and 2840, as described in Paragraphs 11 through 14 herein above, for NQM and for RMC to violate Sections 10148, 10162 and 10240 of the Code and Regulations 2715 and 2840, as described in Paragraphs 15 through 17 herein above, during the time that

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SWEENEY was the designated officer of NQM and RMC constitutes negligence or incompetence in violation of Section 10177(g) of the Code. This conduct and violation are cause for the suspension or revocation of the real estate licenses and license rights of SWEENEY under the provisions of Section 10177(g) of the Code.

19.

The conduct of respondent SWEENEY in failing to properly supervise NQM and RMC, during the time that SWEENEY was their designated officer, constitutes a failure by respondent SWEENEY to exercise reasonable supervision of the activities of respondents NQM and RMC which require a real estate license and constitutes a violation of Section 10159.2 of the Code in all the aforementioned loan transactions. This conduct and violation are cause to suspend or revoke the real estate licenses and license rights of respondent SWEENEY under Section 10177(h) of the Code.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of respondents NATIONAL QUANTUM MORTGAGE, INC.; RAPID MORTGAGE CORPORATION; and DAVID SWEENEY, individually and as designated officer of National Quantum Mortgage, Inc., and Rapid Mortgage Corporation, under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California
this 3rd day of May, 1995.


Deputy Real Estate Commissioner

cc: National Quantum Mortgage, Inc.
Rapid Mortgage Corporation
David Sweeney
Sacto.
AS