

*Jacks
Morrow*

FILED
 JUN 18 2001
 DEPARTMENT OF REAL ESTATE

By *Laura B. Cron*

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BEFORE THE DEPARTMENT OF REAL ESTATE
 STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	NO. H-26410 LA
)	
HOWARD MORROW,)
)	
Respondent.)
)	
_____)

ORDER DENYING REINSTATEMENT OF LICENSE

On May 13, 1997, a Decision was rendered herein 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 or about June 5, 1997.

On December 15, 2000, Respondent petitioned for reinstatement of said license and the Attorney General of the State of California has been given notice of the filing of the petition.

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1 I have considered Respondent's petition and the
2 evidence and arguments in support thereof. Respondent has
3 failed to demonstrate to my satisfaction that Respondent
4 has undergone sufficient rehabilitation to warrant the
5 reinstatement of Respondent's real estate broker license, in
6 that:

7 I

8 In the Decision which revoked Respondent's real estate
9 broker license, there was a Determination of Issues made that
10 there was cause to revoke Respondent's license for numerous
11 violations of the Real Estate Law found during a Department
12 audit while Respondent was the designated officer of a licensed
13 real estate corporation. Respondent was found to have violated
14 Business and Professions Code ("Code") Sections 10159.2 and
15 10240 and Sections 2725, 2831, 2831.1, 2831.2, 2832.1, and 2840
16 of Title 10, Chapter 6, California Code of Regulations
17 ("Regulations").

18 II

19 Respondent is self-employed as a real estate broker
20 doing business as 1st Fidelity Mortgage. In or about March,
21 2001, a Department of Real Estate ("Department") audit
22 examination of Respondent's books and records found a number of
23 violations of the Real Estate Law. Respondent was found to have
24 violated Code Sections 10145 and 10240 and Regulations 2831.1,
25 2832.1 and 2840/2840.1. This evidences lack of rehabilitation
26 and is cause to deny Respondent's application pursuant to
27 Regulation 2911(j).

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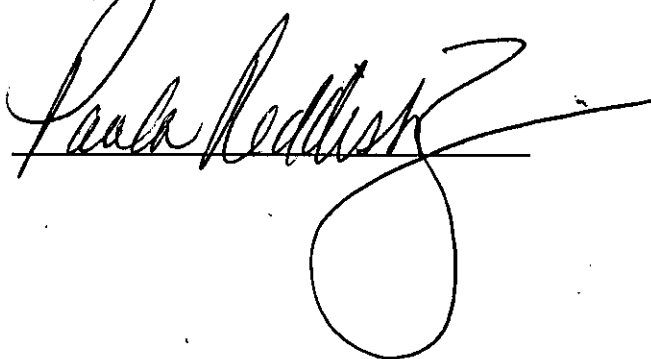
The conduct which led to the revocation of Respondent's real estate broker license combined with the facts set forth in Paragraph II, evidence that Respondent is not completely rehabilitated. This is cause to deny Respondent's petition pursuant to Regulation 2911(a).

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

This Order shall become effective at 12 o'clock noon on JUL 9 2001

DATED: June 6, 2001

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

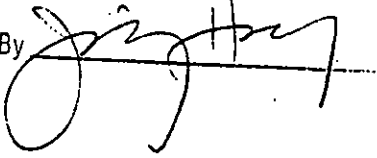


cc: Howard Morrow
8600 Tuscany Avenue, # 221
Playa del Rey, CA 90293

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FILED
AUG 23 2000

DEPARTMENT OF REAL ESTATE

By 

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) NO. H-26410 LA
)
INTERNATIONAL CITY MORTGAGE, INC.)
and JAMES KIRK HANKLA)
)
Respondent.)

ORDER GRANTING REINSTATEMENT OF LICENSE

On May 13, 1997, a Decision was rendered herein revoking the real estate broker licenses of Respondents, INTERNATIONAL CITY MORTGAGE, INC. and JAMES KIRK HANKLA (hereinafter "Respondents"), effective June 5, 1997. In said Decision Respondents were given the right to apply for and receive restricted real estate broker license which were issued to them on June 5, 1997.

On January 26, 2000, Respondents submitted a second petition for reinstatement of said real estate broker licenses (the first petition filed in August of 1999 being misplaced and apparently lost) and the Attorney General of

1 the State of California has been given notice of the filing
2 of said petition.

3 I have considered Respondents' petition and the
4 evidence and arguments in support thereof. Respondents have
5 demonstrated to my satisfaction that grounds do not
6 presently exist to deny the issuance of unrestricted real
7 estate broker licenses to Respondents.

8 I have considered Respondents' petition and the
9 evidence and arguments in support thereof. Respondents have
10 demonstrated to my satisfaction that grounds do not
11 presently exist to deny the issuance of an unrestricted
12 real estate license to each Respondent.

13 NOW, THEREFORE, IT IS ORDERED that Respondent
14 INTERNATIONAL CITY MORTGAGE's petition for reinstatement is
15 granted and that an unrestricted corporate real estate
16 broker license be issued to this Respondent after it
17 satisfies the following condition within six (6) months from
18 the date of this Order:

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

22 IT IS ALSO ORDERED that Respondent JAMES KIRK
23 HANKLA's petition for reinstatement is granted and that an
24 unrestricted real estate broker license be issued to him
25 after he satisfies the following condition within six (6)
26 months from the date of this Order:

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



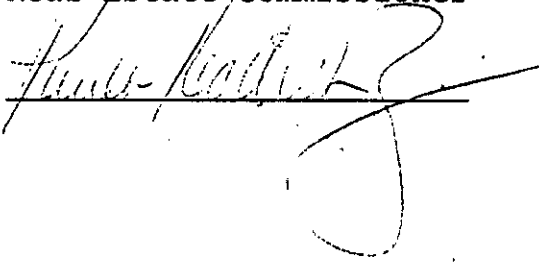
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2. Submittal of evidence satisfactory to the Real Estate Commissioner that Respondent has, since his license was revoked, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license.

This Order shall become effective immediately.

DATED: August 18, 2000.

PAULA REDDISH ZINNEMANN
Real Estate Commissioner



5/16/97

1 Department of Real Estate
2 107 South Broadway, Room 8107
3 Los Angeles, California, 90012
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FILED
MAY 16 1997
DEPARTMENT OF REAL ESTATE

By *[Signature]*

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26410 LA
INTERNATIONAL CITY MORTGAGE, INC.,)	
a California corporate broker;)	<u>STIPULATION AND AGREEMENT</u>
JAMES KIRK HANKLA, individually)	
and as designated officer of)	<u>IN SETTLEMENT AND ORDER</u>
International City Mortgage, Inc.)	
and HOWARD MORROW, individually,)	
dba 1st Fidelity Mortgage, dba)	
First Pacific Financial, dba)	
Pyramid Financial Company and)	
as designated officer of)	
International City Mortgage, Inc.,)	
Respondents.)	

20 It is hereby stipulated by and between HOWARD MORROW
21 (referred to as Respondent or Respondent MORROW), and the
22 Complainant, acting by and through Sean Crahan, Counsel for the
23 Department of Real Estate, as follows for the purpose of settling
24 and disposing of the Accusation filed on December 13, 1995, and
25 amended January 2, 1995, in this matter:

26 1. All issues which were to be contested and all
27 evidence which was to be presented by Complainant and Respondent at

1 a formal hearing on the Accusation, which hearing was to be held in
2 accordance with the provisions of the Administrative Procedure Act
3 (APA), shall instead and in place thereof be submitted solely on
4 the basis of the provisions of this Stipulation And Agreement In
5 Settlement And Order (hereafter Stipulation).

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

10 3. On January 5, 1996, Respondent MORROW filed a Notice
11 of Defense pursuant to Section 11505 of the Government Code for the
12 purpose of requesting a hearing on the allegations in the
13 Accusation. Respondent hereby freely and voluntarily withdraws
14 said Notice of Defense. Respondent acknowledges that he
15 understands that by withdrawing said Notice of Defense, he will
16 thereby waive his right to require the Commissioner to prove the
17 allegations in the Accusation at a contested hearing held in
18 accordance with the provisions of the APA and that he will waive
19 other rights afforded to him in connection with the hearing such as
20 the right to present evidence in defense of the allegations in the
21 Accusation and the right to cross-examine witnesses.

22 4. This Stipulation and Agreement in Settlement and
23 Order relates to the factual allegations contained in paragraphs
24 one (1) through seven (7) in the Accusation filed in this
25 proceeding. Respondent chooses not to contest these factual
26 allegations and to remain silent and understands that, as a result
27 thereof, these factual allegations, without being admitted or

1 denied, will serve as a basis for the discipline stipulated to
2 herein. This Stipulation and Agreement in Settlement and Order and
3 the findings based on Respondent's decision not to contest the
4 Accusation is hereby expressly limited to this proceeding and made
5 for the sole purpose of reaching an agreed disposition of this
6 proceeding, only. Respondent's decision not to contest the factual
7 allegations is made solely for the purpose of effectuating this
8 Stipulation and is intended by Complainant and Respondent to be
9 non-binding upon Respondent in any actions against Respondent by
10 third parties and shall not be deemed, used, or accepted as an
11 acknowledgment or admission. The Real Estate Commissioner shall
12 not be required to provide further evidence to prove such
13 allegations.

14 5. This Stipulation is based on respondent's decision
15 not to contest the allegations set forth in the Accusation as a
16 result of the agreement negotiated between the parties. This
17 Stipulation, based on respondent's decision not to contest the
18 Accusation, is expressly limited to this proceeding and any further
19 proceeding initiated by or brought before the Department of Real
20 Estate based upon the facts and circumstances alleged in the
21 Accusation, and made for the sole purpose of reaching an agreed
22 disposition of this proceeding. The Decision of Respondent not to
23 contest the factual statements alleged, and as contained in the
24 stipulated Order, is made solely for the purpose of effectuating
25 this Stipulation.

26 6. It is understood by the parties that the Real Estate
27 Commissioner may adopt the Stipulation and Agreement in Settlement

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

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

16 DETERMINATION OF ISSUES

17 By reason of the foregoing stipulations and waivers, made
18 solely for the purpose of settlement of the pending Accusation
19 without a hearing, it is stipulated and agreed that the following
20 Determination of Issues shall be made:

21 The conduct or omissions of Respondent HOWARD MORROW, as
22 set forth in paragraphs one (1) through seven (7) in the Accusation
23 and Amended Accusation constitute cause to suspend or revoke his
24 real estate broker license and/or license rights under the
25 provisions of Code Section 10177(d) for violations of Code Sections
26 10159.2 and 10240 and Regulations 2725, 2831, 2831.1, 2831.2,
27 2832.1 and 2840.

1 ORDER

2 WHEREFORE, THE FOLLOWING ORDER is hereby made:

3 A. The real estate broker licenses and all license
4 rights of Respondent HOWARD MORROW under Part 1 of Division 4 of
5 the Business and Professions Code are revoked. However, Respondent
6 HOWARD MORROW shall be entitled to apply for and be issued
7 restricted real estate broker licenses pursuant to Section 10156.5
8 of the Code if Respondent makes application therefor and pays to
9 the Department of Real Estate the appropriate fee for said licenses
10 within ninety (90) days from the effective date of the Decision.

11 B. The restricted licenses issued to Respondent HOWARD
12 MORROW shall be subject to all of the provisions of Section 10156.7
13 of the Business and Professions Code and to the following
14 limitations, conditions and restrictions imposed under authority of
15 Section 10156.6 of said Code:

16 (1) The restricted license may be suspended prior
17 to hearing by order of the Real Estate Commissioner in the event of
18 Respondent MORROW's conviction or plea of nolo contendere to a
19 crime which bears a significant relation to Respondent's
20 qualifications, duties or functions as a real estate licensee.

21 (2) The restricted license may be suspended prior
22 to hearing by Order of the Real Estate Commissioner on evidence
23 satisfactory to the Commissioner that Respondent MORROW has
24 violated provisions of the California Real Estate Law, the
25 Subdivided Lands Law, Regulations of the Real Estate Commissioner,
26 or the conditions attaching to these restricted licenses.

27 (3) Respondent MORROW shall not, during the time he

1 holds a restricted license, become an officer or designated officer
2 of a corporate broker, nor become the broker for a business of any
3 form, unless he owns 51 or more percent of such corporation or
4 business.

5 (4) Respondent MORROW shall report in writing to
6 the Department of Real Estate as the Real Estate Commissioner shall
7 direct by his Order herein or by separate written order issued
8 while Respondent holds a restricted license, such information
9 concerning Respondent's activities for which a real estate license
10 is required as the Commissioner shall deem to be appropriate to
11 protect the public interest.

12 (5) Respondent MORROW shall not be eligible to
13 apply for the issuance of an unrestricted real estate license nor
14 the removal of any of the conditions, limitations or restrictions
15 of a restricted license until two (2) years has elapsed from the
16 date of issuance of the restricted license to Respondent.

17 (6) Respondent MORROW shall, within twelve months
18 from the effective date of this Decision, present evidence
19 satisfactory to the Real Estate Commissioner that Respondent has,
20 since the most recent issuance of an original or renewal real
21 estate license, taken and successfully completed the continuing
22 education requirements of Article 2.5 of Chapter 3 of the Real
23 Estate Law for renewal of a real estate license. If Respondent
24 fails to satisfy this condition, the Commissioner may order the
25 suspension of the restricted license until the Respondent presents
26 such evidence. The Commissioner shall afford Respondent the
27 opportunity for a hearing pursuant to the Administrative Procedure

1 Act to present such evidence.

2 (7) Respondent MORROW shall, within six months from
3 the effective date of this Decision, take and pass the Professional
4 Responsibility Examination administered by the Department including
5 the payment of the appropriate examination fee. If Respondent
6 fails to satisfy this condition, the Commissioner may order
7 suspension of Respondent's license until Respondent passes the
8 examination.

9 * * * * *

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

21 DATED: 10/14/96

Howard Morrow
HOWARD MORROW, Respondent

22
23 DATED: 10-17-96

Sean Crahan
SEAN CRAHAN, Counsel for
Complainant.

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25 /
26 /
27 /

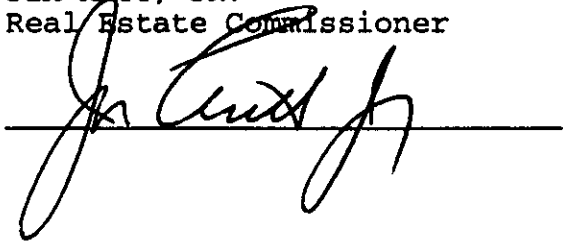
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* * * * *

The foregoing Stipulation And Agreement In Settlement is
hereby adopted as my Decision and Order as to Respondent HOWARD
MORROW and shall become effective at 12 o'clock noon on
JUN 05 1997, 1997.

IT IS SO ORDERED 5/13/, 1997.

JIM ANTT, JR.
Real Estate Commissioner



SACTD

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

FILED
MAY 16 1997
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-26410 LA
12	INTERNATIONAL CITY MORTGAGE, INC.,)	
13	a California corporate broker;)	<u>STIPULATION AND AGREEMENT</u>
14	JAMES KIRK HANKLA, individually)	
15	and as designated officer of)	<u>IN SETTLEMENT AND ORDER</u>
16	International City Mortgage, Inc.)	
17	and HOWARD MORROW, individually,)	
18	dba 1st Fidelity Mortgage, dba)	
19	First Pacific Financial, dba)	
20	Pyramid Financial Company and)	
21	as designated officer of)	
22	International City Mortgage, Inc.,)	
23)	
24	Respondents.)	
25)	

26 It is hereby stipulated by and between JAMES KIRK HANKLA
27 (referred to as Respondent HANKLA), acting by and through William
E. Bender, Esq. of the Law Offices of Herman Thordson, Counsel for
Respondent HANKLA, and the Complainant, acting by and through Sean
Crahan, Counsel for the Department of Real Estate, as follows for
the purpose of settling and disposing of the Accusation filed on
December 13, 1995, and amended January 2, 1995, in this matter:

1. All issues which were to be contested and all

1 evidence which was to be presented by Complainant and Respondent at
2 a formal hearing on the Accusation, which hearing was to be held in
3 accordance with the provisions of the Administrative Procedure Act
4 (APA), shall instead and in place thereof be submitted solely on
5 the basis of the provisions of this Stipulation And Agreement In
6 Settlement And Order (hereafter Stipulation).

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

11 3. On January 22, 1996, Respondent HANKLA filed a
12 Notice of Defense pursuant to Section 11505 of the Government Code
13 for the purpose of requesting a hearing on the allegations in the
14 Accusation. Respondent hereby freely and voluntarily withdraws
15 said Notice of Defense. Respondent acknowledges that he
16 understands that by withdrawing said Notice of Defense, he will
17 thereby waive his right to require the Commissioner to prove the
18 allegations in the Accusation at a contested hearing held in
19 accordance with the provisions of the APA and that he will waive
20 other rights afforded to him in connection with the hearing such as
21 the right to present evidence in defense of the allegations in the
22 Accusation and the right to cross-examine witnesses.

23 4. This Stipulation and Agreement in Settlement and
24 Order relates to the factual allegations contained in paragraphs
25 one (1) through seven (7) in the Accusation filed in this
26 proceeding. Respondent chooses not to contest these factual
27 allegations and to remain silent and understands that, as a result

1 thereof, these factual allegations, without being admitted or
2 denied, will serve as a basis for the discipline stipulated to
3 herein. This Stipulation and Agreement in Settlement and Order and
4 the findings based on Respondent's decision not to contest the
5 Accusation is hereby expressly limited to this proceeding and made
6 for the sole purpose of reaching an agreed disposition of this
7 proceeding, only. Respondent's decision not to contest the factual
8 allegations is made solely for the purpose of effectuating this
9 Stipulation and is intended by Complainant and Respondent to be
10 non-binding upon Respondent in any actions against Respondent by
11 third parties and shall not be deemed, used, or accepted as an
12 acknowledgement or admission. The Real Estate Commissioner shall
13 not be required to provide further evidence to prove such
14 allegations.

15 5. This Stipulation is based on respondent's decision
16 not to contest the allegations set forth in the Accusation as a
17 result of the agreement negotiated between the parties. This
18 Stipulation, based on respondent's decision not to contest the
19 Accusation, is expressly limited to this proceeding and any further
20 proceeding initiated by or brought before the Department of Real
21 Estate based upon the facts and circumstances alleged in the
22 Accusation, and made for the sole purpose of reaching an agreed
23 disposition of this proceeding. The Decision of Respondent not to
24 contest the factual statements alleged, and as contained in the
25 stipulated Order, is made solely for the purpose of effectuating
26 this Stipulation.

27

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

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

18 8. The below Determination of Issues contains a
19 determination that Respondents HANKLA and INTERNATIONAL CITY
20 MORTGAGE, INC. (ICM) have violated Regulations 2831 and 2832.1.
21 Respondent HANKLA is aware that by agreeing to this Stipulation And
22 Agreement In Settlement, if the findings set forth below in the
23 Determination of Issues become final, the Commissioner may charge
24 Respondents ICM and HANKLA, jointly and severally, for the costs of
25 any audit conducted pursuant to Section 10148 of the Code to
26 determine if Respondent ICM's brokerage business or businesses are
27

1 in compliance with the Real Estate Law. The maximum cost of said
2 audit will not exceed \$5,750.

3 DETERMINATION OF ISSUES

4 By reason of the foregoing stipulations and waivers, made
5 solely for the purpose of settlement of the pending Accusation
6 without a hearing, it is stipulated and agreed that the following
7 Determination of Issues shall be made:

8 The conduct or omissions of Respondent JAMES KIRK HANKLA,
9 as set forth in paragraphs one (1) through seven (7) in the
10 Accusation and Amended Accusation constitute cause to suspend or
11 revoke his real estate broker license and/or license rights under
12 the provisions of Code Section 10177(d) for violations of
13 Regulations 2831, and 2832.1.

14 ORDER

15 WHEREFORE, THE FOLLOWING ORDER is hereby made:

16 A. The real estate broker licenses and all license
17 rights of Respondent JAMES KIRK HANKLA under Part 1 of Division 4
18 of the Business and Professions Code are revoked. However,
19 Respondent JAMES KIRK HANKLA shall be entitled to apply for and be
20 issued restricted real estate broker licenses pursuant to Section
21 10156.5 of the Code if Respondent makes application therefor and
22 pays to the Department of Real Estate the appropriate fee for said
23 licenses within ninety (90) days from the effective date of the
24 Decision.

25 B. The restricted licenses issued to Respondent JAMES
26 KIRK HANKLA shall be subject to all of the provisions of Section
27 10156.7 of the Business and Professions Code and to the following

1 limitations, conditions and restrictions imposed under authority of
2 Section 10156.6 of said Code:

3 (1) The restricted license may be suspended prior
4 to hearing by order of the Real Estate Commissioner in the event of
5 Respondent JAMES KIRK HANKLA's conviction or plea of nolo
6 contendere to a crime which bears a significant relation to
7 Respondent's qualifications, duties or functions as a real estate
8 licensee.

9 (2) The restricted license may be suspended prior
10 to hearing by Order of the Real Estate Commissioner on evidence
11 satisfactory to the Commissioner that Respondent HANKLA has
12 violated provisions of the California Real Estate Law, the
13 Subdivided Lands Law, Regulations of the Real Estate Commissioner,
14 or the conditions attaching to these restricted licenses.

15 (3) Respondent HANKLA shall report in writing to
16 the Department of Real Estate as the Real Estate Commissioner shall
17 direct by his Order herein or by separate written order issued
18 while Respondent holds a restricted license, such information
19 concerning Respondent's activities for which a real estate license
20 is required as the Commissioner shall deem to be appropriate to
21 protect the public interest.

22 (4) Respondent HANKLA shall not be eligible to
23 apply for the issuance of an unrestricted real estate license nor
24 the removal of any of the conditions, limitations or restrictions
25 of a restricted license until two (2) years has elapsed from the
26 date of issuance of the restricted license to Respondent.

27

1 (5) Respondent HANKLA shall, within twelve months
2 from the effective date of this Decision, present evidence
3 satisfactory to the Real Estate Commissioner that Respondent has,
4 since the most recent issuance of an original or renewal real
5 estate license, taken and successfully completed the continuing
6 education requirements of Article 2.5 of Chapter 3 of the Real
7 Estate Law for renewal of a real estate license. If Respondent
8 fails to satisfy this condition, the Commissioner may order the
9 suspension of the restricted license until the Respondent presents
10 such evidence. The Commissioner shall afford Respondent the
11 opportunity for a hearing pursuant to the Administrative Procedure
12 Act to present such evidence.

13 (6) Respondent HANKLA shall, within six months from
14 the effective date of this Decision, take and pass the Professional
15 Responsibility Examination administered by the Department including
16 the payment of the appropriate examination fee. If Respondent
17 fails to satisfy this condition, the Commissioner may order
18 suspension of Respondent's license until Respondent passes the
19 examination.

20 (7) Pursuant to Code Section 10148, Respondent
21 HANKLA and INTERNATIONAL CITY MORTGAGE, INC., jointly and
22 severally, shall pay the Commissioner's reasonable cost for an
23 audit of Respondent INTERNATIONAL CITY MORTGAGE, INC.'s activities
24 for which a real estate license is required to determine if
25 Respondent INTERNATIONAL CITY MORTGAGE, INC. is in compliance with
26 the Real Estate Law. In calculating the amount of the
27 Commissioner's reasonable cost, the Commissioner may use the

1 estimated average hourly salary for all persons performing audits
2 of real estate brokers, and shall include an allocation for travel
3 time to and from the auditor's place of work. The cost of said
4 chargeable audit shall not exceed \$5,750. Respondents ICM and
5 HANKLA shall pay such cost within 45 days of receiving an invoice
6 from the Commissioner detailing the activities performed during the
7 audit and the amount of time spend performing those activities.
8 The Commissioner may suspend the restricted licenses issued to
9 Respondents HANKLA and/or INTERNATIONAL CITY MORTGAGE, INC. pending
10 a hearing held in accordance with Section 11500, et. seq., of the
11 Government Code, if payment is not timely made as provided for
12 herein, or as provided for in a subsequent agreement between the
13 Respondent and the Commissioner. The suspension shall remain in
14 effect until payment is made in full or until Respondent enters
15 into an agreement satisfactory to the Commissioner to provide for
16 payment, or until a decision providing otherwise is adopted
17 following a hearing held pursuant to this condition. The
18 suspension will remain in effect until payment is made in full, or
19 until Respondent enters into an agreement satisfactory to the
20 Commissioner to provide for payment, or until a decision providing
21 otherwise is adopted following a hearing pursuant to this
22 condition.

23 * * * * *

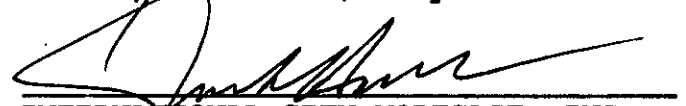
24 I have read the Stipulation And Agreement In Settlement
25 And Order, and its terms are understood by me and are agreeable and
26 acceptable to me. I understand that I am waiving rights given to
27 me by the California Administrative Procedure Act (including but

1 not limited to Sections 11506, 11508, 11509 and 11513 of the
2 Government Code), and I willingly, intelligently and voluntarily
3 waive those rights, including the right of requiring the
4 Commissioner to prove the allegations in the Accusation at a
5 hearing at which I would have the right to cross-examine witnesses
6 against me and to present evidence in defense and mitigation of the
7 charges.


8 DATED: 10-1-96


JAMES KIRK HANKLA, Respondent

10 DATED: 10-1-96


INTERNATIONAL CITY MORTGAGE, INC.,
Respondent by James Kirk Hankla,
Designated Officer.

13 DATED: 10-7-96


WILLIAM E. BENDER, ESQ, of the Law
offices of Herman Thordson Counsel
for Respondents International City
Mortgage, Inc., and James Kirk
Hankla, approved as to form.

17 DATED: 10-9-96


SEAN CRAHAN, Counsel for
Complainant.

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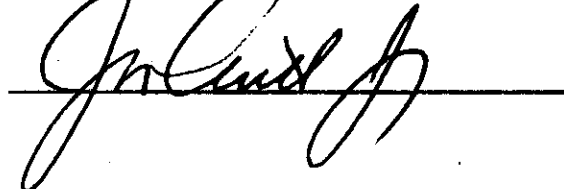
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* * * * *

The foregoing Stipulation And Agreement In Settlement is
hereby adopted as my Decision and Order as to Respondent JAMES KIRK
HANKLA and shall become effective at 12 o'clock noon on
June 5, _____, 1997.

IT IS SO ORDERED 5/13, 1997.

JIM ANTT, JR.
Real Estate Commissioner



SACTD

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

4 (213) 897-3937

FILED
MAY 16 1997
DEPARTMENT OF REAL ESTATE

By *[Signature]*

8 DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

11 * * * * *

12	In the Matter of the Accusation of)	No. H-26410 LA
13	INTERNATIONAL CITY MORTGAGE, INC.,)	
14	a California corporate broker;)	<u>STIPULATION AND AGREEMENT</u>
15	JAMES KIRK HANKLA, individually)	
16	and as designated officer of)	<u>IN SETTLEMENT AND ORDER</u>
17	International City Mortgage, Inc.)	
18	and HOWARD MORROW, individually,)	
19	dba 1st Fidelity Mortgage, dba)	
20	First Pacific Financial, dba)	
21	Pyramid Financial Company and)	
22	as designated officer of)	
23	International City Mortgage, Inc.,)	
24	Respondents.)	

21 It is hereby stipulated by and between INTERNATIONAL CITY
22 MORTGAGE, INC. (referred to as Respondent ICM), acting by and
23 through William E. Bender, Esq. of the Law Offices of Herman
24 Thordson, Counsel for Respondent ICM, and the Complainant, acting
25 by and through Sean Crahan, Counsel for the Department of Real
26 Estate, as follows for the purpose of settling and disposing of the
27

1 Accusation filed on December 13, 1995, and amended January 2, 1995,
2 in this matter:

3 1. All issues which were to be contested and all
4 evidence which was to be presented by Complainant and Respondent at
5 a formal hearing on the Accusation, which hearing was to be held in
6 accordance with the provisions of the Administrative Procedure Act
7 (APA), shall instead and in place thereof be submitted solely on
8 the basis of the provisions of this Stipulation And Agreement In
9 Settlement And Order (hereafter Stipulation).

10 2. Respondent has received, read and understands the
11 Statement to Respondent, the Discovery Provisions of the APA and
12 the Accusation, filed by the Department of Real Estate in this
13 proceeding.

14 3. On January 22, 1996, Respondent ICM filed a Notice
15 of Defense pursuant to Section 11505 of the Government Code for the
16 purpose of requesting a hearing on the allegations in the
17 Accusation. Respondent hereby freely and voluntarily withdraws
18 said Notice of Defense. Respondent acknowledges that Respondent
19 understands that by withdrawing said Notice of Defense, Respondent
20 will thereby waive Respondent's right to require the Commissioner
21 to prove the allegations in the Accusation at a contested hearing
22 held in accordance with the provisions of the APA and that
23 Respondent will waive other rights afforded to him in connection
24 with the hearing such as the right to present evidence in defense
25 of the allegations in the Accusation and the right to cross-examine
26 witnesses.

27

1 4. This Stipulation and Agreement in Settlement and
2 Order relates to the factual allegations contained in paragraphs
3 one (1) through seven (7) in the Accusation filed in this
4 proceeding. Respondent chooses not to contest these factual
5 allegations and to remain silent and understands that, as a result
6 thereof, these factual allegations, without being admitted or
7 denied, will serve as a basis for the discipline stipulated to
8 herein. This Stipulation and Agreement in Settlement and Order and
9 the findings based on Respondent's decision not to contest the
10 Accusation is hereby expressly limited to this proceeding and made
11 for the sole purpose of reaching an agreed disposition of this
12 proceeding, only. Respondent's decision not to contest the factual
13 allegations is made solely for the purpose of effectuating this
14 Stipulation and is intended by Complainant and Respondent to be
15 non-binding upon Respondent in any actions against Respondent by
16 third parties and shall not be deemed, used, or accepted as an
17 acknowledgement or admission. The Real Estate Commissioner shall
18 not be required to provide further evidence to prove such
19 allegations.

20 5. This Stipulation is based on respondent's decision
21 not to contest the allegations set forth in the Accusation as a
22 result of the agreement negotiated between the parties. This
23 Stipulation, based on respondent's decision not to contest the
24 Accusation, is expressly limited to this proceeding and any further
25 proceeding initiated by or brought before the Department of Real
26 Estate based upon the facts and circumstances alleged in the
27 Accusation, and made for the sole purpose of reaching an agreed

1 disposition of this proceeding. The Decision of Respondent not to
2 contest the factual statements alleged, and as contained in the
3 stipulated Order, is made solely for the purpose of effectuating
4 this Stipulation.

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

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

22 8. The below Determination of Issues contains a
23 determination that Respondent ICM has violated Regulations 2831,
24 and 2832.1. Respondent ICM is aware that by agreeing to this
25 Stipulation And Agreement In Settlement, if the findings set forth
26 below in the Determination of Issues become final, the Commissioner
27 may charge Respondent ICM for the costs of any audit conducted

1 pursuant to Section 10148 of the Code to determine if Respondent's
2 brokerage business or businesses are in compliance with the Real
3 Estate Law. The maximum cost of said audit will not exceed \$5,750.

4
5 DETERMINATION OF ISSUES

6 By reason of the foregoing stipulations and waivers, made
7 solely for the purpose of settlement of the pending Accusation
8 without a hearing, it is stipulated and agreed that the following
9 Determination of Issues shall be made:

10 The conduct or omissions of Respondent INTERNATIONAL CITY
11 MORTGAGE, INC., as set forth in paragraphs one (1) through seven
12 (7) in the Accusation and Amended Accusation constitute cause to
13 suspend or revoke his real estate salesperson license and/or
14 license rights under the provisions of Code Section 10177(d) for
15 violations of Regulations 2831 and 2832.1.

16 ORDER

17 WHEREFORE, THE FOLLOWING ORDER is hereby made:

18
19 A. The real estate broker licenses and license rights
20 of Respondent INTERNATIONAL CITY MORTGAGE, INC. under Part 1 of
21 Division 4 of the Business and Professions Code are revoked.
22 However, Respondent INTERNATIONAL CITY MORTGAGE, INC. shall be
23 entitled to apply for and be issued restricted real estate broker
24 corporate licenses pursuant to Section 10156.5 of the Code if
25 Respondent makes application therefor and pays to the Department of
26 Real Estate the appropriate fee for said licenses within ninety
27 (90) days from the effective date of the Decision.

1 B. The restricted licenses issued to Respondent
2 INTERNATIONAL CITY MORTGAGE, INC. shall be subject to all of the
3 provisions of Section 10156.7 of the Business and Professions Code
4 and to the following limitations, conditions and restrictions
5 imposed under authority of Section 10156.6 of said Code:

6 (1) The restricted license may be suspended prior
7 to hearing by order of the Real Estate Commissioner in the event of
8 Respondent INTERNATIONAL CITY MORTGAGE, INC.'s conviction or plea
9 of nolo contendere to a crime which bears a significant relation to
10 Respondent's qualifications, duties or functions as a real estate
11 licensee.

12 (2) The restricted license may be suspended prior
13 to hearing by Order of the Real Estate Commissioner on evidence
14 satisfactory to the Commissioner that Respondent ICM has violated
15 provisions of the California Real Estate Law, the Subdivided Lands
16 Law, Regulations of the Real Estate Commissioner, or the conditions
17 attaching to these restricted licenses.

18 (3) Respondent ICM shall report in writing to the
19 Department of Real Estate as the Real Estate Commissioner shall
20 direct by his Order herein or by separate written order issued
21 while Respondent holds a restricted license, such information
22 concerning Respondent's activities for which a real estate license
23 is required as the Commissioner shall deem to be appropriate to
24 protect the public interest.

25 (4) Respondent ICM shall not be eligible to apply
26 for the issuance of an unrestricted real estate license nor the
27

1 removal of any of the conditions, limitations or restrictions of a
2 restricted license until two (2) years has elapsed from the date of
3 issuance of the restricted license to Respondent.

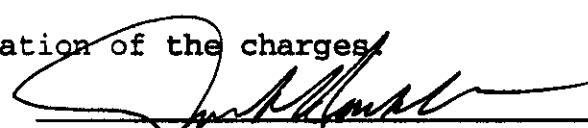
4 (5) Pursuant to Code Section 10148, Respondent
5 INTERNATIONAL CITY MORTGAGE, INC. shall pay the Commissioner's
6 reasonable cost for an audit of Respondent INTERNATIONAL CITY
7 MORTGAGE, INC.'s activities for which a real estate license is
8 required to determine if Respondent INTERNATIONAL CITY MORTGAGE,
9 INC. is in compliance with the Real Estate Law. In calculating the
10 amount of the Commissioner's reasonable cost, the Commissioner may
11 use the estimated average hourly salary for all persons performing
12 audits of real estate brokers, and shall include an allocation for
13 travel time to and from the auditor's place of work. The cost of
14 said chargeable audit shall not exceed \$5,750. Respondents ICM and
15 HANKLY, jointly and severally, shall pay such cost within 45 days
16 of receiving an invoice from the Commissioner detailing the
17 activities performed during the audit and the amount of time spend
18 performing those activities. The Commissioner may suspend the
19 restricted licenses issued to Respondents INTERNATIONAL CITY
20 MORTGAGE, INC and or HANKLA pending a hearing held in accordance
21 with Section 11500, et. seq., of the Government Code, if payment is
22 not timely made as provided for herein, or as provided for in a
23 subsequent agreement between the Respondent and the Commissioner.
24 The suspension shall remain in effect until payment is made in full
25 or until Respondents enter into an agreement satisfactory to the
26 Commissioner to provide for payment, or until a decision providing
27 otherwise is adopted following a hearing held pursuant to this

1 condition. The suspension will remain in effect until payment is
2 made in full, or until Respondent enters into an agreement
3 satisfactory to the Commissioner to provide for payment, or until a
4 decision providing otherwise is adopted following a hearing
5 pursuant to this condition.

6 * * * * *

7 I, on behlaf of INTERNATIONAL CITY MORTGAGE, INC., have
8 read the Stipulation And Agreement In Settlement And Order, and its
9 terms are understood by me and are agreeable and acceptable to me.
10 I understand that I am waiving rights given to me by the California
11 Administrative Procedure Act (including but not limited to Sections
12 11506, 11508, 11509 and 11513 of the Government Code), and I
13 willingly, intelligently and voluntarily waive those rights,
14 including the right of requiring the Commissioner to prove the
15 allegations in the Accusation at a hearing at which I would have
16 the right to cross-examine witnesses against me and to present
17 evidence in defense and mitigation of the charges.


18 DATED: 10-1-96


INTERNATIONAL CITY MORTGAGE, INC.,
Respondent by James Kirk Hankla,
Designated Officer.

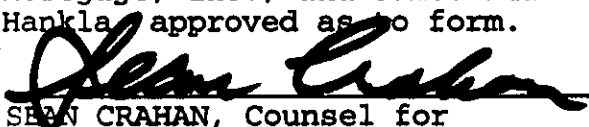
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20 DATED: 10-1-96


JAMES KIRK HANKLA, Respondent

21
22 DATED: 10-7-96


WILLIAM E. BENDER, ESQ, of the Law
offices of Herman Thordson Counsel
for Respondents International City
Mortgage, Inc., and James Kirk
Hankla, approved as to form.

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26 DATED: 10-9-96


SEAN CRAHAN, Counsel for
Complainant.

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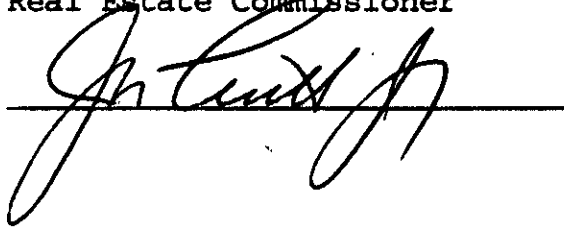
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The foregoing Stipulation And Agreement In Settlement is
hereby adopted as my Decision and Order as to Respondent
INTERNATIONAL CITY MORTGAGE, INC. and shall become effective at 12
o'clock noon on June 5, _____, 1997.

IT IS SO ORDERED 5/13, 1997.

JIM ANTT, JR.
Real Estate Commissioner



SACTO

294-1222-001
BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
FEB 7 1996
DEPARTMENT OF REAL ESTATE

[Signature]
H-26410 LA
L-9601193 LA

In the Matter of the Accusation of)
)
INTERNATIONAL CITY MORTGAGE, INC., a)
California corporate broker; JAMES KIRK)
HANKLA, individually and as designated officer)
of International City Mortgage, Inc. and)
HOWARD MORROW, INDIVIDUALLY, dba First)
Fidelity Mortgage, dba First Pacific Financial)
dba Pyramid Financial Company and as D.O.)
of International City Mortgage, Inc.,)
)
Respondents.)

**NOTICE OF HEARING
ON ACCUSATION**

AMENDED

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 314 West First Street, Los Angeles, California 90012 on **October 21 & 22, 1996 at 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: February 7, 1996

cc: International City Mtg.
James Kirk Hankla, D.O
Herman Thordsen, Esq.
Howard Morrow
SR, OAH & SACTO

DEPARTMENT OF REAL ESTATE
By: *[Signature]*
SEAN CRAHAN
DRE, Counsel

294-1222-001
BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
FEB 6 1996
DEPARTMENT OF REAL ESTATE

Sacto

In the Matter of the Accusation of)
)
INTERNATIONAL CITY MORTGAGE, INC., a)
California corporate broker; JAMES KIRK)
HANKLA, individually and as designated officer)
of International City Mortgage, Inc. and)
HOWARD MORROW, INDIVIDUALLY, dba First)
Fidelity Mortgage, dba First Pacific Financial)
dba Pyramid Financial Company and as D.O.)
of International City Mortgage, Inc.,)
)
Respondents.)

By *[Signature]*

H-26410 LA
L-9601193 LA

**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 the Office of Administrative Hearings, 314 West First Street, Los Angeles, California 90012 on **October 17 & 18, 1996 at 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: February 6, 1996

DEPARTMENT OF REAL ESTATE

cc: International City Mtg.
James Kirk Hankla, D.O
Herman Thordsen, Esq.
Howard Morrow
SR, OAH & SACTO

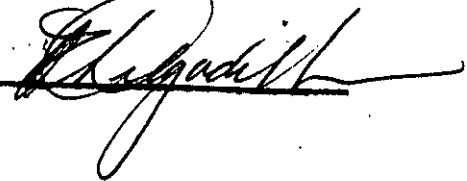
By: *[Signature]*
SEAN CRAHAN
DRE, Counsel

5.8.95

SEAN CRAHAN, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 897-3937

FILED
JAN 02 1995
DEPARTMENT OF REAL ESTATE

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DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26410 LA
INTERNATIONAL CITY MORTGAGE, INC.,)	
a California corporate broker;)	<u>A M E N D E M E N T</u>
JAMES KIRK HANKLA, individually)	
and as designated officer of)	<u>T O</u>
International City Mortgage, Inc.)	
and HOWARD MORROW, individually,)	<u>A C C U S A T I O N</u>
dba 1st Fidelity Mortgage, dba)	
First Pacific Financial, dba)	
Pyramid Financial Company and)	
as designated officer of)	
International City Mortgage, Inc.,)	
Respondents.)	

The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California amends the accusation filed herein on December 13, 1995 as follows:

1.

On page 4, line 9, the words "paragraph 4" are changed to "paragraph 5".


2.

Except as amended hereinabove, the accusation filed

1 December 13, 1995 remains unchanged.

2 WHEREFORE, Complainant prays that a hearing be conducted
3 on the allegations of the Accusation and this Amendment and, that
4 upon proof thereof, a decision be rendered imposing disciplinary
5 action against all licenses and license rights of Respondents
6 INTERNATIONAL CITY MORTGAGE, INC., a California corporate broker,
7 individually, dba American Mortgage Co and dba Re/Max Masters;
8 JAMES KIRK HANKLA, individually and as designated officer of
9 INTERNATIONAL CITY MORTGAGE, INC., a California corporate broker;
10 JAMES KIRK HANKLA, individually and as designated officer of
11 International City Mortgage, Inc. and HOWARD MORROW, individually,
12 dba 1st Fidelity Mortgage, dba First Pacific Financial, dba Pyramid
13 Financial Company and as designated officer of International City
14 Mortgage, Inc., under the Real Estate Law (Part 1 of Division 4 of
15 the Business and Professions Code) and for such other and further
16 relief as may be proper under other applicable provisions of law.

17 Dated at Los Angeles, California this 2nd. day of
18 January 1996.

19 
20 Thomas Mc Crady,
21 Deputy Real Estate Commissioner

22
23
24 cc: International City Mortgage, Inc..
25 James Kirk Hankla
26 Howard Morrow
27 Sacto
LK

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SEAN CRAHAN, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, California 90012

(213) 897-3937

FILED
DEC 13 1995
DEPARTMENT OF REAL ESTATE
By *[Signature]*

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26410 LA
INTERNATIONAL CITY MORTGAGE, INC.,)	
a California corporate broker;)	<u>ACCUSATION</u>
JAMES KIRK HANKLA, individually)	
and as designated officer of)	
International City Mortgage, Inc.)	
and HOWARD MORROW, individually,)	
dba 1st Fidelity Mortgage, dba)	
First Pacific Financial, dba)	
Pyramid Financial Company and)	
as designated officer of)	
International City Mortgage, Inc.,)	
Respondents.)	

The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California for cause of accusation against INTERNATIONAL CITY MORTGAGE, INC., a California corporate broker; JAMES KIRK HANKLA, individually and as designated officer of International City Mortgage, Inc. and HOWARD MORROW, individually, dba 1st Fidelity Mortgage, dba First Pacific Financial, dba Pyramid Financial Company and as designated officer

1 of International City Mortgage, Inc., alleges as follows:

2 1.

3 The Complainant, Thomas Mc Crady, a deputy real estate
4 commissioner, brings this accusation in his official capacity.

5 2.

6 INTERNATIONAL CITY MORTGAGE, INC. (hereafter Respondent
7 ICM) is presently licensed and/or has license rights under the Real
8 Estate Law, Part 1 of Division 4 of the California Business and
9 Professions Code (hereafter cited as the Code). At all times
10 herein mentioned, Respondent ICM was licensed by the Department of
11 Real Estate of the State of California (hereafter the Department)
12 as a corporate real estate broker.

13 3.

14 JAMES KIRK HANKLA (hereafter Respondent HANKLA) is
15 presently licensed and/or has license rights under the Real Estate
16 Law.

17 (a) At all times herein mentioned, Respondent HANKLA was
18 licensed by the Department as a real estate broker individually and
19 as designated officer of Respondent ICM from on or about December
20 6, 1994 to the present.

21 (b) Pursuant to Code Section 10159.2, from on or about
22 December 6, 1994 to the present, Respondent HANKLA was responsible
23 for the supervision of the officers, agents and employees of
24 Respondent ICM for which a real estate license was required.

25 (c) At all times herein mentioned, Respondent HANKLA was
26 president and a majority shareholder in Respondent ICM and was the
27 sole signatory on its trust accounts below set forth.



1
2
3
4 4.

5 HOWARD MORROW (hereafter Respondent MORROW) is presently
6 licensed and/or has license rights under the Real Estate Law.

7 (a) At all times herein mentioned, Respondent MORROW was
8 licensed by the Department as a real estate broker, individually,
9 dba 1st Fidelity Mortgage, dba First Pacific Financial, dba Pyramid
10 Financial Company and as designated officer of Respondent ICM from
11 on or about January 9, 1989 until on or about December 5, 1994.

12 (b) Pursuant to Code Section 10159.2, from on or about
13 January 9, 1989 until on or about December 5, 1994, Respondent
14 MORROW was responsible for the supervision of the officers, agents
15 and employees of Respondent ICM for which a real estate license was
16 required.

17 5.

18 (a) At times herein mentioned, Respondent ICM was
19 engaged in the mortgage loan brokerage business as defined by Code
20 Section 10131(d) in that Respondent ICM, for or in expectation of
21 compensation, solicited and negotiated with borrowers for loans
22 from third-party lenders secured by real property (secured loans).

23 (b) In connection with the above set forth activities,
24 Respondent ICM conducted escrows.

25 6.

26 From time to time between May 10, 1995 and June 9, 1995,
27 an auditor from the Department examined the books and records of
Respondent ICM's mortgage loan and escrow activities covering a
period of time from January 1, 1993 through April 28, 1995
(hereafter the "audit period"). That examination revealed that



1 Respondents, during the audit period, violated the following Code
2 Sections and Regulations from Title 10, Chapter 6, California Code
3 of Regulations (hereafter Regulations):

4 (a) In connection with the conduct of escrows,
5 Respondents HANKLA and MORROW failed to review, initial and date
6 escrow instructions and closing statements in willful violation of
7 Regulation 2725.

8 (b) In connection with the conduct the business
9 described in paragraph 4 above, Respondent ICM received funds in
10 trust from or on behalf of owners and deposited them into one of
11 three trust accounts maintained at Farmers and Merchants Bank:

12 (i) International City Mortgage Client Trust
13 Account, 09698-2, used to receive and disburse trust funds
14 pertaining to mortgage loan transactions (TA 1).

15 (ii) International City Mortgage, Inc. Client Trust
16 Account, 090836, used to receive and disburse trust funds
17 pertaining to mortgage loan transactions (TA 2).

18 (iii) International City Mortgage Escrow Trust
19 Account, 91239, used to receive and disburse trust funds pertaining
20 to mortgage loan escrow transactions (TA 3).

21 (c) Respondents ICM and MORROW failed to maintain
22 complete control records for the escrow trust account (TA 3) for
23 which, in 1993, such records did not show disbursement information
24 or daily balances, in willful violation of Regulation 2831.

25 (d) Respondents ICM and MORROW failed to maintain
26 separate records for transactions including but not limited to Jeff
27 Yamaguchi, Joyce Yamaguchi, Joyce Yamaguchii, Michael Lopes and



1 escrow for Chikau Fuji in willful violation of Regulation 2831.1

2 (e) Respondents ICM, HANKLA and MORROW failed to monthly
3 reconcile control records with separate records, as is required by
4 Regulation 2831.2.

5 (f) As of April 28, 1995, Respondent ICM's adjusted
6 bank balance in the TA 1 was \$763.00. Respondent ICM's
7 accountability to owners on that date was (\$1,525.00) leaving a
8 shortage of \$762.00. The shortage was substantially caused by over
9 disbursements in the Howard transaction of \$300 and an unidentified
10 shortage of approximately \$462. Said shortage was caused, allowed
11 or permitted by Respondents ICM and HANKLA and was without the
12 written consent of each and every principal whose funds were in the
13 trust account and was in violation of Code Section 10145 and
14 Regulation 2832.1.

15 (g) As of November 30, 1994, Respondent ICM's adjusted
16 bank balance in the TA 1 was \$1,048.00. Respondent ICM's
17 accountability to owners on that date was (\$1,430.00) leaving a
18 shortage of \$382.00. The shortage was substantially caused by over
19 disbursements in the Howard transaction of \$300. Said shortage was
20 caused, allowed or permitted by Respondents ICM and MORROW and was
21 without the written consent of each and every principal whose funds
22 were in the trust account and was in violation of Code Section
23 10145 and Regulation 2832.1.

24 (h) As of November 30, 1994, Respondent ICM's bank
25 balance in the TA 2 was \$0.00. Respondent ICM's accountability to
26 owners on that date was (\$400) leaving a shortage of \$400.00. Said
27 shortage was caused, allowed or permitted by Respondents ICM and



1 MORROW and was without the written consent of each and every
2 principal whose funds were in the trust account and was in
3 violation of Code Section 10145 and Regulation 2832.1.

4 (i) On May 11, 1994, Respondent HANKLA issued a check
5 from TA 2 to himself for \$2,166.70. This constitutes conversion.

6 (j) As of April 28, 1995, Respondent ICM's adjusted bank
7 balance in TA 3 was (\$529.56). Respondent ICM's accountability to
8 owners on that date was (\$605.00) leaving a shortage of \$1,134.56.
9 The shortage was substantially caused by over disbursements in the
10 Moore and Nunley transactions. Said shortage was caused, allowed
11 or permitted by Respondents ICM and HANKLA and was without the
12 written consent of each and every principal whose funds were in the
13 trust account and was in violation of Code Section 10145 and
14 Regulation 2832.1.

15 (k) As of November 30, 1994, Respondent ICM's adjusted
16 bank balance in the TA 3 was (\$7,687.95). Respondent ICM's
17 accountability to owners on that date was (\$25.00) leaving a
18 shortage of \$7,712.95. The shortage was substantially caused by
19 over disbursements in the Walcher and Moor transactions. Said
20 shortage was caused, allowed or permitted by Respondents ICM and
21 MORROW and was without the written consent of each and every
22 principal whose funds were in the trust account and was in
23 violation of Code Section 10145 and Regulation 2832.1.

24 (l) In connection with the business of obtaining loans
25 from third party lenders, Respondents ICM, HANKLA and MORROW failed
26 to provide to borrowers with Mortgage Loan Disclosure Statements
27 (Borrower) in willful violation of Code Section 10240 and



1 Regulation 2840.

2 7.

3 Respondents HANKLA and MORROW knew or should have known
4 that the above violations occurred or were occurring. Respondents
5 HANKLA and MORROW failed to exercise reasonable supervision over
6 the activities of officers and employees of Respondent ICM for
7 which a real estate license was required so as to prevent those
8 violations.

9 8.

10 The conduct or omissions of Respondent ICM as set forth
11 above subject its real estate license and license rights to
12 suspension or revocation under Code Section 10177(d) for willful
13 violations of the following Code Sections and Regulations:

14 (a) Regulation 2831 for failure to maintain complete
15 control records in 1993, as set forth above in paragraph 6(c).

16 (b) Regulation 2831.1 for failure to maintain separate
17 records, as set forth above in paragraph 6(d).

18 (c) Regulation 2831.2 for failure to monthly reconcile
19 the control with the separate records, as set forth in paragraph
20 6(e) above.

21 (d) Regulation 2832.1 for the trust fund shortages, as
22 set forth in paragraphs 6(f), 6(g), 6(h), 6(j) and 6(k) above.

23 (e) Code Section 10240 and Regulation 2840 for failure to
24 provide to borrowers Mortgage Loan Disclosure Statements
25 (Borrower), as set forth in paragraph 6(l) above.

26 9.

27 The conduct or omissions of Respondent HANKLA as set



1 forth above subject his real estate license and license rights to
2 suspension or revocation under the following Code Sections:

3 (a) Code Sections 10176(i) for dishonest dealing or
4 10177(g) for negligence in connection with the conversion, as set
5 forth in paragraph 6(i)

6 (b) Code Section 10177(d) for willful violations of the
7 following Code Sections and Regulations:

8 (i) Regulation 2725 for failure to review,
9 initial and date escrow instructions and closing statements, as set
10 forth in paragraph 6(a).

11 (ii) Regulation 2831.2 for failure to monthly
12 reconcile the control with the separate records, as set forth in
13 paragraph 6(e) above.

14 (iii) Regulation 2832.1 for the trust fund
15 shortages, as set forth in paragraphs 6(f), 6(h) and 6(j) above.

16 (iv) Code Section 10240 and Regulation 2840 for
17 failure to provide to borrowers Mortgage Loan Disclosure Statements
18 (Borrower), as set forth in paragraph 6(l) above.

19 (c) Code Section 10177(d) for willful violations of Code
20 Section 10159.2, for failure to supervise the activities of the
21 officers or employees of Respondent ICM, as set forth in paragraph
22 7 above.

23 10.

24 The conduct or omissions of Respondent MORROW as set
25 forth above subject his real estate license and license rights to
26 suspension or revocation under the following Code Sections:

27 (a) Code Section 10177(d) for willful violations of the



1 following Code Sections and Regulations:

2 (i) Regulation 2725 for failure to review,
3 initial and date escrow instructions and closing statements, as set
4 forth in paragraph 6(a).

5 (ii) Regulation 2831 for failure to maintain
6 complete control records in 1993, as set forth above in paragraph
7 6(c).

8 (iii) Regulation 2831.1 for failure to maintain
9 separate records, as set forth above in paragraph 6(d).

10 (iv) Regulation 2831.2 for failure to monthly
11 reconcile the control with the separate records, as set forth in
12 paragraph 6(e) above.

13 (v) Regulation 2832.1 for the trust fund
14 shortages, as set forth in paragraphs 6(g), 6(h), and 6(k) above.

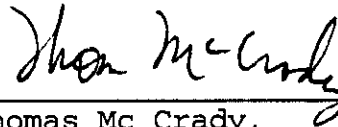
15 (vi) Code Section 10240 and Regulation 2840 for
16 failure to provide to borrowers Mortgage Loan Disclosure Statements
17 (Borrower), as set forth in paragraph 6(l) above.

18 (b) Code Section 10177(d) for willful violations of Code
19 Section 10159.2, for failure to supervise the activities of the
20 officers or employees of Respondent ICM, as set forth in paragraph
21 7 above.

22 WHEREFORE, Complainant prays that a hearing be conducted
23 on the allegations of this Accusation and, that upon proof thereof,
24 a decision be rendered imposing disciplinary action against all
25 licenses and license rights of Respondents INTERNATIONAL CITY
26 MORTGAGE, INC., a California corporate broker, individually, dba
27 American Mortgage Co and dba Re/Max Masters; JAMES KIRK HANKLA,

1 individually and as designated officer of INTERNATIONAL CITY
2 MORTGAGE, INC., a California corporate broker; JAMES KIRK HANKLA,
3 individually and as designated officer of International City
4 Mortgage, Inc. and HOWARD MORROW, individually, dba 1st Fidelity
5 Mortgage, dba First Pacific Financial, dba Pyramid Financial
6 Company and as designated officer of International City Mortgage,
7 Inc.,, under the Real Estate Law (Part 1 of Division 4 of the
8 Business and Professions Code) and for such other and further
9 relief as may be proper under other applicable provisions of law.

10 Dated at Los Angeles, California this 13th day of
11 December, 1995.

12 

13 _____
14 Thomas Mc Crady,
15 Deputy Real Estate Commissioner

16
17
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19
20
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23
24 cc: International City Mortgage, Inc..
25 James Kirk Hankla
26 Howard Morrow
27 Sacto
LK

SC/sc

