

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

FILED
AUG 11 1997
DEPARTMENT OF REAL ESTATE
By Jana B. Orona

8 DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * * * *

11 In the Matter of the Accusation of) H-26705 LA
12 MICHAEL T. CHULAK CORPORATION, a)
California corporate broker dba) STIPULATION AND AGREEMENT
13 Coast Real Estate Loans and dba)
Coast Management: USA RESIDENTIAL) IN SETTLEMENT AND ORDER
14 REALTORS CORPORATION, a California)
corporate broker dba Pacific)
15 Realtors and MICHAEL TODD CHULAK,)
individually and as the designated)
16 officer of Michael T. Chulak)
Corporation and of USA Residential)
17 Realtors Corporation,)
18 Respondents.)

19
20 It is hereby stipulated by and between MICHAEL T. CHULAK
21 CORPORATION, USA RESIDENTIAL REALTORS CORPORATION and MICHAEL TODD
22 CHULAK (sometimes referred to as Respondents MTCC, USARR or CHULAK,
23 respectively), acting by and through Lynne Romano, Esq.,
24 Respondents' Counsel, and the Complainant, acting by and through
25 Sean Crahan, Counsel for the Department of Real Estate, as follows
26 for the purpose of settling and disposing of the Accusation filed
27 on September 10, 1996, in this matter:

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

8 2. Respondents have received, read and understand the
9 Statement to Respondent, the Discovery Provisions of the APA and
10 the Accusation, filed by the Department of Real Estate in this
11 proceeding.

12 3. On September 16, 1996, Respondents filed a Notice of
13 Defense pursuant to Section 11505 of the Government Code for the
14 purpose of requesting a hearing on the allegations in the
15 Accusation. Respondents hereby freely and voluntarily withdraw
16 said Notice of Defense. Respondents acknowledge that they
17 understand that by withdrawing said Notice of Defense, they will
18 thereby waive their right to require the Commissioner to prove the
19 allegations in the Accusation at a contested hearing held in
20 accordance with the provisions of the APA and that they will waive
21 other rights afforded to them in connection with the hearing such
22 as the right to present evidence in defense of the allegations in
23 the Accusation and the right to cross-examine witnesses.

24 4. Respondents, pursuant to the limitations set forth
25 below, hereby admit that the factual allegations in Paragraphs one
26 (1) through eight (8) in the Accusation filed in this proceeding
27 are true and correct and the Real Estate Commissioner shall not be

1 required to provide further evidence to prove such allegations.

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

12 6. 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 7. Respondents are aware that by agreeing to this
19 Stipulation And Agreement In Settlement, if the findings set forth
20 below in the Determination of Issues become final, the Commissioner
21 may charge all Respondents, jointly and severally, for the costs of
22 an audit or audits conducted pursuant to Section 10148 of the Code
23 to determine if Respondent USARRC is in compliance with the Real
24 Estate Law. The maximum costs of said audits will not exceed
25 \$4,550.

26 DETERMINATION OF ISSUES

27 By reason of the foregoing stipulations and waivers, made

1 solely for the purpose of settlement of the pending Accusation
2 without a hearing, it is stipulated and agreed that the following
3 Determination of Issues shall be made:

4 1. The conduct or omissions of Respondent MICHAEL T.
5 CHULAK CORPORATION, as set forth in paragraphs one (1) through
6 seven (7) of the Accusation constitute cause to suspend or revoke
7 its corporate real estate broker license and/or license rights
8 under the provisions of Code Sections 10176(e), 10177(g) and
9 10177(d) for violations of Code Section 10148 and Regulations 2831
10 and 2834 from Title 10, Chapter 6 of the California Code of
11 Regulations (hereafter Regulations).

12 2. The conduct or omissions of Respondent USA
13 RESIDENTIAL REALTORS CORPORATION, as set forth in paragraphs one
14 (1) through seven (7) of the Accusation constitute cause to suspend
15 or revoke its corporate real estate broker license and/or license
16 rights under the provisions of Code Section 10177(d) for violations
17 of Code Sections 10145 and 10148 and Regulations 2831 and 2834 from
18 Title 10, Chapter 6 of the California Code of Regulations
19 (hereafter Regulations).

20 3. The conduct or omissions of Respondent MICHAEL TODD
21 CHULAK, as set forth in paragraph one (1) through eight (8) of the
22 Accusation constitute cause to suspend or revoke his real estate
23 broker license and/or license rights under the provisions of Code
24 Section 10177(d) for violation of Code Section 10159.2.

25 ORDER

26 WHEREFORE, THE FOLLOWING ORDER is hereby made:
27 /

1
2 All licenses and license rights of Respondent MICHAEL T.
3 CHULAK CORPORATION under Part 1 of Division 4 of the Business and
4 Professions Code are revoked; provided, however, a restricted real
5 estate broker corporate license shall be issued to Respondent MTCC
6 pursuant to Section 10156.5 of the Code if Respondent MTCC makes
7 application therefor and pays to the Department of Real Estate the
8 appropriate fee for said license within ninety (90) days from the
9 effective date of this Order. The restricted license issued to
10 Respondent MTCC shall be subject to all of the provisions of
11 Section 10156.7 of the Business and Professions Code and to the
12 following limitations, conditions and restrictions imposed under
13 authority of Section 10156.6 of said Code:

14 (1) The restricted license may be suspended prior to
15 hearing by order of the Real Estate Commissioner in the event of
16 Respondent MTCC's conviction or plea of nolo contendere to a crime
17 which bears a significant relation to Respondent's fitness or
18 capacity as a real estate licensee.

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

25 (3) Respondent MTCC shall report in writing to the
26 Department of Real Estate as the Real Estate Commissioner shall
27 direct by his Order herein or by separate written order issued

1 while Respondent holds a restricted license, such information
2 concerning Respondent's activities for which a real estate license
3 is required as the Commissioner shall deem to be appropriate to
4 protect the public interest.

5 (4) Respondent MTCC shall not be eligible to apply for
6 the issuance of an unrestricted real estate license nor the removal
7 of any of the conditions, limitations or restrictions of a
8 restricted license until two (2) years have elapsed from the date
9 of issuance of the restricted license to Respondent MTCC.

10 (5) Pursuant to Code Section 10148, Respondents MTCC and
11 CHULAK, jointly or severally, shall pay the Commissioner's
12 reasonable cost for an audit to determine if Respondents are in
13 compliance with the Real Estate Law. In calculating the amount of
14 the Commissioner's reasonable cost, the Commissioner may use the
15 estimated average hourly salary for all persons performing audits
16 of real estate brokers, and shall include an allocation for travel
17 time to and from the auditor's place of work. The cost of said
18 chargeable audit shall not exceed \$4,550. Respondents MTCC and
19 CHULAK, jointly or severally, shall pay such cost within 45 days of
20 receiving an invoice from the Commissioner detailing the activities
21 performed during the audit and the amount of time spend performing
22 those activities. The Commissioner may suspend the restricted
23 license issued to Respondents, or each of them, pending a hearing
24 held in accordance with Section 11500, et. seq., of the Government
25 Code, if payment is not timely made as provided for herein, or as
26 provided for in a subsequent agreement between the Respondent and
27 the Commissioner. The suspension shall remain in effect until

1 payment is made in full or until Respondent enters into an
2 agreement satisfactory to the Commissioner to provide for payment,
3 or until a Order providing otherwise is adopted following a hearing
4 held pursuant to this condition.

5 II

6 All licenses and license rights of Respondent USA
7 RESIDENTIAL REALTORS CORPORATION under Part 1 of Division 4 of the
8 Business and Professions Code are revoked; provided, however, a
9 restricted real estate broker corporate license shall be issued to
10 Respondent USARRC pursuant to Section 10156.5 of the Code if
11 Respondent USARRC makes application therefor and pays to the
12 Department of Real Estate the appropriate fee for said license
13 within ninety (90) days from the effective date of this Order. The
14 restricted license issued to Respondent USARRC shall be subject to
15 all of the provisions of Section 10156.7 of the Business and
16 Professions Code and to the following limitations, conditions and
17 restrictions imposed under authority of Section 10156.6 of said
18 Code:

19 (1) The restricted license may be suspended prior to
20 hearing by order of the Real Estate Commissioner in the event of
21 Respondent USARRC's conviction or plea of nolo contendere to a
22 crime which bears a significant relation to Respondent's fitness or
23 capacity as a real estate licensee.

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1 (2) The restricted license may be suspended prior to
2 hearing by Order of the Real Estate Commissioner on evidence
3 satisfactory to the Commissioner that Respondent USARRC has
4 violated provisions of the California Real Estate Law, the
5 Subdivided Lands Law, Regulations of the Real Estate Commissioner,
6 or the conditions attaching to the restricted license.

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

14 (4) Respondent USARRC shall not be eligible to apply for
15 the issuance of an unrestricted real estate license nor the removal
16 of any of the conditions, limitations or restrictions of a
17 restricted license until two (2) years have elapsed from the date
18 of issuance of the restricted license to Respondent USARRC.

19 (5) Pursuant to Code Section 10148, Respondents USARRC
20 and CHULAK, jointly or severally, shall pay the Commissioner's
21 reasonable cost for an audit to determine if Respondents are in
22 compliance with the Real Estate Law. In calculating the amount of
23 the Commissioner's reasonable cost, the Commissioner may use the
24 estimated average hourly salary for all persons performing audits
25 of real estate brokers, and shall include an allocation for travel
26 time to and from the auditor's place of work. The cost of said
27 chargeable audit shall not exceed \$4,550. Respondents, jointly or



1 severally, shall pay such cost within 45 days of receiving an
2 invoice from the Commissioner detailing the activities performed
3 during the audit and the amount of time spend performing those
4 activities. The Commissioner may suspend the restricted license
5 issued to Respondents, or each of them, pending a hearing held in
6 accordance with Section 11500, et. seq., of the Government Code, if
7 payment is not timely made as provided for herein, or as provided
8 for in a subsequent agreement between the Respondent and the
9 Commissioner. The suspension shall remain in effect until payment
10 is made in full or until Respondent enters into an agreement
11 satisfactory to the Commissioner to provide for payment, or until a
12 Order providing otherwise is adopted following a hearing held
13 pursuant to this condition. The suspension will remain in effect
14 until payment is made in full, or until Respondent enters into an
15 agreement satisfactory to the Commissioner to provide for payment,
16 or until a Order providing otherwise is adopted following a hearing
17 pursuant to this condition.

18 III

19 All licenses and license rights of Respondent MICHAEL
20 TODD CHULAK under Part 1 of Division 4 of the Business and
21 Professions Code are revoked; provided, however, a restricted real
22 estate broker license shall be issued to Respondent MICHAEL TODD
23 CHULAK pursuant to Section 10156.5 of the Code if Respondent CHULAK
24 makes application therefor and pays to the Department of Real
25 Estate the appropriate fee for said license within ninety (90) days
26 from the effective date of this Order. The restricted license
27 issued to Respondent CHULAK shall be subject to all of the

1 provisions of Section 10156.7 of the Business and Professions Code
2 and to the following limitations, conditions and restrictions
3 imposed under authority of Section 10156.6 of said Code:

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

9 (2) The restricted license may be suspended prior to
10 hearing by Order of the Real Estate Commissioner on evidence
11 satisfactory to the Commissioner that Respondent CHULAK 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 the restricted license.

15 (3) Respondent CHULAK shall report in writing to the
16 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 CHULAK shall not be eligible to apply for
23 the issuance of an unrestricted real estate license nor the removal
24 of any of the conditions, limitations or restrictions of a
25 restricted license until two (2) years have elapsed from the date
26 of issuance of the restricted license to Respondent CHULAK.

27 (5) Respondent CHULAK shall, within nine (9) months from



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

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

18 (7) Pursuant to Code Section 10148, Respondents MTCC,
19 USARRC and CHULAK, jointly or severally, shall pay the
20 Commissioner's reasonable cost for an audit or audits to determine
21 if Respondents are in compliance with the Real Estate Law. In
22 calculating the amount of the Commissioner's reasonable cost, the
23 Commissioner may use the estimated average hourly salary for all
24 persons performing audits of real estate brokers, and shall include
25 an allocation for travel time to and from the auditor's place of
26 work. The cost of said chargeable audit shall not exceed \$4,550.
27 Respondents, jointly or severally, shall pay such cost within 45



1 days of receiving an invoice from the Commissioner detailing the
2 activities performed during the audit and the amount of time spend
3 performing those activities. The Commissioner may suspend the
4 restricted license or licenses issued to Respondents, or each of
5 them, pending a hearing held in accordance with Section 11500, et.
6 seq., of the Government Code, if payment is not timely made as
7 provided for herein, or as provided for in a subsequent agreement
8 between the Respondent and the Commissioner. The suspension shall
9 remain in effect until payment is made in full or until Respondent
10 enters into an agreement satisfactory to the Commissioner to
11 provide for payment, or until a decision providing otherwise is
12 adopted following a hearing held pursuant to this condition. The
13 suspension will remain in effect until payment is made in full, or
14 until Respondent enters into an agreement satisfactory to the
15 Commissioner to provide for payment, or until a decision providing
16 otherwise is adopted following a hearing pursuant to this
17 condition.

18 * * * * *

19 I, individually, and on behalf of Respondents MICHAEL T.
20 CHULAK CORPORATION and USA RESIDENTIAL REALTORS CORPORATION, have
21 read the Stipulation And Agreement In Settlement And Order, and its
22 terms are understood by me and are agreeable and acceptable to me.
23 I understand that I am waiving rights given to us by the California
24 Administrative Procedure Act (including but not limited to Sections
25 11506, 11508, 11509 and 11513 of the Government Code), and I
26 willingly, intelligently and voluntarily waive those rights,
27 including the right of requiring the Commissioner to prove the

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allegations in the Accusation at a hearing at which we would have the right to cross-examine witnesses against us and to present evidence in defense and mitigation of the charges.

DATED: 6-23-97

Michael Chulak
MICHAEL T. CHULAK CORPORATION,
Respondent, by Michael Todd Chulak,
Designated Officer.

DATED: 6-23-97

Michael Chulak
USA RESIDENTIAL REALTORS CORPORATION,
Respondent, by Michael Todd Chulak,
Designated Officer.

DATED: 6-23-97

Michael Chulak
MICHAEL TODD CHULAK, Respondent.

DATED: 6/23/97

Lynne Romano
LYNNE ROMANO, ESQ. Counsel for
Respondents Michael T. Chulak
Corporation, USA Residential Realtors
Corporation and Michael Todd Chulak,
approved as to form.

DATED: 7-15-97

Sean Crahan
SEAN CRAHAN, Counsel for
Complainant.

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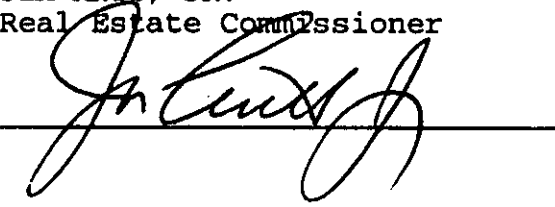
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The foregoing Stipulation And Agreement In Settlement is
hereby adopted as my Decision and Order as to respondents MICHAEL
T. CHULAK CORPORATION, USA RESIDENTIAL REALTORS CORPORATION and
MICHAEL TODD CHULAK and shall become effective at 12 o'clock noon
on September 2, 1997.

IT IS SO ORDERED 8/5 1997.

JIM ANTT, JR.
Real Estate Commissioner


SACTO

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
)
MICHAEL T. CHULAK CORPORATION, a)
California corporate broker dba)
Coast Real Estate Loans and dba)
Coast Management: USA RESIDENTIAL)
REALTORS CORPORATION, a California)
corporate broker dba Pacific)
Realtors and MICHAEL TODD CHULAK,)
individually and as the designated)
officer of Michael T. Chulak)
Corporation and of USA Residential)
Realtors Corporation,)
)
Respondents.)

FILED
APR 09 1997
DEPARTMENT OF REAL ESTATE
By *[Signature]*

H-26705 LA

**CONTINUANCE NOTICE OF
HEARING ON ACCUSATION**

L- 9610004

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, 107 South Broadway, Second Floor, Los Angeles, California 90012 on **June 24-26, 1997, 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: April 9, 1997

DEPARTMENT OF REAL ESTATE

cc: MICHAEL T. CHULACK CORPORATION By:
MICHAEL T. CHULACK
DH, OAH & SACTO

[Signature]
SEAN CRAHAN
DRE, Counsel

*Sacto
file*

195-0518-016
BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

OCT 21 1996
DEPARTMENT OF REAL ESTATE
By *[Signature]*

In the Matter of the Accusation of)

MICHAEL T. CHULAK, et al.)

Respondent(s).)

) NOTICE OF HEARING ON ACCUSATION
) Case No. H-26705 LA

L- 9610004

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 **June 3-5, 1997 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: November 21, 1996

DEPARTMENT OF REAL ESTATE

By:

[Signature]
SEAN CRAHAN
DRE, Counsel

cc: Michael T. Chulak
LR, OAH & SACTO

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Sean Crahan
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, CA 90012

(213) 897-3937

FILED
SEP 10 1996

DEPARTMENT OF REAL ESTATE

By 

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	H-26705 LA
)	
MICHAEL T. CHULAK CORPORATION, a)	
California corporate broker dba)	<u>A C C U S A T I O N</u>
Coast Real Estate Loans and dba)	
Coast Management: USA RESIDENTIAL)	
REALTORS CORPORATION, a California)	
corporate broker dba Pacific)	
Realtors and MICHAEL TODD CHULAK,)	
individually and as the designated)	
officer of Michael T. Chulak)	
Corporation and of USA Residential)	
Realtors Corporation,)	
)	
Respondents.)	

The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California. for cause of accusation against MICHAEL T. CHULAK CORPORATION, a California corporate broker doing business as Coast Real Estate Loans and doing business as Coast Management; USA RESIDENTIAL REALTORS CORPORATION, a California corporate broker doing business as Pacific Realtors and MICHAEL TODD CHULAK, individually and as the designated officer of Michael T. Chulak Corporation and of USA

1 Residential Realtors Corporation, alleges as follows:

2 1,

3 The Complainant, Thomas Mc Crady, a Deputy Real Estate
4 Commissioner of the State of California, makes this Accusation in
5 his official capacity.

6 2.

7 At all times mentioned herein, MICHAEL T. CHULAK
8 CORPORATION, a California corporation (hereafter Respondent MTCC),
9 is presently licensed and/or has license rights under the Real
10 Estate Law (Part 1 of Division 4 of the California Business and
11 Professions Code, hereinafter referred to as the "Code"). At all
12 times herein mentioned, Respondent MTCC was and still is licensed
13 by the Department of Real Estate (hereafter the Department) as a
14 corporate real estate broker individually, doing business as Coast
15 Management and doing business as Coast Real Estate Loans.

16 3.

17 At all times mentioned herein USA RESIDENTIAL
18 REALTORS CORPORATION, a California corporation (hereafter
19 Respondent USARRC), is presently licensed and/or has license
20 rights under the Real Estate Law. At all times herein mentioned,
21 Respondent USARRC was and still is licensed by the Department of
22 Real Estate (hereafter the Department) as a corporate real estate
23 broker individually and doing business as Pacific Realtors.
24 Respondent USARRC's corporate licensed expired on November 30,
25 1994 but Respondent USARRC retains renewal rights.

26 4.

27 MICHAEL T. CHULAK (hereafter Respondent CHULAK) is

1 presently licensed and/or has license rights under the Real Estate
2 Law (Part 1 of Division 4 of the California Business and
3 Professions Code, hereinafter referred to as the "Code"). At all
4 times mentioned herein, Respondent CHULAK was and still is
5 licensed by the Department as a real estate broker both
6 individually and as the designated officer of Respondent MTCC and
7 of Respondent USARRC. Pursuant to Code Section 10159.2,
8 Respondent CHULAK was responsible for the supervision of the
9 officers, agents and employees of Respondents MTCC and USARRC for
10 which a real estate license was required.

11 5.

12 At all times mentioned herein, for or in expectation of
13 compensation, Respondents CHULAK, MTCC and USARRC were licensed to
14 and conducted activities within the definition of Code Section
15 10131(b) wherein they, jointly and severally, collected rents in
16 trust from tenants on real property and disbursed trust funds on
17 behalf of owners of real property, for or in expectation of
18 compensation (hereafter property management).

19 (a) Victor Yates (Yates) and respondent CHULAK jointly
20 owned real property at 1802 Allepo, 1829 Allepo, 1668 Orinda, 564
21 Spring and 1719 Orinda (hereafter the Yates/Chulak Properties).
22 Yates and CHULAK employed respondent USARRC dba Pacific Realtors,
23 to collect and disburse rents from the Yates/Chulak Properties.

24 (b) Gary Coblens (Coblens) and respondent CHULAK
25 jointly owned real property at 1667 Las Flores (hereafter the
26 Coblens/Chulak Property). Coblens and CHULAK employed respondent
27 USARRC dba Pacific Realtors, to collect and disburse rents from

1 the Yates/Chulak Properties.

2 6.

3 From time to time between October 27, 1995 through
4 November 21, 1995, an auditor from the Department examined the
5 books and records of respondents USARRC and MTCC covering a period
6 of time from January 1, 1993, through September 25, 1995
7 (hereafter the "audit period"). That examination revealed that
8 respondents USARRC and MTCC during the audit period, violated the
9 following Code Sections and Regulations from Title 10, Chapter 6,
10 California Code of Regulations (hereafter Regulations):

11 (a) In connection with the collection and disbursal of
12 rents, respondents USARRC and MTCC received funds in trust from
13 tenants on behalf of Yates and Coblens and deposited them into one
14 of seven accounts at Marathon National Bank:

15 (i) CM-1802 Allepo/1829 Allepo/561 Moorpark/1668
16 Orinda Pacific Realtors as Agent. TA 1.

17 (ii) CM-1802 Allepo Pacific Realtors as Agent.

18 TA 2

19 (iii) CM-1829 Allepo Pacific Realtors as Agent.

20 TA 3

21 (iv) CM-1668 Orinda Court Pacific Realtors as
22 Agent. TA 4.

23 (v) CM-564 Spring Road #78 Pacific Realtors as
24 Agent. TA 5.

25 (vi) CM-1719 Orinda Court Pacific Realtors as
26 Agent. TA 6.

27 (vii) CM-1667 Las Flores Court Pacific Realtors as

1 Agent. TA 7.

2 (b) None of the accounts identified in paragraph 5(a)
3 above were established as trust accounts in the name of USARRC as
4 trustee, in violation of Code Section 10145 and Regulation 2830.

5 (c) In or about August, 1994, funds from TA 1 through
6 TA 6 were transferred from Respondent USARRC and commingled in
7 Respondent MTCC's general account. Approximately \$10,761.84 in
8 Yates/Chulak Properties trust funds were disbursed from Respondent
9 MTCC's general account between December 12, 1994 and December 30,
10 1994 without adequate accounting.

11 (d) In or about October, 1994, funds from TA 7 were
12 transferred from Respondent USARRC and commingled in Respondent
13 MTCC's general account.

14 (e) The columnar record for Respondent USARRC's TA 1
15 was not complete or accurate in that the records failed to contain
16 entries of telephone transfers from TA 1 to the MTCC general
17 account in violation of Regulation 2831.

18 (f) Vida Vescera, who withdrew funds from the USARRC's
19 accounts, was neither licensed, bonded nor authorized in writing
20 by Respondent CHULAK, all in violation of Regulation 2834.

21 (g) Respondents USARRC and CHULAK failed to provide
22 bank statements from: TA 1 for April, 1995; TA 3 for April and
23 July, 1995; TA 4 for April 1995; and TA 5 for April, 1995.
24 Signature cards were not provided for TA 2, TA 6 and TA 7, in
25 violation of Code Section 10148.

26 7.

27 From October 27 through November 21, 1995, an auditor

1 from the Department examined the books and records of Respondent
2 MTCC dba Coast Real Estate Loans covering a period of time from
3 January 1, 1993, through September 25, 1995 (hereafter the "audit
4 period"). That examination revealed that respondent, during the
5 audit period, violated the following Code Sections and Regulations
6 from Title 10, Chapter 6, California Code of Regulations
7 (hereafter Regulations):

8 (a) In the course of soliciting and negotiating loans
9 to borrowers from third party lenders for or in expectation of
10 compensation, Respondent MTCC dba Coast Real Estate Loans
11 collected funds in trust in advance from prospective borrowers for
12 credit and appraisal reports. Said fees were deposited and
13 disbursed through a trust account at Transworld Bank, account
14 number 2019908.

15 (b) Respondent MTCC dba Coast Real Estate Loans failed
16 to provide to the auditor bank statements except for June and
17 July, 1993, at which time there was an open balance of \$855.17.
18 Additional bank statements were requested but not provided. No
19 columnar or separate records were provided for this account. This
20 conduct constitutes willful violations of Regulations 2831, 2831.1
21 and Code Section 10148.

22 8.

23 Respondent CHULAK knew or should have known that the
24 above violations occurred or were occurring. Respondent CHULAK
25 failed to exercise reasonable supervision over the activities of
26 officers and employees of Respondents MTCC and USARRC for which a
27 real estate license was required so as to prevent the violations.

1
2 The acts and omissions of Respondent USARRC, as set
3 forth above, are cause for the suspension or revocation of its
4 real estate licenses and license rights pursuant to the following
5 Code sections:

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

8 (i) Code Section 10145 and Regulation 2830 for
9 failure to have the accounts used for the receipt and disbursal of
10 trust funds designated as trust accounts with Respondent USARRC as
11 trustee, as set forth in paragraph 6(b) above.

12 (ii) Regulation 2831 for incomplete and inaccurate
13 columnar records, as set forth in paragraph 6(e) above.

14 (iii) Regulation 2834 for allowing Vida Vescera to
15 withdraw funds from the USARRC's accounts, as set forth in
16 paragraph 6(f) above.

17 (iv) Code Section Code Section 10148 for failure
18 to provide records, as set forth in paragraph 6(g) above.

19
20 The acts and omissions of Respondent MTCC, as set forth
21 above, are cause for the suspension or revocation of the licenses
22 and license rights of Respondent MTCC pursuant to the following
23 Code sections:

24 (a) 10176(e) for commingling, as set forth above in
25 paragraphs 6(c) and 6(d) above.

26 (b) 10176(g) for negligence in failing to account for
27 the expenditure of approximately \$10,761.84, as set forth in

1 paragraph 6(c).

2 (c) 10176(i) or 10177(j) for dishonest dealing in
3 failing to account for the expenditure of approximately
4 \$10,761.84, as set forth in paragraph 6(c).

5 (b) 10177(d) for willful violations of Code section
6 10148 for failing to provide records to the Department, as set
7 forth in paragraph 7(b) above.

8 11.

9 The acts and omissions of Respondent CHULAK, as set
10 forth above, is cause to suspend or revoke his licenses and
11 license rights pursuant Code Section 10177(d) for violation of the
12 following Code Sections and Regulations:

13 (a) Code Section 10159.2 for failure to supervise the
14 employees of Respondent MTCC for activities which require a
15 license, as set forth in paragraph 8 above.

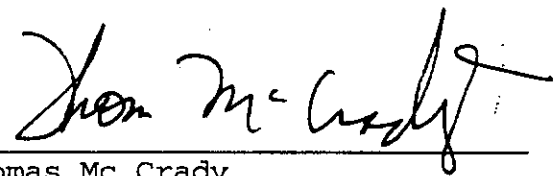
16 (b) 10177(d) for willful violation of Code section 10148
17 for failing to provide records to the Department, as set forth in
18 paragraph 7(b) above.

19 (c) 10177(j) for dishonest dealing in failing to
20 account for the expenditure of approximately \$10,761.84, as set
21 forth in paragraph 6(c).

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/or license rights of MICHAEL T. CHULAK CORPORATION, a
26 California corporate broker doing business as Coast Real Estate
27 Loans and doing business as Coast Management; USA RESIDENTIAL

1 REALTORS CORPORATION a California corporate broker dba Pacific
2 Realtors and MICHAEL TODD CHULAK, individually and as the
3 designated officer of Michael T. Chulak Corporation and of USA
4 Residential Realtors Corporation,, under the Real Estate Law and
5 for such other and further relief as may be proper under
6 applicable provisions of law.

7 Dated at Los Angeles, California this 10th day of
8 September, 1996.



Thomas Mc Crady
Deputy Real Estate Commissioner

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cc: Michael T. Chulak Corporation
Usa Residential Realtors
Michael Todd Chulak
LR
Sacto.

SCsc