

SACTO

FILED
October 8, 1997
DEPARTMENT OF REAL ESTATE
By *Thompson*

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26902 LA
SOUTHLAND FINANCIAL, INC. and)	L-9701216
JAMES HOWARD TASSELL,)	
Respondents.)	

ORDER INADVERTENTLY STAYING EFFECTIVE DATE NUNC PRO TUNC

On September 22, 1997, a Decision After Rejection was rendered inadvertently making the effective date to September 24, 1997.

NOW, THEREFORE, IT IS ORDERED NUNC PRO TUNC that the Decision After Rejection of September 22, 1997 is stayed for 30 days until October 24, 1997.

DATED: October 8, 1997

JIM ANTT, JR.
Real Estate Commissioner

By: *Randolph Brendia*
RANDOLPH BRENDIA
Regional Manager

1 On July 20, 2000, Respondent petitioned for
2 reinstatement of said real estate broker license and the
3 Attorney General of the State of California has been given
4 notice of the filing of said petition.
5

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

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

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

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

*See
Bury*

FILED
OCT 0 1 1997

DEPARTMENT OF REAL ESTATE

By *[Signature]*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-26902 LA
)	
SOUTHLAND FINANCIAL, INC. and)	
JAMES HOWARD TASSELL,)	L-9701216
)	
Respondent.)	

DECISION AFTER REJECTION

The above-entitled matter came on for hearing before SAMUEL D. REYES, Administrative Law Judge of the Office of Administrative Hearings at Los Angeles, California, on April 1, 1997.

Complainant was represented by James R. Peel, Counsel. Respondent JAMES HOWARD TASSELL was present and represented by Attorney Frederic M. Zinn. Respondent SOUTHLAND FINANCIAL, INC. was not represented at the hearing. Evidence was received and the matter stood submitted on April 1, 1997.

On May 1, 1997, the Administrative Law Judge submitted a Proposed Decision which I declined to adopt as the Decision of the

1 Real Estate Commissioner. Pursuant to Section 11517(c) of the
2 Government Code of the State of California, respondents were served
3 with a copy of the Proposed Decision dated May 1, 1997, and with
4 notice that the case would be decided by me upon the record
5 including the transcript of proceedings held on April 1, 1997, and
6 upon any written argument offered by respondent.

7 Argument has been submitted on behalf of respondent
8 Tassell and the complainant.

9 I have given careful consideration to the record in this
10 case including the transcript of proceedings of April 1, 1997.

11 The following shall constitute the Decision of the Real
12 Estate Commissioner in this matter.

13 FINDINGS OF FACT

14 1. The Accusation was filed by complainant Thomas McCrady,
15 a Deputy Real Estate Commissioner of the State of California, solely
16 in his official capacity.

17 2. The Department served all necessary documents on
18 respondents.

19 3. Respondent Tassell was initially licensed by the
20 Department in 1980. His current broker license, number 782662,
21 was issued on August 3, 1996, and it expires on August 2, 2000.
22 His license has not been previously disciplined.

23 4. a. Respondent Southland holds corporate license
24 number 1197475, which license expires on June 18, 1999. The
25 license has not been previously disciplined.

26 b. Respondent Tassell became respondent
27



1 Southland's Designated Officer in 1993. His most current
2 designation expires on June 18, 1999.

3 5. At all times material, respondents acted in the
4 capacity of Real Estate brokers within the State of California, by
5 performing services for borrowers or lenders or note owners in
6 connection with loans secured by liens on real property. Said
7 activities require a real estate broker license under Section
8 10131(d) of the Code.

9 6. Respondent Southland secured lines of credit from
10 lenders in order to make loans secured by real property.
11 Approximately 70-75% of the loans were guaranteed by the United
12 States government through the FHA and VA programs.

13 7. Funding for the loans usually included an amount to be
14 remitted to FHA in payment for mortgage insurance or an amount in
15 payment of VA fees. Respondent Southland separated from the loan
16 proceeds an amount to remit to FHA and VA in payment for the fees
17 owned those agencies.

18 8. Funds received by respondent SF from lenders which
19 were designated to pay the FHA and VA fees are trust funds within
20 the meaning of Business and Professions Code Section 10145 in that
21 they were funds belonging to others which were accepted in
22 connection with a real estate transaction.

23 9. Respondent Southland maintained the trust funds
24 described in finding of fact numbers 7 and 8 in one or more general
25 corporate operating accounts for a portion of the time it held the
26 money. These funds were commingled with other funds used to pay
27



1 for the firm's obligations. The funds would later be transferred to
2 another account for transmittal to the federal agencies.

3 10. Respondent Tassell was a vice president in SF. He was
4 also a shareholder in the corporation.

5 11. During the period of August 13, 1996, to September 24,
6 1996, the Department conducted an audit of respondent Southland's
7 operations. The period covered by the audit ("audit period") is
8 June 1, 1993, to May 31, 1996.

9 12. Respondent Southland managed the various accounts in such
10 a manner that a shortage of trust funds consisting mainly of FHA and
11 VA fees in the amount of \$251,164.13 existed on May 31, 1996.
12 Southland disbursed FHA and VA fees to pay for the day to day expense
13 of Southland corporation.

14 13. During the audit period, respondent Southland disbursed
15 trust funds from the trust account without the prior written consent
16 of every principal, being the borrowers for whom Southland was
17 arranging loans, who then was an owner of funds in said accounts;
18 these disbursements reduced the combined balance of funds in said
19 accounts, as set forth in finding of fact number 12, to an amount
20 which was less than the existing aggregate trust fund liability to
21 all owners of said funds.

22 14. Respondent Southland failed to maintain adequate
23 columnar records of the trust funds at issue in accordance with
24 the requirements of Title 10, California Code of Regulations
25 ("CCR"), Section 2831.

26 15. In connection with the receipt and disbursement of trust
27 funds, respondent Southland failed to adequately maintain a separate



1 record for each beneficiary or transaction to account for all funds
2 received, deposited, and disbursed in accordance with the requirement
3 of Title 10, CCR, Section 2831.1

4 16. In connection with the receipt and disbursement of trust
5 funds, respondent Southland failed to adequately perform a
6 reconciliation with the records of all trust funds received and
7 disbursed in accordance with Title 10, CCR, Section 2831.2.

8 17. Respondent Southland's actions as set forth in finding
9 of fact numbers 12 through 16 are "willful" actions within the
10 meaning of Section 10177(d).

11 18. Respondent Tassell was responsible for the supervision of
12 all real estate activities at respondent Southland. However, he
13 failed to adequately supervise a critical portion of the business,
14 namely that pertaining to the handling of the FHA and VA fees. In
15 this regard, he failed to exercise reasonable supervision and control
16 of all of the activities of the corporation for which a real estate
17 license is required.

18 DETERMINATION OF ISSUES

19 1. Grounds exist pursuant to Sections 10145 and 10177(d)
20 and Title 10, CCR, Section 2832.1 to discipline respondent
21 Southland's license in that it disbursed trust funds without first
22 receiving the written consent of trust fund principals for the
23 resulting reduction of the aggregate balance of trust funds to an
24 amount less than the aggregate trust fund liability, by reason of
25 finding of fact numbers 5 through 13, and 17.

26 2. Grounds exist pursuant to Sections 10177(d) and Title
27 10, CCR, Sections 2831, 2831.1, and 2831.2 to discipline respondent



1 Southland's license in that it failed to maintain trust funds records
2 in the manner mandated by Departmental requirements, by reason of
3 finding of fact numbers 5 through 16.

4 3. Grounds exist pursuant to Section 10177(h) to
5 discipline respondent Tassell's license in that he failed to exercise
6 reasonable supervision and control of all of the activities of SF for
7 which a real estate license is required, by reason of finding of fact
8 numbers 4 through 18.

9 ORDER

10 I

11 All real estate broker licenses and licensing rights of
12 respondents SOUTHLAND FINANCIAL, INC. and JAMES HOWARD TASSELL, under
13 the Real Estate law are revoked.

14 II

15 A restricted real estate salesperson license shall be
16 issued to respondent JAMES HOWARD TASSELL, pursuant to Section
17 10156.5 of the Business and Professions Code if respondent makes
18 application therefor, and pays to the Department of Real Estate the
19 appropriate fee for said license within 90 days from the effective
20 date of the Order herein. The restricted license issued to
21 respondent shall be subject to all of the provisions of Section
22 10156.7 of the Business and Professions Code and to the following
23 limitations, conditions, and restrictions imposed under authority
24 of Section 10156.6 of the Code.

25 1. The restricted license may be suspended, prior to and
26 pending final determination made after formal hearing, by Order of

27



1 the Real Estate Commissioner in the event of respondent's
2 conviction or plea of nolo contendere to a crime which bears a
3 significant relationship to respondent's fitness or capacity as a
4 real estate licensee.

5 2. The restricted license may be suspended, prior to
6 and pending final determination made after formal hearing, by
7 Order of the Real Estate Commissioner based upon evidence
8 satisfactory to the Commissioner that respondent has violated
9 provisions of the California Real Estate Law, the Subdivided
10 Lands Law, Regulations of the Real Estate Commissioner or
11 conditions attaching to the restricted license.

12 3. Respondent shall not be eligible to apply for the
13 issuance of an unrestricted real estate license nor the removal
14 of any of the conditions, limitations or restrictions of the
15 restricted license until at least one (1) year has elapsed from
16 the date of this Order.

17 4. Respondent shall, within 12 months from the
18 effective date of the Decision, present evidence satisfactory to
19 the Real Estate Commissioner that he has, since the most recent
20 issuance of an original or renewal real estate license, taken and
21 successfully completed the continuing education requirements of
22 Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a
23 real estate license. If respondent fails to satisfy this
24 condition, the Commissioner may order the suspension of the
25 restricted license until the respondent presents such evidence.
26 The Commissioner shall afford respondent the opportunity for a
27



1 hearing pursuant to the Administrative Procedure Act to present
2 such evidence.

3 5. With the application for license, or with the
4 application for transfer to a new employing broker, respondent
5 shall submit a statement signed by the prospective employing
6 broker on a form approved by the Department of Real Estate
7 wherein the employing broker shall certify as follows:

8 a. That broker has read the Order herein and the
9 Decision which is the basis for the issuance of the restricted
10 license; and

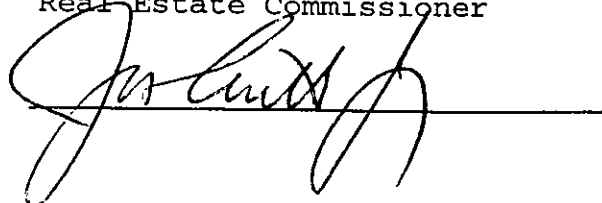
11 b. That broker will carefully review all transaction
12 documents prepared by the restricted licensee and otherwise
13 exercise close supervision over the licensee's performance of
14 acts for which a license is required.

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

22 This Decision shall become effective at 12 o'clock noon
23 on September 24, 1997.

24 IT IS SO ORDERED

25 9/22/97
26 JIM ANTT, JR.
27 Real Estate Commissioner



See to John

FILED
MAY 27 1997
DEPARTMENT OF REAL ESTATE

By James B. Orma

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	
SOUTHLAND FINANCIAL, INC.,)	NO. H-26902 LA
and JAMES HOWARD TASSELL,)	L-9701216
Respondents.)	

NOTICE

TO: SOUTHLAND FINANCIAL, INC., Respondent
JAMES HOWARD TASSELL, Respondent, and FREDERIC M. ZINN,
his Counsel

YOU ARE HEREBY NOTIFIED that the Proposed Decision herein dated May 1, 1997, of the Administrative Law Judge is not adopted as the Decision of the Real Estate Commissioner. A copy of the Proposed Decision dated May 1, 1997, is attached for your information.

In accordance with Section 11517(c) of the Government Code of the State of California, the disposition of this case will be determined by me after consideration of the record herein including the transcript of the proceedings held on April 1, 1997, and any written argument hereafter submitted on behalf of

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the matter of the Accusation)	
Against:)	Case No. H-26902 LA
)	
SOUTHLAND FINANCIAL, INC.,)	OAH No. L-9701216
and JAMES HOWARD TASSELL)	
)	
Respondents.)	
<hr/>		

PROPOSED DECISION

This matter was heard by Samuel D. Reyes, Administrative Law Judge, Office of Administrative Hearings, on April 1, 1997, in Los Angeles, California.

James R. Peel, Counsel, represented Thomas Mc Crady ("complainant"). Frederic M. Zinn, Attorney at Law, represented James Howard Tassell ("respondent Tassell"). Southland Financial Inc. ("respondent Southland" or "SF") did not appear.

Oral and documentary evidence, and evidence by oral stipulation on the record, was presented at the hearing and the matter was submitted for decision. The Administrative Law Judge makes the following findings of fact:

FINDINGS OF FACT

1. The Accusation was filed by complainant, a Deputy Real Estate Commissioner of the State of California, solely in his official capacity.
2. The Department served all necessary documents on respondents.
3. Respondent Tassell was initially licensed by the Department in 1980. His current broker license, number 782662, was issued on August 3, 1996, and it expires on August 2, 2000. His license has not been previously disciplined.
4. a. Respondent Southland holds corporate license number 1197475, which license expires on June 18, 1999. The license has not been previously disciplined.
b. Respondent Tassell became respondent Southland's Designated Officer in 1993. His most current designation expires on June 18, 1999.

5. At all times material, respondents acted in the capacity of real estate brokers within the State of California.

6. Respondent Southland secured lines of credit from lenders in order to make loans secured by real property. Approximately 70-75% of the loans were guaranteed by the United States government through the FHA and VA programs.

7. Funding for the loans usually included an amount to be remitted to FHA in payment for mortgage insurance or an amount in payment of VA fees. Respondent Southland separated from the loan proceeds an amount to remit to FHA and VA in payment for the fees owed those agencies.

8. Funds received by respondent SF from lenders which were designated to pay the FHA and VA fees are trust funds within the meaning of Business and Professions Code¹ section 10145 in that they were funds belonging to others which were accepted in connection with a real estate transaction.

9. Respondent Southland maintained the trust funds described in finding of fact numbers 7 and 8 in one or more general corporate operating accounts for a portion of the time it held the money. These funds were commingled with other funds used to pay for the firm's obligations. The funds would later be transferred to another account for transmittal to the federal agencies.

10. Respondent Tassell was a vice president in SF. He was also a shareholder in the corporation. He did not have any day-to-day responsibility for the SF's financial affairs. He played no role in determining the manner in which the loan proceeds designated for the payment of FHA and VA fees was to be handled.

11. a. It was respondent Tassell's belief that the funds in question were not trust funds.

b. Respondent's Tassell's belief was a reasonable one in light of how these funds were treated during a Department's audit in 1993. Although the funds have been treated in the same manner by SF, the auditor did not instruct respondent Tassell to keep loan proceeds designated to pay FHA and VA fees in a trust account.

12. Respondent Tassell did have direct supervision over all other portions of SF's operations regulated by the Department. No allegations were made of mismanagement or lack of supervision with regard to any other operation or account under his supervision.

¹All further references are to the Business and Professions Code.

13. During the period of August 13, 1996, to September 24, 1996, the Department conducted an audit of respondent Southland's operations. The period covered by the audit ("audit period") is June 1, 1993, to May 31, 1996.

14. Respondent Southland managed the various accounts in such a manner that a shortage of trust funds in the amount of \$251,164.13 existed on May 31, 1996.

15. During the audit period, respondent Southland disbursed trust funds from the trust account without the prior written consent of every principal who then was an owner of funds in said accounts; these disbursements reduced the combined balance of funds in said accounts, as set forth in finding of fact number 14, to an amount which was less than the existing aggregate trust fund liability to all owners of said funds.

16. Respondent Southland failed to maintain adequate columnar records of the trust funds at issue in accordance with the requirements of Title 10, California Code of Regulations ("CCR"), section 2831.

17. In connection with the receipt and disbursement of trust funds, respondent Southland failed to adequately maintain a separate record for each beneficiary or transaction to account for all funds received, deposited, and disbursed in accordance with the requirements of Title 10, CCR, section 2831.1.

18. In connection with the receipt and disbursement of trust funds, respondent Southland failed to adequately perform a reconciliation with the records of all trust funds received and disbursed in accordance with Title 10, CCR, section 2831.2.

19. Respondent Southland's actions as set forth in finding of fact numbers 14 through 18 are "willful" actions within the meaning of section 10177(d).

20. Respondent Tassell was responsible for the supervision of all real estate activities at respondent Southland. However, he failed to adequately supervise a critical portion of the business, namely that pertaining to the handling of the FHA and VA fees. In this regard, he failed to exercise reasonable supervision and control of all of the activities of the corporation for which a real estate license is required.

21. In his defense, when respondent Tassell realized that SF was not making timely payment to the federal agencies he took immediate action by bringing the matter to the attention of SF's Board of Directors. The Chief Executive Officer responsible for the late payments was subsequently removed.

22. Although funds were used to pay for the corporation's operating expenses, respondent Tassell did not personally benefit from such diversion. On the contrary, as the corporation's fortunes continued to slide he lost his personal investment in the enterprise.

23. Borrowers on whose behalf the funds were forwarded to respondent Southland did not suffer any financial loss as a result of SF's actions.

23. Except as set forth in this Decision, all other allegations in the Accusation are unproved or surplusage.

* * * * *

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

DETERMINATION OF ISSUES

1. Grounds exist pursuant to sections 10145 and 10177(d) and Title 10, CCR, sections 2830 and 2832.1, to discipline respondent Southland's license in that it disbursed trust funds without first receiving the written consent of trust fund principals for the resulting reduction of the aggregate balance of trust funds to an amount less than the aggregate trust fund liability, by reason of finding of fact numbers 5 through 15, and 19.

2. Grounds exist pursuant to section 10177(d) and Title 10, CCR, sections 2831, 2831.1, and 2831.2 to discipline respondent Southland's license in that it failed to maintain trust funds records in the manner mandated by Departmental requirements, by reason of finding of fact numbers 5 through 15.

3. Grounds exist pursuant to section 10177(h) to discipline respondent Tassell's license in that he failed to exercise reasonable supervision and control of all of the activities of SF for which a real estate license is required, by reason of finding of fact numbers 4 through 20.

4. Respondent Tassell has presented substantial mitigation and rehabilitation evidence. In light of this evidence, the order which follows will adequately protect the public.

* * * * *

WHEREFORE, THE FOLLOWING ORDER is hereby made:

1. All licenses and licensing rights of respondent Southland under the Real Estate Law are revoked.

NOT ADOPTED

2. All licenses and licensing rights of respondent James Howard Tassell under the Real Estate Law are suspended for six (6) months from the effective date of this Decision; provided, however, that said suspension shall be stayed a period of one (1) year from the effective date of this Decision upon the following terms and conditions:

- a. Respondent shall obey all laws, rules and regulations governing the rights, duties and responsibilities of a real estate licensee in the State of California.
- b. Pursuant to section 10148 of the Business and Professions Code, respondent shall pay the Commissioner's reasonable cost for an audit to determine if respondent Southland has corrected the trust fund violations found in paragraphs 1 and 2 of the Determinations of Issues. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all persons performing audits of real estate brokers, and shall include an allocation for travel time to and from the auditor's place of work. Respondent shall pay such cost within 45 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities.

The Commissioner may, in his discretion, vacate and set aside the stay order if payment is not timely made as provided herein or as provided for in a subsequent agreement between respondent and the Commissioner. The vacation and the set aside of the stay shall remain in effect until payment is made in full, or until respondent enters into an agreement satisfactory to the Commissioner to provide for payment.

Should no order vacating the stay be issued, either in accordance with this condition or with condition number 2.c., the stay imposed herein shall become permanent.

NOT ADOPTED

NOT ADOPTED

- c. That no final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within one (1) year of the effective date of this Decision. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order and reimpose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

DATED: 5/1/97



SAMUEL D. REYES
Administrative Law Judge
Office of Administrative Hearings

*Sub
Zinn*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
FEB - 6 1997
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of)
) Case No. H-26902 LA
) OAH No. L-9701216
SOUTHLAND FINANCIAL, INC.,)
and JAMES HOWARD TASSELL,)
Respondents.)

By *Laura B. Orma*

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 314 West First Street, Los Angeles, California, on APRIL 1, 1997, at the hour of 9:00 a.m. or as soon thereafter as the matter can be heard, upon the Accusation served upon you.

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

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

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

Dated: FFR - 6 1997

DEPARTMENT OF REAL ESTATE

By: *James R. Peel*
JAMES R. PEEL, Counsel

cc: Southland Financial Inc.
James Howard Tassell
Fred Zinn, Esq.
Sacto.
OAH

*Excto
Zan*

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

JAMES R. PEEL, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, CA 90012
(213) 897-3937

FILED
NOV - 6 1996
DEPARTMENT OF REAL ESTATE

By Laura B. Orone

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)	NO. H-26902 LA
SOUTHLAND FINANCIAL, INC.)	<u>A C C U S A T I O N</u>
and JAMES HOWARD TASSELL,)	
)	
)	
)	
Respondents.)	

The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against, SOUTHLAND FINANCIAL, INC. and JAMES HOWARD TASSELL, alleges as follows:

I

The Complainant, Thomas Mc Crady, acting in his official capacity as a Deputy Real Estate Commissioner of the State of California, makes this Accusation against SOUTHLAND FINANCIAL, INC., and JAMES HOWARD TASSELL.

/
/

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

II

SOUTHLAND FINANCIAL, INC., and JAMES HOWARD TASSELL (hereinafter referred to as respondents) are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter referred to as the "Code").

III

At all times herein mentioned, respondent SOUTHLAND FINANCIAL, INC., was licensed by the Department of Real Estate as a corporate real estate broker, and respondent JAMES HOWARD TASSELL was licensed as the designated broker officer of said corporation, and ordered, authorized or participated in the illegal conduct of respondent SOUTHLAND FINANCIAL, INC., as alleged in this Accusation.

IV

At all times herein mentioned respondent SOUTHLAND FINANCIAL, INC., on behalf of others in expectation of compensation, engaged in the business, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Section 10131(d) and (e) of the Code, including soliciting borrowers and lenders and negotiating loans on real property, as well as collecting payments from borrowers on behalf of the lenders.

/
/
/
/

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

V

During 1993 through 1996, in connection with the aforesaid real estate brokerage activities, respondent SOUTHLAND FINANCIAL, INC., accepted or received funds from borrowers and lenders and thereafter made disbursements of such funds.

VI

In connection with respondents' activities as a real estate broker as described above, respondents acted in violation of the Real Estate Law, Business and Professions Code (hereinafter Code), and California Code of Regulations (hereinafter Regulations), Title 10, Chapter 6, as follows:

1. SOUTHLAND FINANCIAL, INC., violated Section 10145(a) of the Code and Regulation 2832.1 by maintaining as of May 31, 1996, a shortage in trust account No. 09-02-088228 in the amount of \$560,950.26.

2. SOUTHLAND FINANCIAL, INC., violated Regulation 2831.1 by failing to maintain a separate record for each beneficiary or transaction.

3. SOUTHLAND FINANCIAL, INC., violated Regulation 2831.2 by failing to maintain monthly reconciliations of the balance of all separate beneficiary records with the columnar record of all trust funds received and disbursed.

VII

The conduct of respondent SOUTHLAND FINANCIAL, INC., as alleged above, subjects its real estate license and license rights to suspension or revocation pursuant to Sections 10177(d) and 10177(g) of the Code.

VIII

1
2 The conduct of respondent JAMES HOWARD TASSELL, as
3 alleged above, as the responsible individual, by allowing and
4 permitting respondent SOUTHLAND FINANCIAL, INC., to engage in the
5 conduct specified in Paragraph VI above, subjects his real estate
6 licenses and license rights to suspension or revocation pursuant
7 to Sections 10177(d) and 10177(h) of the Code.

8
9 WHEREFORE, complainant prays that a hearing be conducted
10 on the allegations of this Accusation and, that upon proof
11 thereof, a decision be rendered imposing disciplinary action
12 against all licenses and license rights of respondents SOUTHLAND
13 FINANCIAL, INC., and JAMES HOWARD TASSELL under the Real Estate
14 Law (Part 1 of Division 4 of the Business and Professions Code)
15 and for such other and further relief as may be proper under other
16 applicable provisions of law.

17 Dated at Los Angeles, California
18 this 6th day of November, 1996.

19 THOMAS McCRADY

20 Deputy Real Estate Commissioner

21
22
23
24
25
26 cc: Southland Financial, Inc.
27 James Howard Tassell
Sacto.
DMH

lbo

