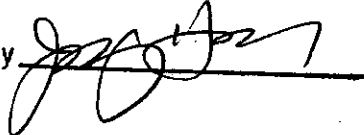


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FILED
OCT 1 2002
DEPARTMENT OF REAL ESTATE
By 

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) NO. H-27202 LA
)
DENNIS A. HARRISON,)
)
Respondent.)

ORDER GRANTING REINSTATEMENT OF LICENSE

On September 11, 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 October 8, 1997, and Respondent has operated as a restricted licensee without cause for disciplinary action against Respondent since that time.

On January 25, 2002, Respondent petitioned for reinstatement of said real estate broker license and the Attorney General of the State of California has been given notice of the filing of said petition.

1 I have considered the petition of Respondent and
2 the evidence and arguments in support thereof including
3 Respondent's record as a restricted licensee. Respondent
4 has demonstrated to my satisfaction that Respondent meets
5 the requirements of law for the issuance to Respondent of
6 an unrestricted real estate broker license and that it would
7 not be against the public interest to issue said license to
8 Respondent DENNIS A. HARRISON.
9

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

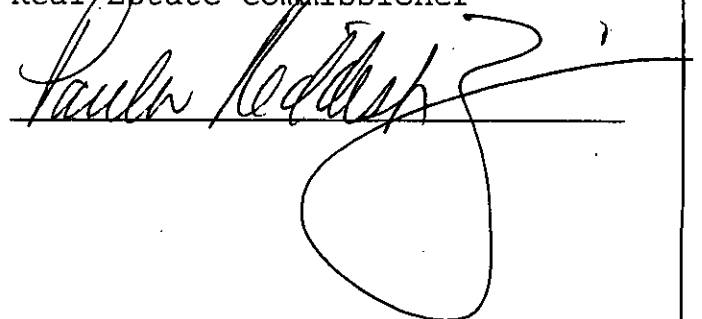
15 1. Submittal of a completed application and payment
16 of the fee for a real estate broker license.

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

22 This Order shall become effective immediately.

23 DATED: September 26, 2002

24 PAULA REDDISH ZINNEMANN
25 Real Estate Commissioner

26 

27 cc: Denis A. Harrison
29055 Rosewood Lane
Highland, CA 92346

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

4 Telephone: (213) 897-3937

FILED
FEB 10 1998
DEPARTMENT OF REAL ESTATE

By C. By

8 BEFORE THE DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 PHIL MARK BARTOE,)
13 HARTFORD BANCORP, a corporation;)
14 and DENNIS A. HARRISON,)
15 individually and as designated)
16 officer of Hartford Bancorp and)
17 dba Castlerock Realty,)
18 Respondents.)

NO. H-27202 LA
L-1997060207

STIPULATION AND AGREEMENT

17 In the Matter of the Accusation of)
18 PHIL MARK BARTOE,)
19 Respondent.)

NO. H-27023 LA
L-9702150

21 It is hereby stipulated by and between PHIL MARK
22 BARTOE (hereinafter "Respondent"), and his attorney of record,
23 Peter Musielski, Esq., and the Complainant, acting by and
24 through Chris Leong, Counsel for the Department of Real Estate,
25 as follows for the purpose of settling and disposing of
26 Accusation H-27202 LA, filed on May 13, 1997 and Accusation H-
27 27023 LA, filed on January 29, 1997, in this matter. Accusation

1 number H-27202 LA, as to the other Respondents has been handled
2 separately.

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

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

14 3. Respondent filed Notices of Defense pursuant to
15 Section 11506 of the Government Code for the purpose of
16 requesting a hearing on the allegations in the Accusations.
17 Respondent hereby freely and voluntarily withdraws said Notices
18 of Defense. Respondent acknowledges that he understands that by
19 withdrawing said Notices of Defense he will thereby waive his
20 right to require the Commissioner to prove the allegations in
21 the Accusations at a contested hearing held in accordance with
22 the provisions of the APA and that Respondent will waive other
23 rights afforded to him in connection with the hearing, such as
24 the right to present evidence in defense of the allegations in
25 the Accusations and the right to cross-examine witnesses.

26 4. In the interest of expedience and economy,
27 Respondent chooses not to contest the factual allegations in the



1 Accusations, but to remain silent and understands that, as a
2 result thereof, these factual statements, without being admitted
3 or denied, will serve as a prima facie basis for the
4 disciplinary action stipulated to herein. The Real Estate
5 Commissioner shall not be required to provide further evidence
6 to prove such allegations.

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

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

24 DETERMINATION OF ISSUES

25 By reason of the foregoing stipulations, admissions
26 and waivers and solely for the purpose of settlement of the
27 pending Accusations without a hearing, it is stipulated and



1 agreed that the following determination of issues shall be made:

2 The acts and omissions of Respondent, described in the
3 Accusations, are cause for the suspension or revocation of all
4 real estate licenses and license rights of Respondent under the
5 provisions of Sections 10177.5, 10177(d)(j)(g), 10145, 10148 and
6 10176(a)(i) of the Business and Professions Code (hereinafter
7 "Code") and Sections 2830, 2831 and 2831.2 of Title 10, Chapter
8 6, California Code of Regulations and Section 10145 of the Code.
9

10 ORDER

11 WHEREFORE, THE FOLLOWING ORDER is hereby made:

12 The license and license rights of Respondent, PHIL
13 MARK BARTOE, under the provisions of Part 1 of Division 4 of the
14 Business and Professions Code, are hereby revoked commencing on
15 the effective date of this Decision.

16 DATED: 12/10/97

CHRIS LEONG
17 CHRIS LEONG, ESQ.
18 Counsel for Complainant

19 * * *

20 I have read the Stipulation and Agreement, have
21 discussed it with my counsel, and its terms are understood by me
22 and are agreeable and acceptable to me. I understand that I am
23 waiving rights given to me by the California Administrative
24 Procedure Act (including but not limited to Sections 11506,
25 11508, 11509 and 11513 of the Government Code), and I willingly,
26 intelligently and voluntarily waive those rights, including the
27 right of requiring the Commissioner to prove the allegations in
the Accusations at a hearing at which I would have the right to

1 cross-examine witnesses against me and to present evidence in
2 defense and mitigation of the charges.

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DATED: 12-4-97 Phil Mark Bartoe
PHIL MARK BARTOE
Respondent

DATED: 12/4/97 Peter F. Musielski
PETER F. MUSIELSKI, ESQ.
Counsel for Respondent

* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision in this matter and shall become effective
at 12 o'clock noon on March 3, 1998.

IT IS SO ORDERED 2/5/98

JIM ANTT, JR.
Real Estate Commissioner
J. Antt

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

FILED
SEP 18 1997
DEPARTMENT OF REAL ESTATE

By CS

8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12 PHIL MARK BARTOE,) NO. H-27202 LA
13 HARTFORD BANCORP, a corporation;) L-9702150
14 and DENNIS A. HARRISON,) STIPULATION AND AGREEMENT
15 individually and as designated)
16 officer of Hartford Bancorp and)
dba Castlerock Realty,)
Respondents.)

17 It is hereby stipulated by and between DENNIS A.
18 HARRISON, individually and as designated officer of Hartford
19 Bancorp and dba Castlerock Realty (hereinafter "Respondent")
20 representing himself and the Complainant, acting by and through
21 Chris Leong, Counsel for the Department of Real Estate, as
22 follows for the purpose of settling and disposing the Accusation
23 filed on May 13, 1997, in this matter. The Accusation as to the
24 other Respondents will be handled separately:

25 1. All issues which were to be contested and all
26 evidence which was to be presented by Complainant and Respondent
27 at a formal hearing on the Accusation, which hearing was to be

1 held in accordance with the provisions of the Administrative
2 Procedure Act (APA), shall instead and in place thereof be
3 submitted solely on the basis of the provisions of this
4 Stipulation and Agreement.

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

9 3. On May 19, 1997, Respondent filed a Notice of
10 Defense pursuant to Section 11506 of the Government Code for the
11 purpose of requesting a hearing on the allegations in the
12 Accusation. Respondent hereby freely and voluntarily withdraws
13 said Notice of Defense. Respondent acknowledges that he
14 understands that by withdrawing said Notice of Defense he will
15 thereby waive his right to require the Commissioner to prove the
16 allegations in the Accusation at a contested hearing held in
17 accordance with the provisions of the APA and that Respondent
18 will waive other rights afforded to him in connection with the
19 hearing, such as the right to present evidence in defense of the
20 allegations in the Accusation and the right to cross-examine
21 witnesses.

22 4. In the interest of expedience and economy,
23 Respondent chooses not to contest the factual allegations in
24 Paragraphs 1 through 32 of the Accusation, but to remain silent
25 and understands that, as a result thereof, these factual
26 statements, without being admitted or denied, will serve as a
27 prima facie basis for the disciplinary action stipulated to

1 herein. The Real Estate Commissioner shall not be required to
2 provide further evidence to prove such allegations.

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

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

20 DETERMINATION OF ISSUES

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

25 The acts and omissions of Respondent, described in the
26 Accusation, are cause for the suspension or revocation of all
27 real estate licenses and license rights of Respondent under the



1 provisions of Sections 10159.2 and 10177(d) of the Business and
2 Professions Code and Sections 2831 and 2831.1 of Title 10,
3 Chapter 6, California Code of Regulations.
4

5 ORDER

6 WHEREFORE, THE FOLLOWING ORDER is hereby made:

7 The license and license rights of Respondent, under
8 the provisions of Part 1 of Division 4 of the Business and
9 Professions Code, are hereby revoked, commencing on the
10 effective date of this Decision. However, Respondent shall be
11 entitled to apply for and be issued a restricted real estate
12 broker license pursuant to Section 10156.5 of the Code, if
13 Respondent:

14 1. Makes application therefore and pays to the
15 Department the appropriate fee for said license within one year
16 from the effective date of this Decision.

17 2. The restricted license issued to Respondent shall
18 be subject to all of the provisions of Section 10156.7 of the
19 Business and Professions Code and to the following limitations,
20 conditions, and restrictions imposed under authority of Section
21 10156.6 of the Code.

22 3. The restricted license may be suspended prior to
23 hearing by Order of the Real Estate Commissioner in the event of
24 Respondent's conviction or plea of nolo contendere to a crime
25 which bears a significant relationship to Respondent's fitness
26 or capacity as a real estate licensee.

27 4. The restricted license may be suspended, prior to
and pending final determination after formal hearing by Order of



1 the Real Estate Commissioner based upon evidence satisfactory to
2 the Commissioner that Respondent has, subsequent to the date
3 hereof, violated provisions of the California Real Estate Law,
4 the Subdivided Lands Law, Regulations of the Real Estate
5 Commissioner or conditions attaching to the restricted license.
6

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

12 6. Respondent shall obey all laws of the United
13 States, the State of California and all its political
14 subdivisions and all the rules and regulations of the Real
15 Estate Commissioner.

16 7. Respondent shall, within one year from the
17 effective date of this Decision, take and pass the Professional
18 Responsibility Examination administered by the Department,
19 including the payment of the appropriate examination fee. If
20 Respondent fails to satisfy this condition, the Commissioner may
21 order suspension of the license until Respondent passes the
22 examination.

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



1 for renewal of a real estate license. If Respondent fails to
2 satisfy this condition, the Real Estate Commissioner shall
3 afford Respondent the opportunity for a hearing pursuant to the
4 Administrative Procedure Act to present such evidence.

5 9. Any restricted real estate broker license issued
6 to Respondent is suspended for a period of thirty (30) days from
7 the date any such restricted real estate broker license is
8 issued.

9 However, any suspension of Respondent's restricted
10 real estate broker license shall be permanently stayed upon
11 condition that:

12 1. Respondent pays the Department's Recovery Account
13 One Thousand Five Hundred Dollars (\$1,500.00) prior to the
14 effective date of this Decision, pursuant to the provisions of
15 Section 10175.2.

16 (1) Payment of the aforementioned monetary penalty
17 shall be in the form of cashier's check or certified check, made
18 payable to the Recovery Account of the Real Estate Fund.
19 Payment must be made prior to the effective date of this
20 Decision.

21 (2) The Commissioner, in exercising his discretion
22 under Code Section 10175.2, agrees by adopting this Decision
23 that it would not be against the public interest to permit such
24 petition by Respondent to pay the aforesaid monetary penalty.

25 10. Respondent shall not be a Designated Officer of a
26 corporate real estate broker while he has a restricted license.

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DATED: 8/22/97

Chris Leong
CHRIS LEONG, ESQ.
Counsel for Complainant

* * *

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

DATED: August 30, 1997

Dennis A. Harrison
DENNIS A. HARRISON, individually
and as designated officer of
Hartford Bancorp and dba
Castlerock Realty
Respondent

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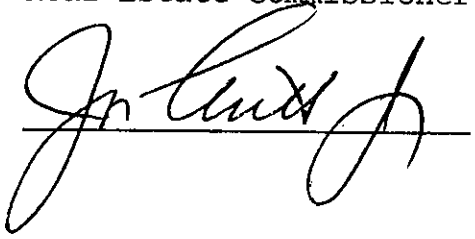
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* * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision in this matter and shall become effective
at 12 o'clock noon on October 8, 1997.

IT IS SO ORDERED 9/11/97.

JIM ANTT, JR.
Real Estate Commissioner



SAC

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
) PHIL MARK BARTOE,)

Case NO. H-27023 LA

OAH NO. L-9702150

In the Matter of the Accusation of)

) PHIL MARK BARTOE;
) HARTFORD BANCORP, a corporation;
) and DENNIS A. HARRISON,
) individually and as designated
) officer of Hartford Bancorp
) and dba Castlerock Realty,
)

Case NO. H-27202 LA

OAH NO. L-1997060207

FILED
SEP 18 1997
DEPARTMENT OF REAL ESTATE

Respondent(s)

NOTICE OF CONTINUED HEARING ON ACCUSATION CB

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, CA 90012 on DECEMBER 18 and 19, 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.

DEPARTMENT OF REAL ESTATE

Dated: September 18, 1997

By CHRIS LEONG
CHRIS LEONG, Counsel

cc: Phil Mark Bartoe
Peter F. Musielski, Esq.
Sacto.
OAH

II

Respondent HARTFORD was licensed as a corporate real estate broker; its license was canceled on November 25, 1996. However, Respondent HARTFORD has license rights under the Real Estate Law, Part 1 of Division 4 of the Business and Professions Code (hereinafter "Code"). At all times herein mentioned, Respondent HARTFORD was licensed or had license rights by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker.

III

At all times mentioned herein, in Los Angeles County, California, HARTFORD engaged in the business of, 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) of the Code, wherein it arranged, negotiated, processed, and consummated, on behalf of others, loans secured by an interest in real property, for compensation or in expectation of compensation.

WINDSOR PLACE TRANSACTION

IV

On or about July 3, 1996, Zantine and Toni Greenwood (hereinafter "the Greenwoods") applied for a loan in the amount of \$25,000.00 to be secured in second position against the Greenwoods' residence located at 1765 Windsor Place, Palmdale, CA 93551 (hereinafter "Windsor Place property"). The loan application was completed by PHIL MARK BARTOE (hereinafter "Bartoe") as an employee of HARTFORD, dba Legacy Mortgage.

V

On or about July 25, 1996, in connection with their loan application, the Greenwoods signed a loan purpose statement instructing HARTFORD to use \$11,516.41 of the loan proceeds to pay off personal debts and \$10,978.59 for home improvements.

VI

On or about July 26, 1996, the Greenwoods' home equity loan escrow closed and HARTFORD prepared a Settlement Statement showing costs paid for the loan as well as disbursements made on the Greenwoods' behalf, including \$11,516.41 to creditors and \$10,978.59 to the Greenwoods.

VII

On or about July 26, 1996, the Greenwoods went to the HARTFORD office and received check number 1001 drawn on the Legacy Mortgage Title 1 Account at First Valley National Bank, account number 0010013881, in the amount of \$10,978.79.

VIII

Also, on or about July 26, 1996, the Greenwoods signed three checks from the above-mentioned Title 1 Account at First Valley National Bank for the payoff of their installment debt as listed in the Truth in Lending Disclosure Statement, as follows: check number 1002 in the amount of \$7,166.41 payable to Zantine & Toni Greenwood & Citibank; check number 1003 in the amount of \$900.00 payable to Zantine & Toni Greenwood & Herman Berger; check number 1004 in the amount of \$3,450.00 payable to Zantine & Toni Greenwood & Alemac Student Loan, for a total of \$11,516.41.

IX

In or about the middle of August 1996, the Greenwoods received a notice of default from Alemac Student Loan. The Greenwoods contacted Alemac Student Loan about the payoff they should have received from Bartoe and HARTFORD. The Greenwoods were informed that no payment had been received in the past month. The Greenwoods also contacted Citibank about the payoff they should have received from Bartoe and HARTFORD. Citibank informed the Greenwoods that no payment had been received in the past month.

X

The Greenwoods then contacted Bartoe about the missing payments. Bartoe told the Greenwoods that the checks must have been lost in the mail and instructed the Greenwoods to come in to the HARTFORD office and sign new checks.

XI

On or about August 20, 1996, the Greenwoods went to the HARTFORD office to sign new checks for the payoff of the Alemac Student Loan and Citibank. Bartoe had prepared check number 1010 in the amount of \$3,350.25 payable to Alemac Student Loan and check number 1012 in the amount of \$7,166.41 payable to Citibank, both checks drawn on the Legacy Mortgage Title 1 Account at First Valley National Bank, account number 0010013881, to replace check numbers 1002 and 1004 that Bartoe said were lost in the mail. The Greenwoods asked to mail the checks; however, Bartoe insisted that it was company policy that HARTFORD mail the payments. Bartoe stated that he would mail the checks himself to the lenders.

XII

On or about Saturday, September 7, 1996, the Greenwoods attempted to use their Citibank Master Card and was informed by the store clerk that their Citibank account had been frozen. The Greenwoods contacted Citibank by telephone and were told that the check Citibank received for payment from HARTFORD had been returned for non-sufficient funds. The Greenwoods then contacted Alemac Student Loan, by telephone, and discovered the check Alemac Student Loan received for payment had also been returned for non-sufficient funds.

XIII

The Greenwoods then telephoned the HARTFORD office and spoke to Bartoe's assistant, Layne Miller, about the bad checks. Later in the day, Bartoe contacted the Greenwoods by telephone and stated he would fax Citibank a letter of explanation. Bartoe also faxed a copy of the letter to the Greenwoods which stated that the NSF checks happened due to a change of ownership in the company.

XIV

On or about September 10, 1996, the Greenwoods contacted First Valley National Bank to see if there were sufficient funds to cover the two checks previously issued numbered 1010 and 1012. The bank representative informed the Greenwoods that there were not enough funds to cover either check. The Greenwoods then contacted Bartoe who stated he would obtain Cashier's Checks to pay off the Greenwoods' debts. Bartoe stated to the Greenwoods that he would put the Cashier's Check into the overnight mail.

XV

On or about September 13, 1996, the Greenwoods contacted Citibank and Alemac Student Loan and was informed that each account had been paid in full.

AUDIT

XVI

From on or about October 7, 1996 through January 21, 1997, the Department conducted an audit of the books and records of HARTFORD. The audit covered the period May 1, 1996 to September 30, 1996, and was performed at the main office address of HARTFORD located at 1216 West Avenue J, Suite 100, Lancaster, California. The results of that audit are set forth in Findings XVII through XIX.

XVII

During 1996, in connection with its real estate business activities, HARTFORD accepted or received funds in trust (hereinafter "trust funds") from or on behalf of lenders and borrowers and thereafter made disbursements of such funds. These trust funds were maintained by HARTFORD in three accounts at First Valley National Bank, 843 West Lancaster Blvd., Lancaster, California.

(i) The first account was in the name of Legacy Mortgage Title 1 Account, Account No. 10013881 (hereinafter "TA#1").

(ii) The second account was in the name of Legacy Mortgage, Account No. 10013872 (hereinafter "TA#2").

(iii) The third account was in the name of Legacy Mortgage General Account, Account No. 10013863 (hereinafter "G/A#1").

XVIII

In connection with those trust funds described in Finding XVII, Respondent HARTFORD:

(a) on or about August 9, 1996, contrary to the representations made by Bartoe concerning the status of the Greenwoods' loan proceeds, allowed Bartoe, as an employee of HARTFORD to convert the Greenwoods' loan proceeds to his personal use by issuing check no. 1006 in the amount of \$5,000 to purchase Cashier's check no. 017629 payable to Doris Tarnoff, and check nos. 1007 and 1013 totaling \$17,000.00 were deposited into G/A#1 to pay the expenses of the corporation, in violation of Section 10176(e) of the Code.

(b) failed to maintain the trust account in the name of the corporate broker as trustee, in violation of Code Section 10145 and Section 2830 of the Regulations;

(c) failed to maintain separate records for TA#1 and failed to maintain accurate and complete separate records of TA#2, in violation of Section 2831.1 of the Regulations;

(d) maintained as signatories on both TA#1 and TA#2 Bartoe, David Carter and Layne Miller. Layne Miller is not a

real estate licensee, nor was he bonded. Bartoe was not licensed as an employee of HARTFORD. David Carter left HARTFORD in mid 1996. The designated officer of HARTFORD, Harrison, was not a signatory to the trust accounts and had not authorized, in writing, anyone else to be signatories, in violation of Section 2834 of the Regulations;

(e) failed to provide Borrower Disclosure Statements to borrowers, including T. Sandelli, J. Jackson, S. Ellis, O. & L. Lira, and Z. & T. Greenwood, in violation of Code Section 10240 and Section 2840 of the Regulations;

(f) failed to maintain correct columnar records for TA#2 as the "daily balances" were not in agreement with the total of the separate records, in violation of Section 2831 of the Regulations;

(g) failed to provide all of the requested separate records for T/A#2, in violation of Section 10148 of the Code;

(h) compensated Bartoe for performing acts requiring a license while he was not licensed as an employee of HARTFORD, this included negotiating and soliciting loans secured by interest in real property on behalf of S. Ellis, O. & L. Lira, and Z. & T. Greenwood, in violation of Section 10137 of the Code.

XIX

As of September 30, 1996, the trust fund liability of TA#1 contained an unexplained overage of \$810.69. There were no separate records for this overage. This mishandling of trust funds constitutes a violation of Section 10145 of the Code.

PRIOR ADMINISTRATIVE ACTION

XX

HARTFORD was issued an Order to Desist and Refrain, H-25656 LA, filed on January 11, 1994, for violating Sections 10145 and 10240 of the Code and Sections 2725, 2752, 2832.1, 2834 and 2840 of the Regulations.

XXI

On January 29, 1997, an Accusation was filed against Bartoe, case number H-27023 LA, asking for the revocation of Bartoe's license pursuant to Section 10177.5 of the Code.

DETERMINATION OF ISSUES

I

The conduct of Respondent HARTFORD, in handling trust funds and records as alleged in Findings I through XIX, constitutes violation under Sections 10145, 10148, 10240 and 10177(d) of the Code and Sections 2830, 2831, 2831.1, 2831.2 and 2840 of the Regulations. Said conduct is cause pursuant to Sections 10176(a), (e) and (i) and 10177(d) of the Code for the suspension or revocation of all licenses and license rights of Respondent HARTFORD under Real Estate Law.

II

The conduct of Respondent HARTFORD, in employing Bartoe, constitutes unlawful employment of Bartoe. Said conduct is cause for the suspension or revocation of all licenses and license rights of Respondent HARTFORD under Section 10137 of the Code.

III

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

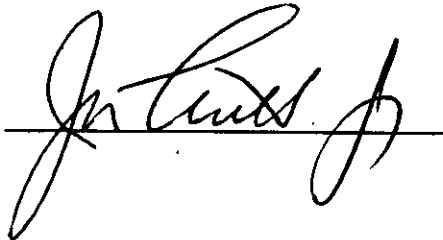
ORDER

The license and license rights of Respondent, HARTFORD BANCORP, a corporation, under the provisions of Part 1 of Division 4 of the Business and Professions Code, are revoked.

This Decision shall become effective at 12 o'clock noon on August 12, 1997.

DATED: 7/17/97

JIM ANTT, JR.
Real Estate Commissioner



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

(213) 897-3937

FILED
JUN 17 1997
DEPARTMENT OF REAL ESTATE

By C. B. [Signature]

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	NO. H-27202 LA
)	
PHIL MARK BARTOE;)	<u>DEFAULT ORDER</u>
HARTFORD BANCORP, a corporation;)	
and DENNIS A. HARRISON,)	
individually and as designated)	
officer of Hartford Bancorp)	
and dba Castlerock Realty,)	
)	
Respondents.)	

Respondent, HARTFORD BANCORP, a corporation, having failed to file a Notice of Defense within the time required by Section 11506 of the Government Code, is now in default. It is, therefore, ordered that a default be entered on the record in this matter.

IT IS SO ORDERED June 17, 1997.

JIM ANTT, JR.
Real Estate Commissioner

[Signature]
By: RANDOLPH BRENDIA
Regional Manager

SAC

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)

PHIL MARK BARTOE,)

Case NO. H-27023 LA

OAH NO. L-9702150

In the Matter of the Accusation of)

PHIL MARK BARTOE;
HARTFORD BANCORP, a corporation;
and DENNIS A. HARRISON,
individually and as designated
officer of Hartford Bancorp
and dba Castlerock Realty,)

Case NO. H-27202 LA

OAH NO. L-1997060207

Respondent(s)

FILED
JUN 24 1997
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

By CB

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, CA 90012 on AUGUST 25, 26, 27 and 28, 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.

DEPARTMENT OF REAL ESTATE

Dated: June 24, 1997

By Chris Leong
CHRIS LEONG, Counsel

cc: Phil Mark Bartoe
Peter F. Musielski, Esq.
Dennis A. Harrison
Sacto.
OAH

SAC

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CHRIS LEONG, Counsel
Department of Real Estate
107 South Broadway, Room 8107
Los Angeles, CA 90012
(213) 897-3937

FILED
MAY 13 1997
DEPARTMENT OF REAL ESTATE

By CS

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	NO. H-27202 LA
)	
PHIL MARK BARTOE;)	<u>A C C U S A T I O N</u>
HARTFORD BANCORP, a corporation;)	
and DENNIS A. HARRISON,)	
individually and as designated)	
officer of Hartford Bancorp and)	
dba Castlerock Realty,)	
)	
Respondents.)	
)	

1.

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against PHIL MARK BARTOE (hereinafter "BARTOE"); HARTFORD BANCORP, a corporation (hereinafter "HARTFORD"); and DENNIS A. HARRISON, individually and as designated officer of Hartford Bancorp and dba Castlerock Realty (hereinafter "HARRISON"), hereinafter sometimes collectively referred to as "Respondents", is informed and alleges as follows:

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2.

All Sections of Title 10, Chapter 6, California Code of Regulations, are hereinafter referred to as "Regulations".

3.

At all times herein mentioned, HARTFORD was licensed by, or had license rights with, the Department as a corporate real estate broker. HARTFORD was licensed to do business as Legacy Mortgage. HARRISON was the designated officer of HARTFORD from May 10, 1996 to November 25, 1996.

4.

At all times herein mentioned, HARRISON was licensed by or had license rights with, the Department of Real Estate, State of California (hereinafter "Department") as a real estate broker. HARRISON was the designated officer of HARTFORD from May 10, 1996 to November 25, 1996.

5.

At all times herein mentioned, BARTOE was licensed by or had license rights with the Department as a real estate salesperson. BARTOE, at no time herein mentioned, was licensed as an employee of HARTFORD. Although BARTOE was performing acts on behalf of HARTFORD, HARRISON and HARTFORD failed to notify the Department that BARTOE was employed by them.

6.

From May 10, 1996 to November 25, 1996, Respondent HARRISON was and still is licensed by the Department as the designated officer of HARTFORD and was responsible for the supervision and control of the activities conducted on behalf of

1 the corporation by its officers and employees as necessary to
2 secure full compliance with the Real Estate Law, as set forth in
3 Section 10159.2 of the Business and Professions Code (hereinafter
4 "Code").

5 7.

6 All further references to HARTFORD shall be deemed to
7 refer to, in addition to HARTFORD, the officers, directors,
8 employees, agents and real estate licensees employed by or
9 associated with HARTFORD, who at all times herein mentioned were
10 engaged in the furtherance of the business or operations of said
11 parties and who were acting within the course and scope of their
12 corporate authority and employment.

13 8.

14 At all times mentioned herein, in Los Angeles County,
15 California, Respondents engaged in the business of, acted in the
16 capacity of, advertised or assumed to act as real estate brokers
17 in the State of California, within the meaning of Section
18 10131(d) of the Code, wherein they arranged, negotiated,
19 processed, and consummated, on behalf of others, loans secured by
20 an interest in real property, for compensation or in expectation
21 of compensation.

22 WINDSOR PLACE TRANSACTION

23 9.

24 On or about July 3, 1996, Zantine and Toni Greenwood
25 (hereinafter "the Greenwoods") applied for a loan in the amount
26 of \$25,000.00 to be secured in second position against the
27 Greenwood residence located at 1765 Windsor Place, Palmdale, CA



1 93551 (hereinafter "Windsor Place property"). The loan
2 application was completed by BARTOE as an employee of HARTFORD,
3 dba Legacy Mortgage.

4 10.

5 On or about July 25, 1996, in connection with their
6 loan application, the Greenwoods signed a loan purpose statement
7 instructing HARTFORD to use \$11,516.41 of the loan proceeds to
8 pay off personal debts and \$10,978.59 for home improvements.

9 11.

10 On or about July 26, 1996, the Greenwoods' home equity
11 loan escrow closed and HARTFORD prepared a Settlement Statement
12 showing costs paid for the loan as well as disbursements made on
13 the Greenwoods' behalf, including \$11,516.41 to creditors and
14 \$10,978.59 to the Greenwoods.

15 12.

16 On or about July 26, 1996, the Greenwoods went to the
17 HARTFORD office and received check number 1001 drawn on the
18 Legacy Mortgage Title 1 Account at First Valley National Bank,
19 account number 0010013881, in the amount of \$10,978.79.

20 13.

21 Also, on or about July 26, 1996, the Greenwoods signed
22 three checks from the above-mentioned Title 1 Account at First
23 Valley National Bank for the payoff of their installment debt as
24 listed in the Truth in Lending Disclosure Statement, as follows:
25 check number 1002 in the amount of \$7,166.41 payable to Zantine &
26 Toni Greenwood & Citibank; check number 1003 in the amount of
27 \$900.00 payable to Zantine & Toni Greenwood & Herman Berger;



1 check number 1004 in the amount of \$3,450.00 payable to Zantine &
2 Toni Greenwood & Alemac Student Loan, for a total of \$11,516.41.

3 14.

4 In or about the middle of August 1996, the Greenwoods
5 received a notice of default from Alemac Student Loan. The
6 Greenwoods contacted Alemac Student Loan about the payoff they
7 should have received from BARTOE and HARTFORD. The Greenwoods
8 were informed that no payment had been received in the past
9 month. The Greenwoods also contacted Citibank about the payoff
10 they should have received from BARTOE and HARTFORD. Citibank
11 informed the Greenwoods that no payment had been received in the
12 past month.

13 15.

14 The Greenwoods then contacted BARTOE about the missing
15 payments. BARTOE told the Greenwoods that the checks must have
16 been lost in the mail and instructed the Greenwoods to come in to
17 the HARTFORD office and sign new checks.

18 16.

19 On or about August 20, 1996, the Greenwoods went to the
20 HARTFORD office to sign new checks for the payoff of the Alemac
21 Student Loan and Citibank. BARTOE had prepared check number 1010
22 in the amount of \$3,350.25 payable to Alemac Student Loan and
23 check number 1012 in the amount of \$7,166.41 payable to Citibank,
24 both checks drawn on the Legacy Mortgage Title 1 Account at First
25 Valley National Bank, account number 0010013881, to replace check
26 numbers 1002 and 1004 that BARTOE said were lost in the mail.
27 The Greenwoods asked to mail the checks; however, BARTOE insisted



1 that it was company policy that HARTFORD mail the payments.
2 BARTOE stated that he would mail the checks himself to the
3 lenders.

4 17.

5 On or about Saturday, September 7, 1996, the Greenwoods
6 attempted to use their Citibank Master Card and was informed by
7 the store clerk that their Citibank account had been frozen. The
8 Greenwoods contacted Citibank by telephone and were told that the
9 check Citibank received for payment from HARTFORD had been
10 returned for non-sufficient funds. The Greenwoods then contacted
11 Alemac Student Loan, by telephone, and discovered the check
12 Alemac Student Loan received for payment had also been returned
13 for non-sufficient funds.

14 18.

15 The Greenwoods then telephoned the HARTFORD office and
16 spoke to BARTOE's assistant, Layne Miller, about the bad checks.
17 Later in the day, BARTOE contacted the Greenwoods by telephone
18 and stated he would fax Citibank a letter of explanation. BARTOE
19 also faxed a copy of the letter to the Greenwoods which stated
20 that the NSF checks happened due to a change of ownership in the
21 company.

22 19.

23 On or about September 10, 1996, the Greenwoods
24 contacted First Valley National Bank to see if there were
25 sufficient funds to cover the two checks previously issued
26 numbered 1010 and 1012. The bank representative informed the
27 Greenwoods that there were not enough funds to cover either

1 check. The Greenwoods then contacted BARTOE who stated he would
2 obtain Cashier's Checks to pay off the Greenwoods' debts. BARTOE
3 stated to the Greenwoods that he would put the Cashier's Check
4 into the overnight mail.

5 20.

6 On or about September 13, 1996, the Greenwoods
7 contacted Citibank and Alemac Student Loan and was informed that
8 each account had been paid in full.

9 AUDIT

10 21.

11 From on or about October 7, 1996 through January 21,
12 1997, the Department conducted an audit of the books and records
13 of HARTFORD. The audit covered the period May 1, 1996 to
14 September 30, 1996, and was performed at the main office address
15 of HARTFORD located at 1216 West Avenue J, Suite 100, Lancaster,
16 California. The results of that audit are set forth in
17 Paragraphs 22 through 24.

18 22.

19 During 1996, in connection with their real estate
20 business activities, Respondents accepted or received funds in
21 trust (hereinafter "trust funds") from or on behalf of lenders
22 and borrowers and thereafter made disbursements of such funds.
23 These trust funds were maintained by Respondents in three
24 accounts at First Valley National Bank, 843 West Lancaster Blvd.,
25 Lancaster, California.

26 (i) The first account was in the name of Legacy
27 Mortgage Title 1 Account, Account No. 10013881 (hereinafter

1 "TA#1").

2 (ii) The second account was in the name of Legacy
3 Mortgage, Account No. 10013872 (hereinafter "TA#2").

4 (iii) The third account was in the name of Legacy
5 Mortgage General Account, Account No. 10013863 (hereinafter
6 "G/A#1").

7 23.

8 In connection with those trust funds described in
9 Paragraph 22, Respondents HARTFORD and HARRISON:

10 (a) on or about August 9, 1996, contrary to the
11 representations made by BARTOE concerning the status of the
12 Greenwoods' loan proceeds, BARTOE, as an employee of HARTFORD and
13 HARRISON, converted the Greenwoods' loan proceeds to his personal
14 use by issuing check no. 1006 in the amount of \$5,000 to purchase
15 Cashier's check no. 017629 payable to Doris Tarnoff, and check
16 nos. 1007 and 1013 totaling \$17,000.00 were deposited into G/A#1
17 to pay the expenses of the corporation, in violation of Section
18 10176(e) of the Code.

19 (b) failed to maintain the trust account in the name
20 of the corporate broker as trustee, in violation of Code Section
21 10145 and Section 2830 of the Regulations;

22 (c) failed to maintain separate records for TA#1 and
23 failed to maintain accurate and complete separate records of
24 TA#2, in violation of Section 2831.1 of the Regulations;

25 (d) maintained as signatories on both TA#1 and TA#2
26 BARTOE, David Carter and Layne Miller. Layne Miller is not a
27 real estate licensee; BARTOE was not licensed as an employeee of



1 HARTFORD; David Carter left HARTFORD in mid 1996, and HARRISON
2 was not a signatory to the trust accounts and had not authorized,
3 in writing, anyone else to be signatories, in violation of
4 Section 2834 of the Regulations;

5 (e) failed to provide Borrower Disclosure Statements
6 to borrowers, including T. Sandelli, J. Jackson, S. Ellis,
7 O. & L. Lira, and Z. & T. Greenwood, in violation of Code Section
8 10240 and Section 2840 of the Regulations;

9 (f) failed to maintain correct columnar records for
10 TA#2 as the "daily balances" were not in agreement with the total
11 of the separate records, in violation of Section 2831 of the
12 Regulations;

13 (g) HARRISON failed to adequately supervise the real
14 estate activities of HARTFORD, in violation of Section 10159.2 of
15 the Code;

16 (h) failed to provide all of the requested separate
17 records for T/A#2, in violation of Section 10148 of the Code;

18 (i) compensated BARTOE for performing acts requiring a
19 license while he was not licensed as an employee of HARTFORD,
20 this included negotiating and soliciting loans secured by
21 interest in real property on behalf of S. Ellis, O. & L. Lira,
22 and Z. & T. Greenwood, in violation of Section 10137 of the Code.

23 24.

24 As of September 30, 1996, the trust fund liability of
25 TA#1 contained an unexplained overage of \$810.69. There were no
26 separate records for this overage. This mishandling of trust
27 funds constitutes a violation of Section 10145 of the Code.



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PRIOR ADMINISTRATIVE ACTION

25.

HARTFORD was issued an Order to Desist and Refrain, H-25656 LA, filed on January 11, 1994, for violating Sections 10145 and 10240 of the Code and Sections 2725, 2752, 2832.1, 2834 and 2840 of the Regulations.

26.

On January 29, 1997, an Accusation was filed against BARTOE, case number H-27023 LA, for violating Section 10177.5 of the Code.

FIRST CAUSE OF ACCUSATION

(Violation by Respondents BARTOE, HARTFORD and HARRISON of Sections 10145, 10148, 10176(a), (e) and (i), and 10177(d) of the Code and Sections 2830, 2831, 2831.1, 2831.2, and 2840 of the Regulations)

27.

As a First Cause of Accusation, Complainant incorporates herein by this reference the Preamble and each of the allegations in Paragraphs 1 through 26, herein above.

28.

The conduct of all Respondents, in handling trust funds and records as alleged in Paragraphs 1 through 26, constitutes violation under Sections 10145, 10148, 10240 and 10177(d) of the Code and Sections 2830, 2831, 2831.1, 2831.2 and 2840 of the Regulations. Said conduct is cause pursuant to Sections 10176(a), (e) and (i) and 10177(d) of the Code for the suspension

1 or revocation of all licenses and license rights of Respondents
2 under Real Estate Law.

3 SECOND CAUSE OF ACCUSATION

4 (Violation by Respondent HARTFORD of Section 10137 of the Code)

5 29.

6 As a Second Cause of Accusation, Complainant
7 incorporates herein by this reference the Preamble and each of
8 the allegations in Paragraphs 1 through 26, herein above.

9 30.

10 The conduct of Respondent HARTFORD, in employing BARTOE,
11 constitutes unlawful employment of BARTOE. Said conduct is cause
12 for the suspension or revocation of all licenses and license rights
13 of Respondent HARTFORD under Section 10137 of the Code.

14 THIRD CAUSE OF ACCUSATION

15 (Violation by Respondent HARRISON of Section 10159.2 of the Code)

16 31.

17 As a Third Cause of Accusation, Complainant
18 incorporates herein by this reference the Preamble and each of
19 the allegations in Paragraphs 1 through 26, herein above.

20 32.

21 The conduct of Respondent HARRISON, in allowing BARTOE
22 and HARTFORD to violate Sections 10145, 10159.2, 10148, 10137,
23 10176(e) and 10177(d) of the Code and Sections 2830, 2831,
24 2831.1, 2831.2, 2834 and 2840 of the Regulations is cause for the
25 suspension or revocation of all licenses and license rights of
26 Respondent HARRISON, pursuant to Code Section 10177(d), for
27 violation of Section 10159.2 of the Code.



1 WHEREFORE, Complainant prays that a hearing be
2 conducted on the allegations of this Accusation and that upon
3 proof thereof, a decision be rendered imposing disciplinary
4 action against all licenses and license rights of Respondents
5 PHIL MARK BARTOE; HARTFORD BANCORP, a corporation; and DENNIS A.
6 HARRISON, individually and as designated officer of Hartford
7 Bancorp and dba Castlerock Realty, under the Real Estate Law
8 (Part 1 of Division 4 of the Business and Professions Code), and
9 for such other and further relief as may be proper under other
10 applicable provisions of law.

11 Dated at Los Angeles, California
12 this 13th day of May, 1997.

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THOMAS MCCRADY

Deputy Real Estate Commissioner

cc: Phil Mark Bartoe
Hartford Bancorp
Dennis A. Harrison
Sacto.
LA Audit Section
PI