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FILED
SEP. - 4 1998
DEPARTMENT OF REAL ESTATE

By K. M. Maderholt

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)
)
CITIFED DIVERSIFIED, INC.,) DRE H-27339 LA
) and, DARLENE SUE WARD,)
) individually and as designated) OAH L-1998020296
) officer of Citifed)
) Diversified, Inc.)
)
) Respondents.)

DECISION GRANTING MONETARY PENALTIES IN LIEU OF SUSPENSION

On July 16, 1998, a Decision was rendered in the above-entitled matter to become effective August 13, 1998. On July 28, 1998, the effective date was stayed until September 1³, 1998.

On July 28, 1998, Respondent CITIFED DIVERSIFIED, INC., filed a petition of monetary penalty in lieu of actual suspension for the limited purpose of determining whether the suspension imposed against Respondent CITIFED DIVERSIFIED, INC., filed as part of said Decision should be reduced. I have considered the petition of Respondent CITIFED DIVERSIFIED, INC., and it is hereby ordered that the disciplinary action therein imposed against said Respondent is modified to allow said Respondent to pay a monetary penalty pursuant to Section 10175.2 of the Business and Professions Code to



1 the Department in lieu of an actual license suspension in the
2 amount of \$100.00 per day in order to stay all or part of the
3 thirty day suspension. The total would be \$3,000 for all thirty
4 days of the actual suspension.

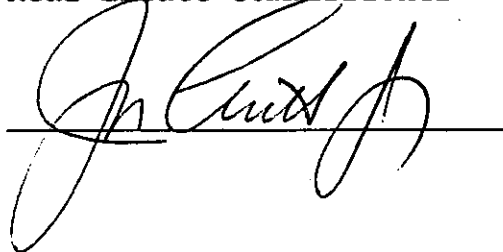
5 Payment of the monetary penalty set forth above shall be
6 in the form of a cashier's check or certified check made payable to
7 the Department of Real Estate. Said check must be delivered to the
8 Department prior to the effective date of the Order in this matter.

9 The Commissioner has determined that this Order is in the
10 public interest and the public welfare will be adequately served by
11 this Order.

12 The Decision of July 16, 1998 shall become effective at
13 12 o'clock noon on September 1~~2~~³, 1998.

14 IT IS SO ORDERED 8/10, 1998

15
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17 JIM ANTT, JR.
18 Real Estate Commissioner

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Backlog

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FILED
AUG - 5 1998

DEPARTMENT OF REAL ESTATE

By *K. Medelich*

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of))	
CITIFED DIVERSIFIED, INC.,))	DRE H-27339 LA
and, DARLENE SUE WARD,))	
individually and as designated))	OAH L-1998020296
officer of Citifed))	
Diversified, Inc.))	
))	
))	
Respondents.))	

ORDER STAYING EFFECTIVE DATE

On July 16, 1998, a Decision was rendered in the above-entitled matter to become effective August 13, 1998.

IT IS HEREBY ORDERED that the effective date of the Decision of July 16, 1998, is stayed for a period of 30 days.

The Decision of July 16, 1998, shall become effective at 12 o'clock noon on September 13, 1998.

DATED *28 July 1998*

Randolph Brenda
Randolph Brenda
Regional Manager



FILED
 JUL 16 1998

DEPARTMENT OF REAL ESTATE

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

By Juan Alonzo

In the Matter of the Accusation of)
)
)
 CITIFED DIVERSIFIED, INC.,)
 and DARLENE SUE WARD,)
 individually and as)
 designated officer of)
 Citifed Diversified, Inc.,)
)
)
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)
 Respondent(s) .)
 _____)

No. H-27339 LA
 L-1998020296

DECISION

The Proposed Decision dated June 11, 1998, of the Administrative Law Judge of the Office of Administrative Hearings, is hereby adopted as the Decision of the Real Estate Commissioner in the above-entitled matter.

This Decision shall become effective at 12 o'clock noon on August 13, 1998.

IT IS SO ORDERED 7/16/98.

JIM ANTT, JR.
 Real Estate Commissioner

J. AnTT

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation)	File No. H-27339 LA
Against:)	
)	
CITIFED DIVERSIFIED, INC.;)	OAH No. L-1998020296
and, DARLENE SUE WARD)	
individually and)	
as designated officer of)	
Citifed Diversified, Inc.,)	
)	
Respondents.)	
<hr/>		

PROPOSED DECISION

On May 19, 1998, in Los Angeles, California, John D. Wagner, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter.

Complainant was represented by Elliott Mac Lennan, Counsel, Department of Real Estate.

Respondents were represented by W. Curtis Cover, Attorney at Law.

Evidence was received, a stipulation of facts and a portion of the following discipline were received, the record was closed and the matter was submitted.

FINDINGS OF FACT

1. Complainant Thomas McCurdy made and filed the Accusation in his official capacity as a Deputy Real Estate Commissioner of the State of California.

2. Respondent Citifed Diversidfied, Inc. (CDI), and respondent Darlene Sue Ward (Ward) are presently licensed and/or have license rights under the Real Estate Law.

3. At all times mentioned herein, CDI (known as Canyon Springs Financial prior to December 24, 1996,) was licensed by the Department of Real Estate of the State of California (Department) as a corporate real estate broker by and through Ward as its

designated officer. As of January 1, 1995, CDI was doing business as American Builders Mortgage

4. As of January 1, 1995, respondent Ward was licensed by the Department as the designated officer of CDI to qualify CDI, and to act for CDI as a real estate broker. As provided by Section 10159.2 of the Business and Professions Code, she was responsible for the supervision and control of the activities conducted on behalf of CDI by its officers, managers and employees as necessary to secure full compliance with the provisions of the Real Estate Law, including the supervision of the salespersons licensed to the corporation in the performance of acts which a real estate license is required.

5. At all times mentioned herein, CDI and Ward were acting as the agent or employee of the other and within the course and scope of such agency or employment.¹

6. At all times mentioned herein, in the City of Santa Ana, Orange County, California, respondent CDI and respondent Ward acted as real estate brokers by soliciting lenders and borrowers for loans secured directly or collaterally by liens on real property. Such loans were arranged, negotiated, processed, and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance.

7. On January 24, 1997, the Department completed a field audit examination of the books and records pertaining to the activities of CDI described in Finding 6. The audit covered the period beginning on August 7, 1996, and ending on November 29, 1996.

8. In connection with the real estate activities described in Finding 6, CDI and Ward, accepted or received funds in trust (trust funds) from or on behalf of borrowers and lenders and thereafter made disbursements of such funds, including credit reports, appraisals and loan processing fees. Respondents maintained the following trust accounts into which they deposited certain of these funds:

“Loan Purchase Trust Account (T/A #1)
Account No. 24435-09829”
Bank of America
South Coast Center Dr.
P.O. Box 60049

“Citified Diversified Trust Account (T/A #2)
Account No. 24431-04234”
Bank of America
South Coast Center Dr.
P.O. Box 60049

¹ Whenever reference is made in these findings to an act or omission of CDI, such finding shall be deemed to mean that the officers, directors, managers, employees, agents and real estate licensees employed by or associated with CDI, including Ward, committed such act or omission while engaged in the furtherance of the business or operation of CDI and while acting within the course and scope of its authority agency and employment.

“Title I Trust Account (T/A #3)
Account No. 24439-09907”
Bank of America
South Coast Center Dr.
P.O. Box 60049

9. With respect to the trust funds referred to in Finding 8, CDI and Ward:

- a. Failed to maintain T/A #1 and T/A #3 in the name of the broker, as required by former Regulation 2830 now Regulation 2832;²
- b. Failed to maintain a separate record for each beneficiary or transaction, thereby failing to account for all trust funds, received, deposited, and disbursed by the trust accounts, as required by Regulation 2831.1;
- c. Failed to perform a monthly reconciliation of the balance of all separate beneficiary or transaction records maintained pursuant to Regulation 2831.1 with the record of all trust funds received and disbursed by T/A #2, as required by Regulation 2831 and in the manner required by Regulation 2831.2;
- d. Commingled CDI’s funds with trust funds in T/A #2 in the amount of \$11,954.06 to \$21,007.06, by failing to disburse all broker owned funds in the trust account within twenty-five (25) days of deposit, in violation of Code Section 10176(e) and Regulation 2835 (Broker money was left in the account because financial records were not available to reconcile the account.)
- e. Failed to place credit report and appraisals fees, accepted on behalf of another, into the hands of the owner of the funds, into a neutral escrow depository or into a trust fund account in the name of the broker as trustee at a bank or other financial institution not later than three business days following receipt of the funds by the broker or by the broker’s salesperson, as required by Section 2832 of the Regulations; and
- f. Permitted an unlicensed person who was insufficiently bonded, Deborah McCarron, to be an authorized signatory on the trust account, in violation of Section 2834 of the Regulations.

10. The above audit examination further revealed that respondent CDI used the fictitious name of “Cartel Diversified, Inc.” to conduct residential resale and mortgage loan activities on behalf of CDI without holding a license bearing said fictitious business name.

11. In mitigation of the above Findings, no client of CDI suffered financial loss. Some of the above findings were the result of CDI not promptly withdrawing its profits from accounts. Respondent Ward was fully cooperative during the audit.

² All references to the “Code” are to the California Business and Professions Code. All references to “Regulations” are to sections in title 10 of the California Code of Regulations.

Prior Discipline

12. On May 18, 1995, in Case No. H-2035 SA, an Accusation was filed against respondent CDI, under its former corporate name of Canyon Springs Financial, a corporation, that resulted in a stayed, suspension that became effective August 6, 1996, for violations of Sections 10145 and 10240 of the California Business and Professions Code and Sections 2726, 2830, 2831, 2831.2, title 10, of the California Code of Regulations. These violations occurred prior to Ward becoming the designated officer of CDI.

DETERMINATION OF ISSUES

1. Cause for discipline of both respondents' licenses was established pursuant to section 10177(d) of the Business and Professions Code for the following violations of said code and regulations:

a. For violation of sections 10145 and 10159.2 of said code, by reason of Finding 9a.

b. For violation of sections 10145 and 10159.2 of said code, and section 2831 of the Regulations, by reason of Finding 9b.

c. For violation of sections 10145 and 10159.2 of said code, by reason of Finding 9c.

d. For violation of sections 10145 and 10159.2 of said code, by reason of Finding 9d.

e. For violation of section 10176(e) of said code, and section 2835 of the Regulations, by reason of Finding 9e.

f. For violation of section 10159.2 of said code, by reason of Finding 9f.

g. For violation of section 2731 of the Regulations, by reason of Finding 10.

2. In view of the fact that respondent Ward was fully cooperative with the audit that provided the evidence for the above violations; that no clients of CDI suffered financial loss; that several of the above violations involved mitigating circumstances; and the fact that the parties have partially stipulated to appropriate discipline, the licenses of both respondents should be restricted with the conditions set forth in the following order.

ORDER

Wherefore, the following order is hereby made:

CITIFED DIVERSIFIED, INC.

1. All licenses and licensing rights of respondent Citifed Diversified, Inc. under the Real Estate Law are revoked; provided, however, a restricted real estate broker license shall be issued to said respondent pursuant to section 10156.5 of the Business and Professions Code if respondent makes application therefore, and pays to the Department of Real Estate the appropriate fee for the restricted license within ninety (90) days of the effective date of this Decision. The restricted license issued to Respondent shall be subject to all the provisions of section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of section 10156.6 of that Code:

a. The restricted license issued to Respondent shall be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's or its designated broker's conviction or plea of nolo contendere to a crime which is substantially related to fitness or capacity as a real estate licensee.

b. The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

c. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until 2 years have elapsed from the effective date of this Decision.

d. Respondent's license and license rights shall be actually suspended for a period of 30 days. Respondent may, pursuant to Section 10175.2, petition the Commissioner to pay a monetary penalty and thereby further stay imposition of the term of the actual suspension.

e. Respondent shall obey all laws, rules and regulations governing the rights, duties and responsibilities of a real estate licensee in the State of California.

f. Pursuant to Section 10148 of the Business and Professions Code, Respondent shall pay \$1,800 as the Commissioner's reasonable cost for a compliance audit to determine if Respondent has corrected the trust fund violations found in Determination of Issues 1. Respondent shall pay such cost within 45 days of receiving an invoice from the Commissioner. The Commissioner may, in his discretion, vacate and set aside the above stay order, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between the 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.

DARLENE SUE WARD

2. All licenses and licensing rights of respondent Darlene Sue Ward under the Real Estate Law are revoked; provided, however, a restricted real estate broker license shall be issued to Respondent pursuant to Section 10156.5 of the Business and Professions Code if Respondent makes application therefor and pays to the Department of Real Estate the appropriate fee for the restricted license within 90 days from the effective date of this Decision. The restricted license issued to Respondent shall be subject to all of the provisions of Section 10156.7 of the Business and Professions Code and to the following limitations, conditions and restrictions imposed under authority of Section 10156.6 of that Code:

a. The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner in the event of Respondent's conviction or plea of nolo contendere to a crime which is substantially related to Respondent's fitness or capacity as a real estate licensee.

b. The restricted license issued to Respondent may be suspended prior to hearing by Order of the Real Estate Commissioner on evidence satisfactory to the Commissioner that Respondent has violated provisions of the California Real Estate Law, the Subdivided Lands Law, Regulations of the Real Estate Commissioner or conditions attaching to the restricted license.

c. Respondent shall not be eligible to apply for the issuance of an unrestricted real estate license nor for the removal of any of the conditions, limitations or restrictions of a restricted license until 1 year has elapsed from the effective date of this Decision.

d. Respondent shall, within nine months from the effective date of this Decision, present evidence satisfactory to the Real Estate Commissioner that Respondent has, since the most recent issuance of an original or renewal real estate license, taken and successfully completed the continuing education requirements of Article 2.5 of Chapter 3 of the Real Estate Law for renewal of a real estate license. If Respondent fails to satisfy this condition, the Commissioner may order the suspension of the restricted license until the Respondent presents such evidence. The Commissioner shall afford Respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

e. Respondent shall, within six months from the effective date of this Decision, take and pass the Professional Responsibility Examination administered by the Department including the payment of the appropriate examination fee. If Respondent fails to satisfy this condition, the Commissioner may order suspension of Respondent's license until Respondent passes the examination.

f. During the first 90 days from the effective date of this Decision, Respondent shall not be the designated officer of any corporation except Citifed Diversified, Inc. and Cartel Diversified, Inc. After 90 days from the effective date of this Decision, Respondent Ward shall not be the designated officer of any corporation, including Citifed Diversified, Inc., except Cartel Diversified, Inc.

g. Respondent shall be jointly and severally liable for the \$1,800 cost of a compliance audit set forth in condition 1f of a restricted license issued to Citifed Diversified, Inc., regardless of whether Respondent is still the designated officer of said corporation. Said condition 1f shall also apply to Respondent Ward.

Dated: June 11, 1998

John D. Wagner
JOHN D. WAGNER
Administrative Law Judge
Office of Administrative Hearings

Sacto DB

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
APR 13 1998
DEPARTMENT OF REAL ESTATE

By *R. Miederhold*

In the Matter of the Accusation of
CITIFED DIVERSIFIED INC., et al.,

}

Case No. H-27339 LA

OAH No. L-1998020296

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at _____
Office of Administrative Hearings, 107 South Broadway, Second Floor
Los Angeles, CA 90012

on May 19, 1998, at the hour of 9:00 a.m.,
or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

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 and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: APR 13 1998

By *e.g. li* Counsel

cc: Citifed Diversified Inc.
Darlene Sue Ward
Sacto
OAH DB

Sacto

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

FILED
MAR - 2 1998
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of

CITIFED DIVERSIFIED INC., et al.,

By *[Signature]*

Case No. H-27339 LA

OAH No. L-1998020296

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at _____
Office of Administrative Hearing, 107 South Broadway, Second Floor
Los Angeles, CA 90012

on April 2, 1998, at the hour of 9:00 a.m.,
or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

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 and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: MAR - 2 1998

By *[Signature]*
Counsel

cc: Citifed Diversified Inc.
Darlene S. Ward
Sacto
OAH DB

RE 501 (Rev. 8/97)
kw

Shado June

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

(213) 897-3937

FILED
AUG 19 1997
DEPARTMENT OF REAL ESTATE

By *K. Kriederholt*

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	No. H-27339 LA
CITIFED DIVERSIFIED, INC.;)	
and, DARLENE SUE WARD)	<u>A C C U S A T I O N</u>
individually and)	
as designated officer of)	
Citifed Diversified, Inc.,)	
)	
)	
Respondents)	
)	

The Complainant, Thomas McCrady, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against CITIFED DIVERSIFIED, INC., dba Canyon Springs Financial, a corporation and dba American Builders Mortgage, and DARLENE SUE WARD, individually and as designated officer of Citifed Diversified, Inc., is informed and alleges in his official capacity as follows:

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CITIFED DIVERSIFIED, INC., (CDI) and DARLENE SUE WARD (WARD), sometimes collectively referred to as respondents, are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code).

II

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

III

At all times mentioned, CDI was licensed by the Department of Real Estate of the State of California (Department) as a corporate real estate broker by and through WARD as designated officer. CDI was first licensed by the Department on November 30, 1987.

IV

At all times mentioned, WARD was licensed by the Department as designated officer of CDI to qualify CDI and to act for CDI as a real estate broker and, as provided by Section 10159.2 of the Code, was responsible for the supervision and control of the activities conducted on behalf of CDI by its officers, managers and employees as necessary to secure full compliance with the provisions of the Real Estate Law including the supervision of the salespersons licensed to the corporation in the performance of acts for which a real estate license is required.

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

VI

At all times mentioned, CDI and WARD were acting as the agent or employee of the other and within the course and scope of such agency or employment.

VII

At all times mentioned, in the City of Santa Ana, Orange County, California, respondent CDI and respondent WARD acted as real estate brokers within the meaning of Code Section 10131(d), whereby lenders and borrowers were solicited for loans secured directly or collaterally by liens on real property, wherein such loans were arranged, negotiated, processed, and consummated on behalf of others for compensation or in expectation of compensation and for fees often collected in advance.

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VIII

On January 24, 1997, the Department completed a field audit examination of the books and records pertaining to the activities of CDI described in Paragraph VII, above, beginning on August 7, 1996, and ending on November 29, 1996, which revealed violations of the Code and the Regulations as set forth in the following paragraphs.

IX

In connection with the aforesaid real estate activities described in Paragraph VII, CDI and WARD, accepted or received funds in trust (trust funds) from or on behalf of borrowers and lenders and thereafter made disbursements of such funds including credit reports, appraisals and loan processing fees. Respondents maintained the following trust accounts into which they deposited certain of these funds:

"Loan Purchase Trust Account (T/A #1)
Account No. 24435-09829"
Bank of America
South Coast Center Dr.
P.O. Box 60049

"Citified Diversified Trust Account (T/A #2)
Account No. 24431-04234"
Bank of America
South Coast Center Dr.
P.O. Box 60049

"Title I Trust Account (T/A #3)
Account No. 24439-09907"
Bank of America
South Coast Center Dr.
P.O. Box 60049

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1
2 With respect to the trust funds referred to in Paragraph
3 IX, CDI and WARD:

4 (a) Failed to maintain T/A #1 and T/A #3 in the name of
5 the broker, as required by former Regulation 2830 now Regulation
6 2832;

7 (b) Failed to maintain a separate record for each
8 beneficiary or transaction, thereby failing to account for all
9 trust funds received, deposited, and disbursed by the trust
10 accounts, as required by Regulation 2831.1;

11 (c) Failed to perform a monthly reconciliation of the
12 balance of all separate beneficiary or transaction records
13 maintained pursuant to Regulation 2831.1 with the record of all
14 trust funds received and disbursed by T/A #2, as required by
15 Regulation 2831 and in the manner required by Regulation 2831.2;

16 (d) Commingled CDI' funds with trust funds in T/A #2,
17 in the amount of \$11,954.06 TO \$21,007.06, by failing to disburse
18 all broker owned funds in the trust account within twenty-five
19 (25) days of deposit, in violation of Section 10176(e) and
20 Regulation 2835;

21 (e) Failed to place credit report and appraisal fees,
22 accepted on behalf of another into the hands of the owner of the
23 funds, into a neutral escrow depository or into a trust fund
24 account in the name of the broker as trustee at a bank or other
25 financial institution not later than three business days following
26 receipt of the funds by the broker or by the broker's salesperson,
27 as required by Section 2832 of the Regulations; and

1 (f) Permitted an unlicensed person who was
2 insufficiently bonded, Deborah McCarron, to be an authorized
3 signatory on the trust account, in violation of Section 2834 of
4 the Regulations.

5 XI

6 The conduct of respondents CDI and WARD, described in
7 Paragraph X, above, violated the Code and the Regulations as set
8 forth below:

9 PARAGRAPH

PROVISIONS VIOLATED

10 X(a)	Section 10145 & 10159.2 of the Code, and 11 Section 2832 of the Regulations
12	
13 X(b)	Section 10145 & 10159.2 of the Code, and 14 Section 2831 of the Regulations
15	
16 X(c)	Section 10145 & 10159.2 of the Code, and 17 Section 2831.1 of the Regulations
18	
19 X(d)	Section 10145 & 10159.2 of the Code, and 20 Section 2831.2 of the Regulations
21	
22 X(e)	Section 10176(e) of the Code, and 23 Section 2835 of the Regulations
24	
25 X(f)	Section 10145 & 10159.2 of the Code, and 26 Section 2834 of the Regulations
27	



1 Each of the foregoing violations separately constitutes cause for
2 the suspension or revocation of the real estate licenses and
3 license rights of respondents CDI and WARD under the provisions of
4 Section 10177(d) of the Code.

5 XII

6 The audit examination further revealed that respondent
7 CDI used the fictitious name of "Cartel Diversified, Inc." to
8 conduct residential resale and mortgage loan activities on behalf
9 of CDI without holding a license bearing said fictitious business
10 name. The conduct of respondent CDI, in failing to obtain
11 licenses for use of the aforesaid name, is in violation of
12 Regulation 2731 and is cause to suspend or revoke respondent's
13 real estate license and license rights under Section 10177(d) of,
14 the Code.

15 Prior Discipline

16 XIII

17 On May 18, 1995, in Case No. H-2035 SA, an Accusation
18 was filed against respondent CDI, under its former corporate name
19 of Canyon Springs Financial, a corporation, that resulted in a
20 suspension stayed that became effective August 6, 1996, for said
21 respondent for violations of Sections 10145 and 10240 of the
22 California Business and Professions Code and Sections 2726, 2830,
23 2831 and 2831.2 of Title 10, Chapter 6, California Code of
24 Regulations.

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WHEREFORE, Complainant prays that a hearing be conducted on the allegations made by the accusation, and, that upon proof thereof, a decision be rendered imposing disciplinary action against the license and license rights of against CITIFED DIVERSIFIED, INC., and DARLENE SUE WARD, individually and as designated officer of Citifed Diversified, Inc., under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code) and for such other and further relief as may be proper under other applicable provisions of law.

Dated at Los Angeles, California
this 19th day of August, 1997.

THOMAS MC CRADY

Deputy Real Estate Commissioner

cc: Citifed Diversified, Inc.
c/o Darlene S. Ward, D.O.
Sacto.
DB