

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

4 (213) 897-3937

FILED
AUG 26 1998
DEPARTMENT OF REAL ESTATE

By K. H. L. L.

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * *

11 In the Matter of the Accusation of)
12)
13 CRAIG H. MORSE,)
14)
15 Respondent.)

NO. H-27446 LA

STIPULATION AND AGREEMENT

16 It is hereby stipulated by and between CRAIG H. MORSE
17 dba Mortgage Express and Mortgage Express Financial Services
18 (sometimes referred to as Respondent), and the Complainant, acting
19 by and through Elliott Mac Lennan, Counsel for the Department of
20 Real Estate, as follows for the purpose of settling and disposing
21 of the Accusation filed on November 26, 1997, in this matter:

22 1. All issues which were to be contested and all
23 evidence which was to be presented by Complainant and Respondent
24 at a formal hearing on the Accusation, which hearing was to be
25 held in accordance with the provisions of the Administrative
26 Procedure Act (APA), shall instead and in place thereof be
27



1 submitted solely on the basis of the provisions of this
2 Stipulation and Agreement (Stipulation).

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

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

18 4. This Stipulation is based on the factual allegations
19 contained in the Accusation. In the interest of expedience and
20 economy, Respondent chooses not to contest these allegations, but
21 to remain silent and understands that, as a result thereof, these
22 factual allegations, without being admitted or denied, will serve
23 as a prima facie basis for the disciplinary action stipulated to
24 herein. The Real Estate Commissioner shall not be required to
25 provide further evidence to prove said factual allegations.

26 5. This Stipulation is based on Respondent's decision
27 not to contest the allegations set forth in the Accusation as a



1 result of the agreement negotiated between the parties. This
2 Stipulation is expressly limited to this proceeding and any
3 further proceeding initiated by or brought before the Department
4 of Real Estate based upon the facts and circumstances alleged in
5 the Accusation for the sole purpose of reaching an agreed
6 disposition of this proceeding. The decision of Respondent not to
7 contest the allegations contained in the "Order" herein below, is
8 made solely for the purpose of effectuating this Stipulation. It
9 is the intent and understanding of the parties that this
10 Stipulation shall not be binding or admissible against Respondent
11 in any actions against Respondent by third parties.

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

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

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

2. That no final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within two (2) years 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.

II

Pursuant to Section 10148 of the Code, Respondent shall pay the Commissioner's reasonable cost for an audit to determine if Respondent is presently in compliance with the Real Estate Law. 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, not to exceed \$2,300, 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 orders 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. Should no order vacating the stay be issued either in accordance with this condition the stay imposed herein shall become permanent.

DATED: 8-3-98

Elliott Mac Lennan
ELLIOTT MAC LENNAN
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: 8-3-98

Craig H. Morse
CRAIG H. MORSE
Respondent



* * * *

The foregoing Stipulation and Agreement is hereby
adopted as my Decision and Order and shall become effective at 12
o' clock noon on September 15, 1998.

IT IS SO ORDERED 8/18, 1998.

JIM ANTT JR.
Real Estate Commissioner



1 ELLIOTT MAC LENNAN, Counsel
2 Department of Real Estate
3 107 South Broadway, Room 8107
4 Los Angeles, California 90012

5 (213) 897-3937

FILED
NOV 26 1997
DEPARTMENT OF REAL ESTATE

By K. Kiederholz

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * * *

11 In the Matter of the Accusation of)

No. ~~H-27446~~ LA

12 CRAIG H. MORSE,)

AMENDED ACCUSATION

13 Respondents.)
14 _____)

15 The Accusation filed on November 21, 1997, is amended as
16 follows:

17 I

18 All references on all papers to Case No. ~~H-27446~~ LA are
19 deleted and, instead thereof, the Case No. ~~H-27446~~ is
20 substituted.
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II

In all other respects, the Accusation filed and served
on November 21, 1997, remain unchanged.

Dated at Los Angeles, California
this 26th day of November, 1997.

THOMAS MC CRADY

Deputy Real Estate Commissioner

cc: Craig H. Morse
Sacto
AK



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

FILED
NOV 21 1997
DEPARTMENT OF REAL ESTATE

By K. McLeichold

9 DEPARTMENT OF REAL ESTATE

10 STATE OF CALIFORNIA

11 * * * * *

12 In the Matter of the Accusation of)
13 CRAIG H. MORSE,)
14)
15)
16 Respondent.)
17 _____)

No. H-27445 LA
A C C U S A T I O N

18 The Complainant, Thomas McCrady, a Deputy Real Estate
19 Commissioner of the State of California, acting in his official
20 capacity as a Deputy Real Estate Commissioner of the State of
21 California, for cause of accusation against CRAIG H. MORSE dba
22 Mortgage Express and dba Mortgage Express Financial Services is
23 informed and alleges as follows:

24 I

25 CRAIG H. MORSE (MORSE), sometimes referred to as
26 Respondent, is presently licensed and/or has license rights under
27 the Real Estate Law (Part 1 of Division 4 of the California



1 Business and Professions Code).

2 II

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

6 III

7 At all times mentioned, MORSE was licensed or had
8 license rights issued by the Department of Real Estate
9 (Department) as a real estate broker. MORSE was initially
10 licensed by the Department as a real estate broker on October 16,
11 1992.

12 IV

13 At all times mentioned, in the City of Westlake Village,
14 Los Angeles County, California, MORSE acted as a real estate
15 broker, within the meaning of Section 10131(d), soliciting lenders
16 and borrowers or negotiating loans secured directly or
17 collaterally by liens on real property, on behalf of others for
18 compensation or in expectation of compensation and for fees often
19 collected in advance. In addition, MORSE conducted broker
20 controlled escrows under the exemption set forth in Section
21 17006(a)(4) of the California Financial Code.

22 V

23 On December 12, 1996, the Department completed a field
24 audit examination of the books and records pertaining to MORSE's
25 licensed activities described in Paragraph IV. The audit
26 examination covered the period of time beginning on March 1, 1994,
27 and ending on October 25, 1996. The audit examination revealed



1 violations of the Code and the Regulations as set forth in the
2 following paragraphs.

3 VI

4 At all times mentioned, in connection with the real
5 estate activities described in Paragraph IV, MORSE accepted or
6 received funds in trust (trust funds) from or on behalf of
7 borrowers and lenders, and thereafter made disposition of such
8 funds. MORSE maintained the following trust account, as the
9 depository of certain of said funds at the Wells Fargo Bank, 11836
10 San Vicente, Los Angeles, California:

11 "Craig Morse Escrow Trust Account
12 DBA Mortgage Express Financial Services
Account Number 0219-736071"

13 VII

14 With respect to the trust funds referred to in Paragraph
15 VI, MORSE:

16 (a) Failed to maintain a separate record for each
17 beneficiary or transaction, thereby failing to account for all
18 trust funds received, deposited, and disbursed out of the trust
19 account, as required by Sections 2831.1, 2950(d) and 2951 of the
20 Regulations.

21 VIII

22 The conduct of Respondent MORSE, described in Paragraph
23 VII, above, violated Section 10145 of the Code and Sections
24 2831.2, 2950(d) and 2951 of the Regulations. This conduct
25 constitutes cause for the suspension or revocation of the real
26 estate license and license rights of Respondent MORSE under the
27 provisions of Section 10177(d) of the Code.



IX

The audit examination revealed that MORSE failed to advise all parties to the escrow operation of Mortgage Express and Mortgage Express Financial Services of MORSE's ownership of said escrow company or companies, as required by Section 2950(h) of the Regulations. This conduct is cause to suspend or revoke Respondent MORSE's license and license rights under Section 10177(d) of the Code.

X

The audit examination also revealed that MORSE failed to have Mortgage Loan Disclosure Statements signed by borrowers Agarwal, Caine, Krendell, Ortega/Villanueva, Silenzzi, Anderson and Carter within three business days of the signing of the loan application, in violation of Section 10240 of the Code and Section 2840 of the Regulations.

XI

The audit examination further revealed that Respondent MORSE used the fictitious name OF "Mortgage Express" to conduct mortgage loan and escrow activities on behalf of MORSE without holding a license bearing this fictitious business name. The conduct of Respondent MORSE in failing to obtain a license for use of Mortgage Express is in violation of Regulation 2731 and is cause to suspend or revoke Respondent MORSE's real estate license and license rights under Section 10177(d) of the Code.

XII

The overall conduct of Respondent MORSE, as described in Paragraphs IV through XI herein above, constitutes negligence or



1 incompetence. This conduct and violation are cause for the
2 suspension or revocation of the real estate license and license
3 rights of Respondent MORSE under the provisions of Section
4 10177(g) of the Code.

5 XIII

6 The audit examination moreover revealed that Respondent
7 MORSE's escrow instructions for of Mortgage Express and Mortgage
8 Express Financial Services activities failed to contain a
9 statement which included the name of the licensee and the State of
10 California department issuing the license or authority under which
11 SDCI operated said escrow company or companies. This conduct
12 constitutes a violation of Section 17403.4 of the California
13 Financial Code and is cause to suspend or revoke MORSE under
14 Sections 10177(d) and 10177(f) of the Code.

15 WHEREFORE, Complainant prays that a hearing be conducted
16 on the allegations of this Accusation and that upon proof thereof,
17 a decision be rendered imposing disciplinary action against the
18 license and license rights of Respondent CRAIG H. MORSE under the
19 Real Estate Law (Part 1 of Division 4 of the Business and
20 Professions Code) and for such other and further relief as may be
21 proper under other applicable provisions of law.

22 Dated at Los Angeles, California
23 this 21st day of November, 1997.

24
25 THOMAS MC CRADY

26 Deputy Real Estate Commissioner

27 cc Craig H. Morse
Sacto
MA

