

1 Department of Real Estate  
107 South Broadway, Room 8107  
2 Los Angeles, California 90012  
3 (213) 897-3937  
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**FILED**  
SEP - 3 1998  
DEPARTMENT OF REAL ESTATE

By K. Kriederholt

8 DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of ) NO. H-27461 LA  
12 )  
12 LANTERN FINANCIAL CORPORATION; ) STIPULATION AND AGREEMENT  
13 and STEPHEN LEIDNER, )  
13 individually and as )  
14 designated officer of, )  
14 Lantern Financial Corporation, )  
15 )  
15 Respondents. )  
16 \_\_\_\_\_ )

17 It is hereby stipulated by and between LANTERN FINANCIAL  
18 CORPORATION and STEPHEN LEIDNER, individually and as designated  
19 officer of Lantern Financial Corporation, (sometimes collectively  
20 referred to as Respondents), and the Complainant, acting by and  
21 through Elliott Mac Lennan, Counsel for the Department of Real  
22 Estate, as follows for the purpose of settling and disposing of  
23 the Accusation filed on December 11, 1997, in this matter:

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

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

12           3. Respondents filed a Notice of Defense pursuant to  
13 Section 11506 of the Government Code for the purpose of requesting  
14 a hearing on the allegations in the Accusation. Respondents  
15 hereby freely and voluntarily withdraw said Notice of Defense.  
16 Respondents acknowledge that they understand that by withdrawing  
17 said Notice of Defense they thereby waive their right to require  
18 the Commissioner to prove the allegations in the Accusation at a  
19 contested hearing held in accordance with the provisions of the  
20 APA and that they will waive other rights afforded to them in  
21 connection with the hearing such as the right to present evidence  
22 in their defense the right to cross-examine witnesses.

23           4. This Stipulation is based on the factual allegations  
24 contained in the Accusation. In the interest of expedience and  
25 economy, Respondents choose not to contest these allegations, but  
26 to remain silent and understand that, as a result thereof, these  
27 factual allegations, without being admitted or denied, will serve



1 as a prima facie basis for the disciplinary action stipulated to  
2 herein. The Real Estate Commissioner shall not be required to  
3 provide further evidence to prove said factual allegations.

4 5. This Stipulation is based on Respondents' decision  
5 not to contest the allegations set forth in the Accusation as a  
6 result of the agreement negotiated between the parties. This  
7 Stipulation is expressly limited to this proceeding and any  
8 further proceeding initiated by or brought before the Department  
9 of Real Estate based upon the facts and circumstances alleged in  
10 the Accusation for the sole purpose of reaching an agreed  
11 disposition of this proceeding without a hearing. The decision of  
12 Respondents not to contest the allegations is made solely for the  
13 purpose of effectuating this Stipulation. It is the intent and  
14 understanding of the parties that this Stipulation shall not be  
15 binding or admissible against Respondents in any actions against  
16 Respondents by third parties.

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

26 7. The Order or any subsequent Order of the Real Estate  
27 Commissioner made pursuant to this Stipulation shall not



1 constitute an estoppel, merger or bar to any further  
2 administrative or civil proceedings by the Department of Real  
3 Estate with respect to any matters which were not specifically  
4 alleged to be causes for accusation in this proceeding, but does  
5 constitute an estoppel, merger and bar to any such matters which  
6 were specifically alleged in this proceeding.

7  
8 DETERMINATION OF ISSUES

9 By reason of the foregoing stipulations, it is  
10 stipulated and agreed that the following determination of issues  
11 shall be made:

12 I

13 The conduct of Respondent LANTERN FINANCIAL CORPORATION,  
14 as described in Paragraph 4, is in violation of Section 10145 of  
15 the Business and Professions Code (Code) and Sections 2832.1,  
16 2831, 2831.1 and 2831.2, of Title 10, Chapter 6 of the California  
17 Code of Regulations (Regulations) and is a basis for the  
18 suspension or revocation of Respondent's license and license  
19 rights as a violation of the Real Estate Law pursuant to Section  
20 10177(d) of the Code.

21 II

22 The conduct of Respondent STEPHEN LEIDNER, as described  
23 in Paragraph 4, constitutes a failure to keep LANTERN FINANCIAL  
24 CORPORATION in compliance with the Real Estate Law during the time  
25 that he was the officer designated by a corporate broker licensee.  
26 This conduct is a basis for the suspension or revocation of  
27 Respondent's license pursuant to Section 10177(h) of the Code.



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ORDER

WHEREFORE THE FOLLOWING ORDER IS MADE PURSUANT  
TO THE WRITTEN STIPULATION OF THE PARTIES:

I

All license and license rights of Respondents LANTERN FINANCIAL CORPORATION and STEPHEN LEIDNER under the Real Estate Law are suspended for a period of ninety (90) days from the effective date of this Decision; provided, however, that if Respondent's petition thirty (30) days of said suspension shall be stayed on the condition that:

1. Respondents pay a monetary penalty pursuant to Section 10175.2 of the Code at the rate of \$50.00 for each day of said suspension stayed, for a total monetary penalty of \$1,500 each.

2. Said payment shall be in the form of a cashier's check or certified check and payable to the Recovery Account of the Real Estate Fund. Said check must be delivered to the Department prior to the effective date of the Decision in this matter.

3. No further cause for disciplinary action against the real estate license of a Respondent occurs within two years of the effective date of the Decision in this matter.

4. If a Respondent fails to pay the monetary penalty in accordance with the terms of the Decision, the

1 Commissioner, may, without a hearing, order the  
2 immediate execution of all or any part of the 30 day  
3 stayed suspension, in which event the Respondent shall  
4 not be entitled to any repayment nor credit,  
5 prorated or otherwise, for money paid to the Department  
6 under the terms of this Decision.

7  
8 5. If Respondent pays the monetary penalty and if no  
9 further cause for disciplinary action against the real  
10 estate license of a Respondent occurs within two (2)  
11 years from the effective date of this Decision, the  
12 thirty (30) day stay granted pursuant to this paragraph  
13 shall become permanent.

14 II

15 1. The remaining sixty (60) days of the ninety (90) day  
16 suspension shall be stayed for two (2) years upon the  
17 following terms and conditions:

18 (a) Respondent shall obey all laws, rules and  
19 regulations governing the rights, duties and  
20 responsibilities of a real estate licensee in the State  
21 of California.

22  
23 (b) That no final subsequent determination be made after  
24 hearing or upon stipulation, that cause for disciplinary  
25 action occurred within two (2) years of the effective  
26 date of this Decision. Should such a determination be  
27 made, the Commissioner may, in his discretion, vacate and



1 set aside the stay order and reimpose all or a portion of  
2 the stayed suspension. Should no such determination be  
3 made, the stay imposed herein shall become permanent.

4  
5 2. As a further condition of staying the ninety (90)  
6 day suspension, Respondents shall first provide evidence  
7 satisfactory to the Commissioner that the deficit in the  
8 amount of \$3,732.24 has been cured including the source  
9 of funds used to cure the deficit.

10 III

11 Pursuant to Section 10148 of the Code, Respondents, or  
12 either of them shall pay the Commissioner's reasonable cost for an  
13 audit to determine if Respondents have corrected the trust fund  
14 violations found in paragraph I of the Determination of Issues.  
15 In calculating the amount of the Commissioner's reasonable cost,  
16 the Commissioner may use the estimated average hourly salary for  
17 all persons performing audits of real estate brokers, and shall  
18 include an allocation for travel time to and from the auditor's  
19 place of work. Respondents shall pay such cost, not to exceed  
20 \$4,400, within 45 days of receiving an invoice from the  
21 Commissioner detailing the activities performed during the audit  
22 and the amount of time spent performing those activities. The  
23 Commissioner may, in his discretion, vacate and set aside the stay  
24 orders if payment is not timely made as provided for herein, or as  
25 provided for in a subsequent agreement between the Respondents and  
26 the Commissioner. The vacation and the set aside of the stay  
27 shall remain in effect until payment is made in full, or until



1 Respondents enter into an agreement satisfactory to the  
2 Commissioner to provide for payment. Should no order vacating the  
3 stays be issued either in accordance with this condition or  
4 conditions 5 and 6, the stay imposed herein shall become  
5 permanent.

6 DATED: 5-6-98 E. J. Li  
7 ELLIOTT MAC LENNAN  
8 Counsel for Complainant

8 \* \* \* \*

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

19 DATED: 7/16/98 [Signature]  
20 LANTERN FINANCIAL CORPORATION  
21 Respondent,  
22 BY: STEPHEN LEIDNER, D.O.

23 DATED: 7/16/98 [Signature]  
24 STEPHEN LEIDNER,  
25 individually and as designated  
26 officer of Lantern Financial  
27 Corporation, Respondent

28 DATED: July 20, 1998 [Signature]  
29 STEVEN GOURLEY, Esq.  
30 Counsel for Respondents



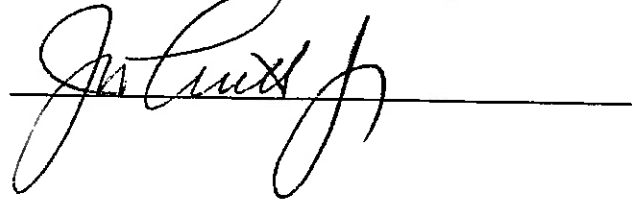
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The foregoing Stipulation and Agreement is hereby  
adopted as my Decision and Order and shall become effective at 12  
o' clock noon on September 23, 1998.

IT IS SO ORDERED 8/27, 1998.

JIM ANTT JR.  
Real Estate Commissioner



*facts  
file*

1 ELLIOTT MAC LENNAN, Counsel  
2 State Bar No. 66674  
3 Department of Real Estate  
4 107 South Broadway, Room 8107  
5 Los Angeles, California 90012  
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8 Telephone: (213) 897-3937  
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**FILED**  
DEC 11 1997  
DEPARTMENT OF REAL ESTATE  
By *K. Mederholz*

DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \* \* \*

11	In the Matter of the Accusation of )	No. H-27461 LA
12	LANTERN FINANCIAL CORPORATION; )	
13	and STEPHEN LEIDNER, )	<u>A C C U S A T I O N</u>
14	individually and )	
15	as designated officer of )	
16	Lantern Financial )	
	Corporation, Inc., )	
	Respondents. )	

17 The Complainant, Thomas McCrady, a Deputy Real Estate  
18 Commissioner of the State of California, for cause of accusation  
19 against LANTERN FINANCIAL CORPORATION, and STEPHEN LEIDNER,  
20 individually and as designated officer of Lantern Financial  
21 Corporation is informed and alleges in his official capacity as  
22 follows:

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I

LANTERN FINANCIAL CORPORATION (LFC) and STEPHEN LEIDNER (LEIDNER), 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, LFC was licensed by the Department of Real Estate of the State of California (Department) as a corporate real estate broker by and through LEIDNER as designated officer. LFC was first licensed by the Department on July 24, 1993.

IV

At all times mentioned, LEIDNER was licensed by the Department as designated officer of LFC to qualify LFC and to act for LFC 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 LFC 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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V

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

VI

At all times mentioned, LFC and LEIDNER 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 Simi Valley, Los Angeles County, California, Respondent LFC and Respondent LEIDNER 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. In addition, Respondents conducted broker controlled escrows under the exemption set forth in Section 17006(a)(4) of the California Financial Code.

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VIII

On October 1, 1997, the Department completed a field audit examination of the books and records pertaining to the activities of LFC described in Paragraph VII. The audit examination covered the period of time beginning on January 1, 1996 and ending on June 30, 1997. The audit examination revealed violations of the Code and the Regulations as now set forth.

IX

In connection with the aforesaid real estate activities described in Paragraph VII, LFC and LEIDNER 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 report, appraisal and loan processing fees. Respondents maintained the following trust accounts at the Bank of America in Sherman Oaks, California, into which they deposited certain of these funds:

- "Lantern Financial Corporation Escrow Trust Account (T/A #1)  
Account No. 2610"
- "Lantern Financial Corporation Assignment Trust (T/A #2)  
Account No. 5498"
- "Lantern Financial Corporation Client Trust Account (T/A #3)  
Univest 2  
Account No. 9477"
- "Lantern Financial Corporation Insurance Trust Account (T/A #4)  
Account No. 6855"
- "Lantern Financial Corporation Client Trust Account (T/A #5)  
Univest 1  
Account No. 0517"
- "Lantern Financial Corporation Client Trust Account (T/A #6)  
Account No. 1769"

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With respect to the trust funds referred to in Paragraph IX, LFC and LEIDNER:

(a) Permitted, allowed or caused the disbursement of trust funds from T/A #1 where the disbursement of said funds reduced the total of aggregate funds in T/A #1, to an amount which, on May 30, 1997, was \$1,375.56 less than the existing aggregate trust fund liability of Respondents to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, as required by Section 10145 of the Code and Section 2832.1 of the Regulations. This shortage was cured during the audit;

(b) Permitted, allowed or caused the disbursement of trust funds from T/A #6 where the disbursement of said funds reduced the total of aggregate funds in T/A #6, to an amount which, on June 30, 1997, was \$2,356.68, less than the existing aggregate trust fund liability of Respondents to every principal who was an owner of said funds, without first obtaining the prior written consent of the owners of said funds, as required by Section 10145 of the Code and Section 2832.1 of the Regulations;

(c) Failed to maintain a control record for the daily balance of the receipt and disposition of all trust funds received by T/A # 5 and T/A #6, as required by Section 2831 of the Regulations;

(d) Failed to maintain a separate record for each beneficiary or transaction, thereby failing to account for all trust funds received, deposited, and disbursed by T/A # 5 and T/A



1 #6, as required by Regulation 2831.1;

2 (e) Failed to perform a monthly reconciliation of the  
3 balance of all separate beneficiary or transaction records  
4 maintained pursuant to Regulation 2831.1 with the record of all  
5 trust funds received and disbursed out of T/A # 5 and T/A #6, as  
6 required by Regulation 2831.2;

7 (f) Failed to perform a monthly reconciliation of the  
8 balance of all separate beneficiary or transaction records  
9 maintained pursuant to Regulation 2831.1 with the record of all  
10 trust funds received and disbursed out of T/A # 3, as required by  
11 Regulation 2831.2;

12 (g) While acting as a principal, LFC failed to place  
13 all funds received from lenders for the purchase of real property  
14 sales contracts or promissory notes secured directly or  
15 collaterally by liens on real property from lender-purchasers W.  
16 Rabinov, Platzner, Barron, Healy, H. Hamburger, Kazan, Loeb and D.  
17 Rabinov, into a neutral escrow depository where the delivery of  
18 the contracts or promissory notes did not occur simultaneously  
19 with the receipt of said funds, as required by Section 10145(b) of  
20 the Code; and

21 (h) Failed to maintain a separate record for each  
22 beneficiary or transaction, thereby failing to account for all  
23 trust funds received, deposited, and disbursed by T/A # 2,  
24 specifically with respect to the \$65.95 overage, as required by  
25 Section 10145 of the Code.

26 /

27 /



The conduct of Respondents LFC and LEIDNER, described in Paragraph X, violated the Code and the Regulations as set forth:

Paragraph

Provisions Violated

X(a) Section 10145 & 10159.2 of the Code, and Section 2832.1 of the Regulations

X(b) Section 10145 & 10159.2 of the Code, and Section 2832.1 of the Regulations

X(c) Section 10145 & 10159.2 of the Code, and Section 2831 of the Regulations

X(d) Section 10145 & 10159.2 of the Code, and Section 2831.1 of the Regulations

X(e) Section 10145 & 10159.2 of the Code, and Section 2831.2 of the Regulations

X(f) Section 10145 & 10159.2 of the Code, and Section 2831.2 of the Regulations

X(g) Section 10145(b) of the Code, and

X(h) Section 10145 of the Code  
Section 2834 of the Regulations





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 LFC and LEIDNER under the provisions  
4 of Section 10177(d) of the Code.

5 XII

6 The investigative audit moreover revealed that LFC and  
7 LEIDNER failed to deliver a statement in writing containing all  
8 the information required by Section 10232.5 of the Code to loan  
9 purchaser H. Hamburger before said purchaser became obligated to  
10 make the purchase and before the receipt by or on behalf of the  
11 broker of any funds from said purchaser. Specifically, the Lender  
12 Purchaser Disclosure Statement was not provided to H. Hamburger  
13 for the Yarbrough and Mellone loans. This conduct constitutes a  
14 violation of Section 10232.4 of the Code and is cause to suspend  
15 or revoke LFC and LEIDNER's real estate licenses and license  
16 rights under Section 10177(d) of the Code.

17 XIII

18 The conduct of Respondents LFC and LEIDNER, as described  
19 in the audit report, to wit, naming LFC as beneficiary of the  
20 loans for the Sanchez, Yarbrough, Mellone, and Childs trust deeds,  
21 without actually funding the loans; failing to provide  
22 documentation to demonstrate that the trust deed assignments were  
23 actually recorded for the H. Hamburger trust deeds for the  
24 Yarbrough and Mellone loans; and, in recording trust deed  
25 assignments after the assignee's funds were received and deposited  
26 for the Kazan, Platzner, Fiszer, Chomette, Loeb and Rabinov loans  
27 into the escrow trust account of T/A #1 constitutes fraud and/or



1 dishonest dealing. This conduct and violation are cause to  
2 suspend or revoke the real estate licenses and license rights of  
3 Respondents LFC and LEIDNER pursuant to Sections 10234 and  
4 10176(i) of the Code.

5 XIV

6 The overall conduct of Respondents LFC and LEIDNER, as  
7 described in Paragraphs VII through XIII herein above, constitutes  
8 negligence and/or incompetence. This conduct and violation are  
9 cause to suspend or revoke the real estate license and license  
10 rights of Respondents LFC and LEIDNER and pursuant to Section  
11 10177(g) of the Code.

12 WHEREFORE, Complainant prays that a hearing be conducted  
13 on the allegations made by the accusation and, that upon proof  
14 thereof, a decision be rendered imposing disciplinary action  
15 against the license and license rights of against LANTERN  
16 FINANCIAL CORPORATION and STEPHEN LEIDNER, individually and as  
17 designated officer of Lantern Financial Corporation, under the  
18 Real Estate Law (Part 1 of Division 4 of the Business and  
19 Professions Code) and for such other and further relief as may be  
20 proper under other applicable provisions of law.

21 Dated at Los Angeles, California  
22 this 11th day of December, 1997.

23  
24 THOMAS MC CRADY  
25 Deputy Real Estate Commissioner

26 cc: Lantern Financial Corporation  
27 c/o Stephen Leidner, D.O.  
Sacto.  
MGS

