

MAY 30 2000

DEPARTMENT OF REAL ESTATE

By Jean Reno

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of	)	No. H-28279 LA
	)	
SENTRY HOME LOANS and	)	L-199120267
HENDON MASON HARRIS,	)	
	)	
Respondents.	)	

ORDER DENYING RECONSIDERATION

On March 16, 2000, a Decision was rendered in the above-entitled matter. The Decision is to become effective on May 30, 2000.

On April 12, 2000, respondent petitioned for reconsideration of the Decision of March 16, 2000.

I have given due consideration to the petition of respondent. I find no good cause to reconsider the Decision of March 16, 2000 and reconsideration is hereby denied.

IT IS SO ORDERED May 30, 2000.

PAULA REDDISH ZINNEBMAN
Real Estate Commissioner

John R. Liberton

- 1 -
BY: John R. Liberator
Chief Deputy Commissioner

30070

FILED
MAY 16 2000

DEPARTMENT OF REAL ESTATE

By [Signature]

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) NO. H-28279 LA
SENTRY HOME LOANS and) L-1999120267
HENDON MASON HARRIS,)
Respondents.)

ORDER STAYING EFFECTIVE DATE

On March 16, 2000, a Decision was rendered in the above-entitled matter to become effective April 18, 2000, and stayed by separate Order to May 18, 2000.

IT IS HEREBY ORDERED that the effective date of the Decision of March 16, 2000, is stayed for an additional period of ten (10) days.

The Decision of March 16, 2000, shall become effective at 12 o'clock noon on May 30, 2000.

DATED: 16 May 2000.

PAULA REDDISH ZINNEBANN
Real estate Commissioner

By: [Signature]
RANDOLPH BRENDIA
Regional Manager

facto
for

FILED
APR 13 2000
DEPARTMENT OF REAL ESTATE

By Laura B. Orme

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of) NO. H-28279 LA
SENTRY HOME LOANS and) L-1999120267
HENDON MASON HARRIS,)
Respondents.)

ORDER STAYING EFFECTIVE DATE

On March 16, 2000, a Decision was rendered in the above-entitled matter to become effective April 18, 2000.

IT IS HEREBY ORDERED that the effective date of the Decision of March 16, 2000, is stayed for a period of 30 days.

The Decision of March 16, 2000, shall become effective at 12 o'clock noon on May 18, 2000.

DATED: April 13, 2000.

PAULA REDDISH ZINNEMANN
Real Estate Commissioner

By:

Randolph Brendia
RANDOLPH BRENDIA
Regional Manager

lbo

FILED
MAR 27 2000
DEPARTMENT OF REAL ESTATE

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

By CS

In the Matter of the Accusation of)
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SENTRY HOME LOANS and)
HENDON MASON HARRIS,)
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Respondents.)

No. H-28279 LA
L-1999120267

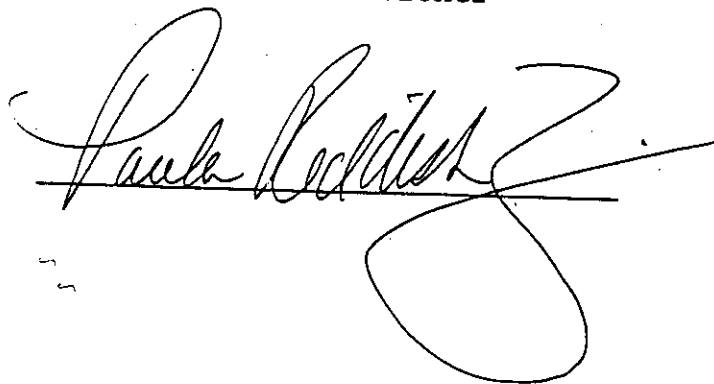
DECISION

The Proposed Decision dated February 1, 2000,
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 April 18, 2000.

IT IS SO ORDERED March 16, 2000.

PAULA REDDISH ZINNEMANN
Real Estate Commissioner



BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of:

) NO. H-28279

SENTRY HOME LOANS

)

and HENDON MASON HARRIS,

) OAH NO. L1999120267

)

Respondents.)

PROPOSED DECISION

This matter was heard on January 26, 2000, at Los Angeles, by Jerry Mitchell, Administrative Law Judge of the Office of Administrative Hearings. The Department of Real Estate was represented by James R. Peel, Counsel. Respondent Hendon Mason Harris was present and represented himself and respondent Sentry Home Loans.

FACTUAL FINDINGS

1. This Accusation was made by Thomas McCrady in his official capacity as a Deputy Real Estate Commissioner of the State of California.
2. Respondent Sentry Home Loans (hereinafter "Respondent #1") is, and at all times mentioned herein was, licensed by the Department of Real Estate as a corporate real estate broker, and respondent Hendon Mason Harris (hereinafter "Respondent #2") is, and at all times mentioned herein was, licensed by the Department of Real Estate as a real estate broker and as the designated officer of Respondent #1.
3. At all times mentioned herein, Respondent #1, on behalf of others in expectation of compensation, engaged in the business, acted in the capacity of, advertised or assumed to act as a real estate broker in the State of California within the meaning of Section 10131(d) of the Business and Professions Code (hereinafter "the Code"), including soliciting borrowers and lenders and negotiating loans on real property.
4. During 1998, in connection with the aforesaid real estate brokerage activities, Respondent #1 accepted or received funds from borrowers and lenders, thereafter made disbursements of such funds, and maintained numerous trust accounts, including account numbers. 2415143, 2415186, and 351030267 (hereinafter "TA #1, TA #2 and TA #3," respectively) at Camarillo Community Bank.

5. In connection with Respondent #1's activities as a real estate broker as described above:

(a) There was a shortage of \$269.07 in TA #3 as of December 31, 1998.

(b) The bank signature card for TA #3 did not indicate that said account was in the broker's name as trustee.

(c) TA #1 and TA #2 were interest-bearing accounts, although Respondent #1 did not have written authorization from the beneficiaries of said accounts authorizing interest-bearing accounts.

(d) Not all trust deeds or assignments thereof were recorded by Respondent #1 in favor of the lenders within 10 days following release of the lenders' funds.

(e) Respondent #1 used the unlicensed fictitious business name "Sentry Escrow" in its real estate business.

(f) Respondent #1 failed to advise all parties in writing of said respondent's ownership interest in the agency holding the escrows, and failed upon closing of escrow transactions to render to each principal a written statement of all receipts and disbursements together with the names of the person to whom disbursements were made.

6. The allegations that notes owned by respondents and sold to lenders were not delivered simultaneously with the receipt of the purchase funds, and the funds received were not placed in a neutral escrow depository were not proved.

7. Respondents established that the shortage in TA #3 described in Factual Finding 5(a) was not, in fact, a shortage, but a bank error that they had the bank correct as soon as it appeared on their bank statement.

8. Respondents established that the bank signature card described in Factual Finding 5(b) was not the most recent signature card for TA #3, and that the most recent signature card indicated that said account was in the broker's name as trustee.

9. Respondents' explanations for Factual Findings 5(c), (d), (e) and (f) do not constitute either a defense to, or mitigation of, said items.

10. Factual Findings 2 and 5(c), (d), (e) and (f) establish that Respondent #2, as the officer designated by the corporate broker licensee, failed to exercise reasonable supervision and control of the activities of Respondent #1 for which a real estate license is required.

11. Respondent established that all of the items described in Factual Finding 5 have been corrected.

12. Respondents were previously disciplined in Case No. H-27536 LA, effective June 29, 1998, wherein their licenses were suspended for 90 days, which suspension was stayed for 2 years upon terms and conditions.

LEGAL CONCLUSIONS

1. Factual Finding 5(c) constitutes a violation by Respondent #1 of Section 10145(d) of the Code, for which said respondent's license is subject to discipline pursuant to Sections 10177(d) and (g) of the Code.

2. Factual Finding 5(d) constitutes a violation by Respondent #1 of Section 10234 of the Code, for which said respondent's license is subject to discipline pursuant to Sections 10177(d) and (g) of the Code.

3. Factual Finding 5(e) constitutes a violation by Respondent #1 of Section 2731 of Title 10, Chapter 6, California Code of Regulations (hereinafter "the Regulations"), for which said respondent's license is subject to discipline pursuant to Sections 10177(d) and (g) of the Code.

4. Factual Finding 5(e) constitutes a violation by Respondent #1 of Section 2731 of the Regulations, for which said respondent's license is subject to discipline pursuant to Sections 10177(d) and (g) of the Code.

5. Factual Finding 5(f) constitutes a violation by Respondent #1 of Section 2950(h) and (i) of the Regulations, for which said respondent's license is subject to discipline pursuant to Sections 10177(d) and (g) of the Code.

6. By reason of Factual Finding 10, Respondent #2's license is subject to discipline pursuant to Section 10177(h) of the Code.

ORDER RE RESPONDENT SENTRY HOME LOANS

All licenses and license rights of respondent Sentry Home Loans under the Real Estate Law are revoked; provided, however, a restricted corporate real estate broker license shall be issued to said respondent pursuant to Section 10156.5 of the Business and Professions Code if said 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:

1. The restricted license issued to respondent shall be suspended for 45 days.
2. 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.
3. 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.
4. 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 thirty (30) months have elapsed from the effective date of this Decision.
5. Pursuant to Section 10148 of the Business and Professions Code, respondent shall pay the Commissioner's reasonable cost for an audit as a result of the trust fund violations found in the Legal Conclusions. In calculating the amount of the Commissioner's reasonable cost, the Commissioner may use the estimated average hourly salary for all Department of Real Estate audit personnel, and shall include an allocation for travel time to and from the auditor's place of work. Respondent shall pay such cost within 45 days of receiving an invoice from the Commissioner detailing the activities performed during the audit and the amount of time spent performing those activities. The Commissioner may suspend the restricted license issued to respondent pending a hearing held in accordance with Section 11500, et seq., of the Government Code, if payment is not timely made as provided for herein, or as provided for in a subsequent agreement between respondent and the Commissioner. The suspension shall remain in effect until payment is made or until respondent enters into an agreement satisfactory to the Commissioner to provide for payment, or until a decision providing otherwise is adopted following a hearing held pursuant to this condition.

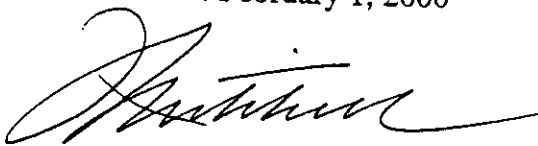
ORDER RE RESPONDENT HENDON MASON HARRIS

All licenses and license rights of respondent Hendon Mason Harris 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 said 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:

1. The restricted license issued to respondent shall be suspended for 45 days.
2. 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.
3. 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.
4. 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 thirty (30) months have elapsed from the effective date of this Decision.
5. Respondent shall within six months from the effective date of the restricted license, 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 the restricted license until respondent passes the examination
6. Respondent shall within nine months from the effective date of this decision, present evidence satisfactory to the Real Estate Commissioner that he 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 respondent presents such evidence. The Commissioner shall afford respondent the opportunity for a hearing pursuant to the Administrative Procedure Act to present such evidence.

DATED: February 1, 2000



JERRY MITCHELL
Administrative Law Judge

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)

SENTRY HOME LOAN, et al.,)

Respondents.)

Case No. H-28279 LA

OAH No. L-1999120267

FILED
JAN 10 2000
DEPARTMENT OF REAL ESTATE

By Laura B. Don

NOTICE OF HEARING ON ACCUSATION

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 320 West Fourth Street, 6th Floor, Suite 630, Los Angeles, California, on JANUARY 26, 2000, 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 upon you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of 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.

Dated: JAN 10 2000

DEPARTMENT OF REAL ESTATE

By:

James R. Peel
JAMES R. PEEL, Counsel

cc: Sentry Home Loans
Hendon Mason Harris
Sacto., Audit Section
OAH

RE 501 (Rev. 8/97)

EM:lbo

1 JAMES R. PEEL, Counsel
2 Department of Real Estate
3 320 W. 4th St., Room 350
4 Los Angeles, California 90013
5 State Bar 47055

6 (213) 576-6913

FILED
NOV 10 1999
DEPARTMENT OF REAL ESTATE

By James B. Crane

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 * * * *

11 In the Matter of the Accusation of) NO. H-28279 LA
12 SENTRY HOME LOANS)
13 and HENDON MASON HARRIS) A C C U S A T I O N
14 Respondents.)

15 The Complainant, Thomas McCrady, a Deputy Real Estate
16 Commissioner of the State of California, for cause of Accusation
17 against SENTRY HOME LOANS and HENDON MASON HARRIS, alleges as
18 follows:

19 I

20 The Complainant, Thomas McCrady, acting in his
21 official capacity as a Deputy Real Estate Commissioner of the
22 State of California makes this Accusation against SENTRY HOME
23 LOANS and HENDON MASON HARRIS.

24 II

25 SENTRY HOME LOANS and HENDON MASON HARRIS (hereinafter
26 referred to as respondents) are presently
27



1 licensed and/or have license rights under the Real Estate Law
2 (Part 1 of Division 4 of the Business and Professions Code,
3 hereinafter "Code").

4 III

5 At all times herein mentioned, respondent SENTRY HOME
6 LOANS was licensed by the Department of Real Estate of the State
7 of California as a corporate real estate broker, and respondent
8 HENDON MASON HARRIS was licensed as the designated broker
9 officer of said corporation, and ordered, authorized or
10 participated in the illegal conduct of respondent SENTRY HOME
11 LOANS, as alleged in this Accusation. Respondents were
12 previously disciplined in Case No. H-27536 LA, effective June
13 29, 1998, whereby their real estate broker licenses were
14 suspended for 90 days which suspension was stayed for 2 years
15 upon terms and conditions.

16
17 IV

18 At all times herein mentioned, respondent SENTRY HOME
19 LOANS, on behalf of others in expectation of compensation,
20 engaged in the business, acted in the capacity of, advertised or
21 assumed to act as a real estate broker in the State of
22 California within the meaning of Section 10131(d) of the Code,
23 including soliciting borrowers and lenders and negotiating loans
24 on real property.

25 V

26 During 1998, in connection with the aforesaid real
27 estate brokerage activities, respondent SENTRY HOME LOANS



1 accepted or received funds from borrowers and lenders and
2 thereafter made disbursements of such funds. Respondent
3 maintained numerous trust accounts at Camarillo Community Bank.

4 VI

5 In connection with respondents' activities as a real
6 estate broker as described above, respondents SENTRY HOME LOANS
7 and HENDON MASON HARRIS, acted in violation of the Real Estate
8 Law, Business and Professions Code (hereinafter Code), and
9 California Code of Regulations (hereinafter Regulations), Title
10 10, Chapter 6, as follows:

11 1. Violated Section 10145(a) of the Code and
12 Regulation 2832.1 by maintaining a shortage in account no.
13 351030267 as of December 31, 1998, in the amount of \$269.07.

14 2. Violated Regulation 2832 in that trust account no.
15 351030267 was not maintained in the broker's name as trustee.

16 3. Violated Section 10145(d) of the Code in that
17 account nos. 2415186 and 2415143 were interest bearing accounts,
18 but respondents did not have written authorization from the
19 trust account beneficiaries authorizing interest bearing
20 accounts.

21 4. Violated Section 10145(b) of the Code in that
22 notes owned by respondents and sold to lenders were not
23 delivered simultaneously with the receipt of the purchase funds,
24 and the funds received were not placed in a neutral escrow
25 depository for transactions involving lenders 1. Dalgaard, 2.
26 Freeman, 3. Tejeda, Kees, Linn, and Levy, and 4. Kimsey,
27 Carstairs, Silver, Beaumont, and Stromsmoe.



1 5. Violated Section 10234 of the Code in that not all
2 trust deeds or assignments of trust deeds were recorded in favor
3 of the lenders within 10 days following release of the lenders'
4 funds for transactions involving lenders 1. Kirschner, Tesser,
5 Greer, Sookman, and White, 2. Andres, 3. 1, 3, and 4 mentioned
6 in paragraph 4 above.

7 6. Violated Regulation 2731 by using the unlicensed
8 fictitious business name Sentry Escrow in their real estate
9 brokerage business.

10 7. Violated Regulation 2950(h) and (i) in that
11 respondents failed to advise all parties in writing of their
12 ownership interest in the agency holding the escrows, and failed
13 upon closing of escrow transactions to render to each principal
14 a written statement of all receipts and disbursements together
15 with the name of the person to whom disbursements were made.

16
17 VII

18 The conduct of respondent SENTRY HOME LOANS, as
19 alleged above, subjects its real estate license and license
20 rights to suspension or revocation pursuant to Sections 10177(d)
21 and 10177(g) of the Code.

22 VIII

23 The conduct of respondent HENDON MASON HARRIS, as
24 alleged above, as the responsible broker, by allowing and
25 permitting respondent SENTRY HOME LOANS to engage in the conduct
26 specified in paragraph VI above, subjects his real estate
27



1 licenses and license rights to suspension or revocation pursuant
2 to Sections 10177(d) and 10177(h) of the Code.

3
4
5 WHEREFORE, complainant prays that a hearing be
6 conducted on the allegations of this Accusation and, that upon
7 proof thereof, a decision be rendered imposing disciplinary
8 action against all licenses and licensing rights of respondents
9 SENTRY HOME LOANS and HENDON MASON HARRIS under the Real Estate
10 Law (Part 1 of Division 4 of the Business and Professions Code)
11 and for such other and further relief as may be proper under
12 other applicable provisions of law.

13
14 Dated at Los Angeles, California this
15 10th day of November, 1999.

16 
17 Deputy Real Estate Commissioner

18
19
20
21
22
23
24
25 cc: Sentry Home Loans
26 Hendon Mason Harris
27 Sacto.
Audit Section
TM
SR

