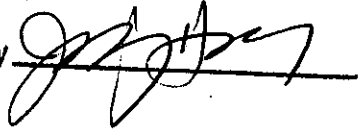


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**FILED**  
SEP 26 2002

DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

\* \* \*

In the Matter of the Accusation of	)	NO. H-28344 LA
	)	
DENIS RAY THOMAS,	)	
	)	
Respondent.	)	
	)	

ORDER GRANTING REINSTATEMENT OF LICENSE

On April 24, 2000, a Decision was rendered herein revoking the real estate broker license of Respondent, but granting Respondent the right to the issuance of a restricted real estate salesperson license. A restricted real estate broker license was issued to Respondent on or about June 1, 2000 and Respondent has operated as a restricted licensee without cause for disciplinary action against Respondent since that time.

///  
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///

1                   On or about August 21, 2001, Respondent petitioned  
2 for reinstatement of his real estate broker license and the  
3 Attorney General of the State of California has been given  
4 notice of the filing of said petition.  
5

6                   I have considered the petition of Respondent and  
7 the evidence and arguments in support thereof. Respondent  
8 has demonstrated to my satisfaction that Respondent meets  
9 the requirements of law for the issuance to Respondent of  
10 an unrestricted real estate broker license and that it would  
11 not be against the public interest to issue said license to  
12 Respondent DENIS RAY THOMAS.

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

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

20 ///

21 ///

22 ///

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27 ///



1 Department of Real Estate  
2 320 West Fourth Street, Suite 350  
3 Los Angeles, California 90013-1105  
4  
5 Telephone: (213) 576-6982  
6  
7

**FILED**  
MAY 12 2000  
DEPARTMENT OF REAL ESTATE

By 

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 SECURITY PACIFIC MORTGAGE ) NO. H-28344 LA  
13 CORPORATION, doing business as ) L-2000010516  
14 Big Bear Escrow, and Prudential ) STIPULATION AND AGREEMENT  
15 Properties of Big Bear; and )  
16 DENIS RAY THOMAS, individually )  
17 and as designated officer of )  
18 Security Pacific Mortgage )  
19 Corporation, )  
20 Respondents. )  
21

18 It is hereby stipulated by and between Respondents  
19 SECURITY PACIFIC MORTGAGE CORPORATION; and DENIS RAY THOMAS,  
20 individually, and as designated officer of SECURITY PACIFIC  
21 MORTGAGE CORPORATION, and their attorney of record, Lawrence H.  
22 Lackman, Esq., and the Complainant, acting by and through Tuan  
23 Van Lai, Counsel for the Department of Real Estate, as follows  
24 for the purpose of settling and disposing of the Accusation filed  
25 on December 16, 1999, in this matter.

26 ///  
27 ///

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.

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. On December 29, 1999, Respondents filed a Notice of  
13 Defense pursuant to Section 11506 of the Government Code for the  
14 purpose of requesting a hearing on the allegations in the  
15 Accusation. Respondents hereby freely and voluntarily withdraw  
16 said Notice of Defense. Respondents acknowledge that they  
17 understand that by withdrawing said Notice of Defense they will  
18 thereby waive their right to require the Commissioner to prove  
19 the allegations in the Accusation at a contested hearing held in  
20 accordance with the provisions of the APA and that they will  
21 waive other rights afforded to them in connection with the  
22 hearing such as the right to present evidence in defense of the  
23 allegations in the Accusation and the right to cross-examine  
24 witnesses.

25           4. This Stipulation is based on factual allegations  
26 contained in the Accusation. In the interest of expedience and  
27 economy, Respondents choose not to contest these allegations, but

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

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

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

23 7. This Stipulation and Agreement is entered into by  
24 each party with the express understanding and agreement that it  
25 is to be used for the purposes of settling this proceeding only  
26 and that it shall not be deemed, used, or accepted as an  
27 acknowledgment or stipulation in any other civil or



1 administrative proceeding to which the Department of Real Estate  
2 is not a party. It shall have no collateral estoppel or res  
3 judicata effect in any proceeding other than a proceeding brought  
4 by the Department of Real Estate.

5 8. Respondents understand that by agreeing to this  
6 Stipulation and Agreement, Respondents agree to pay, pursuant to  
7 Section 10148 of the Business and Professions Code, the cost of  
8 the audit which led to this disciplinary action. The amount of  
9 said cost is \$7,390.77.

10 9. Respondents have received, read, and understand the  
11 "Notice Concerning Costs of Subsequent Audit." Respondents  
12 further understand that by agreeing to this Stipulation and  
13 Agreement, the findings set forth below in the DETERMINATION OF  
14 ISSUES becomes final, and that the Commissioner may charge  
15 Respondents for the costs of any subsequent audit conducted  
16 pursuant to Section 10148 of the Business and Professions Code to  
17 determine if the violations have been corrected. The maximum  
18 costs of said audit will not exceed \$7,390.77.

19 DETERMINATION OF ISSUES

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

24 I

25 The conduct, acts and/or omissions of Respondent  
26 SECURITY PACIFIC MORTGAGE CORPORATION, as alleged in the  
27 Accusation, are cause for the suspension or revocation of all of

1 the real estate licenses and license rights of Respondent  
2 SECURITY PACIFIC MORTGAGE CORPORATION, under the provisions of  
3 Business and Professions Code ("Code") Section 10177(d), for  
4 violation of Code Sections 10145, 10240 and of Title 10, Chapter  
5 6, California Code of Regulations ("Regulations") Sections 2726,  
6 2731, and 2834.

7 II

8 The conduct, acts and/or omissions of Respondent DENIS  
9 RAY THOMAS, as alleged in the Accusation, are cause for the  
10 suspension or revocation of all of the real estate licenses and  
11 license rights of Respondent DENIS RAY THOMAS, under the  
12 provisions of Code Section 10177(h) for violation of Code  
13 Sections 10145, 10240.

14 ORDER

15 WHEREFORE, THE FOLLOWING ORDER is hereby made:

16 I

17 All licenses and license rights of Respondents  
18 SECURITY PACIFIC MORTGAGE CORPORATION and DENIS RAY THOMAS  
19 under the Real Estate Law are revoked; provided, however, a  
20 restricted real estate broker license shall be issued to  
21 Respondents pursuant to Section 10156.5 of the Business and  
22 Professions Code if Respondents make application  
23 therefor and pays to the Department of Real Estate the  
24 appropriate fee for the restricted license within 90 days from  
25 the effective date of this Decision. The restricted license  
26 issued to Respondents shall be subject to all of the provisions

27 ///



1 of Section 10156.7 of the Business and Professions Code and to  
2 the following limitations, conditions and restrictions imposed  
3 under authority of Section 10156.6 of that Code:

4 A. The restricted license issued to Respondents may  
5 be suspended prior to hearing by Order of the Real  
6 Estate Commissioner in the event of Respondents'  
7 conviction or plea of nolo contendere to a crime  
8 which is substantially related to Respondents'  
9 fitness or capacity as a real estate licensee.

10 B. The restricted license issued to Respondents may  
11 be suspended prior to hearing by Order of the Real  
12 Estate Commissioner on evidence satisfactory to the  
13 Commissioner that Respondents have violated  
14 provisions of the California Real Estate Law, the  
15 Subdivided Lands Law, Regulations of the Real Estate  
16 Commissioner or conditions attaching to the  
17 restricted license.

18 C. Respondents shall not be eligible to apply for  
19 the issuance of an unrestricted real estate license  
20 nor for the removal of any of the conditions,  
21 limitations or restrictions of a restricted license  
22 until one (1) year has elapsed from the effective  
23 date of this Decision.

24 D. Respondent DENIS RAY THOMAS shall, within nine  
25 months from the effective date of this Decision,  
26 present evidence satisfactory to the Real Estate  
27 Commissioner that Respondent has, since the most



1 recent issuance of an original or renewal real estate  
2 license, taken and successfully completed the  
3 continuing education requirements of Article 2.5 of  
4 Chapter 3 of the Real Estate Law for renewal of a  
5 real estate license. If Respondent fails to satisfy  
6 this condition, the Commissioner may order the  
7 suspension of the restricted license until the  
8 Respondent presents such evidence. The Commissioner  
9 shall afford Respondent the opportunity for a hearing  
10 pursuant to the Administrative Procedure Act to  
11 present such evidence.

12 E. Respondent DENIS RAY THOMAS shall, within six  
13 months from the date of this Decision, take and pass  
14 the Professional Responsibility Examination  
15 administered by the Department including the payment  
16 of appropriate examination fee. If Respondent fails  
17 to satisfy this condition, the Commissioner may order  
18 suspension of Respondent's license until Respondent  
19 passes the examination.

20 II

21 Pursuant to Section 10148 of the Business and  
22 Professions Code, Respondents SECURITY PACIFIC MORTGAGE  
23 CORPORATION and DENIS RAY THOMAS shall, severally or jointly,  
24 pay the Commissioner's reasonable cost for: a) the audit which  
25 led to this disciplinary action and, b) a subsequent audit to  
26 determine if Respondents have corrected the trust fund  
27 violations found in Paragraphs I and II of the Determination of



1 Issues. The cost of the audit which led to this disciplinary  
2 action is \$7,390.77. In calculating the amount of the  
3 Commissioner's reasonable cost for the subsequent audit, the  
4 Commissioner may use the estimated average hourly salary for  
5 all persons performing audits of real estate brokers, and shall  
6 include an allocation for travel time to and from the auditor's  
7 place of work. Said amount for the subsequent audit shall not  
8 exceed \$7,390.77. Respondents shall pay such costs within  
9 sixty (60) days of receiving an invoice from the Commissioner  
10 detailing the activities performed during the audits and the  
11 amount of time spent performing those activities. The  
12 Commissioner may suspend the licenses issued to Respondents  
13 pending a hearing held in accordance with Section 11500, et  
14 seq., of the Government Code if payment is not timely made as  
15 provided for herein, or as provided for in a subsequent  
16 agreement between the Respondents and the Commissioner. The  
17 suspension shall remain in effect until payment is made in  
18 full, or until Respondents enter into an agreement satisfactory  
19 to the Commissioner to provide for payment, or until a decision  
20 providing otherwise is adopted following a hearing held  
21 pursuant this condition.

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DATED: April 10, 2000

Tuan Van Lai  
TUAN VAN LAI, ESQ.  
Counsel for Complainant

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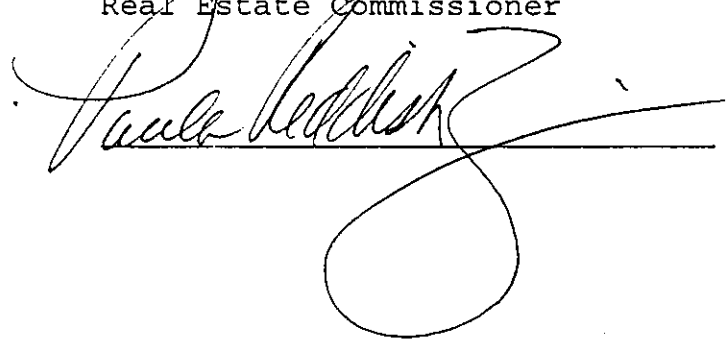


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The foregoing Stipulation and Agreement is hereby  
adopted as my Decision in this matter and shall become effective  
at 12 o'clock noon on June 1, 2000.

IT IS SO ORDERED April 27, 2000.

PAULA REDDISH ZINNEMANN  
Real Estate Commissioner



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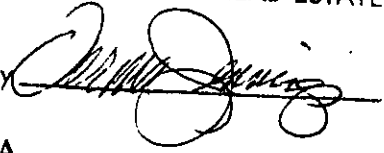
BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

\* \* \* \*

**FILED**  
FEB 14 2000  
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of )  
 )  
SECURITY PACIFIC MORTGAGE )  
CORPORATION, et al., )  
 )  
Respondents. )

Case No. H-28344 LA  
OAH No. L-2000010516

By: 

**NOTICE OF HEARING ON ACCUSATION**

To the above-named Respondents:

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, Suite 630, Los Angeles, California, on March 15 and 16, 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 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.

Dated: February 14, 2000.

DEPARTMENT OF REAL ESTATE

cc: Security Pacific Mtg. Corp.  
Denis Ray Thomas  
Larry Lackman, Esq.  
L. A. Audits  
Ron Revilla  
Sacto.  
OAH

By:   
TUAN VAN LAI, Counsel

*Handwritten:* GARD. Flag

1 TUAN VAN LAI, Counsel (SBN 182967)  
2 Department of Real Estate  
3 320 West Fourth Street, Suite 350  
4 Los Angeles, California 90013-1105  
5 Telephone: (213) 576-6982  
6 -or- (213) 576-6916 (Direct)  
7

**FILED**  
DEC 16 1999  
DEPARTMENT OF REAL ESTATE  
*Signature*

8 BEFORE THE DEPARTMENT OF REAL ESTATE  
9 STATE OF CALIFORNIA

10 \* \* \*

11 In the Matter of the Accusation of )  
12 SECURITY PACIFIC MORTGAGE )  
13 CORPORATION, doing business as )  
14 Big Bear Escrow, and Prudential )  
15 Properties of Big Bear; and )  
16 DENIS RAY THOMAS, individually )  
17 and as designated officer of )  
18 Security Pacific Mortgage )  
19 Corporation, )  
20 Respondents. )

No. H-28344 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, for cause of accusation  
20 against SECURITY PACIFIC MORTGAGE CORPORATION, doing business as  
21 Big Bear Escrow, and Prudential Properties of Big Bear, and DENIS  
22 RAY THOMAS, individually and as designated officer of Security  
23 Pacific Mortgage Corporation, is informed and alleges in his  
24 official capacity as follows:

25 1.

26 SECURITY PACIFIC MORTGAGE CORPORATION, doing business  
27 as Big Bear Escrow, and Prudential Properties of Big Bear

1 (hereinafter "SPMC"), and DENIS RAY THOMAS, individually and as  
2 designated officer of SPMC (hereinafter "THOMAS"), are presently  
3 licensed and/or have license rights under the Real Estate Law,  
4 Part 1 of Division 4 of the California Business and Professions  
5 Code (hereinafter "Code").

6 2.

7 At all times material herein, SPMC was and still is  
8 licensed by the Department of Real Estate of the State of  
9 California (hereinafter "Department") as a corporate real estate  
10 broker, by and through THOMAS, as the designated officer and  
11 broker responsible, pursuant to the provisions of Code Section  
12 10159.2 for the supervision and control of the activities  
13 conducted on behalf of SPMC by SPMC's officers and employees.

14 3.

15 At all times material herein, THOMAS was and now is  
16 licensed by the Department, individually as a real estate broker  
17 and as the designated officer of SPMC. As the designated broker-  
18 officer, THOMAS was and is responsible for the supervision and  
19 control of the activities conducted on behalf of SPMC by SPMC's  
20 officers and employees as necessary to secure full compliance  
21 with the Real Estate Law pursuant to Code Section 10159.

22 4.

23 All further references herein to "Respondents", unless  
24 otherwise specified, include the parties identified in Paragraphs  
25 1 through 3 above and also include the officers, directors,  
26 employees, and real estate licensees employed by or associated  
27 with said parties, who at all times herein mentioned were engaged





1 in the furtherance of the business or operations of said parties  
2 and who were acting within the course and scope of their  
3 authority and employment.

4 5.

5 At all times material herein, Respondents engaged in  
6 the business of, acted in the capacity of, advertised or assumed  
7 to act as real estate brokers for others in the State of  
8 California, within the meaning of Code Section 10131(d), for or  
9 in expectation of compensation. Said activity included the  
10 operation and conduct of a mortgage loan broker business with the  
11 public wherein Respondents solicited borrowers or lenders for, or  
12 negotiated loans, or collected payments or performed services for  
13 borrowers or lenders or note holders, in connection with loans  
14 secured directly or collaterally by a lien on real property or a  
15 business opportunity.

16 6.

17 In connection with the above-described loan brokerage  
18 business, Respondents engaged in the business of, acted in the  
19 capacity of, advertised or assumed to act as escrow holder,  
20 servicer and/or agent, and thereby acted or assumed to act under  
21 the exemption from the provisions of the Escrow Law as provided  
22 by Section 17006(a)(4) of the California Financial Code.

23 7.

24 At all times material herein, Respondents engaged in  
25 the business of, acted in the capacity of, advertised or assumed  
26 to act as a real estate broker for others in the State of  
27 California, within the meaning of Code Section 10131(b),



1 including the operation and conduct of a property management  
2 business with the public wherein Respondents leased or rented or  
3 offered to lease or rent, or placed for rent, or solicited  
4 listings of places for rent, or solicited for prospective  
5 tenants, or negotiated the sale, purchase or exchange of leases  
6 on real property, or on a business property, or collected rents  
7 from real property, or improvements thereon, or from business  
8 opportunities.

9 8.

10 On June 18, 1999, the Department concluded its  
11 examination of Respondents' books and records pertaining to their  
12 activities as real estate brokers covering a period from  
13 approximately June 1, 1998 to April 30, 1999. The examination  
14 revealed violations of the Code and of Title 10, Chapter 6,  
15 California Code of Regulations (hereinafter "Regulations"), as  
16 set forth below.

17 FIRST CAUSE OF ACCUSATION

18 (Mortgage Loan Broker Activity)

19 9.

20 At all times herein, in connection with the mortgage  
21 loan broker activity described in Paragraph 5, above, Respondents  
22 accepted or received funds including funds in trust (hereinafter  
23 "trust funds") from or on behalf of actual and prospective  
24 parties to transactions handled by Respondents and thereafter  
25 made deposits and/or disbursements of such funds. From time to  
26 time herein mentioned, said trust funds were deposited and/or  
27 maintained by Respondents in Account No. 1032771, known as the



1 "Security Pacific Mortgage Trust Account" (hereinafter "Trust  
2 Account #1") at First Mountain Bank located at 42142 Big Bear  
3 Boulevard, Big Bear Lake, California.

4 10.

5 Respondents acted in violation of the Code and the  
6 Regulations in that:

7 (a) As of April 30, 1999, Trust Account #1 had a  
8 shortage in the amount of approximately \$10,745.38. Respondents  
9 caused, permitted and/or allowed the withdrawal or disbursement  
10 of trust funds from this account without the prior written  
11 consent of every principal who then was an owner of funds in the  
12 account thereby reducing the balance of funds in the said account  
13 to an amount less than the existing aggregate trust fund  
14 liability of the broker to all owners of said trust funds, in  
15 violation of Code Section 10145 and Regulation 2832.1.

16 (b) Respondents failed to maintain a proper record for  
17 Trust Account #1 in that it did not identify from whom trust  
18 funds were received, in violation of Regulation 2831.

19 (c) In most instances, Respondents failed to deposit  
20 trust funds into Trust Account #1 within three days of their  
21 receipt, in violation of Regulation 2832.

22 (d) Respondent THOMAS was not a signatory on Trust  
23 Account #1 and did not give written authorization for three real  
24 estate licensees to be signatories, in violation of Regulation  
25 2834.

26 (e) Respondents failed to provide borrowers with  
27 approved mortgage loan disclosure statements, in violation of



1 Code Section 10240 and Regulation 2840.

2 11.

3 The conduct, acts and omissions of Respondents, as  
4 described in Paragraph 10, violated the Code and the Regulations  
5 as set forth below:

6	<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
7	10(a)	Code Section 10145
8		and Regulation 2832.1
9	10(b)	Regulation 2831
10	10(c)	Regulation 2832
11	10(d)	Regulation 2834
12	10(e)	Code Section 10240
		and Regulation 2840

13 Each of the foregoing violations constitutes cause for  
14 the suspension or revocation of all real estate licenses and  
15 license rights of Respondents under the provisions of Code  
16 Section 10177(d).

17 SECOND CAUSE OF ACCUSATION

18 (Escrow Activity)

19 12.

20 At all times herein, in connection with the escrow  
21 activity described in Paragraph 6, above, Respondents accepted or  
22 received funds including funds in trust (hereinafter "trust  
23 funds") from or on behalf of actual and prospective parties to  
24 transactions handled by Respondents and thereafter made deposits  
25 and/or disbursements of such funds. From time to time herein  
26 mentioned, said trust funds were deposited and/or maintained by  
27 Respondents in Account No. 1033883, known as the "Security



1 Pacific Mortgage Big Bear Escrow Trust Account" (hereinafter  
2 "Trust Account #2") at First Mountain Bank located at 42142 Big  
3 Bear Boulevard, Big Bear Lake, California.

4 13.

5 Respondents acted in violation of the Code and the  
6 Regulations in that:

7 (a) Respondents failed to maintain an accurate record  
8 of all escrow trust funds received and disbursed for Trust  
9 Account #2, in violation of Regulation 2831.

10 (b) Respondents failed to properly maintain the  
11 separate records for each escrow, in violation of Regulation  
12 2831.1.

13 (c) Respondents failed to prepare accurate monthly  
14 reconciliation as described in Regulations 2831 and 2831.1 for  
15 Trust Account #2, in violation of Regulation 2831.2.

16 14.

17 The conduct, acts and omissions of Respondents, as  
18 described in Paragraph 13, violated the Code and the Regulations  
19 as set forth below:

20	<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
21	13(a)	Regulation 2831
22	13(b)	Regulation 2831.1
23	13(c)	Regulation 2831.2

24 Each of the foregoing violations constitutes cause for  
25 the suspension or revocation of all real estate licenses and  
26 license rights of Respondents under the provisions of Code  
27 Section 10177(d).



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THIRD CAUSE OF ACCUSATION

(Property Management Activity)

15.

At all times herein, in connection with the property management activity described in Paragraph 7, above, Respondents accepted or received trust funds including funds in trust (hereinafter "trust funds") from or on behalf of actual and prospective parties to transactions handled by Respondents and thereafter made deposits and/or disbursements of such funds. From time to time herein mentioned, said trust funds were deposited and/or maintained by Respondents in Account No. 1036114, known as the "Kathy K. Armsby dba: First Cabin Resort Reservations Village Reservations Service" account (hereinafter "Trust Account #3") at First Mountain Bank located at 40865 Big Bear Boulevard, Big Bear Lake, California.

16.

Respondents acted in violation of the Code and the Regulations in that:

(a) As of April 30, 1999, Trust Account #3 had an unidentified overage in the amount of \$1,005.26, in violation of Code Section 10145.

(b) Respondents failed to properly maintain the record of all property management trust funds received and disbursed for Trust Account #3, in violation of Regulation 2831.

(c) Respondents failed to properly maintain the separate records for each property owner, in violation of Regulation 2831.1.

1 (d) Respondents failed to maintain a monthly  
2 reconciliation of all separate property owners' records with the  
3 control record of all property management trust funds, in  
4 violation of Regulation 2831.2.

5 (e) Respondents failed to designate Trust Account #3  
6 as a trust account and name Respondent SPMC or a licensed  
7 fictitious business name as trustee, in violation of Code Section  
8 10145 and Regulation 2832.

9 (f) Respondent THOMAS was not a signatory for Trust  
10 Account #3 and failed to specifically authorize in writing a  
11 salesperson licensed to Respondent SPMC to be a signatory, in  
12 violation of Regulation 2834.

13 (g) Respondents failed to exercise reasonable  
14 supervision over the property management activity conducted by a  
15 salesperson licensed to Respondent SPMC, in violation of  
16 Regulation 2725.

17 (h) Respondents failed to have a written relationship  
18 agreement between Respondent SPMC and a salesperson licensed to  
19 Respondent SPMC, in violation of Regulation 2726.

20 (i) Respondents used the unlicensed fictitious  
21 business name, "Village Reservation Service", in violation of  
22 Regulation 2731.

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27 /

17.

The conduct, acts and omissions of Respondents, as described in Paragraph 16, violated the Code and the Regulations as set forth below:

<u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
16(a)	Code Section 10145
16(b)	Regulation 2831
16(c)	Regulation 2831.1
16(d)	Regulation 2831.2
16(e)	Code Section 10145 and Regulation 2832
16(f)	Regulation 2834
16(g)	Regulation 2725
16(h)	Regulation 2726
16(i)	Regulation 2731

Each of the foregoing violations constitutes cause for the suspension or revocation of all real estate licenses and license rights of Respondents under the provisions of Code Section 10177(d).

18.

FOURTH CAUSE OF ACCUSATION

(Supervision Violation)

The conduct, acts and omissions of Respondents SPMC and THOMAS, as described in Paragraphs 10, 13, and 16, above, independently and collectively constitute failure on the part of Respondent THOMAS, as officer designated by a corporate broker licensee, to exercise the reasonable supervision and control over



1 the licensed activities of Respondent SPMC as required by Code  
2 Section 10159.2 and is cause for the suspension or revocation of  
3 all real estate licenses and license rights of Respondent THOMAS  
4 pursuant to the provisions of Code Section 10177(h).

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1 WHEREFORE, Complainant prays that a hearing be  
2 conducted on the allegations of this Accusation and that upon  
3 proof thereof, a decision be rendered imposing disciplinary  
4 action against all licenses and/or license rights of Respondent  
5 SECURITY PACIFIC MORTGAGE CORPORATION and Respondent DENIS RAY  
6 THOMAS, under the Real Estate Law (Part 1 of Division 4 of the  
7 Business and Professions Code), and for such other and further  
8 relief as may be proper under other applicable provisions of law.  
9 Dated at Los Angeles, California  
10 this 16th day of December, 1999.

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12 THOMAS McCRADY  
13 Deputy Real Estate Commissioner  
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24 cc: Security Pacific Mortgage Corp.  
25 Denis Ray Thomas  
26 Thomas McCrady  
27 L. A. Audit Section  
Sacto.  
JP