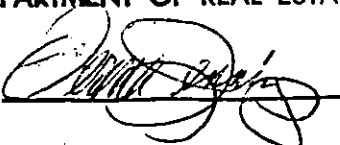


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Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, CA 90013-1105

(213) 576-6982 General

FILED
JAN 18 2001
DEPARTMENT OF REAL ESTATE
By 

DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)	H-28475 LA
WESTSTAR LOAN SERVICING, INC.,)	L-2000040523
a California corporate broker)	<u>STIPULATION AND AGREEMENT</u>
and PRISCILLA JOY WILLIAMS,)	
individually and as the)	
designated officer of)	
Weststar, Loan Servicing Inc.,)	
Respondents.)	

It is hereby stipulated by and between WESTSTAR LOAN SERVICING, INC. (referred to as Respondent), acting by and through Frank M. Buda, Esq. and the Complainant, acting by and through Sean Crahan, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation filed on April 10, 2000, in this matter:

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

1 submitted solely on the basis of the provisions of this
2 Stipulation And Agreement (hereafter 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. On April 21, 2000, Respondent filed a Notice of
8 Defense pursuant to Section 11506 of the Government Code for the
9 purpose of requesting a hearing on the allegations in the
10 Accusation. Respondent hereby freely and voluntarily withdraws
11 said Notice of Defense. Respondent acknowledges that she
12 understands that by withdrawing said Notice of Defense, she will
13 thereby waive her right to require the Commissioner to prove the
14 allegations in the Accusation at a contested hearing held in
15 accordance with the provisions of the APA and that she will waive
16 other rights afforded to her in connection with the hearing such
17 as the right to present evidence in defense of the allegations in
18 the Accusation and the right to cross-examine witnesses.

19 4. This Stipulation and Agreement relates to the
20 factual allegations contained in paragraphs one (1) through
21 twelve (12) in the Accusation filed in this proceeding.
22 Respondent chooses not to contest these factual allegations and
23 to remain silent and understands that, as a result thereof, these
24 factual allegations, without being admitted or denied, will serve
25 as a basis for the discipline stipulated to herein. This
26 Stipulation and Agreement and the findings based on Respondent's
27 decision not to contest the Accusation is hereby expressly

1 limited to this proceeding and made for the sole purpose of
2 reaching an agreed disposition of this proceeding, only.
3 Respondent's decision not to contest the factual allegations is
4 made solely for the purpose of effectuating this Stipulation and
5 is intended by Complainant and Respondent to be non-binding upon
6 him in any actions against Respondent by third parties and shall
7 not be deemed, used, or accepted as an acknowledgment or
8 admission. The Real Estate Commissioner shall not be required to
9 provide further evidence to prove such allegations.

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

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

27 7. WESTSTAR LOAN SERVICING, INC. encloses with this



1 stipulation a certified check for \$5,672.83 payable to the
2 Department of Real Estate to pay for the costs of audit LA
3 990092.

4 8. The below Determination of Issues contains a
5 determination that Respondent WESTSTAR LOAN SERVICING, INC. has
6 violated Code Section 10145(a) and Regulations 2832.1, 2834 and
7 2846.8. Respondent WESTSTAR LOAN SERVICING, INC. is aware that
8 by agreeing to this Stipulation And Agreement, if the findings
9 set forth below in the Determination of Issues become final, the
10 Commissioner may charge Respondent WESTSTAR LOAN SERVICING, INC.
11 for the costs of any audit conducted pursuant to Section 10148 of
12 the Code to determine if Respondent WESTSTAR LOAN SERVICING, INC.
13 is in compliance with the Real Estate Law. The maximum cost of
14 said audit will not exceed \$5,672.83.

15 DETERMINATION OF ISSUES

16 By reason of the foregoing stipulations and waivers,
17 made solely for the purpose of settlement of the pending
18 Accusation without a hearing, it is stipulated and agreed that
19 the following Determination of Issues shall be made:

20 The conduct or omissions of Respondent WESTSTAR LOAN
21 SERVICING, INC., as set forth in paragraphs one (1) through
22 twelve (12) in the Accusation constitute cause to suspend or
23 revoke its real estate broker license and/or license rights under
24 the provisions of Code Sections 10177(d) for violations of Code
25 Sections 10145(a), 10232.2(a)(3) and 10232.25, and Regulations
26 2832.1 and 2834.

27

ORDER

WHEREFORE, THE FOLLOWING ORDER is hereby made:

All licenses and license rights of Respondent WESTSTAR LOAN SERVICING, INC. under Part 1 of Division 4 of the Business and Professions Code are publicly reprovod.

* * * * *

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: 11-9-00

Christie Eurton
WESTSTAR LOAN SERVICING, INC.,
Respondent, by Christie Eurton,
Vice President, Weststar Loan
Servicing, Inc.

DATED: 11-2-00

Frank M. Buda
FRANK M. BUDA, ESQ. Counsel for
Weststar Loan Servicing, Inc.,
Respondent, approved as to form.

DATED: 11-13-00

Sean Crahan
SEAN CRAHAN, Counsel for
Complainant.

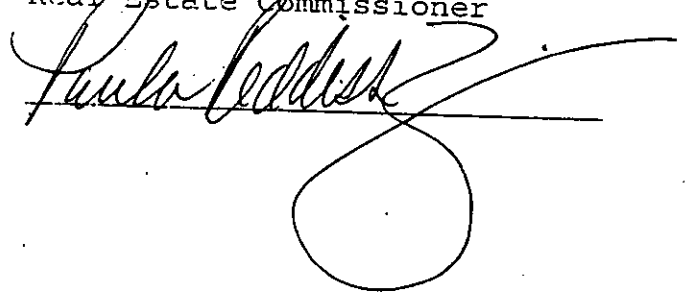
* * * * *

1 The foregoing Stipulation And Agreement In Settlement
2 is hereby adopted as my Decision as to Respondent WESTSTAR LOAN
3 SERVICING, INC. and shall become effective at 12 o'clock noon on
4 February 7, 2001.

5
6 IT IS SO ORDERED

December 20, 2000.

7
8 PAULA REDDISH ZINNEMANN
9 Real Estate Commissioner

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Flag

Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, CA 90013-1105

(213) 576-6982 General

FILED
JAN 17 2001
DEPARTMENT OF REAL ESTATE

By *[Signature]*

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * * *

In the Matter of the Accusation of)
WESTSTAR LOAN SERVICING, INC.,)
a California corporate broker)
and PRISCILLA JOY WILLIAMS,)
individually and as the)
designated officer of)
Weststar, Loan Servicing Inc.,)
Respondents.)

H-28475 LA
L-2000040523

STIPULATION AND AGREEMENT

It is hereby stipulated by and between PRISCILLA JOY WILLIAMS (referred to as Respondent), acting by and through David Bright, Esq. and the Complainant, acting by and through Sean Crahan, Counsel for the Department of Real Estate, as follows for the purpose of settling and disposing of the Accusation filed on April 10, 2000, in this matter:

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

1 submitted solely on the basis of the provisions of this
2 Stipulation And Agreement (hereafter 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. On April 21, 2000, Respondent filed a Notice of
8 Defense pursuant to Section 11506 of the Government Code for the
9 purpose of requesting a hearing on the allegations in the
10 Accusation. Respondent hereby freely and voluntarily withdraws
11 said Notice of Defense. Respondent acknowledges that she
12 understands that by withdrawing said Notice of Defense, she will
13 thereby waive her right to require the Commissioner to prove the
14 allegations in the Accusation at a contested hearing held in
15 accordance with the provisions of the APA and that she will waive
16 other rights afforded to her in connection with the hearing such
17 as the right to present evidence in defense of the allegations in
18 the Accusation and the right to cross-examine witnesses.

19 4. This Stipulation and Agreement relates to the
20 factual allegations contained in paragraphs one (1) through
21 twelve (12) in the Accusation filed in this proceeding.
22 Respondent chooses not to contest these factual allegations and
23 to remain silent and understands that, as a result thereof, these
24 factual allegations, without being admitted or denied, will serve
25 as a basis for the discipline stipulated to herein. This
26 Stipulation and Agreement and the findings based on Respondent's
27 decision not to contest the Accusation is hereby expressly.



1 limited to this proceeding and made for the sole purpose of
2 reaching an agreed disposition of this proceeding, only.
3 Respondent's decision not to contest the factual allegations is
4 made solely for the purpose of effectuating this Stipulation and
5 is intended by Complainant and Respondent to be non-binding upon
6 him in any actions against Respondent by third parties and shall
7 not be deemed, used, or accepted as an acknowledgment or
8 admission. The Real Estate Commissioner shall not be required to
9 provide further evidence to prove such allegations.

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

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

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1 hearing at which I would have the right to cross-examine
2 witnesses against me and to present evidence in defense and
3 mitigation of the charges.

4 DATED: 11/6/00

Priscilla Joy Williams
PRISCILLA JOY WILLIAMS, Respondent.

6 DATED: 11/7/00

David Bright
DAVID BRIGHT, ESQ. Counsel for
Priscilla Joy Williams, Respondent,
approved as to form.

9 DATED: 11-15-00

Sean Crahan
SEAN CRAHAN, Counsel for
Complainant.

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20 * * * * *

1 The foregoing Stipulation And Agreement In Settlement
2 is hereby adopted as my Decision as to Respondent PRISCILLA JOY
3 WILLIAMS and shall become effective at 12 o'clock noon on
4 February 6, 2001.

5
6 IT IS SO ORDERED December 20, 2000.

7
8 PAULA REDDISH ZINNEMANN
9 Real Estate Commissioner

10 *Paula Reddish*
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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

FILED
SEP 26 2000
DEPARTMENT OF REAL ESTATE

In the Matter of the Accusation of)
WESTSTAR LOAN SERVICING,)
INC., et al.,)
Respondents.)

Case No. H-28475 LA
OAH No. L-2000040523

NOTICE OF CONTINUED 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 **December 13, 14 and 15, 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: September 26, 2000.

cc: Weststar Loan Servicing Inc.
Priscilla Joy Williams
Frank M. Buda, Esq.
David S. Bright, Esq.
D. Fajardo/V. Weaver
Sacto./OAH

DEPARTMENT OF REAL ESTATE
By: 
SEAN CRAHAN, Counsel

Sacto. Flay

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of)

WESTSTAR LOAN SERVICING,)
INC., et al.,)

Respondents.)

FILED
MAY 10 2000
DEPARTMENT OF REAL ESTATE

By

Case No. H-28475 LA
OAH No. L-2000040523

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 September 12, 13 and 14, 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: May 10, 2000.

cc: Weststar Loan Servicing Inc.
Priscilla Joy Williams
Frank M. Buda, Esq.
Danio Fajardo
Vaughn Weaver
Sacto./OAH

DEPARTMENT OF REAL ESTATE

By:

SEAN CRAHAN, Counsel

3 Acc'd,
Play

Sean Crahan, Counsel
Department of Real Estate
320 West 4th Street, Suite 350
Los Angeles, CA 90013-1105
California Bar #49351

(213) 576-6982 General
(213) 576-6907 Direct

FILED
APR 10 2000
DEPARTMENT OF REAL ESTATE
By *[Signature]*

DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * * *

In the Matter of the Accusation of	)	H-28475 LA
WESTSTAR LOAN SERVICING, INC.,	)	
a California corporate broker	)	
and PRISCILLA JOY WILLIAMS,	)	<u>ACCUSATION</u>
individually and as the designated	)	
officer of Weststar Loan Servicing,	)	
Inc.,	)	
Respondents.	)	

The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California. for cause of accusation against WESTSTAR LOAN SERVICING, INC., a California corporate broker and PRISCILLA JOY WILLIAMS, individually and as the designated officer of WESTSTAR LOAN SERVICING, Inc., alleges as follows:

1,

The Complainant, Thomas Mc Crady, a Deputy Real Estate Commissioner of the State of California, makes this Accusation in his official capacity.

2.

At all times mentioned herein, WESTSTAR LOAN SERVICING, INC., a California corporation (hereafter Respondent WESTSTAR), is presently licensed and/or has license rights under the Real Estate Law (Part 1 of Division 4 of the California Business and Professions Code, hereinafter referred to as the "Code"). At all times herein mentioned, Respondent WESTSTAR was and still is licensed by the Department of Real Estate (hereafter the Department) as a corporate real estate broker.

3.

PRISCILLA JOY WILLIAMS (hereafter Respondent WILLIAMS) is presently licensed and/or has license rights under the Real Estate Law.

(a) At all times mentioned herein, Respondent WILLIAMS was and still is licensed by the Department as a real estate broker both individually and as the designated officer of Respondent WESTSTAR.

(b) Pursuant to Code Section 10159.2, Respondent WILLIAMS was responsible for the supervision of the officers, agents and employees of Respondent WESTSTAR for which a real estate license was required.

4.

Respondent WESTSTAR was at all times herein mentioned engaged in the business, for or in expectation of compensation, of collecting payments from borrowers and disbursing them to owners of promissory notes secured by real property (hereafter secured loans).



1 5.

2 THE AUDIT

3 Between on or about October 1, 1999 through November 3,
4 1999, an auditor from the Department examined the books and
5 records of Respondent WESTSTAR covering a period of time from
6 December 1, 1998 through August 31, 1999 (hereafter the "audit
7 period"), and found that Respondents WESTSTAR and WILLIAMS
8 violated the following Code Sections and Regulations from Title
9 10, Chapter 6, of the California Code of Regulations (hereafter
10 the Regulations):

11 6.

12 During the audit period, Respondent WESTSTAR collected
13 payments on approximately 3861 secured loans per month from
14 borrowers on behalf of approximately 3869 note holders with a
15 principal balance of approximately \$18,048,073 with monthly
16 collections averaging approximately \$1,258,743. At all times
17 during the audit period, Respondent WESTSTAR met the threshold of
18 business volume defined by Code Section 10232(a)(2) and (3).

19 7.

20 Bank Accounts

21 During the audit period, Respondent WESTSTAR maintained
22 the following accounts used to receive and disburse trust funds:

23 (a) Weststar Loan Servicing Inc. Trust Account for
24 Customers (hereafter T/A#1) at First Security Bank, Account No:
25 894011531. T/A#1 was used to remit monthly borrowers' payments to
26 the lenders. Signatories on T/A#1 were Respondent WILLIAMS,
27

1 Christy Eurlon, Tom Breen and Kent Wiechert. One signature per
2 check was required to withdraw funds from T/A#1.

3 (b) Weststar Loan Servicing Inc. Trust Account for
4 Customers (hereafter T/A#2) at Union Bank, Account No: 700473856.
5 T/A#2 was a prior account used to remit monthly borrowers'
6 payments to the lenders. No deposits were made to T/A/#2 after
7 August, 1998. Signatories on T/A#2 were Kent Wiechert and Katy
8 Wiechert. One signature per check was required to withdraw funds
9 from T/A#2.

10 (c) Weststar Loan Servicing Inc. as Trustee for City of
11 Long Beach (hereafter T/A#3), at First Security Bank, Account No:
12 894011599. T/A#3 was used to remit monthly borrowers' payments,
13 which were transferred from T/A#1 into T/A#3, to the City of Long
14 Beach. Signatories on T/A#3 were Christy Eurlon, Tom Breen and
15 Kent Wiechert. One signature per check was required to withdraw
16 funds from T/A#3.

17 (d) Weststar Loan Servicing Inc. Trustee for Signal
18 Landmark (hereafter T/A#4) at First Security Bank, Account No:
19 894011564. T/A#4 was used to remit monthly borrowers' payments,
20 which were transferred from T/A#1 into T/A#4, to Signal Landmark.
21 WESTSTAR is no longer servicing Signal Landmark's loans. This
22 account was inactive at the close of the audit period except for
23 fees due Signal Landmark.

24 (1) Signatories on T/A#4 were Christy Eurlon, Tom
25 Breen and Kent Wiechert. One signature per check was required to
26 withdraw funds from T/A#4.
27

1 (2) Respondent WILLIAMS allowed WESTSTAR to use a
2 facsimile signature stamp of WILLIAMS signature to sign disbursal
3 checks on T/A#4. Said conduct is negligence per se by Respondent
4 WILLIAMS.

5 (e) Weststar Loan Servicing Inc. (hereafter T/A#5) at
6 First Security Bank of New Mexico, Account No. 651-72921-39.
7 T/A#5 was used to collect borrowers' Automatic Clearing House
8 (ACH) payments, which were then transferred to T/A#1. Payments
9 were transferred from T/A#1 into T/A#5 which were disbursed
10 directly into lenders' bank accounts. Sole signatory on T/A#5 was
11 Christy Eurlon. One signature per check was required to withdraw
12 funds from T/A#5.

13 (1) T/A#5 was not a depository in California.
14 During the audit period, T/A#5 was used for the receipt and
15 disbursal of funds of borrowers' or note owners' resident in
16 California. Use of a depository not in California was in
17 violation of Code Section 10145(a).

18 (2) T/A#5 was not designated as a trust account in
19 violation of Code Section 10145(a) and Regulation 2832.

20 (f) Weststar Loan Servicing Inc. Customer Returned
21 Items (hereafter B/A#6) at First Security Bank, Account No.
22 894011556. B/A#6 was used for borrowers' checks which were
23 returned for insufficient funds.

24 Regulation 2834 Signatories

25 (g) Neither Christy Eurlon, Tom Breen, Kent Wiechert
26 nor Katy Wiechert were licensed by the Department as real estate
27 brokers or salespersons. Christy Eurlon had disbursed funds from

1 the trust accounts. There was a fidelity bond of \$200,000 with a
2 \$5,000 deductible. In light of the average monthly collections of
3 \$1,258,743, the bond was below the maximum amount to which each
4 signatory had access at any time. The signatory structure of
5 T/A#1 through T/A#5, separately or together, were in disregard of,
6 or in violation of, Regulation 2834.

7 8.

8 CONDITION OF TRUST ACCOUNTS

9 Shortage, August 31, 1999

10 With respect to the receipt and disposition of trust
11 funds referred to in Paragraph 7 above:

12 (a) Respondent WESTSTAR caused or permitted the
13 disbursement of trust funds from the combined T/A#1 and T/A#2,
14 without the prior written consent of every principal who was an
15 owner of the funds in the above trust accounts, when said
16 disbursements reduced the balance of funds in these account to an
17 amount which was, on August 31, 1999, \$15,095.51 less than
18 WESTSTAR's existing aggregate trust fund liability to all owners
19 of funds in T/A#1 and T/A#2 in violation of Section 10145 of the
20 Code and Section 2832.1 of the Regulations. The shortage was
21 mainly caused by the following erroneous disbursements:

22	<u>Loan No.</u>	<u>Date</u>	<u>Check No</u>	<u>Amount</u>
23	001-03145-0	4/25/97	44578	\$ <1,255.00>
24	052-36537-0	11/20/98	65220	<1,106.00>
25	052-36547-0	1/4/99	67716	<10,222.31>
26	Unidentified Shortage			<u><2,512.20></u>



Shortage Reconciled

\$ <15,095.51>

Check number 67716 was erroneously issued from T/A#1 and deposited into WESTSTAR's General Account (G/A). WESTSTAR believed they had reduced their check for fees in October 1998, by \$10,222.31, which was the result of an NSF check received from a borrower and fees paid to WESTSTAR, but check number 66387 was issued and disbursed to WESTSTAR for \$46,831.86, which was the full amount of the October 1998 fees, without the reduction of \$10,222.31. On January 4, 1999, WESTSTAR issued check number 67716 for \$10,222.31 and deposited the funds into the G/A. The \$10,222.31 had been a reconciling item since January 1999. Two additional checks, above, had been erroneously deposited into to B/A#6, the Corporate NSF Account, and had been reconciling items since April 1997 and November 1998. There was an unidentified shortage of \$ <2,512.20>, which consisted of reconciling items on WESTSTAR's Reconciliation Reports, which WESTSTAR could not identify.

(b) Respondent WESTSTAR caused or permitted the disbursement of trust funds from T/A#5, without the prior written consent of every principal who was an owner of the funds in the above trust accounts, when said disbursements reduced the balance of funds in these account to an amount which was, on August 31, 1999, \$2,664.58 less than WESTSTAR's existing aggregate trust fund liability to all owners of funds in T/A#5 in violation of Section 10145 of the Code and Section 2832.1 of the Regulations. The shortage was mainly caused by outstanding checks with insufficient funds in T/A#5.



Shortage, June 30, 1999

With respect to the trust funds referred to in Paragraph 7 above:

(a) Respondent WESTSTAR caused or permitted the disbursement of trust funds from the combined T/A#1 and T/A#2, without the prior written consent of every principal who was an owner of the funds in the above trust accounts, when said disbursements reduced the balance of funds in these account to an amount which was, on June 30, 1999, \$14,314.79 less than WESTSTAR's existing aggregate trust fund liability to all owners of funds in T/A#1 and T/A#2 in violation of Section 10145 of the Code and Section 2832.1 of the Regulations. The shortage was mainly caused by the essentially same causes as set forth in paragraph 8(a).

(b) Respondent WESTSTAR caused or permitted the disbursement of trust funds from T/A#5, without the prior written consent of every principal who was an owner of the funds in the above trust accounts, when said disbursements reduced the balance of funds in these account to an amount which was, on June 30, 1999, \$2,306.58 less than WESTSTAR's existing aggregate trust fund liability to all owners of funds in T/A#5 in violation of Section 10145 of the Code and Section 2832.1 of the Regulations. The shortage was mainly caused by outstanding with insufficient funds in T/A#5.

/



CONDITION OF TRUST ACCOUNT RECORDS

(a) Respondent WESTSTAR failed to maintain columnar or control records in full compliance with Regulation 2831. The control record for T/A#1 was not complete or accurate and was missing the date the funds were received and daily balances.

(b) There were no columnar or control records for T/A#3, T/A#4 and T/A#5, in violation of Regulation 2831.

(c) The separate records for T/A#1, consisting of a payment and disbursement history, were missing daily balances, in violation of Regulation 2831.1.

(d) There were no separate records for T/A#2 or T/A#3 in violation of Regulation 2831.1. There was a balance in T/A#2 as of August 31, 1999 of \$133,423.29 but there were no separate records for that balance.

(e) There were no separate records for T/A#5 in violation of Regulation 2831.1.

(f) The reconciliation of records for T/A#1 and T/A#2, reconciling the control record balances with the separate records balances monthly, were not adequate. WESTSTAR prepared one bank reconciliation, combining the reconciliations for T/A#1 and T/A#2. There were reconciling items on WESTSTAR's bank reconciliation, which had been carried on the WESTSTAR's Reconciliation Report since April 1997, part of which, caused the shortage in T/A#1.

(g) The reconciliation of records for T/A#5, reconciling the control record balances with the separate records balances monthly, was not adequate. There were numerous



1 reconciling items which were not adjusted in WESTSTAR's books and
2 records and which WESTSTAR could not readily identify.

3 11.

4 REQUIRED TRUST ACCOUNT REPORTS

5 (a) During the audit period, Respondents WESTSTAR and
6 WILLIAMS were required by Code Section 10232.2 and Regulation
7 2846.5 to file an annual trust fund status report within 90 days
8 after the end of Respondent WESTSTAR's fiscal year.

9 (b) During the audit period, Respondents WESTSTAR and
10 WILLIAMS were required by Code Section 10232.25 and Regulation
11 2846.8 to file quarterly trust fund status reports within 30 days
12 after the end of each fiscal quarter.

13 (c) During the audit period, Respondents WESTSTAR and
14 WILLIAMS submitted or caused to be submitted to the Department an
15 annual review of trust funds financial statements (hereafter TAR)
16 for the year ending December 31, 1998. The TAR for December 31,
17 1998, was incomplete in that it failed to include an itemized
18 trust fund accounting, which should have included a schedule of
19 accountability, in violation of Code Section 10232.2(a)(3).

20 (d) During the audit period, Respondents WESTSTAR and
21 WILLIAMS submitted or caused to be submitted to the Department a
22 quarterly trust funds status report for the quarter ending June
23 30, 1999 which inaccurately failed to disclose the shortage
24 existing in the combined T/A#1 and T/A#2 as of that date.

25 (e) The quarterly trust funds status report for the
26 quarter ending June 30, 1999 failed to disclose the condition of
27 T/A#5. These were violations of Code Section 10232.25 and



1 Regulation 2846.8.

2 (f) To date, Respondents WESTSTAR and WILLIAMS failed
3 to timely submit a quarterly trust fund status report for the
4 quarter ending September 30, 1999, which was due on October 31,
5 1999, in violation of Code Section 10232.25 and Regulation 2846.8.

6 12.

7 Respondent WILLIAMS knew or should have known that the
8 above violations occurred or were occurring. Respondent WILLIAMS
9 failed to exercise reasonable supervision over the activities of
10 officers and employees of Respondent WESTSTAR for which a real
11 estate license was required so as to prevent the violations.

12 13.

13 CAUSES FOR DISCIPLINARY ACTION

14 The acts and omissions of Respondents WESTSTAR and
15 WILLIAMS, as set forth above, are causes, individually and
16 severally, to suspend or revoke their real estate licenses and
17 license rights pursuant to the following Code Sections:

18 (a) Code Section 10177(d) for violations of:

19 (i) Code Section 10145(a) and Regulation 2831 for
20 inadequate or non-existent columnar records in T/A#1, #2, #3, or
21 #5, as set forth in paragraph 10(c), 10(d), and 10(e), above.

22 (ii) Code Section 10145(a) and Regulation 2831.1
23 for inadequate or non-existent separate records in T/A#1, #2, #3,
24 #4, or #5, as set forth in paragraph 10(c), 10(d) and 10(e),
25 above.

26 (iii) Code Section 10145(a) for use of T/A#5, a
27 depository not in California, for receipt and disposition of trust



1 funds, as set forth in paragraph 7(e)(1), above.

2 (iv) Code Section 10145(a) and Regulation 2832 for
3 use of T/A#5, not designated as a trust account for receipt and
4 disposition of trust funds, as set forth in paragraph 7(e)(2),
5 above.

6 (v) Code Section 10145(a) and Regulation 2832.1
7 for the shortages, as set forth in paragraphs 8 and 9, separately,
8 above.

9 (vi) Code Section 10145(a) and Regulation 2834 for
10 the non qualified signatories on the trust accounts, as set forth
11 in Paragraph 7(g) above.

12 (vii) Code Section 10232.2(a)(3), as set forth in
13 paragraph 11(c), above.

14 (viii) Code Section 10232.25 and Regulation
15 2846.8, for the inadequate or non-existent quarterly trust funds
16 reports, as set forth in paragraphs 11(d) and 11(e), above.

17 (ix) As to Respondent WILLIAMS only, Code Section
18 10159.2 for failure to supervise the employees of Respondent
19 WESTSTAR for activities which require a license as set forth in
20 Paragraph 12, above.

21 (b) As to Respondent WILLIAMS, only, Code Section
22 10177(g) for negligence allowing the use of a signature stamp as
23 set forth above in paragraph 7(a)(2).

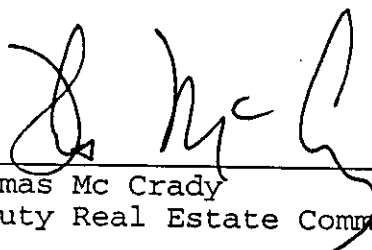
24 (c) Code Section 10177(g) for negligence allowing the
25 monthly reconciliations to accumulate unresolved reconciliation
26 items, as set forth in Paragraph 10(f) and 10(g).

27



1 WHEREFORE, Complainant prays that a hearing be conducted
2 on the allegations of this Accusation and that upon proof thereof,
3 a decision be rendered imposing disciplinary action against all
4 licenses and/or license rights of WESTSTAR LOAN SERVICING, INC., a
5 California corporate broker; and PRISCILLA JOY WILLIAMS,
6 individually and as the designated officer of Weststar Loan
7 Servicing, Inc., under the Real Estate Law (Part 1 of Division 4
8 of the Business and Professions Code) and for such other and
9 further relief as may be proper under applicable provisions of
10 law.

11 Dated at Los Angeles, California
12 this 10th day of April, 2000.

13
14 
15 Thomas Mc Crady
16 Deputy Real Estate Commissioner
17
18
19
20
21
22
23

24 cc: Weststar Loan Servicing, Inc.
25 Priscilla Joy Williams
26 Thomas McCrady
27 L. A. Audits
Sacto.
MA