

1 Department of Real Estate  
2 320 West 4th Street, Suite 350  
3 Los Angeles, California 90013-1105

4 (213) 576-6911

FILED  
NOV 21 2000  
DEPARTMENT OF REAL ESTATE

By K. Hader

8 DEPARTMENT OF REAL ESTATE

9 STATE OF CALIFORNIA

10 \* \* \* \*

11 In the Matter of the Accusation of ) DRE No. H-28646 LA  
12 AMERICAN LIBERTY CAPITAL )  
13 CORPORATION and CHRISTOPHER )  
14 RICHARD CHASE, individually and as )  
15 designated officer of ) STIPULATION AND AGREEMENT  
16 American Liberty Capital )  
17 Corporation, )  
18 Respondents. )

17 It is hereby stipulated by and between AMERICAN LIBERTY  
18 CAPITAL CORPORATION, a California corporate broker, and  
19 CHRISTOPHER RICHARD CHASE, individually and as designated officer  
20 of American Liberty Capital Corporation (sometimes collectively  
21 referred to as "Respondents"), and the Complainant, acting by and  
22 through Elliott Mac Lennan, Counsel for the Department of Real  
23 Estate, as follows for the purpose of settling and disposing of  
24 the Accusation filed on July 17, 2000, in this matter:

25 1. All issues which were to be contested and all  
26 evidence which was to be presented by Complainant and Respondents  
27

1 at a formal hearing on the Accusation, which hearing was to be  
2 held in accordance with the provisions of the Administrative  
3 Procedure Act ("APA"), shall instead and in place thereof be  
4 submitted solely on the basis of the provisions of this  
5 Stipulation and Agreement (Stipulation).

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

10 3. Respondents filed a Notice of Defense on August 8,  
11 2000, pursuant to Section 11506 of the Government Code for the  
12 purpose of requesting a hearing on the allegations in the  
13 Accusation. Respondents hereby freely and voluntarily withdraw  
14 said Notice of Defense. Respondents acknowledge that they  
15 understand that by withdrawing said Notice of Defense they  
16 thereby waive their right to require the Commissioner to prove  
17 the allegations in the Accusation at a contested hearing held in  
18 accordance with the provisions of the APA and that they will  
19 waive other rights afforded to them in connection with the  
20 hearing such as the right to present evidence in their defense of  
21 the allegations in the Accusation and the right to cross-examine  
22 witnesses.

23 4. This Stipulation is based on the 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 allegations, without being admitted or denied, will serve as a

1 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 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 and is made for the sole purpose of reaching an  
11 agreed disposition of this proceeding without a hearing. The  
12 decision of Respondents not to contest the allegations is made  
13 solely for the purpose of effectuating this Stipulation. It is  
14 the intent and understanding of the parties that this Stipulation  
15 shall not be binding or admissible against Respondents in any  
16 actions against Respondents by third parties.

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

27



1           7. The Order or any subsequent Order of the Real  
2 Estate Commissioner made pursuant to this Stipulation shall not  
3 constitute an estoppel, merger or bar to any further  
4 administrative or civil proceedings by the Department of Real  
5 Estate with respect to any matters which were not specifically  
6 alleged to be causes for Accusation in this proceeding but do  
7 constitute a bar, estoppel and merger as to any allegations  
8 actually contained in the Accusation against Respondents herein.

9  
10                                   DETERMINATION OF ISSUES

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

14                                   I

15           The conduct of AMERICAN LIBERTY CAPITAL CORPORATION as  
16 described in Paragraph 4, is in violation of Sections 10145 and  
17 10240 of the Business and Professions Code ("Code") and Sections  
18 2831, 2831.1, 2834 and 10140 of Title 10, Chapter 6 of the  
19 California Code of Regulations, and is a basis for the suspension  
20 or revocation of Respondent's license pursuant to Section  
21 10177(d) of the Code.

22                                   II

23           The conduct of CHRISTOPHER RICHARD CHASE, as described  
24 in Paragraph 4, constitutes a failure to keep American Liberty  
25 Capital Corporation in compliance with the Real Estate Law during  
26 the time that Respondent was the officer designated by a  
27 corporate broker licensee. This conduct is a violation of



1 Section 10159.2 of the Code and is a basis for the suspension or  
2 revocation of Respondent's license and license rights pursuant to  
3 Section 10177(d) of the Code.

4 ORDER

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

7 I

8 The license and licensing rights of AMERICAN LIBERTY  
9 CAPITAL CORPORATION under the Real Estate Law are hereby revoked.

10 II

11 The license and licensing rights of and CHRISTOPHER  
12 RICHARD CHASE under the Real Estate Law shall be suspended for a  
13 period of sixty (60) days from the effective date of this order;  
14 provided, however, that all sixty (60) days of said suspension  
15 shall be stayed for two (2) years upon the following terms and  
16 conditions:

17 1. Respondent CHRISTOPHER RICHARD CHASE shall obey  
18 all laws, rules and regulations governing the rights, duties and  
19 responsibilities of a real estate licensee in the State of  
20 California.

21 2. That no final subsequent determination be made,  
22 after hearing or upon stipulation, that cause for disciplinary  
23 action occurred within two (2) years of the effective date of  
24 this Decision. Should such a determination be made, the  
25 Commissioner may, in her discretion, vacate and set aside the  
26 stay order and reimpose all or a portion of the stayed  
27



1 suspension. Should no such determination be made, the stay  
2 imposed herein shall become permanent.

3 3. Until one (1) year has elapsed from the effective  
4 date of the Decision herein, Respondent CHRISTOPHER RICHARD CHASE  
5 shall submit to the Department of Real Estate a Quarterly Trust  
6 Fund Statement as of the last day of each March, June, September  
7 and December. The Position Statement shall be submitted to the  
8 District Manager of the Department's Los Angeles office not later  
9 than 60 days following the last day of each calendar quarter.  
10 The Position Statement shall include the information and  
11 documents specified below and be verified as true and accurate by  
12 Respondent under penalty of perjury. If said Respondent has no  
13 trust fund liability as of the last day of the calendar quarter,  
14 the Position Statement shall so state.

15 The Position Statement shall consist of the following:

16 (1) A schedule of trust fund accountability with the  
17 following information concerning funds held by Respondent as  
18 agent or trustee to the owner(s) of said funds:

- 19 (a) Account number and depositories.  
20 (b) Names of principals and beneficiaries.  
21 (c) Trust fund liability to (b).

22 (2) A report of trust funds in the custody and control of  
23 Respondent as of the accounting date consisting of:

- 24 (a) A copy of Respondent's trust accounts' bank  
25 statements (listed above as (1)(a)) showing the balance of funds  
26 in the accounts as of the accounting date.  
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EXECUTION OF THE STIPULATION

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We have read the Stipulation and Agreement and its terms are understood by us and are agreeable and acceptable to us. We understand that we are waiving rights given to us by the California Administrative Procedure Act (including but not limited to Sections 11506, 11508, 11509 and 11513 of the Government Code), and we 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 we would have the right to cross-examine witnesses against us and to present evidence in defense and mitigation of the charges.

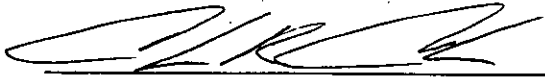
Respondents can signify acceptance and approval of the terms and conditions of this Stipulation and Agreement by faxing a copy of its signature page, as actually signed by Respondents, to the Department at the following telephone/fax number: (213) 576-6917, Attention: Elliott Mac Lennan. Respondents agree, acknowledge and understand that by electronically sending to the Department a fax copy of their actual signature as it appears on the Stipulation and Agreement, that receipt of the faxed copy by the Department shall be as binding on Respondents as if the Department had received the original signed Stipulation and Agreement.

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DATED: 10/12/00



AMERICAN LIBERTY CAPITAL CORPORATION, Respondent  
BY: Christopher Richard Chase, President

DATED: 10/12/00



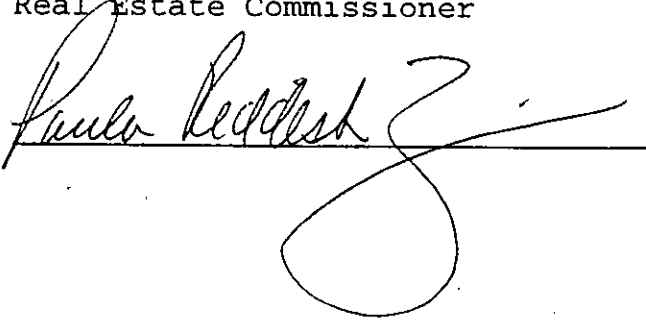
CHRISTOPHER RICHARD CHASE, individually and as designated officer of American Liberty Capital Corporation, Respondent

\* \* \* \*

The foregoing Stipulation and Agreement is hereby adopted as my Decision and Order and shall become effective at 12 o' clock noon on December 11, 2000.

IT IS SO ORDERED November 15, 2000.

PAULA REDDISH ZINNEMANN  
Real Estate Commissioner





BEFORE THE DEPARTMENT OF REAL ESTATE  
STATE OF CALIFORNIA

FILED  
SEP 12 2000  
DEPARTMENT OF REAL ESTATE

*for info*

In the Matter of the Accusation of

AMERICAN LIBERTY CAPITAL CORP., et al.,

By K. Niederholt

Case No. H-28646 LA

OAH No. L-2000080659

Respondent

NOTICE OF HEARING ON ACCUSATION

To the above named respondent:

You are hereby notified that a hearing will be held before the Department of Real Estate at Office of Administrative Hearings, 320 W. Fourth St., ste. 630, Los Angeles, CA on November 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.

DEPARTMENT OF REAL ESTATE

Dated: September 12, 2000

By *ei. n. li*

Counsel

RE 501 (Rev. 8/97)

cc: American Liberty Capital Corp.  
Christopher Richard Chase  
Sacto OAH JP

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The Complainant, Thomas McCrady, acting in his official capacity as a Deputy Real Estate Commissioner of the State of California makes this Accusation against AMERICAN LIBERTY CAPITAL CORPORATION (ALC) and CHRISTOPHER RICHARD CHASE (CHASE).

2

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.

3

ALC and CHASE, (hereinafter referred to as respondents) are presently licensed and/or have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code, hereinafter "Code").

4

From January 13, 1997 until May 11, 1999, CHASE was licensed by the Department as designated officer of ALC to qualify ALC and to act for ALC 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 ALC 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



1 estate license is required. CHASE was originally licensed as a  
2 real estate broker on January 28, 1980.

3 5

4 Whenever reference is made in an allegation in the  
5 Accusation to an act or omission of ALC such allegation shall be  
6 deemed to mean that the officers, directors, managers,  
7 employees, agents and real estate licensees employed by or  
8 associated with ALC including CHASE committed such act or  
9 omission while engaged in the furtherance of its business or  
10 operation and while acting within the course and scope of its  
11 corporate authority, agency and employment.

12 6

13 At all times herein mentioned, ALC on behalf of others  
14 in expectation of compensation, engaged in the business, acted  
15 in the capacity of, advertised or assumed to act as a real  
16 estate broker within the meaning of Section 10131(d) of the  
17 Code, including soliciting borrowers and lenders and negotiating  
18 and servicing loans on real property.

19 7

20 On January 24, 2000, the Department completed  
21 a field audit examination of the books and records of ALC  
22 pertaining to its mortgage and loan activities requiring a real  
23 estate license as described in Paragraph 6. The audit  
24 examination covered a period of time beginning on January 1,  
25 1998 to September 30, 1999. The audit examination revealed  
26 violations of the Code and the Regulations as set forth in the  
27 following paragraphs.



At all times mentioned, in connection with the activities described in Paragraph 6, above, ALC accepted or received funds in trust (trust funds) from or on behalf of borrowers and sellers and thereafter made disposition of such funds. Respondent maintained the following trust accounts during the audit period into which were deposited certain of these funds at:

"American Liberty Capital Trust Account dba American Liberty Funding  
Account No. 20-410-026" (T/A #1)  
Manufacturers Bank  
One Newport Place  
Newport Beach, CA 92660

"American Liberty Capital Corporation American Liberty Funding Trust Account  
Account No. 630051916" (T/A #2)  
Union Bank of California  
Irvine, CA 92612

With respect to the trust funds referred to in Paragraph 5, it is alleged that ALC and CHASE:

(a) Violated Section 10145 of the Code and by depositing trust funds in the form of title and recording fees into ALC's general account, and then paying said title and recording fee vendors from the general account;

(b) Violated Regulation 2831 in that the control records for T/A #2 were not complete and accurate and records from June to August 1999 were missing;

(c) Violated Regulation 2831.1 in that the separate records for T/A #2 were not complete and accurate and did not reflect a daily balance;



1 (d) Permitted an unlicensed person who was not bonded,  
2 Luann Prillo, a former controller of ALC, to be an authorized  
3 signatory on T/A #1, in violation of Section 2834 of the  
4 Regulations.; and

5 (e) Failed to provide and/or maintain a statement in  
6 writing containing all the information required by Section 10241  
7 of the Code to various borrowers including but not limited to J.  
8 Salinas, R. Arch, J. Baldez, M. Crochi, B. Larkin, W. Beckley,  
9 S. Mc Watters, L. Written, G. Popovich, A. Baeza, before these  
10 borrowers became obligated to perform under the terms of their  
11 loans, in violation of Section 10240 of the Code and Section  
12 2840 of the Regulations.

13 10

14 The conduct of Respondent ALC, described in Paragraph  
15 9, above, violated the Code and the Regulations as set forth  
16 below:

17 <u>PARAGRAPH</u>	<u>PROVISIONS VIOLATED</u>
18 9(a)	Section 10145 of the Code
19	
20 9(b)	Section 10145 of the Code, and
21	Section 2831 of the Regulations
22	
23 9(c)	Section 10145 of the Code, and
24	Section 2831.1 of the Regulations
25 9(d)	Section 10145 of the Code, and
26	Section 2834 of the Regulations
27	

1 9(e)

Section 10240 of the Code

2 Section 2840 of the Regulations

3  
4 Each of the foregoing violations separately constitutes cause  
5 for the suspension or revocation of the real estate license and  
6 license rights of ALC and CHASE under the provisions of Section  
7 10177(d) of the Code.

8 11

9 The overall conduct of ALC and CHASE constitutes  
10 negligence or incompetence. This conduct and violation are  
11 cause for the suspension or revocation of the real estate  
12 license and license rights of Respondents under the provisions  
13 of Section 10177(g) of the Code.

14 12

15 The conduct of respondent CHASE, as alleged above, as  
16 the responsible broker, by allowing and permitting respondent  
17 ALC to engage in the conduct specified in paragraph above,  
18 subjects his real estate licenses and license rights to  
19 suspension or revocation pursuant to Sections 10177(d) and  
20 10177(h) of the Code.

21  
22 WHEREFORE, complainant prays that a hearing be  
23 conducted on the allegations of this Accusation and, that upon  
24 proof thereof, a decision be rendered imposing disciplinary  
25 action against all licenses and licensing rights of respondents  
26 AMERICAN LIBERTY CAPITAL CORPORATION and CHRISTOPHER RICHARD  
27 CHASE, individually and as designated officer of American  
Liberty Capital Corporation, under the Real Estate Law (Part 1



1 of Division 4 of the Business and Professions Code) and for such  
2 other and further relief as may be proper under other applicable  
3 provisions of law.

4 Dated at Los Angeles, California  
5 this 17th day of July, 2000.

6 THOMAS MC CRADY  
7 Deputy Real Estate Commissioner  
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21  
22 cc: American Liberty Capital Corporation  
23 c/o Christopher Richard Chase  
19000 MacArthur Boulevard, 4th Floor  
Irvine, CA 92612

24 cc: Christopher Richard Chase  
25 19000 MacArthur Boulevard, 4th Floor  
Irvine, CA 92612

26 Sacto.  
27 JP