

FILED
DEC - 7 2001
DEPARTMENT OF REAL ESTATE

By CS

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of) No. H-29268 LA
)
WESTCHESTER FINANCIAL SERVICES,)
)
INC., a corporation and)
)
RAYMOND R. LILLY, individually)
)
and as former designated officer)
)
of Westchester Financial)
)
Services, Inc.,)
)
Respondents.)

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE LICENSES

On October 24, 2001, an Accusation was filed in this matter against Respondents WESTCHESTER FINANCIAL SERVICES, INC., a corporation and RAYMOND R. LILLY, individually and as former designated officer of Westchester Financial Services, Inc:

On November 8, 2001, Respondents petitioned the Commissioner to voluntarily surrender their real estate broker license and corporate real estate broker license pursuant to Section 10100.2 of the Business and Professions Code.

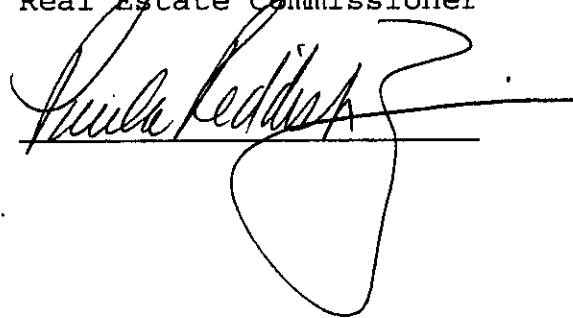
1 IT IS HEREBY ORDERED that Respondents WESTCHESTER
2 FINANCIAL SERVICES, INC., a corporation and RAYMOND R. LILLY,
3 individually and as former designated officer of Westchester
4 Financial Services, Inc.'s, petition for voluntary surrender of
5 their real estate broker license and corporate real estate broker
6 license is accepted as of the effective date of this Order as set
7 forth below, based upon the understanding and agreement expressed
8 in Respondents' Declaration dated November 8, 2001 (attached as
9 Exhibit "A" hereto). Respondents license certificates, pocket
10 cards and any branch office license certificates shall be sent to
11 the below listed address so that they reach the Department on or
12 before the effective date of this Order:

13 Department of Real Estate
14 Atten: Licensing Flag Section
15 P.O. Box 187000
 Sacramento, CA 95818-7000

16 This Order shall become effective at 12 o'clock noon on
17 December 27, 2001.

18 DATED: November 29, 2001.

19
20 PAULA REDDISH ZINNEMANN
 Real Estate Commissioner

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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
WESTCHESTER FINANCIAL SERVICES,) NO. H-29268 LA
INC., a corporation and)
RAYMOND R. LILLY, individually)
and as former designated officer)
of Westchester Financial)
Services, Inc.,)
Respondents.)

DECLARATION

My name is RAYMOND R. LILLY. I am a licensed real estate broker. I am also the Chief Executive Officer of WESTCHESTER FINANCIAL SERVICES, INC. (hereinafter "WESTCHESTER"). I am authorized and empowered to sign this Declaration on behalf of WESTCHESTER and I am acting on behalf of WESTCHESTER in this matter.

We are representing ourselves in this matter.

We have been informed by the Department of Real Estate that we are the subject of an investigation of possible violations of the Real Estate Law (Sections 10000 et seq., of

1 the Business and Professions Code) and Regulations of the Real
2 Estate Commissioner (Title 10 of the California Code of
3 Regulations) which has resulted in the filing of an Accusation
4 to revoke or suspend our real estate licenses; and pursuant to
5 Business and Professions Code Section 10100.2, I wish to
6 voluntarily surrender my real estate broker license and the
7 corporate real estate broker license issued by the Department
8 to WESTCHESTER.

9 I understand that by so voluntarily surrendering our
10 licenses, that they can only be reinstated in accordance with
11 the provisions of Section 11522 of the Government Code and this
12 Declaration.

13 I agree also that the filing of this Declaration
14 shall be deemed to be our petition to voluntary surrender our
15 real estate licenses and shall also be deemed to be an
16 understanding and agreement by me that upon acceptance by the
17 Commissioner, as evidenced by an appropriate order, all
18 affidavits and all other relevant statements, declarations and
19 evidence obtained during the course of the investigation prior
20 to the Commissioner's acceptance may be considered by the
21 Department to be true and correct for the purpose of deciding
22 whether or not to grant reinstatement of our licenses pursuant
23 to the provisions of Government Code Section 11522. This
24 understanding and agreement is made without admitting or
25 denying the truth or contents of the aforementioned documents.

26 I declare under penalty of perjury under the laws of
27 the State of California that the above is true and correct and

1 that we freely and voluntarily surrender our licenses and all
2 license rights attached thereto.

3

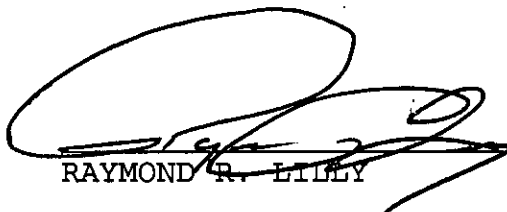
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5

6

11/8/01 MISSISSAUGA, ONT. CA

Date and Place


RAYMOND R. LILLY

7

8

9

11/8/01 MISSISSAUGA, ONT. CA

Date and Place


WESTCHESTER FINANCIAL
SERVICES, INC. by
Raymond R. Lilly, Chief
Executive Officer of
Westchester Financial
Services, Inc.

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CHRIS LEONG, Counsel
State Bar Number 141079
Department of Real Estate
320 West Fourth Street, Suite 350
Los Angeles, CA 90013-1105
Telephone: (213) 576-6982
-or- (213) 576-6910 (Direct)

FILED
OCT 24 2001
DEPARTMENT OF REAL ESTATE

By C3

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
WESTCHESTER FINANCIAL SERVICES,)
INC., a corporation and RAYMOND)
R. LILLY, individually and as)
designated officer of)
Westchester Financial Services,)
Inc.,)
Respondents.)

No. H-29268 LA

A C C U S A T I O N

The Complainant, Maria Suarez, a Deputy Real Estate
Commissioner of the State of California, for cause of
Accusation against WESTCHESTER FINANCIAL SERVICES, INC., a
corporation (hereinafter "WESTCHESTER") and RAYMOND R. LILLY,
individually and as designated officer of Westchester Financial
Services, Inc. (hereinafter "LILLY") (hereinafter sometimes
both referred to as "Respondents"), is informed and alleges as
follows:

1.

The Complainant, Maria Suarez, a Deputy Real Estate

1 Commissioner of the State of California, makes this Accusation
2 against Respondents in her official capacity.

3 2.

4 At all times herein mentioned, Respondent WESTCHESTER
5 was and still is licensed and/or has license rights under the
6 Real Estate Law, Part 1 of Division 4 of the Business and
7 Professions Code (hereinafter "Code"), and was and still is
8 licensed by the Department of Real Estate of the State of
9 California (hereinafter "Department") as a corporate real
10 estate broker.

11 3.

12 At all times herein mentioned, Respondent LILLY was
13 and still is licensed and/or has license rights under the Real
14 Estate Law, Part 1 of Division 4 of the Code, and was licensed
15 by the Department as a real estate broker, individually and as
16 designated officer of Westchester Financial Services, Inc.
17 LILLY canceled as the designated officer of WESTCHESTER as of
18 August 4, 2000.

19 4.

20 At all times herein mentioned, in Los Angeles County,
21 California, Respondents, for compensation or in expectation of
22 compensation, engaged in the real estate loan business with the
23 public, wherein borrowers and lenders of loans secured by
24 interest in real property were solicited and negotiated on
25 behalf of borrowers and lenders.

26 5.

27 Beginning on or about January 1, 1999, and continuing

1 through the present, Respondents have failed to retain and make
2 available for examination and inspection by a designated
3 representative of the Commissioner, all documents executed or
4 obtained by Respondents in connection with transactions for
5 which a real estate license is required during the last three
6 years, including but not limited to, the following:

7 1) The following described books and records related
8 to their real estate brokerage activities for the period
9 January 1, 1999 to present:

- 10 • Bank statements for all trust funds and general accounts
11 used in connection with their real estate brokerage
12 activities.
- 13 • Records of receipts and disbursements and separate
14 records for each beneficiary.
- 15 • Canceled checks and deposit slips for said accounts and
16 reconciliation.
- 17 • License and broker-salesperson relationship agreements,
18 and
- 19 • Loan log and loan files.

20 2) Complete transaction files for the following
21 escrow and loan:

22 Escrow No. 01158-01 (Westchester Financial Services,
23 Inc. Escrow Division)

24 Loan No. 10504563 (Westchester Financial Services, Inc.)
25 8068 El Manor Ave., Los Angeles, CA 90045; Borrowers
26 Thomas A. Guthrie and Sara Stubblefield-Guthrie
27

1 The documents to be produced shall include each and
2 every writing generated or received pertaining to the
3 sale of the above properties, including but not limited
4 to:

5 The complete escrow file, including but not limited to,
6 escrow instructions and amendments, closing statements,
7 demands, trust fund receipts and records, disbursements,
8 commission checks (front and back), deeds, titles and
9 appraisal reports, memos, notes, telephone messages and
10 other communications.

11 All loan applications; all writings signed by the
12 borrowers; all financial statements and other writings
13 submitted by the borrowers; all appraisals on the
14 property; notes; trust deeds and other instruments of
15 security; all documents reflecting the granting or
16 denial of said loans; all checks (front and back)
17 disbursing funds; notices of delinquency; notices of
18 default; notices of sale; trust deed and any deeds in
19 lieu of foreclosure.

20 A Subpoena dated February 1, 2001, requesting these
21 documents was personally served on Respondents.

22 6.

23 The facts alleged above are grounds for the
24 suspension or revocation of Respondents licenses under Code
25 Section 10177(d) in conjunction with Code Section 10148.

26 ///

Office Abandonment

7.

On or about July 18, 1994, Respondent WESTCHESTER was licensed as a corporate real estate broker. Respondent has abandoned its address at 3701 Highland Ave., Suite 303, Manhattan Beach, CA 90266, and has failed to maintain on file with the Commissioner of the Department a new address for the principal place of business for its real estate brokerage activities. On or about August 1, 2000, the corporate powers, rights and privileges of WESTCHESTER were suspended by the Franchise Tax Board.

Audit

8.

On or about August 28, 2000, the Department completed an audit (No. LA 990515) of the activities of Respondents. The records were requested for the period from January 1, 1999 through June 30, 2000. The results of the audit are as follows: Respondents failed to provide their books and records for examination, in violation of Code Section 10148.

El Manor Avenue Transaction

9.

On or about May 8, 1999, Thomas A. Guthrie and Sara Stubblefield-Guthrie (hereinafter "Guthries") met with LILLY to complete a loan application for property the Guthries were purchasing at 8068 El Manor Avenue, Los Angeles, California (hereinafter "El Manor property"). Subsequent to that date, LILLY advised the Guthries that WESTCHESTER had an Escrow

1 Division and could handle the escrow for their purchase of said
2 property. The Guthries agreed to have LILLY handle the escrow
3 through WESTCHESTER. On July 9, 1999, the Guthries signed
4 escrow instructions and gave LILLY a cashier's check payable to
5 WESTCHESTER to open escrow (cashier's check No. 590015328, in
6 the amount of \$10,000.00, drawn on Washington Mutual Bank).
7 The check was negotiated by WESTCHESTER and deposited into its
8 Account No. 022105825 at City National Bank, which account is
9 not designated as a trust account. This was in violation of
10 Section 2832 of Title 10, Chapter 6, California Code of
11 Regulations (hereinafter "Regulations"), which is cause for
12 discipline under Code Section 10177(d).

13 10.

14 On or about July 22, 1999, pursuant to the request of
15 LILLY, the Guthries gave LILLY the balance of their down
16 payment in the amount of \$25,000.00, as evidenced by cashier's
17 check No. 590015471, payable to WESTCHESTER, drawn on
18 Washington Mutual Bank. The check was negotiated by
19 WESTCHESTER and deposited into its Account No. 022105825 at
20 City National Bank, which account is not designated as a trust
21 account. LILLY advised that escrow would close in
22 approximately two weeks, in or around the end of July 1999.

23 11.

24 LILLY ceased virtually all contact with the Guthries
25 after he received the two cashier's checks totaling \$35,000.00.
26 Between November 11, 1999 and December 3, 1999, the Guthries
27 called City National Bank on at least eight occasions to verify

1 that their \$35,000.00 was in WESTCHESTER'S bank account No.
2 022105825. Each time they called, the Guthries were advised
3 that the funds were not available. The Guthries hired an
4 attorney to help resolve the problem, and escrow eventually
5 closed on December 13, 1999.

6 FIRST CAUSE OF ACCUSATION

7 (Violation by Respondents LILLY and WESTCHESTER of Code
8 Sections 10162, 10165, 10177(d) and 10177(f) and Section 2715
9 of the Regulations)

10 12.

11 As a First Cause of Accusation, Complainant
12 incorporates herein by this reference the Preamble and each of
13 the allegations in Paragraphs 1 through 11, herein above.

14 13.

15 The conduct of Respondents LILLY and WESTCHESTER in
16 abandoning their office, having WESTCHESTER's corporate status
17 suspended, as alleged in Paragraph 7, constitutes violations
18 under Code Section 10162 and Section 2715 of the Regulations.
19 Said conduct is cause pursuant to Code Sections 10165, 10177(d)
20 and 10177(f) for the suspension or revocation of all licenses
21 and license rights of Respondents LILLY and WESTCHESTER under
22 Real Estate Law.

23 SECOND CAUSE OF ACCUSATION

24 (Violation by Respondent WESTCHESTER of Sections 10148(a) and
25 10177(d) of the Code)

26 14.

27 As a Second Cause of Accusation, Complainant

1 incorporates herein by this reference the Preamble and each of
2 the allegations in Paragraphs 1 through 11, herein above.

3 15.

4 The facts alleged above in Paragraphs 5, 6, and 8 are
5 violations of Code Section 10148 and are grounds for the
6 suspension or revocation of all licenses and license rights of
7 Respondent WESTCHESTER under Code Section 10177(d).

8 THIRD CAUSE OF ACCUSATION

9 (Violation by Respondents LILLY and WESTCHESTER of Sections
10 10145 and 10176(i) of the Code)

11 16.

12 As a Third Cause of Accusation, Complainant
13 incorporates herein by this reference the Preamble and each of
14 the allegations in Paragraphs 1 through 11, herein above.

15 17.

16 The facts alleged above, in Paragraphs 9 through 11,
17 are violations of Code Section 10145 and are grounds for the
18 suspension or revocation of all licenses and license rights of
19 Respondents LILLY and WESTCHESTER under Code Sections 10177(d)
20 and 10176(i).

21 FOURTH CAUSE OF ACCUSATION

22 (Violation by Respondent LILLY of Section and 10159.2 of the
23 Code)

24 18.

25 As a Fourth Cause of Accusation, Complainant
26 incorporates herein by this reference the Preamble and each of
27 the allegations in Paragraphs 1 through 11, herein above.

WHEREFORE, Complainant prays that a hearing be conducted on the allegations of this Accusation and that upon proof thereof, a decision be rendered imposing disciplinary action against all licenses and license rights of Respondents, WESTCHESTER FINANCIAL SERVICES, INC., a corporation and RAYMOND R. LILLY, individually and as designated officer of Westchester Financial Services, Inc., under the Real Estate Law (Part 1 of Division 4 of the Business and Professions Code), and for such other and further relief as may be proper under other applicable provisions of law.


Deputy Real Estate Commissioner

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