

3070

FILED
JUL 18 2003

DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
Y I G INC. and HUGO ARMANDO) No. H-29864 LA
ESCALANTE individually and as) L-2003010665
Designated Officer of Y I G, Inc.,)
and dba Young Investors Group,)
Respondents.)

ORDER ACCEPTING VOLUNTARY SURRENDER OF REAL ESTATE BROKER LICENSE

On January 3, 2003, the Accusation was filed in this matter against Respondent HUGO ARMANDO ESCALANTE.

On July 7, 2003, Respondent ESCALANTE, petitioned the Commissioner to voluntarily surrender his real estate broker license pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondent ESCALANTE'S,
petition for voluntary surrender of his real estate broker
license is accepted as of the effective date of this Order as set
forth below, based upon the understanding and agreement expressed
in Respondent's Declaration dated July 7, 2003 (attached as

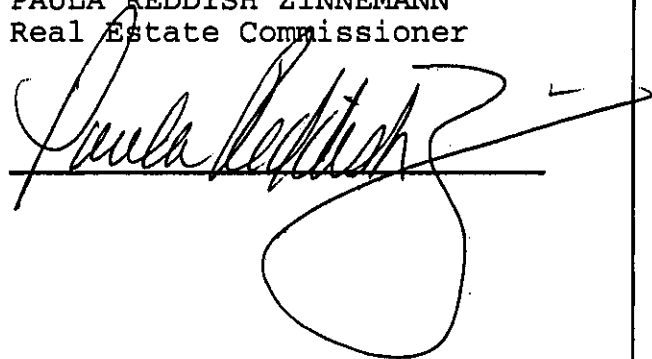
1 Exhibit "A" hereto). Respondent's license certificate(s), pocket
2 card(s) and any branch office license certificate shall be sent
3 to the below listed address so that they reach the Department on
4 or before the effective date of this Order:

5 Department of Real Estate
6 Atten: Licensing Flag Section
7 P.O. Box 187000
8 Sacramento, CA 95818-7000

9 This Order shall become effective at 12 o'clock noon on

10 August 7, 2003

11 DATED: July 16, 2003

12 PAULA REDDISH ZINNEMANN
13 Real Estate Commissioner
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BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
Y I G INC. and HUGO ARMANDO ESCALANTE) No. H-29864 LA
individually and as Designated)
Officer of Y I G, Inc., and dba Young)
Investors Group,)
Respondents.)

DECLARATION

My name is HUGO ARMANDO ESCALANTE and that I am
currently licensed as a real estate broker and/or have license
rights with respect to said license. I am representing myself
in this matter.

In lieu of proceeding in this matter in accordance with
the provisions of the Administrative Procedures Act (Sections
11400 et seq., of the Government Code) I wish to voluntarily
surrender my real estate license issued by the Department of
Real Estate ("Department"), pursuant to Business and Professions
Code Section 10100.2.

1 I understand that by so voluntarily surrendering my
2 license, that it can only be reinstated in accordance with the
3 provisions of Section 11522 of the Government Code. I also
4 understand that by so voluntarily surrendering my license, I
5 agree to the following:

6 The filing of this Declaration shall be deemed as my
7 petition for voluntary surrender. It shall also be deemed to be
8 an understanding and agreement by me that, I waive all rights I
9 have to require the Commissioner to prove the allegations
10 contained in the Accusation filed in this matter at a hearing
11 held in accordance with the provisions of the Administrative
12 Procedures Act (Government Code Sections 11400 et seq.), and that
13 I also waive other rights afforded to me in connection with the
14 hearing such as the right to discovery, the right to present
15 evidence in defense of the allegations in the Accusation and the
16 right to cross examine witnesses. I further agree that upon
17 acceptance by the Commissioner, as evidenced by an appropriate
18 order, all affidavits and all relevant evidence obtained by the
19 Department in this matter prior to the Commissioner's acceptance,
20 and all allegations contained in the Accusation filed in the
21 Department Case No. H-29864-LA, may be considered by the
22 Department to be true and correct for the purpose of deciding
23 whether or not to grant reinstatement of my license pursuant to
24 Government Code Section 11522.

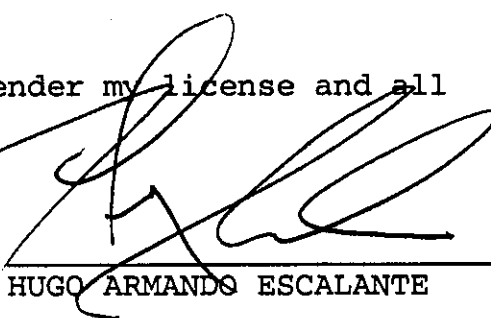
25 I declare under penalty of perjury under the laws of
26 the State of California that the above is true and correct and

27 ////

1 that I freely and voluntarily surrender my license and all
2 license rights attached thereto.

3 July 7th 2003 WEST COVINA

4 Date and Place


HUGO ARMANDO ESCALANTE

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FILED
JUL 18 2003

DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
) No. H-29864 LA
Y I G INC. and HUGO ARMANDO)
) L-2003010665
ESCALANTE individually and as)
)
Designated Officer of Y I G, Inc.,)
)
and dba Young Investors Group,)
)
Respondents.)

ORDER ACCEPTING VOLUNTARY SURRENDER OF CORPORATE REAL ESTATE
BROKER LICENSE

On January 3, 2003, the Accusation was filed in this matter against Respondent Y I G, INC.

On July 7, 2003, Respondent Y I G, INC., by and through its designated officer Hugo Armando Escalante, petitioned the Commissioner to voluntarily surrender its corporate real estate broker license pursuant to Section 10100.2 of the Business and Professions Code.

IT IS HEREBY ORDERED that Respondent Y I G, INC.'s
petition for voluntary surrender of its corporate real estate
broker license is accepted as of the effective date of this Order

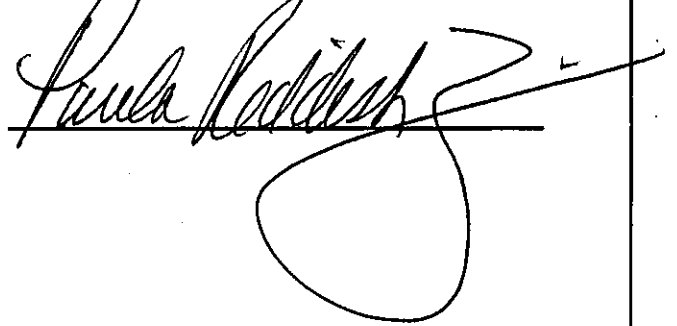
1 expressed in Respondent's Declaration dated July 7, 2003
2 (attached as Exhibit "A" hereto). Respondent's license
3 certificate(s), pocket card(s) and any branch office license
4 certificate shall be sent to the below listed address so that
5 they reach the Department on or before the effective date of this
6 Order:

7 Department of Real Estate
8 Atten: Licensing Flag Section
9 P.O. Box 187000
Sacramento, CA 95818-7000

10 This Order shall become effective at 12 o'clock noon on
11 August 7, 2003

12 DATED: July 16, 2003

13
14 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) No. H-29864 LA
Y I G INC. and HUGO ARMANDO ESCALANTE)
individually and as Designated)
Officer of Y I G, Inc., and dba Young)
Investors Group,)
Respondents.)

DECLARATION

My name is HUGO ARMANDO ESCALANTE and that I am
currently an officer of Y I G, INC., which is licensed as a
corporate real estate broker and/or has license rights with
respect to said license. I am authorized and empowered to sign
this declaration on behalf of Y I G, INC.

In lieu of proceeding in this matter in accordance with
the provisions of the Administrative Procedures Act (Sections
11400 et seq., of the Government Code) Y I G, INC., wishes to
voluntarily surrender its real estate license issued by the
Department of Real Estate ("Department"), pursuant to Business
and Professions Code Section 10100.2.

1 I understand that Y I G, INC., by so voluntarily
2 surrendering its license, can only have it reinstated in
3 accordance with the provisions of Section 11522 of the Government
4 Code. I also understand that by so voluntarily surrendering its
5 license, Y I G, INC., agrees to the following:

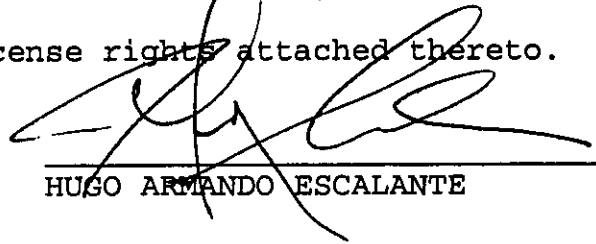
6 The filing of this Declaration shall be deemed as its
7 petition for voluntary surrender. It shall also be deemed to be
8 an understanding and agreement by Y I G, INC., that, it waives
9 all rights it has to require the Commissioner to prove the
10 allegations contained in the Accusation filed in this matter at a
11 hearing held in accordance with the provisions of the
12 Administrative Procedures Act (Government Code Sections 11400 et
13 seq.), and that it also waives other rights afforded to it in
14 connection with the hearing such as the right to discovery, the
15 right to present evidence in defense of the allegations in the
16 Accusation and the right to cross examine witnesses. I further
17 agree on behalf of Y I G, INC., that upon acceptance by the
18 Commissioner, as evidenced by an appropriate order, all
19 affidavits and all relevant evidence obtained by the Department
20 in this matter prior to the Commissioner's acceptance, and all
21 allegations contained in the Accusation filed in the Department
22 Case No. H-29864-LA, may be considered by the Department to be
23 true and correct for the purpose of deciding whether or not to
24 grant reinstatement of Y I G, INC.'s license pursuant to
25 Government Code Section 11522.

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

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that I freely and voluntarily, on behalf of Y I G, INC.,
surrender its license and all license rights attached thereto.

JULY 7TH 2003 WEST COVINA
Date and Place


HUGO ARMANDO ESCALANTE

50050

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
Y I G INC., and HUGO ARMANDO)
)
ESCALANTE, individually, as)
)
Designated Officer of Y I G, INC.)
)
and dba Young Investors Group,)
)

Case No. H-29864 LA

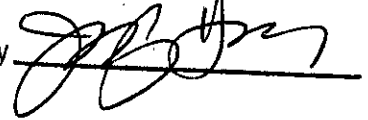
OAH No. L-2003010665

Respondents.

FILED
FEB 14 2003

DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

By 

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on MONDAY, JULY 14, 2003, 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.

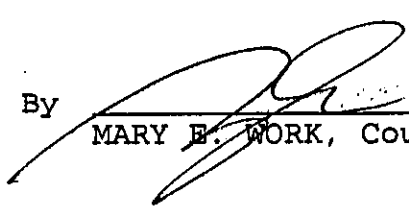
You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real 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: February 14, 2003

By


MARY E. WORK, Counsel

cc: Y I G, Inc.
Hugo Armando Escalante
Sacto.
OAH

Photo Log

MARY E. WORK, Counsel
State Bar No. 175887
Department of Real Estate
320 W. 4th St., Suite 350
Los Angeles, CA 90013-1105

Telephone: (213) 576-6982
-Direct- (213) 576-6916

FILED
JAN - 3 2003
DEPARTMENT OF REAL ESTATE

By *R. Medenholz*

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)
Y I G, INC. and HUGO ARMANDO)
ESCALANTE, individually, as)
Designated Officer of Y I G, INC,)
and dba Young Investors Group,)
Respondents.)

NO. H- 29864 LA

A C C U S A T I O N

1.

The Complainant, Janice Waddell, a Deputy Real Estate Commissioner of the State of California, for cause of Accusation against HUGO ARMANDO ESCALANTE individually and as the designated officer for Y I G, Inc. and dba Young Investors Group, is informed and alleges in her official capacity as follows:

2.

Respondent Y I G, INC., was originally licensed by the Department of Real Estate of the State of California (hereinafter "Department") as a corporate real estate broker on or about December 12, 1996. Its current license has an

1 expiration date of December 15, 2004.

2 3.

3 Respondent Y I G, INC., is currently licensed by and
4 through Respondent ESCALANTE as the officer and broker
5 responsible pursuant to the provisions of Section 10159.2(a) of
6 the Business and Professions Code (hereinafter "Code").

7 4.

8 At all times mentioned herein HUGO ARMANDO ESCALANTE
9 (hereinafter sometimes referred to as "Respondent") was and
10 still is licensed by the Department as a real estate broker
11 under the Real Estate Law (Part 1 of Division 4 of the Code)
12 dba Young Investors Group.

13 5.

14 At all times material herein, Respondents engaged in
15 the business of, acted in the capacity of, advertised or
16 assumed to act as a real estate broker in the State of
17 California, within the meaning of Sections 10131(a) and
18 10131(d) of the Code, including the operation and conduct of
19 real estate sales and negotiation of loans secured by real
20 property.

21 6.

22 All further references to Respondents unless
23 otherwise specified, included the officers, directors,
24 employees and real estate licensees employed by or associated
25 with said parties, who at all times herein mentioned were
26 engaged in the furtherance of the business or operations of
27

1 said parties and who were acting within the course and scope of
2 their employment.

3 7.

4 FIRST CAUSE OF ACTION
(SUSPENSION OF CORPORATE STATUS)

5 On or about February 1, 2002, pursuant to the
6 provisions of Section 23302 of the Revenue and Taxation Code,
7 the rights and privileges of Respondent Y I G, Inc., were
8 suspended by the State of California, Secretary of State.

9 8.

10 The facts alleged above in Paragraph 7, are in
11 violation of Section 2742(c) of Title 10, Chapter 6, California
12 Code of Regulations and constitute cause for the suspension or
13 revocation of all licenses of Respondents Y I G, INC., and
14 ESCALANTE, under Section 10177(d) and/or 10177(f) of the Code.

15 SECOND CAUSE OF ACTION
16 (AUDIT VIOLATIONS AND CONVERSION OF FUNDS)

17 9.

18 On or about September 25, 2000, Mr. Luis Romero and
19 Mrs. Filiberto Romero (hereinafter "Romeros") contacted
20 Respondent ESCALANTE in order to make an offer to purchase real
21 property located at 9331 S. Figueroa St., Los Angeles,
22 California, using his services as a real estate broker. Over
23 the next few months, Respondent ESCALANTE collected a total of
24 \$4,150 from the Romeros ostensibly towards the purchase of said
25 property.

10.

1 During this same time period, Respondent ESCALANTE
2 repeatedly assured the Romeros that they were in escrow to
3 purchase the property. The Romeros had another real estate
4 salesperson check the status of said property and were advised
5 that another party was in escrow to purchase the property.
6 Respondent ESCALANTE did not return the Romeros money, despite
7 their demands to him for the return of their monies. The
8 Romeros brought a successful small claims court action against
9 Respondent ESCALANTE to recover said monies but to date,
10 Respondent ESCALANTE has returned only \$1,150 to the Romeros.
11 On or about May 8, 2001, the Romeros made a complaint to the
12 Department against Respondents ESCALANTE and Y I G, Inc.
13

14 11.

15 In connection with the activities described above in
16 Paragraphs 9 and 10 Respondent accepted or received funds in
17 trust (hereinafter "trust funds") from or on behalf of the
18 Romeros. On one occasion, Respondent ESCALANTE deposited trust
19 funds received from the Romeros into the following general
20 account: Account Number 09801 06433 held at the Bank of
21 America, 2904 Eastland Center Drive, West Covina, California.

22 12.

23 On or about September 6, 2001, the Department
24 completed an examination of the books and records of Respondent
25 Y I G Inc., pertaining to the real estate and trust funds
26 handling activities described in Paragraphs 9, 10 and 11 above
27 covering a period from approximately September 1, 2000 to July

1 31, 2001, which examination revealed violations of the Code and
2 of Title 10, Chapter 6, California Code of Regulations
3 (hereinafter "Regulations") as set forth below.

4
5 13.

6 In the course of activities described in Paragraphs 9
7 and 10 above, and during the examination period described in
8 Paragraph 12 above, Respondents ESCALANTE and Y I G, Inc.,
9 acted in violation of the Code and the Regulations in that:

10 (a) A trust fund account was not maintained by
11 Respondents. Respondents failed to deposit trust funds from
12 the Romeros, in the form of two earnest fund deposits, into a
13 designated trust account, in violation of Code Section 10145
14 and Regulation 2832.

15 (b) Respondents did not maintain a record of the two
16 trust funds deposits, as described above in Paragraphs 9 and
17 10, in violation of Code Section 10145 and Regulation 2831.

18 (c) Respondents commingled the Romero's earnest
19 money trust funds when said funds were added to Respondent's
20 own funds in its general operating account, in violation of
21 Code Section 10176(e).

22 (d) Respondents converted the Romero's earnest money
23 trust funds when the balance of the general account fell below
24 \$3,000 during a three month period, in violation of Code
25 Section 10177(j).

26 14.

27 The conduct, acts and omissions of Respondents

1 ESCALANTE and Y I G, INC., above, are in violation of
2 Regulations 2831 and 2832, and Sections 10145 and 10176(e) of
3 the Code and constitute cause under 10176(e), 10176(i),
4 10177(d) and 10177(g) of the Code for the suspension or
5 revocation of all real estate licenses and license rights of
6 Respondents under the Real Estate Law.

7 THIRD CAUSE OF ACTION
8 (DISHONEST DEALING)

9 15.

10 On or about January 20, 2000, in the Superior Court
11 of the State of California, County of Los Angeles in Case No.
12 KC032365, Investors Mortgage Asset Recovery Company filed suit
13 against Respondent HUGO ESCALANTE individually and HUGO
14 ESCALANTE, dba Young Investors Group alleging, among other
15 claims, fraud.

16 16.

17 Said Complaint alleged that Respondent was the broker
18 responsible in a transaction in which false documents were
19 provided in order to obtain a loan from Homeside Lending and
20 mortgage insurance coverage.

21 17.

22 On or about September 7, 2001, Judgment was entered
23 against Respondent HUGO ESCALANTE in the amount of \$24,000 plus
24 interest. To date, said judgment remains unsatisfied.

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26 ////

18.

1 The conduct, acts or omissions of Respondent HUGO
2 ESCALANTE, as described above, are in violation of Sections
3 10176(a), 10176(i) and/or 10177.5 of the Code and constitute
4 cause for the suspension or revocation of all real estate
5 licenses and license rights under the Real Estate Law.
6

7 FOURTH CAUSE OF ACTION
8 (DISHONEST DEALING)

9 19.

10 On or about January 10, 2000, in Superior Court of
11 the State of California, County of Los Angeles in Case No.
12 KC032287, Paladin Financial, Inc., filed a complaint alleging
13 breach of contract and common count against Respondent Y I G,
14 INC., dba Young Investors Group and HUGO ESCALANTE. Said
15 complaint alleges that Respondents sold loans to Paladin that
16 either did not fund or were canceled and delivered untrue loan
17 files.

18 20.

19 On or about October 10, 2000, Judgment by Court After
20 Default was entered against Y I G, INC., dba Young Investors
21 Group and HUGO ESCALANTE in the amount of \$30,525 plus
22 interest. Said Judgment remains unsatisfied.

23 21.

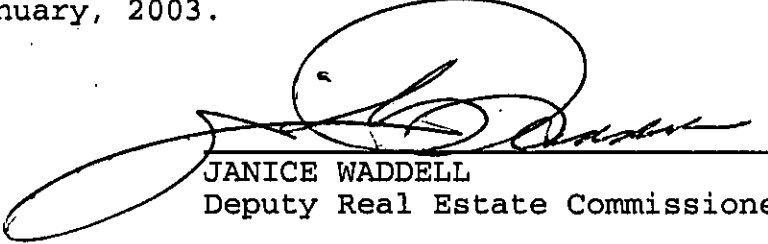
24 The conduct, acts or omissions of Respondents HUGO
25 ESCALANTE and Y I G, Inc., as described above, are in violation
26 of Sections 10176(a), and 10176(i) of the Code and constitute
27 cause for the suspension or revocation of all real estate

1 licenses and license rights under the Real Estate Law.

2 WHEREFORE, Complainant prays that a hearing be
3 conducted on the allegations of this Accusation and that upon
4 proof thereof, a decision be rendered imposing disciplinary
5 action against all licenses and/or license rights of
6 Respondents under the Real Estate Law and for such other and
7 further relief as may be proper under applicable provisions of
8 law.

9 Dated at Los Angeles, California

10 this 2nd day of January, 2003.

11 
12 JANICE WADDELL
13 Deputy Real Estate Commissioner
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24 cc: Hugo Armando Escalante
25 Y I G, Inc.
26 Janice Waddell
27 SACTO
LA